

## SOCIAL-SECURITY BILL

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further 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.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. McREYNOLDS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The Chair desires to announce for the information of the gentleman from North Carolina and the gentleman from Massachusetts that the gentleman from North Carolina has consumed 3 hours and 35 minutes, and has 6 hours and 25 minutes remaining. The gentleman from Massachusetts has consumed 2 hours and 49 minutes and has 7 hours and 11 minutes remaining.

Mr. TREADWAY. Mr. Chairman, I yield 20 minutes to the gentleman from New Jersey [Mr. EATON].

Mr. EATON. Mr. Chairman, judging from the overwhelming multitude of Members here this morning, it would seem that the House is deeply and profoundly interested in this legislation.

Mr. TREADWAY. Would the gentleman like to have a better audience? I think he deserves it. Mr. Chairman, I make the point that there is no quorum present.

Mr. EATON. We have quality if we have not quantity. The CHAIRMAN. The Chair will count. (After counting.) One hundred and one Members are present—a quorum.

Mr. TREADWAY. After the delay in counting a quorum, I think we should make sure that the Members stay with us. I think we should have a quorum all day on Saturday.

Mr. EATON. Mr. Chairman, all I can say is that I shall stay here if the rest will.

Mr. MARTIN of Massachusetts. Mr. Chairman, we have not a quorum now, and I make the point of order that there is no quorum present.

The CHAIRMAN. No business has transpired since the Chair counted a quorum.

Mr. MARTIN of Massachusetts. The gentleman from New Jersey started to talk.

Mr. EATON. I made one illuminating remark, Mr. Chairman.

The CHAIRMAN. The Chair will count again. (After counting.) One hundred and three Members present—a quorum.

Mr. MARTIN of Massachusetts. Mr. Chairman, I question the count.

The CHAIRMAN. The Chair has ruled differently. Mr. MARTIN of Massachusetts. Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. The question is on the motion of the gentleman from Massachusetts that the Committee do now rise.

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts) there were—ayes 17, noes 83. So the Committee refused to rise.

The CHAIRMAN. The gentleman from New Jersey is recognized for 20 minutes.

Mr. DOUGHTON. Mr. Chairman, before the gentleman from New Jersey begins, I call attention to the fact that, notwithstanding the point of no quorum being raised by a Member of the minority, there is barely a baker's dozen present on that side, while we have a large number present on the Democratic side.

Mr. EATON. Mr. Chairman, before proceeding with my remarks, I wish to congratulate our distinguished Chairman on his mathematical gift. He is the chairman of my committee, and I have great affection and regard for him. I am glad that he has assisted in having one or two of these vacant pews filled.

In this proposed legislation, since there is only a scattering remnant of the House of Israel here this morning, I assume that those who have sufficient interest to follow me will pay attention to what I am going to say. I do not believe in the history of this Congress that a more difficult or more important piece of legislation has been presented to this House for its consideration. I am in favor, as I believe every man and woman in this organization is, of facing the problem of old-age pensions for the people of this country and making at least an intelligent effort to adequately solve it. I do not believe that any legislation, however well considered at this time, even though it professes to be permanent in form, will reach into the heights and depths of that great and pressing problem and finally solve it; but I am satisfied that we are making some attempt in this bill to face the situation and to begin a solution of the problem. Personally, I am deeply disappointed that the great Ways and Means Committee has not brought in by itself, separate and distinct from all other considerations, a single old-age-pension bill, open to discussion and amendment, supported by the public opinion of this Nation and susceptible of laying the foundation for a permanent solution of that great problem. As it is now, this bill contains what to my mind are some of the most dangerous and contentious provisions ever introduced before this House. These matters ought to come before us as separate bills and be discussed and voted upon each on its own merits.

I am in favor of an adequate old-age-pension proposal. By adequate I mean provisions that will insure to our worthy aged citizens a decent and honorable subsistence absolutely divorced from the taint of pauperism. I do not think the pension contained in this bill is adequate and I do not think it will satisfy the countless millions of our dear old folks who have been misled and disturbed by various people seeking personal advantage, some of them, and some of them absolutely sincere in their leadership; but it is a beginning, and if we will take the rest of the bill out, the obnoxious, unrelated, and burdensome features of annuities and unemployment insurance, and leave in those provisions made more adequate that have to do with ministering to human needs, both in childhood and old age, I am sure it will receive strong support from every portion of this House, and I would be glad to support it myself.

In this country at the present time we are suffering, as the rest of the world is, from a mental and moral collapse. There is nothing wrong with America except that the people have gone wrong morally. We had a great test in the 10 years of our prosperity, which we are accustomed on our side to attribute to the Republicans, and which you on the Democratic side are accustomed to attribute to luck; but we had a great and searching test of the moral stamina of our people in prosperity. While adversity has never yet been able to destroy us, with prosperity we plunged into a condition

of extravagance, self-indulgence, materialism, and bye and bye wild speculation which carried us like the swine in the scriptures over the precipice, and now we are wallowing in the gloom of a great moral and intellectual collapse, and nobody can reasonably expect to see any permanent relief or solution of our problems until the people themselves, from center to circumference in this country, have acquired the practice and power once more of sound moral judgment and intellectual weighing of issues leading to a decision to do right when it is right because it is right, and not because some law has been placed on the statute books here in Washington, which substitute a policeman for personal conscience and the supervision of a bureaucrat for intelligent self-control, self-reliance, and self-direction on the part of the citizen.

Mr. Chairman, I read in the testimony before the Senate on the economic bill two amazing statements. One comes from the economic council, appointed by the President:

The one almost all-embracing measure of security is an assured income. A program of economic security, as we vision it, must have as its primary aim the assurance of an adequate income to each human being in childhood, youth, middle age, or old age—in sickness or in health.

That sounds like the marriage ceremony—

It must provide safeguards against all of the hazards leading to destitution and dependency.

Now, listen to this. One of the witnesses before the Senate committee made this statement:

There is only one honest thing, as every member of this committee knows, for any administration to do, and I don't care whether it is Republican or Democratic, Communistic, or Socialist, The Federal Government, or the so-called "government" of every country, has to maintain its people.

Mr. Chairman, you place your finger there upon the central weakness of our thinking today. What is the Government, and where is it going to obtain resources to maintain its people? No dollar that any government spends has any other source except in the sweat and toil of brain and brawn of its wealth-producing people. There is no other possible source from which the Government can secure a supply of money to maintain its people. And as for the hazards of life, Mr. Chairman, how are you going to avoid hazards? They are the essence of life. There will not be a blade of grass grow to maturity this summer that does not have to fight for its existence every moment.

There will not be a bud on a tree that will come to fruition unless it has to fight for its life. Every man from the cradle to the grave faces hazards every day that no government, no legislation, no possible philanthropy can ever remove. First of all, there are the hazards of babyhood. Then babies grow to manhood and go to college and are denuded of their native intelligence. [Laughter.] Then, when you go down a little further in the scale of life and lose your job, you have the hazard of being taken over by Mr. Hopkins and induced to go "boondoggling", which I would consider the greatest hazard that has ever intruded into the life of a young man. Then you get married, and look at that for a hazard. By and by you are the victim of disease; of the inroads of age; of your own stupidities and poor judgment; of accident and climatic changes. This is a crazy notion, as expressed in a lot of this new-deal legislation, and accepted by increasing numbers of our people, that somehow, by some legerdemain, the Government of the United States can make it impossible and unnecessary for any of its citizens to face any difficulty, to run any risk, to bear any burden, but to be assured an income in youth, childhood, and old age, and even after they die. The thing is absolutely absurd.

I am opposed to this bill in all of its parts except those that have to do with that immediate ministering to human needs among young and old which is clearly the duty of society as a whole. I am especially opposed to it in the part that has to do with unemployment insurance in industry. I think I can speak with some authority on this subject, because I have spent the last 18 years of my life in the industries of this country, based upon the belief that industry has become the chief instrument of modern civilization, and unless

industry in some way is permitted to function and solve its problems by its own initiative and in accordance with its own nature I do not see how civilization can escape final collapse. I admit with sorrow the failure of industrial leaders in the past to face the social implications of their job. They have been deluded, like everyone else, by the notion that a part is greater than the whole. But this ought not to involve capital punishment for all industry, nor does it justify turning all industry over to the control of politically minded bureaucrats.

I am shocked at the threat to industry contained in this bill. It amounts to a tax of 9 percent on the already overburdened industry of our country.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. EATON. Yes; I yield.

Mr. VINSON of Kentucky. The gentleman does not understand there is any 9-percent tax for unemployment insurance, does he?

Mr. EATON. No; but you have got a tax for annuities on the employee and the employer, and you have unemployment insurance taxes which ought to be shared in by the employer as well as by the employee. This principle obtains in every country that has tried the plan and is embodied in the program proposed by various States of our country. Why do you not bring in a bill after a year's further study covering the problem of unemployment insurance? This question is so vital and far-reaching that it ought to be considered by itself.

Mr. VINSON of Kentucky. I think if the gentleman will investigate, he will find that the study of unemployment insurance in this Congress began about a year ago. A subcommittee of the Ways and Means Committee held hearings. Then the matter was referred by the President to his Economic Security Committee, and they studied it for 6 months. Then the Ways and Means Committee have had it for about 3 months in this session. So that if you will add that all together you will find that the question has been studied for about a year.

Mr. EATON. I have been working on it in the industries for the last 18 years, and so far as I know only here and there has any industry been able to set up a solution that amounts to anything. Of course, all the political mind needs to do is to pick up a great complex structure like our national industrial and economic life, which took 300 years to create, pass a law, rub the Aladdin's lamp, and behold the millenium has come.

Mr. VINSON of Kentucky. Did I understand the gentleman to say he had been in industry for 18 years?

Mr. EATON. That is correct.

Mr. VINSON of Kentucky. I thought the gentleman had been representing a district in New Jersey for the past several years.

Mr. EATON. I have had that honor, I am proud to say, but is there any crime about being associated with the wealth-producing forces of this Nation? I own a farm and I raise cabbages. Is that wicked?

Mr. O'CONNOR. How about the corned beef?

Mr. EATON. I have suggested corned beef and cabbage. Our Irish friend rises at once to the bait.

Mr. TREADWAY. Will the gentleman yield to me?

Mr. EATON. I yield with pleasure.

Mr. TREADWAY. I understood the gentleman had been watching the development of these various welfare factors over some period of years, and is rather somewhat of an expert.

Mr. EATON. Well, I do not claim to be an expert on anything any more.

Mr. TREADWAY. But has the gentleman seen this morning's paper, as to the result this bill will bring?

Mr. EATON. I regret that I have not.

Mr. TREADWAY. May I inform the gentleman?

Mr. EATON. I would be delighted to be illuminated.

Mr. TREADWAY. Here is an item appearing to be written as the result of a press interview with the President of the United States on yesterday, and the President is purported to have said that "unemployment insurance and

old-age pensions go hand in hand, and together would ultimately answer the problem of balancing the Budget." Is that not a new discovery, that this enormous tax on industry will eventually balance the Budget? Would the gentleman kindly explain what line of argument the President of the United States must have had in mind to offer that suggestion as a method of balancing the Budget?

Mr. EATON. The only argument that he had in mind, in my judgment, is the firm conviction that in this country one is born every minute, and sometimes there are two. [Laughter.]

Mr. TREADWAY. Then, if I may still further interrupt the gentleman, on the second page of the same paper, from which I have just read, is a newspaper account of how, "with a twinkle in his eye, he took a stand shoulder to shoulder with his right-wing critics in spurning a pair of amendments proposed to the social-security bill in the House", which were to strike out those items, and then he goes on to say that the second one continues this balancing the Budget proposition. So that evidently we have a great deal of evidence from the other end of Pennsylvania Avenue that we now have a method of balancing the Budget by spending \$2,800,000,000 more.

Mr. EATON. The most important item in that report, in my judgment, is the twinkle in his eye.

Mr. TREADWAY. I think so, too. [Laughter.]

Mr. EATON. Mr. Chairman, I do not know what the prospect is for taking out of this bill the vital portions that have to do with old-age pensions and assistance to crippled children and leave these tremendous economic questions that have to do with our complex industry for future study, even though the Ways and Means Committee have spent fully 3 months on this, as I understood the gentleman to say.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. EATON. I yield.

Mr. FITZPATRICK. Our distinguished colleague from Massachusetts referred to the newspaper as authority for the President's statements. I wonder if the gentleman saw also Dun & Bradstreet's report that the greatest prosperity in the history of our country is now approaching under the present administration.

Mr. EATON. Will the distinguished and kindly gentleman from New York lift the veil and show us where it is?

Mr. FITZPATRICK. It is in the morning's paper; the gentleman is going by the newspaper report.

Mr. EATON. And the gentleman from New York is going by Dun & Bradstreet.

Mr. FITZPATRICK. What does the gentleman from New Jersey think about Dun & Bradstreet?

Mr. EATON. I have no brief for Dun & Bradstreet.

Mr. FITZPATRICK. But the gentleman is familiar with business. They get business pretty straight, do they not?

Mr. EATON. I used to be familiar with business when there was any. How far off is this prosperity? Is it just around the corner?

Mr. FITZPATRICK. What about the income taxes for 1934, 40 percent greater than for the previous year?

Mr. EATON. The reason for that is that this administration has enough snoopers and tweezers to force the taxpayers to cough up. [Laughter.]

Mr. FITZPATRICK. To make them honest! [Applause.]

Mr. EATON. Yes; if that is your idea of honesty.

Mr. O'CONNOR. Mr. Chairman, if the gentleman will yield, the gentleman answered his own question. A few years ago the gentleman's party said that prosperity was just around the corner. When we took office on March 4, 1933, there was not even the corner left.

Mr. EATON. And now you propose to have a corner on prosperity.

I am thankful for all these helps as I go along. [Laughter.]

Mr. Chairman, I think we stand today in this country at the crossroads of a great decision which transcends all parties, all sections, and all interests; and this decision is whether we are going to choose American organized industry as the instrument for the solution of these tremendous, far-

reaching problems, or whether we are going to resort to some modified form of Russianism and attempt to solve these problems by government. Now, you might as well face this issue; it is here. Before the new deal came in the gentleman from New York was different, my beloved friend O'CONNOR, whom I used to instruct when he was young, but who has wandered far from my instructions, I regret to say, although he still retains his pulchritude and affectionate nature. [Laughter.] He made some statement to the effect that political parties were responsible for depressions and for recovery. If we ever get out of this, no political party will do it, especially no Democratic Party, because we have none any more. You have not been within shooting distance of your platform since the first few months after the President came in. You have been acting as the representatives, the tool, of a non-American institution known as the new deal. And the ultimate aim of the new deal is to place all American industry, business, and individual liberties under the control of Government here in Washington. We have no Democratic Party and we have no Republican Party functioning as such in an American way. We are in a state of suspense awaiting to see what under heaven's name is going to happen to the country and to our Government.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, in view of the aid the gentleman has had from the other side of the House in his speech, I yield to him 15 additional minutes. [Applause.]

Mr. EATON. It seems incredible to me that 20 minutes have gone. I have hardly got within speaking distance of what I want to say. [Laughter.] Mr. Sam Jones used to say that some people stuck to their text when they preached, but that he stuck to his crowd. I would be glad to do that, if I had a crowd to stick to this morning.

Mr. HOEPEL. Mr. Chairman, will the gentleman yield?

Mr. EATON. With pleasure to the gentleman from California.

Mr. HOEPEL. Inasmuch as the gentleman has 15 minutes, I hope he will use this time not to criticize the new deal but to tell us what he and the Republican Party would do if they were in power today. [Applause.]

Mr. EATON. Now, just think of that! [Laughter.]

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. EATON. Certainly; I feel highly honored.

Mr. TRUAX. I thank the gentleman. A while ago the gentleman from New Jersey quoted the distinguished Sam Jones. I wonder if the gentleman recalls a statement or phrase that the Reverend Jones used namely:

It is always the hit dog that yelps loudest.

I presume, from the fact the industrialists are yelping loudest, that they are the ones hit by certain features of this bill.

Mr. EATON. Does the gentleman wish to draw a comparison between the yelps of politicians and industrialists?

Mr. TRUAX. No; I am talking about industrialists. I understood that the gentleman was an industrialist.

Mr. EATON. Well, the gentleman's understanding, as usual, is about 90 percent off. [Laughter.]

Mr. TRUAX. The gentleman admitted it; the gentleman just said that he was associated with industry for 18 years.

Mr. EATON. But I have not represented the wicked capitalist. I have represented the down-trodden and the oppressed workman in whom the gentleman is interested.

Mr. TRUAX. I am glad to hear the gentleman say that, and I hope he will confirm that statement now.

Mr. EATON. What statement?

Mr. TRUAX. That the gentleman represents the down-trodden workman.

Would the gentleman favor a resolution to the effect that all Members of Congress should devote their full time to their work as Members of Congress, for which they are well paid, in my humble judgment?

Mr. EATON. Except for the quorum calls. [Laughter.] Now is the gentleman exhausted?

Mr. TRUAX. For the present, temporarily; but I hope to come back.

Mr. EATON. Does the gentleman feel that he may recover within 15 minutes?

Mr. TRUAX. Possibly so.

Mr. EATON. Mr. Chairman, after being led astray by these tempters, I now come back to the real issue in this bill. It is just one more block in the way of recovery, one more power to create uncertainty and anxiety in the minds of American business. I recognize the faults of industrialists. The gentleman from Ohio, my dear old State, which has gone crazy by going Democratic in recent months, speaks of the industrialists as if they are very wicked. They are like politicians. They have a streak of fat and a streak of lean, but if you take the industrialists out and stand them before the wall and destroy them, what is going to happen to the politicians? What is going to happen to the Nation?

Mr. TRUAX. Will the gentleman yield?

Mr. EATON. Just for one chapter.

Mr. TRUAX. I may say to the gentleman from New Jersey that I am not a politician. I formerly was a hog raiser.

Mr. EATON. I can believe that. [Laughter.]

Mr. TRUAX. Until the hog prices were wrecked by the gentleman's administration. Will the gentleman yield further? I am sure he will get some more time and I would like to finish my statement. After the Republican Party did just what the gentleman said we are doing to the industrialists, namely, put all the farmers out of business for 12 years, I still think all the more of the four-legged hogs on my farm.

Mr. EATON. I am glad to see brethren dwell together in unity. [Laughter and applause.]

Mr. Chairman, this frivolity is very disconcerting. I apologize if the gentleman takes that bad.

Mr. HOEPEL. Will the gentleman yield?

Mr. EATON. Can I get more time?

Mr. TREADWAY. How soon will the gentleman begin his main speech?

Mr. EATON. That will depend on the number of interruptions on this side.

Mr. TREADWAY. I am sure my colleague wants to be courteous to both sides of the House, but I think he has been very generous in yielding so far.

Mr. EATON. I have enjoyed it.

Mr. TREADWAY. If he wants more time for his own speech, I will be glad to yield the time to him when he has finished with the gentleman from California.

Mr. EATON. That would be rather indefinite.

Mr. HOEPEL. I would like to have the Members of the House informed as to what the gentleman would do, and what the Republican Members of Congress would do, to get the country out of the depression if they were in charge of the administration of its affairs, as are we Democrats. I would also like to ask the gentleman if he is in favor of Mr. Hoover's ideas on the gold standard?

Mr. EATON. That is too large a dose for one swallow. Mr. Hoover's ideas on the gold standard I leave to experts like the gentleman from California. But what would we do if we did what the country needs to have done for it? This new-deal administration is piling up debts which, with all this legislation that is now going through removing hazards from human life and the like, will involve an absolute and necessary tax every year on the industrial and productive wealth of this Nation of between seven and ten billion dollars and there is no escape.

Mr. Chairman, the first thing we would do, or will do, when we come in power next year, is to take an ax and chop out the upas tree of bureaucracy which has been overlaid on the industry of this Nation by the new deal to an extent never equaled in its history.

Mr. McFARLANE. Did the Republican Party ever do that when they were in power? If so, name the date.

Mrs. KAHN. Yes.

Mr. EATON. The gentleman has an answer to the question by the gentlewoman from California.

Mr. McFARLANE. I would like an answer from the gentleman. He has the floor.

Mr. EATON. The gentleman is very kind to make that suggestion.

Mr. Chairman, if and when the Republicans are in power, we would undertake to balance the Budget. We have heard of that phrase before. We would not do it by means of double-barreled bookkeeping, in which one set of books is fixed up so that it matches the income, and the other set of books is built up like the fellow that shingled his roof on the fog—nobody knows what it means. Then we would cease wrapping American industry in the graveclothes of brainless and inexperienced bureaucracy which could not run a shoe factory or industry to save its soul. Then we would try to cut down the normal expenses of government. A few deserving Democrats that will be covered in under the civil service before you get through, in order to prevent contingencies, we would try to get rid of them; and then we would try to run the Federal Government alone and let the States run their own governments and let the people run their own business, giving a chance once more for American industry, American initiative, and American self-reliance to assert themselves. [Applause.]

Mr. Chairman, I had a fine speech here, but I have chased so many rabbit tracks that I have kind of lost interest in it. I am like the new deal—I do not know where I am going to come out.

Mr. TREADWAY. Would the gentleman care for additional time to make his own speech?

Mr. EATON. On some other occasion.

Mr. TREADWAY. I will be glad to yield the gentleman a few additional minutes in order to make his speech.

Mr. EATON. I rather rejoice in the opportunity of addressing such an intelligent assembly, but I yield back the balance of my time, except to say that this legislation does not provide adequate care for the aged, but it does lay a new and intolerable burden of taxation and control upon American industry without solving the problem of unemployment. It is simply one more step toward sovietizing our distinctive American institutions, devaluing the self-reliance and enterprise of our people, and mortgaging our future by a debt so mountainous that we will be in grave danger of repudiation or inflation. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. BURNHAM].

Mr. BURNHAM. Mr. Chairman, we have all been tremendously interested in the wit, wisdom, and repartee indulged in by our distinguished colleague from New Jersey, Dr. EATON, as well as the participation of other Members of the House. We have also been edified, I am sure, by the illuminating and eloquent address of our friend from New Jersey. My remarks will be brief.

It is not very often that I take the floor, or ask for time to present my views, but the subject under discussion is one that I am tremendously interested in, although I confess I cannot work up much enthusiasm over the pending social-security bill, for I do not believe that it will do all that this great Government should do for its aged people. I say great Government, because it is a great Government notwithstanding the fact that we are still in the depths of the greatest depression this country has ever known. All around us, wherever we go, there is suffering and destitution, showing only too well how very necessary it is to enact some legislation that will fortify our national home life and humanity against want and distress during enforced unemployment and old age.

To my mind we will never bring about recovery until we restore confidence and solve the unemployment problem. This alone and this only can bring prosperity to our Nation and happiness to our people. It is just common American "horse sense", and I still have faith in the common sense of the American people.

As I said before, I do not believe that this pending legislation will bring about the desired results and for that reason I would like to see the bill, introduced by my distinguished colleague from California [Mr. McGROARTY], embodying what is known as the "Townsend old-age revolving pension plan", brought up on the floor of this House for full and open dis-

ussion. I was present throughout most of the hearings on the original bill introduced by Mr. McGROARTY, and was pleased to appear before the committee on February 6, urging serious and sympathetic consideration of its various phases and far-reaching possibilities.

I was interested in the statement of Dr. Robert R. Doane, an eminent economist of New York City, who appeared before the committee at the request of Dr. Townsend. The facts, figures, and statistics submitted by him and which appear in the hearings confirm my belief that the provisions of the McGroarty bill would bring about not only relief and security for the aged, but that they also point the way to national economic recovery.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. BURNHAM. I yield.

Mr. BUCK. When the gentleman appeared before the Committee on Ways and Means, with respect to the original McGroarty bill, did he not state, as recorded on page 968 of the hearings, "Introduced by Mr. McGROARTY, as it is drawn, I do not think that it is practical"?

Mr. BURNHAM. I stand by my statements as you will find them in the Record. That bill, as I said at that time, and as I still believe, was somewhat loosely drawn, but I think the new bill or the substitute or amended bill is very much better and is economically sound.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield for one question?

Mr. BURNHAM. I yield.

Mr. FITZPATRICK. Would the gentleman be kind enough to explain the bill? I would like to get some information about it.

Mr. BURNHAM. I am not here at this time to explain that bill. I may state to my friend that if the bill comes before the House I shall be pleased, if I am granted time, to give a full explanation of it.

Mr. FITZPATRICK. There is a possibility that we may get a vote on it, and I should like to get the gentleman's explanation of it.

Mr. BURNHAM. I should vote for it.

Mr. FITZPATRICK. But the gentleman could not explain it?

Mr. BURNHAM. I would be glad to explain it, although I might not explain it to the gentleman's satisfaction.

Mr. FITZPATRICK. I would simply like to get your explanation of it.

Mr. BURNHAM. If the gentleman will allow me to proceed, I will be glad to state what is in my mind.

Having been an ardent advocate of a liberal old-age pension for many years, I very naturally became interested in the plan evolved by Dr. Townsend, whom I know to be a thoughtful, intelligent, earnest, honest, and sincere man. Nearly a year ago I filed with the Speaker of the House numerous petitions, bearing the names of thousands of my constituents, who are vitally interested in the plan and demand its consideration. I have discussed its possibilities with many Members of the House and the Senate, individually and collectively. Some think it fantastic and visionary, chiefly because they have not taken time to consider it, while others like myself believe that it possesses merit and that there is much to recommend it. Certainly it is worthy of serious consideration. It cannot be laughed off. It cannot be brushed aside.

Less than 40 years ago the Wright brothers were laughed at when they attempted to fly the first machine, yet as a result of their tireless efforts we are today spanning continents and oceans with fast flying planes, helping to make the world a better place in which to live, and if we would help to make the world a better place in which to live, let us start by providing those elderly people, who have passed the heyday of life, and whose shadows are lengthening, with not only the necessities of life but also with the comforts to which they are entitled.

The recipients of old-age pensions should not be made to feel that they are objects of charity by being compelled to take the pauper's oath, for, after all, they are merely receiving what is justly due them, having contributed to the sup-

port of the Government during their years of gainful occupation. We find many hard-working, thrifty, frugal people who invested their savings in supposedly gilt-edged securities, hoping and believing that the income from their investments would adequately provide for them during their declining years but, through force of circumstances over which they had no control, find their investments wiped out and their savings gone. Fear and apprehension of such a condition is the cause of much unhappiness and distress in this country. Fear of facing a penniless old age is the cause of much insanity.

One of the interesting features of the Townsend plan is to retire from gainful occupation those persons above the age of 60 years. By so doing enough vacancies would be created to absorb many of the idle and unemployed persons now on the relief rolls. It would also help to make room for the hundreds of thousands of young men and women who are graduating from high schools and colleges without prospects of employment of any kind. Again I say the unemployment problem, due in some measure to the increasing mechanization of our industrial system, is the greatest obstacle to economic recovery. If a way can be found to adequately care for the elderly people and at the same time put the idle to work, it would make for a contented and happy Nation. It would tend to lessen crime and greatly reduce communistic activities, thereby effecting a great monetary saving. The cost of crime runs into billions. The vast amount of money spent in crime prevention, crime detection, crime prosecution, jails, penitentiaries, and insane asylums would go a long way toward paying a liberal old-age pension. Savings in other taxes through the abolishment of the need for poor farms, relief agencies, and institutions for the care of the indigent will partly offset the transaction tax provided for in the Townsend plan. There will be no longer any necessity for the enormous pension payments by Government agencies and private industries. Security for old age will be assured and poverty will be reduced to a minimum.

The revolving fund provided for in the Townsend plan would certainly tend to increase the purchasing power of the Nation, which in turn would increase consumption; and if we increase consumption, we must of necessity increase production, and this, of course, means that the wheels of industry would be started, the idle put to work, and prosperity restored.

This proposed plan of old-age security is attracting Nation-wide attention, and many millions of worthy citizens throughout the United States are vitally interested in it; they are entitled to be heard. They have sent us here to represent them. I do not know how long I shall remain here, nor am I concerned, but while I am here I shall do my full duty by those who constitute my constituency. [Applause.] Here is one of many resolutions of a similar character which I have received. I offer it for your consideration. I will not take time to read it but ask unanimous consent to have it included in my remarks. It is from the Board of County Supervisors of San Diego County, Calif.

The CHAIRMAN. The gentleman from California asks unanimous consent to extend his remarks as indicated. Is there objection?

There was no objection.

The matter referred to follows:

Before the Board of Supervisors of San Diego County, State of California, on the 25th day of February 1935

In the matter of resolution urging United States Congress to enact into law H. R. 3977, bill known as the "Townsend old-age revolving pension act"

Whereas the economic situation in the county of San Diego, State of California, and Nation, is such that an unusual remedy is required to restore and maintain prosperity, to provide jobs for the unemployed, to create positions for those graduating from our schools and colleges, to care for the million of aged men and women, many of whom no longer have visible means of support, with no opportunity of procuring labor, to feed and care for the more than 7,000,000 of undernourished children, to take from the highways the young boys and girls now without homes; and

Whereas it appears that social security can only be secured and the wheels of industry set in motion and made to continually revolve by the creation of a tremendous buying power; and

Whereas the present system of dole, designated as welfare and emergency relief, is detrimental to the morale of our citizenry and is not restoring normal conditions, and never will if continued; and

Whereas Congress now has before it a substantial remedy and curative which will meet our economic ill and produce a normal healthy condition for all time to come, which will restore prosperity to our Nation, happiness to millions, and social well-being for all: Therefore be it

Resolved by the supervisors of the county of San Diego, State of California, That we do respectfully urge the Congress of the United States, now assembled, to enact into law H. R. 3977, "A bill to promote the general welfare, to assure permanent employment and social security for all, and to stabilize business conditions through an assured definite and constant circulation of money and credit by the National Government, and for other purposes"; and be it further

Resolved, That a copy of this resolution be forwarded to both the Senate and House of Representatives, to the President of the United States, officially signed and attested by the seal of the county of San Diego, State of California.

Passed and adopted by the Board of Supervisors of the county of San Diego, State of California, on the 25th day of February 1935, by the following vote, to wit:

Ayes: Supervisors Hastings, Richards, Trussell, Hicks, and Sweet.

Noes: Supervisors, none.

Absent: Supervisors, none.

STATE OF CALIFORNIA,

County of San Diego, ss:

I, J. B. McLees, do hereby certify that I am the county clerk of the county of San Diego, State of California, and ex-officio clerk of the board of supervisors of said county; that the foregoing resolution was passed and adopted by the board of supervisors at a regular meeting thereof at the time and by the vote above stated.

[SEAL]

J. B. McLEES,

County Clerk and ex-officio Clerk of the Board of Supervisors.

By C. BUCKLEY, Deputy.

Mr. TREADWAY. Mr. Chairman, I yield 15 minutes to the gentleman from Oregon [Mr. MOTT].

Mr. MOTT. Mr. Chairman, I am very much pleased that the opportunity has come at last to discuss the question of old-age pensions before a body that has not only the inclination but the authority to do something about it. For the first time in the history of our country the Congress of the United States is now actually engaged in considering an old-age-pension bill and in the course of the next few weeks a Federal old-age-pension law will have been placed upon the statute books of the Nation.

I am not at all satisfied with the old-age-pension provisions of the bill which is now before us under the rule adopted for its consideration on Thursday of this week, and, so far as I know, nobody is satisfied with them. I repeat now what I stated on Thursday, that no one believes that the old-age pension provided in the bill is adequate.

No one whom I know of is seriously of the opinion that the old-age-pension proposal in the pending bill will do what people of the United States generally want and hope and expect a Federal old-age-pension law to do, and from now until the final vote is taken on this bill I intend to do everything within my power to have the bill amended in such a way that it will at least partially meet the demand of the people of this country for an adequate Federal old-age-pension law. The demand for an adequate old-age-pension law has been perhaps the greatest, the most sincere, and the most human demand that has ever been made in this country by the people for any kind of Federal legislation, and it is our duty to try to meet that demand honestly and courageously and to the best of our ability, having in mind always the greatest good to the whole of our common country.

I would be disappointed, indeed, if I did not think this House were willing to go a great deal further toward satisfying this demand than what is proposed in this bill, and I desire to express now not merely the hope but the conviction that with the bill now before us as a nucleus, inadequate as it is, the House and the Senate will be able to amend it into a good bill, and that when we make a good bill out of it the President will sign it.

I am particularly happy to learn, according to the quoted statements of the Democratic leaders reported in the papers

yesterday, that they probably will not object to the offer, by way of amendment, of other plans of old-age pensions as substitutes for the pension plan recommended in the President's bill. I sincerely trust the report of their recent decision is true and that they will not change their minds before the debate is concluded. I think this is a very liberal view for the leaders to take, because, as I stated in the debate upon the rule, I think there is no question that the offer of substitution of any other pension bill providing for a special method of taxation is not germane to this bill. And so I want to congratulate the majority leaders and to say to them that if they will keep their reported promises and not object to these offers, in spite of the fact they are not germane, then they have done all that we have asked. And let me say, also, that if they will do that, then it means that those of us who fought the rule on Thursday, although we suffered a technical defeat, have really won a moral victory.

I want to confine my remarks to this bill, and I do not want to discuss at this particular time any of the other plans which are now before the Congress.

When these other plans are offered next week and the point of order is not made against them, I intend to discuss them all, and in as much detail as possible I desire particularly to discuss the revised McGroarty bill at that time.

Just in passing, however, I want to say one thing now about the revised McGroarty bill. This is only a preliminary suggestion and is by way of admonition. If this bill is offered by way of amendment, I hope that the Members who discuss it, and particularly those who intend to oppose it, will discuss that bill upon the basis of what it actually is, and not upon rumor or hearsay, and not upon the basis of what the bill is not. I hope that gentlemen who refer to it will not refer to it as the \$200-a-month pension bill, or as a \$24,000,000,000 bill, as was done during the course of the debate upon the rule. Such statements are clearly ridiculous and show an amazing ignorance of the bill on the part of any gentleman who makes them.

Mr. BUCK. Will the gentleman yield?

Mr. MOTT. I yield to the gentleman from California.

Mr. BUCK. I wish the gentleman would explain just what the new McGroarty bill is and what it does.

Mr. MOTT. I stated that I could not go into a discussion of any of these other bills in my remarks on the pending bill today, but I will take just a minute to tell my distinguished friend what the revised McGroarty bill is not. In the first place, it is not a \$200-a-month pension bill. It provides for the imposition of a 2-percent transaction tax, which, according to Dr. Doane's testimony before the Ways and Means Committee, will raise about \$4,000,000,000 per year, and that \$4,000,000,000 will pay to the eligibles under the bill about \$50 a month. That is what the revised McGroarty bill provides for at the present time. The other small taxes also provided in the bill will probably increase that amount slightly. All mention of the \$200 should be out of the debate, when the debate comes, because the bill does not provide for it. If it is to be discussed, I hope gentlemen will discuss it on the basis of what it is. That is all the time I can devote to this point now.

Mr. YOUNG. Will the gentleman yield?

Mr. MOTT. I will yield to the gentleman.

Mr. YOUNG. I agree with the gentleman, and he is making a fine speech. The present McGroarty bill is entirely different from the old. But when the gentleman says that so much revenue will be produced and so much annuity, is it not a fact that the entire cost of administration must be paid under the provisions of the bill before any annuity will be paid?

Mr. MOTT. That is correct.

Mr. BUCK. Will the gentleman yield again?

Mr. MOTT. I will yield, but I think I ought to suggest that if I yield any more I may not have any time to discuss the pending bill at all. I did want to say something about the bill under discussion during a part of the time allotted to me.

Mr. BUCK. Is it not a fact that the new McGroarty bill has not been made known to the rank and file of the sup-

porters, so that we are getting requests for the passage of the original bill?

Mr. MOTT. That is undoubtedly true, and I think it is very unfortunate. I think the people of the country should be informed as to just exactly what the revised bill is. I hope every Member will read it and study it, and be prepared to discuss it accurately and thoroughly when it comes up. I would like to have full, free, open, and intelligent debate upon it, and I hope gentlemen will be prepared to discuss it when it is presented. I may say that there are other amendments, many of them of a necessary and vital character, that will also be offered to the revised bill.

Mrs. GREENWAY. Will the gentleman yield?

Mr. MOTT. I yield to the lady from Arizona.

Mrs. GREENWAY. Many of my constituents have already had that bill read, and it has been read at meetings, and still think it carries \$200.

Mr. MOTT. I am sorry to say that there still seem to be many people in the country who think that it carries \$200, but, of course, that is impossible. Four billion dollars a year will not provide \$200 a month to the eligibles under the bill according to any testimony before the committee.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. MOTT. Yes; I yield to the gentleman from Michigan.

Mr. MICHENER. I think as a matter of fact the promoters of the Townsend plan, if this change has been made, should so state. There have been in my district a number of speakers and organizers—Dr. Munger, from California, and others—within the last 2 weeks, and the impression they leave, as stated in the daily press, is that there has been no material change in the bill, and these old people are still expecting \$200. I agree with the gentleman from Oregon. I have read the bill. It will not pay \$200 a month; and the leaders of the plan, if they are in the gallery, I hope will take this to heart and follow the suggestion and state to the folks at home just what the new bill does.

Mr. MOTT. If that is true, I am extremely sorry to hear it. For anybody to suggest or hold out that the new McGroarty bill is going to pay \$200 a month, or any sum nearly like that, is entirely wrong, and it certainly should not be done.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. MOTT. Yes; I yield to the able gentleman from Texas.

Mr. BLANTON. The gentleman is one of the leaders of his party here in the House, and one of its spokesmen. I wonder if he could tell us whether the Republican Party in the House is backing the new McGroarty bill?

Mr. MOTT. I would not say that at all. I have never considered this old-age-pension matter a partisan subject, and I do not think anyone on the Republican side so considers it.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield to make a friendly suggestion?

Mr. MOTT. I yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. I know from study of the new McGroarty bill that the gentleman has made a very clear and concise statement of its contents, and the important change which has been made in the McGroarty bill, but, further, I have seen Associated Press statements published in the papers in my district in which it is stated specifically that this change was made for the purpose of preventing overpayment. I think it is not fair to have such an explanation of that change made to the people of the country.

The change does just what the gentleman from Oregon says it does, that if, under Dr. Doane's own figures, through the medium of a transaction tax and other taxes we could raise \$4,000,000,000 in taxes it would pay a pension of about \$50 each, a very reasonable pension, and yet the supporters of the plan throughout the country are being told that the change is being made to prevent overpayment.

Mr. MOTT. I have already said that in my opinion such a statement cannot possibly be justified. Now, Mr. Chairman, I undertook to do no more at this time than to state very briefly what this revised McGroarty bill was not, and I did not even intend to enter this far into a discussion of it. It was solely on account of some of the unusually wild and unsupportable statements that have been made here on the floor of the House in connection with it I thought it proper at this time to state what I have stated. I trust gentlemen will now permit me to proceed without further interruption during the brief remainder of my time.

Mr. Chairman, I know there are gentlemen here who know a great deal more about old-age-pension legislation than I do, but I dare say that there is no one here who has given it more careful and thoughtful study over a longer period of time, or who perhaps has had more actual experience in the consideration and enactment of old-age-pension legislation than my humble self. I have been very actively and continuously interested in the subject ever since I entered public life. I have tried during all of that time to overlook no opportunity, to spare no effort, to have this great humanitarian principle translated into statutory law, and it is one of the happiest moments of my life to know now that we are going to accomplish that at this session of the Congress; that we are at least going to make an actual beginning by putting an old-age-pension law upon the Federal statute books. I shall be proud always to have been a Member of the Congress which first did that. I want, with all the rest of you, to make this as good a law as we can possibly make it, and that is why I am glad that it has developed, since the rule was adopted Thursday, that the procedure here is going to be open, and that we are going to be able to give consideration to every worthy plan that may be advanced.

I was coauthor of the first old-age-pension bill introduced into the legislature of my State. That was some 10 years ago. The bill did not pass at that session because there was as yet no demand even for a State old-age pension. Yet at that time I stated—and, so far as I know, I was one of the first men to make the statement—that within 10 years not only would every State have an old-age-pension law but that ultimately the matter of old-age-pension legislation would become a subject of exclusive Federal jurisdiction, and I think that prediction has a good chance of being fulfilled at this session of the Congress. I think most people of the country agree now that it ought to be a matter of Federal jurisdiction. Old age is universal throughout the country and unemployment is universal, and both have become national rather than State problems.

My idea of an adequate Federal old-age pension is different, perhaps, than the idea entertained by some. The original idea of the old-age pension, as you know, was that it was a substitute for the poorhouse, and I may say that at the time when that theory was first advanced it probably was a good theory.

Now, however, a new and entirely different theory and reason obtains, and it has been brought about naturally and logically by reason of an industrial evolution that has been taking place in this country and the world during the last generation. So that most people agree at the present time that a system of old-age pensions is absolutely necessary, if our economic and industrial system in this country is to survive. The problem has become an economic as well as a humanitarian one.

The reason for that is very simple. Within the last 30 or 40 years, but particularly within the last 10 years, our methods of producing and distributing and selling the things that we want and that we need have become so perfect through the improvement of ourselves and our machinery that it requires now only a portion of our population to produce, distribute, and sell everything that we need and everything we can afford to buy.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes more to the gentleman from Oregon.

Mr. MOTT. We have normally an unemployment problem of some eight or ten million. We have more unemployed people than that now, of course, but even if we should return to normal conditions, in the opinion of a great many authorities on the subject, we would still have an unemployment problem of at least eight million, and it will be a permanent problem. Those 8,000,000 people must be taken care of. They are permanently out of jobs, not because they want to be, not through any fault of their own, but because modern industry under our present system cannot absorb them. They are surplus, and this problem must be faced and solved. There are several ways in which to do it, but as I see it, the whole problem resolves itself down to but two real alternatives, and we must choose either the one or the other of them.

The alternatives that logically present themselves to me are these: We can continue to operate industry under the present system, a necessary byproduct of which must be permanent unemployment for millions of men, and we can continue to keep these unemployed men on direct or indirect relief; or, as the other alternative, we can, by appropriate legislation, spread employment in private industry by dividing the work necessary to be done among all those who are able to do it, and by subsidizing those who are not.

Those who are able to do the work required by modern industry are those who are physically able and who have not reached the age limit of their economic usefulness in and to industry. If the available work required by modern industry to supply all of our needs and desires were confined to and distributed among this restricted portion of our population, I believe it would be economically feasible and entirely possible to subsidize the rest of it. By the rest I mean those people on either end of the life chain, the very young and the very old.

The very young are already subsidized to a large extent by the Government, by the way of free schooling and otherwise, and this policy of subsidization by Government of those who have not yet entered upon the period of their real economic usefulness has of late years been increasing, both as to the amount of the subsidy and as to the duration of it.

Now, there are between eight and ten million people in this country above the age of 60 years, and this number represents, as nearly as we can calculate it, approximately the number of what I have referred to as the permanently unemployed—the number, in other words, which must continue to remain unemployed under our present economic and industrial system. And in this connection I call your attention to the fact that in this country during the past 10 or 15 years the average increase of normal unemployment has been at about the same ratio as the increase in the number of people over 60 years of age.

I state it now as a bald fact which I think is recognized by everyone, that these millions of people over 60 years of age, for the most part, reached the end of their real economic usefulness in and to modern industry and that industry cannot take care of them without displacing an equal number of those who are still within the age of the effectiveness required by modern industry. If, therefore, that portion of our population which has passed this age limit could be retired under conditions which would enable them to cease competition altogether with the younger and more efficient workers a large part of our unemployment problem obviously would be solved.

The particular method or plan by which this subsidization is to be brought about is not, in my opinion, very material, so long as the plan is financially sound and is able to actually raise the revenue required to pay the retirement pensions. The tax necessarily must be large, but there is no way to avoid that if we are to attempt in any adequate way to solve this problem. The tax will have to be paid by that portion of our people which does the work and earns the income. That means the burden will have to be borne by all those who are living in their income-producing age. The beneficiary of this subsidy would, of course, bear his full share of the burden also, because he would be subject to taxation during the whole portion of his income-producing life and until he reaches the age of retirement.



It is not my intention here to say anything whatever about the humanitarian angle of this problem. My observation has been that its desirability from that angle has long since been so thoroughly conceded that it is no longer a subject of argument or controversy.

The question remains now, What is an adequate old-age pension? That is to say, what amount of pension is necessary for the beneficiaries to receive in order to bring about the economic remedy I am here urging?

I think it follows logically from what I have said that the only adequate kind of an old-age-pension law is a law providing for a pension large enough to support the pensioner in decency and comfort after he has passed the age of economic usefulness and to retire him completely from the field of competition with younger men. It would be difficult to justify, either from the economic or the humanitarian angle, a pension larger than is necessary to do this; but, on the other hand, a pension which is not large enough to do it is totally inadequate and cannot be justified on any ground whatever as a solution to the problem of old age and unemployment. And let me say in this connection that as a condition precedent to eligibility for the kind of an adequate pension I have suggested is that the pensioner be required actually to retire from competition and to spend his pension money. Without such a condition one of the basic reasons for an adequate old-age pension is defeated.

Mr. McCORMACK. Will the gentleman yield?

Mr. MOTT. I yield briefly to the gentleman from Massachusetts.

Mr. McCORMACK. The gentleman stated there were normally 10,000,000 unemployed. I wish to suggest to my friend that there are normally from two and a half to three and a half million.

Mr. MOTT. Well, that is a difference of opinion. It is my opinion that there are 10,000,000 unemployed in this country at the present time who will remain unemployed, even if good times return, on account of the natural evolution in industry, and in this I am sustained, I think, by the best research and authority we have on this question.

There are more than 20,000,000 people on relief today, according to the actual figures of the Federal Relief Administrator. How many of that 20,000,000 are employed? Few, indeed, or they would not be on relief; and after the relief is finished, after the \$4,800,000,000 of the present works relief is exhausted, how many of those 20,000,000 will be absorbed in private industry? I say to the gentleman we will be fortunate, indeed, if half of them can go back. We will be fortunate, indeed, if no more than 10,000,000 are still unemployed.

I think at the present time the real thing at issue before this House in the consideration of the pending old-age-pension bill is, What is an adequate old-age pension? I ask gentlemen to keep their minds upon that question when they read the old-age provisions of the President's bill.

I ask them to try to reconcile in their own minds the proposed maximum Federal contribution of \$15 per month with any individual idea they may have as to what constitutes an adequate old-age pension. I ask them to try to reconcile that \$15 with any hope, with any plea, or with any just demand on the part of the aged and the needy of their own States for an adequate old-age pension. Let me say to gentlemen who so glibly praise the President's bill that they are confronted with a problem and a question here which the President's bill does not answer to the satisfaction of anyone.

It will be a part of the business and the job of this Congress to answer that question and to answer it right; to determine what is an adequate old-age pension, and then to have courage enough to write that kind of a pension into the bill. It will be a part of the task of this Congress to determine what is the best method of financing that old-age pension, and then to have courage enough to write that method of financing into the bill.

Mr. Chairman, we have before us the most tremendous, the most far-reaching, the most important task that I believe has ever been before this Congress. I hope that all Members will

enter into it with a serious, a studious, and an open mind; that they will put aside all partisan consideration; that they will allow the procedure on this bill to be just as open and free as possible, all to the end that before this Congress adjourns we may give to the old people of this country a just and an adequate old-age pension that will permit them to retire for the remainder of their lives in decency and in comfort and in happiness, and which will allow the real work of modern industry to be carried on by those who are young enough to do it. [Applause.]

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, this bill is not the result of any activity on the part of a Dr. Townsend or a Dr. Pope or an advocate from down in Kansas who has been letting us hear from him for several years, or the activity of any one individual. It is the result of a wide-spread conviction on the part of most of the Members of Congress that there should be such relief granted to the aged men and women of America. It has been growing in the Congress of the United States for many years.

I believe, Mr. Chairman, that 85 percent of the Membership of this House are strongly and sincerely in favor of an old-age pension. It would have been passed several years ago if we could have led our administrations to believe that it would be financed. This bill, in my judgment, would be passed by this Congress if there had never lived a man by the name of Townsend.

In the last Congress we had this question actively before us on the floor, in the cloakrooms, and in our offices. The President of the United States last year, before the Congress adjourned in June, told the Congress that while at that time he could not approve such a bill, he would expect us to pass a proper old-age pension and a proper unemployment-insurance bill in this session, when the Government would be ready to finance it, and he said he would approve it.

That was one of the first messages he sent to this Congress after we met, and he is going to sign a proper bill. And he will sign this bill, if we do not wreck it with amendments.

The great Ways and Means Committee of this House deserves the commendation of the people of the United States for the fair and impartial manner in which they have conducted hearings, the sympathetic view from which they have approached this bill, and the efforts they have put forth in bringing a proper bill before this House, a bill that can be financed.

I wish to say to my colleagues in all earnestness I believe that every friend of old-age pensions on the floor of this House, if he desires a bill passed in this session and become a law so that relief will be granted the aged people, should get behind this committee bill and pass it without a single amendment. We know it will be approved and signed by the President. We know that it will become law.

There are 435 Members of this House when every district is represented. All of us are different—different in every way; different in our viewpoints and our physiognomies and our constituencies. We cannot expect all of us to think alike on a proposition. Naturally you will have many amendments offered from the floor, embracing every angle of thought. What are you going to do with them all?

There are some Members here who would pass the original Townsend plan to pay \$200 per month to all persons over 60 years of age, which would cost the Government \$24,000,000,000 annually, or \$20,300,000,000 more than our entire revenues our Government received last year from all sources of taxation. Then there are some who prefer the revised and amended Townsend plan, which they say would pay only \$50 per month.

Then there are some Members who would make the age limit 55 years, and even some, possibly, who would like to see the pensionable age limit begin at 50 years. None of us can have our own way. We must find out what a majority of the Membership want and are willing to do and then all get

together on that, for only such a plan can pass, for it takes a majority of those voting in this House to pass any measure.

It is quite amusing now to remember the history of the mutations through which the Townsend plan has undergone. At first a mailed-fist demand was made on this Congress that all Members would be defeated for office and crucified in the next election if we did not pass it just as it was proposed, to pay \$200 per month to every person in the United States who was 60 years of age or over.

I was the first Member of this House to take the floor, which I did on January 21, 1935, to explain that such a proposal was financially impossible, and that if passed it would bankrupt and wreck the Government. You will remember that I was deluged with threats from all parts of the United States, because I refused to deceive the aged men and women into believing that such a plan was possible.

Since then, Mr. Chairman, Dr. Townsend himself has realized and admitted that his plan was unsound, because he has now changed it, and it was amusing to hear the gentleman from Oregon explaining that under the revised and amended Townsend plan, it is now expected that not over \$50 per month will be paid, which is only one-fourth of what he originally proposed.

It is not a question of how much we would all like to see aged men and women receive for their support, but it is a question of how much this Government is financially able to pay without bankrupting it, and how much is a wise and salutary sum to pay, considering the matter from the standpoint and best interests of the American people as a whole.

From the minstrel show exhibited for 40 minutes this morning from across the aisle, with the seasoned interlocutor propounding his prepared questions to the hilarious end men, it is very evident that we are not going to have any constructive help from the minority. All we could get out of our friend from New Jersey was that if the Republicans were in power they would balance the Budget. Has he forgotten that during the 4 years of Herbert Hoover there was a deficit of \$4,000,000,000 or an annual average deficit of \$1,000,000,000 per year for each of those wasteful 4 years?

We Democrats have across the aisle among our Republican colleagues some delightful companions and splendid gentlemen. The great, able, distinguished minority leader of this House, the gentleman from New York [Mr. SNELL], is doing the best he can with what he has got. [Laughter.]

It does not behoove any of the few Republican colleagues who sit across the aisle here to condemn our House administration for bringing in a rule that gives the Membership 20 hours' debate, when in the whole history of their party they have never brought a bill to the floor of this House yet which gave as much as 20 hours' debate on any subject. Plenty of time for debate is an unusual thing with the Republicans. This rule gives every Member of this House, new Members and old Members alike, an opportunity to get on this floor and express themselves on this measure, something to which they are entitled. The Republicans here ought not to complain.

I was amused this morning at the Old Guard—and they were all here. There was the distinguished minority leader, the gentleman from New York; there was the distinguished gentleman from Massachusetts [Mr. TREADWAY], acting as the specially prepared interlocutor; there were the end men, the witty gentleman from New Jersey [Mr. EATON] and our other good friend from Massachusetts.

They had active helpers in the shape of our good friend from Massachusetts [Mr. MARTIN]; our good friends from Michigan [Mr. MAPES and Mr. MICHENER], and our distinguished friend from New York [Mr. TABER]—oh, we had the Old Guard all here, 27 of them in number. What were they doing? I am sorry our friend from Massachusetts forced that division here on his motion to rise, and showed just how few Republicans were on the floor when a bill of such tremendous importance was before the country. He forced a division, and it disclosed there were just 27 Republicans on the floor.

Mr. MARTIN of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I will yield in a minute.

Mr. MARTIN of Massachusetts. Will not the gentleman yield right now?

Mr. BLANTON. I am sorry, I cannot do it now. Twenty-seven of them! It went into the RECORD; he forced it. They were all loyal; every Republican here was loyal; they got up and voted with our good friend from Massachusetts [Mr. MARTIN], their straw-boss leader. They all voted with him that the Committee rise. It was a solid Republican vote.

Mr. MARTIN of Massachusetts. Mr. Chairman, will not the gentleman yield at this point?

Mr. BLANTON. In a minute. I am sorry I cannot yield now. Mr. Chairman, especially the assistant minority leader ought to conform to the rules, particularly when he comes from so great a Commonwealth as Massachusetts.

Of the 75 years following 1860 the gentleman's party, the Republican Party, was in absolute control of the United States Government for 57 years, when it could have passed any legislation it wanted, yet not once did it propose an old-age pension.

Mr. MARTIN of Massachusetts. Mr. Chairman, a point of order; what is the subject before the House?

Mr. BLANTON. Do not take this Republican interference out of my time, Mr. Chairman. I do not yield for inquiries.

The CHAIRMAN. The subject before the House is the social-security bill, on which the gentleman from Texas has been recognized.

Mr. MARTIN of Massachusetts. Mr. Chairman, my point of order is that the gentleman is supposed to confine himself to the subject.

The CHAIRMAN. The gentleman is not stating a point of order.

Mr. MARTIN of Massachusetts. Mr. Chairman, I make the point of order the gentleman should proceed in order.

Mr. BLANTON. Mr. Chairman, I am proceeding in order. I know the rules. I will conform to the rules, Mr. Chairman. The gentleman cannot teach me anything about the rules.

Mr. ANDREWS of New York. The gentleman is discussing the same thing the gentleman from New Jersey discussed.

Mr. BLANTON. I am discussing the old-age-pension bill, and the attitude of Republican colleagues toward it.

Mr. ANDREWS of New York. The same subject the gentleman from New Jersey discussed.

Mr. BLANTON. The gentleman's Republican Party for 57 long years was in complete control of the United States Government, but they had no sympathy for the subject of old-age pensions; they had no time for it; they did not want it discussed. They never brought in a bill to grant old-age pensions during the 57 years they had the United States Senate, the House of Representatives, and the White House under their control and domination.

When did the gentleman's Republican Party during that 57 years bring in a bill here for old-age pensions? When did they ever propose such a bill? When did they ever speak for such a bill? Why, about 10 years ago our good Democratic colleague from New York [Mr. SIROVICH], made an hour's speech from this floor advocating old-age pensions, and the movement has been growing ever since.

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Chairman, I yield the gentleman from Texas 2 additional minutes.

Mr. MAAS. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I am sorry, I have only 2 minutes. When have the Republicans been interested in unemployment insurance? When have they been interested in social-security legislation?

They cannot stand it; they cannot take it when we propose these things. They do not like it. Our good friends over there across the aisle remind me of a little incident that happened out in Arizona many years ago when our former colleague and the now distinguished United States Senator

[CARL HAYDEN], used to be sheriff out there in Arizona. There was a high-toned forger who went from New York to Arizona and got to operating out there and Carl arrested him and put him in jail. Carl had a Chinaman who used to feed the prisoners. This high-toned forger was used to having his meals served in his room by special waiters in the Waldorf-Astoria, and was used to being paid special attention. This Chinaman took him his dinner one day. He had a great big hunk of corn bread on a tin plate, and another hunk of sow belly, and a big tin cup full of black coffee. The Chinaman handed it in to him but this high-toned forger pushed it away and said, "Take it away; I do not want it." The Chinaman looked at him grinning and smiling and said: "You no likee? Alle light, me takee away, but by-and-by maybe so you likee."

Now, by-and-by when you get [laughter]—by-and-by when you Republicans get used to the present Democratic Party with Franklin D. Roosevelt in the White House passing social-security legislation, unemployment-insurance legislation, and old-age pensions, by-and-by maybe so you likee. [Applause.]

Mr. SAMUEL B. HILL. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. HOEPEL].

Mr. HOEPEL. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include therein a letter I received from President Green of the American Federation of Labor and a letter from the secretary of the Technotax Society.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOEPEL. Mr. Chairman and Members, in the ancient days the barbarians descended on the civilized races, constantly adding to their harrassment and in some instances conquering the existing governments. In our civilized age the barbarians of monopoly have descended upon the people and, through the use of the machine, have virtually enslaved the workers of the principal civilized nations of the world.

Our Nation was prostrate in 1932 and in the ardent hope that the new deal would bring surcease in these distressing conditions we were given power and are now charged with a solemn responsibility to those who thus expressed their confidence in our President and in our party. While I admit that from the standpoint of academics I may not be equal to the least among us, yet, from the standpoint of practical experience, I yield to no one in my observation and understanding of the problems which beset us.

In the game of the new deal, it is my opinion that our leadership has been drawing to too many deuces, and in several instances jacks, and that we have actually discarded ace legislation which would have solved our economic problems long ago, had it been adopted. I doubt if there is any individual in the Congress who is so partisan that he would like to see the new deal fail, even though many of us do differ on the modus operandi of attaining recovery.

The "technotax" is the ace in the new deal. We must tax the machines according to the number of workers they displace.

I will mention only a few of the thousands of instances which prove conclusively that the machine is adding to our unemployment situation, a situation which can never be satisfactorily and permanently corrected under the present new-deal procedure.

For instance, we have the steam shovel, which displaces the labor of from 25 to 50 men. We have the glass-manufacturing machine, which displaces hundreds of men. We have the vitaphone, which displaces thousands of musicians. We have television, which, ere long, may displace even the movies. We have modern machinery in the steel industry whereby one machine will do the work of numbers of men. We have a machine which cleans poultry, and which displaces at least 50 percent of the men and women formerly engaged in such industry. We have, in process of manufacture, a mechanical cotton picker, and one of these machines will displace a hundred workers. We have, in process of

development, a machine which will revolutionize the manufacture of shoes, and a telegraphic linotype machine, which will not only displace telegraph operators but linotype operators as well. To be more specific, a message may be transmitted here in the city of Washington by the members of the press, and the same message may be reproduced simultaneously on hundreds of linotype machines throughout the country.

These are only a few of the many instances where labor is being displaced by machinery—but they are enough to prove that the solution of the machine problem is of paramount importance if we are to have permanent recovery and abolish unemployment.

I will mention further only two specific illustrations of machine displacement of man power, which I wish particularly to call to the attention of the Chairman of the Committee on Ways and Means with the hope that he will carefully consider them. In one instance known to me a machine was installed at Torrence, Calif., in the steel mill. With this machine 1 man was enabled to perform the same amount of work as was formerly done by 4 men. In other words, the installation of this machine put 3 men on the unemployment list who were formerly earning \$16 per day and the purchasing power of these 3 workers was thus reduced a total of \$48 per day. It should be borne in mind that the price of steel was not reduced to the consumer because of the installation of this machine.

In another instance, in a poultry plant, 50 percent of the employees were released when a machine was installed which cleaned the chickens, ducks, geese, and so forth. The price of poultry, however, was not reduced to the consumer. At this particular plant to which I refer fully 50 men and women were released and thrown into the ranks of the unemployed.

These situations can be multiplied throughout the United States for every type of labor-displacing machine.

Now, what happens? The workers who are displaced by these machines walk the streets, seeking other employment in a field which, because of the machine, is increasingly restricted. Even in the days of the most prosperous era of our Government the displacement of human labor by the machine was taking place, so that in the period from 1917 to 1929, although we were in the heyday of prosperity, the number of the unemployed increased by approximately 1,000,000 persons, thus evidencing the fact that mass production and the modern machine are responsible for our unemployment situation.

Production in the United States, as we all know, is highly specialized and is a testimonial to American efficiency. Distribution, however, has fallen down and it is with distribution that we are most concerned. Unless we solve this problem of distribution, all our efforts in the new deal will fail.

The difficulty today is that the machine has taken profits to itself in the production of commodities to an alarming extent. These profits are centralized in the hands of a few; they are not used for consumption purposes but for investment, either at home or abroad. It is self-evident that the individuals who control the financial structure of America also control the machine and its profits, with the unfortunate result that the plight of the unemployed, and even those employed, becomes increasingly desperate because of the fact that they do not have an adequate means for consumption—that is, purchasing power.

If this situation were the only one with which we had to contend, it could be more easily remedied, but we have in addition another condition which operates in the interest of the financier, who is the machine owner. It is obvious that those who are thrown into enforced unemployment, as are the millions today, cannot be permitted to starve. Some means of sustenance must be provided for them, and lo and behold, what do we find? We find that the financiers and machine owners, who have built up their wealth through mass and machine production, are now called upon by the Government to invest in tax-exempt securities, which they freely do, so that the necessary funds may be obtained to enable the Government to extend the crumb of relief to the

unfortunate unemployed who are victims of the octopus owned and controlled by these very financiers.

As I explained a moment ago, the steel manufacturer who installs a machine which displaces three men profits to the extent of \$48 per day in wages, and is thus in a position to use these accumulated savings to lend to the Government, through the medium of tax-exempt securities, so that the Government may extend work relief to the unfortunate individuals who lost their jobs because the steel manufacturer put in a labor-saving machine.

To be more specific, the steel manufacturer profits, going and coming. While the number of our unemployed continues to increase and those who are employed have their living standards reduced, the steel manufacturer gains \$48 per day profit for each machine, and then lends this money to the Government, exempting his wealth from taxation and at the same time receiving substantial interest payments. How long can we, as a people, permit the candle to burn at both ends, with all the benefits and profits going to the owner or controller of the financial and machine structure?

Of course, it is recognized that we must have the machine. It is also recognized that the inventor of the machine is entitled to compensation and also that the owner of the machine is entitled to a return on his investment; but surely no one will contend that when a machine owner installs a machine which displaces three men and thus saves himself \$48 per day he is entitled to this entire profit.

I have introduced House Joint Resolution 45, which has for its objective a thorough study and analysis of man-displacement by machines, with a view to imposing a graduated tax on mass production, machines, and equipment, based on the number of workers thus displaced. Funds derived from this taxation are to be applied exclusively to public improvements in order to give employment to those who have been displaced by the mass-production machine. If this were done, industry itself would bear the burden of the unemployment situation, as it should, and the taxpayer would be spared taxation for this purpose.

Mr. LUCKEY. Mr. Chairman, will the gentleman yield?

Mr. HOEPEL. I yield.

Mr. LUCKEY. If the labor-saving devices used in the manufacturing of automobiles were taxed, what effect would it have on the price of the automobile to the average person on the street?

Mr. HOEPEL. The gentleman apparently did not understand my statement, that I have introduced a resolution asking that an investigation be made of the displacement of man power by machinery and the social and economic consequences thereof, with a view to formulating such legislation as may be shown to be necessary to combat the situation. The gentleman's question would come in for thorough consideration and study in connection with the presentation of specific tax legislation.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield for a question?

Mr. HOEPEL. I yield.

Mr. HOFFMAN. I have a tractor on my farm. Would the gentleman tax this tractor because I can do more work with it?

Mr. HOEPEL. The gentleman must understand that the details of the technotax have not been worked out, and cannot be until the necessary information called for in my resolution is available. I am merely presenting the idea for consideration, study, and eventual enactment.

Mr. HOFFMAN. Is it practical, I mean? Does the gentleman's idea go so far that he would tax the tractor used by the farmer?

Mr. HOEPEL. Although, as I have stated, the information necessary to the formulation of a definite plan of taxation on the principle of the technotax is not available, it appears to me that the tax should first be applied on the products of manufacture which enter into interstate commerce. I would get the big boys first.

Mr. HOFFMAN. First the gentleman would tax the manufacturer of the machine and then he would tax the tractor.

Mr. HOEPEL. I am not discussing the details of the tax feature now. I have introduced a resolution which would authorize a study of the question.

Mr. HOFFMAN. I thought the gentleman had some concrete plan worked out.

Mr. HOEPEL. My first objective, as indicated in my resolution, to which I invite the gentleman's attention, is to secure a study of this question.

The technotax, as I have explained, would distribute the benefits of the machine to the inventor, to the owner, and to the unemployed, and would positively prevent the rapid accumulation of wealth in the hands of a few. In my opinion, it is the fairest and squarest means of distributing the profits of labor to those who are engaged in labor, or who are displaced because of the labor-saving machine. We cannot continue to bury our heads, like the ostrich, and refuse to recognize the fact that the machine is a Frankenstein monster which has all but devoured us. In this connection, I ask your consideration of a letter received from the executive secretary of the American Technotax Society, Mr. Samuel Bristol. This society recognizes that the menace of mass-production machinery, privately owned, is the crux of our present economic maladjustment.

The letter is as follows:

AMERICAN TECHNOTAX SOCIETY,  
Whittier, Calif., April 2, 1935.

HON. JOHN H. HOEPEL,

House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: In behalf of the American Technotax Society I wish to assure you of our hearty approval of your efforts to secure the unemployment survey, as contained in your resolution introduced in Congress on January 3 last. It is our hope that you will be able to win for it the support of every Member of the Seventy-fourth Congress, without regard to party affiliation.

In further explanation of the Technotax plan of graduated taxes upon labor-saving machinery, permit me to add a few thoughts that may shed further light upon the problems involved.

It is apparent that an uncontrolled force is at work in America nullifying the recovery efforts of the Government and defeating the reemployment program. The testimony comes from two authoritative sources, namely, Gen. Hugh Johnson, recently resigned N. R. A. Administrator, and William Green, president of the American Federation of Labor.

Writing in the Saturday Evening Post on January 19, General Johnson declared that the industrial codes in 1933 secured reemployment for 2,785,000 workers in industry. Yet Mr. Green in his booklet *The Thirty Hour Week*, published in January 1935, reveals figures showing that unemployment has actually increased by 429,000 men during the past year.

It, therefore, appears that in spite of favorable trade indexes throughout the country we are slipping backward in the matter of employment, which all agree is the real measure of recovery. When the employment curve falls at the same time that production rises, the situation calls for a different type of economic thinking—and possibly the discarding of certain outworn theories.

The Bureau of Labor Statistics admits that comparatively little is known about the extent or duration of technological unemployment. Similar testimony comes from Brookings Institution and other research agencies. Is it possible that the Federal administration does not deem this a factor worth considering?

The Technotax Society maintains that the uncontrollable factor which is disrupting America's economic life is mass-production machinery privately owned and regulated only by the profit motive. We believe that until the Federal Government attempts an analysis of the forces that are creating wholesale unemployment, no progress can be made along the difficult pathway toward economic recovery.

We urge that graduated taxes be levied upon the output of labor-saving machinery to raise revenues with which to carry on the burdens of unemployment relief and to extend the program of needed public works. Taxes upon the production of machines will lift the relief burdens off the shoulders of general-property taxpayers and enable us to balance the budget by paying as we go. Technotax rates, graduated according to the workers displaced by each machine, will save the Government from financial collapse, and stabilize business by putting reasonable controls upon the present uncontrolled and dangerous displacement of workers by machinery. Machine taxation will not stop progress, but will enable our people to enjoy a fairer share of the benefits which machine production have made possible.

If the Federal administration desires new light upon the critical unemployment problem, it seems to me that the survey of machine-created unemployment which your resolution provides is indispensable. The time for experimentation is past. If recovery is to be accomplished, the Government will have to proceed with assurance along paths definitely charted by incontrovertible facts. For these reasons I am convinced that your proposed survey is the most effective step yet offered as a solution for unemployment and its resultant ills.

The Technotax Society is grateful to you for your efforts in this matter and we again pledge you our support in this great, constructive program. With kindest regards and best wishes for your success in these endeavors, I am,  
Sincerely yours,

SAMUEL BRISTOL,  
Executive Secretary.

The American Federation of Labor, which is seeking to establish a 30-hour week, is fully conscious of the significance of the displacement of labor by the machine. I ask your attention to a letter received on this subject from the president of the American Federation of Labor, Mr. William Green, as follows:

AMERICAN FEDERATION OF LABOR,  
Washington, D. C., January 3, 1935.

Hon. J. H. HOEPPLE,  
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: Thank you for your interest in the unemployment problem and in the development of mechanical equipment in industry, as indicated in your letter of December 28.

We are conscious of the fact that constant displacement is going on and wholesale additions are being made to the army of the unemployed. This has been caused by reason of the fact that various men are doing the work which a greater number of men were formerly employed to do. As workers become more efficient through the use of machinery and power, displacement of those now employed goes constantly on. That increases the serious problem of unemployment, which at the moment, either directly or indirectly, affects 40,000,000 people.

Reciprocating your good wishes, I am,  
Sincerely Yours,

WM. GREEN, President.

#### ECONOMIC HERITAGES

In further exposition of the ideas of the technotax, I submit examples of the quaint half-truths and misconceptions of the machine age that are current among economists, newspaper men, legislators, business men, and others, as presented in a pamphlet issued by the American Technotax Society, of Whittier, Calif.:

#### PROSPERITY IS JUST AROUND THE CORNER

This naive theory has been circulating at intervals since the collapse of December 1929. Its authors have made the wish father to the thought, "Leave business alone and all will be O. K." They overlook the significant fact that mounting unemployment was a feature of the business boom of 1921-29. The curve of production went up, while the curve of employment dropped. Yet the theory lingers on.

#### PROSPERITY DEMANDS INCREASED WORLD TRADE

One of the many devices by which the economists of big business would restore business and relieve unemployment. They forget that world trade is done with bills of exchange. For each dollar's worth of exports we receive a dollar's worth in imports. But the imported dollar's worth contains two to five times as much labor as the exported one, and American laborers get the worst of the deal. Anything beyond a minimum volume of world trade is a threat to the job of every factory worker and brings him nearer to the wage and living standards of the coolie. America's best market is her employed wage earners.

#### THIS GLORIOUS MACHINE AGE

The economists of big business with their journalistic hirelings have made a fetish of machine progress. In the name of progress they develop more labor-savers, cut down pay rolls, and try to squeeze dividends out of a surfeited market. This gigantic conspiracy against American labor has brought our unemployed total to 11,000,000. Yet one still finds men with run-down heels and a high polish on the seat of their best trousers repeating with gravity and assurance the philosophy of machine efficiency.

#### INDUSTRIAL CODES

A well-meaning but ill-advised attempt to force American industrialists to reemploy the workers whom their efficiency experts had eliminated with labor-saving machines. The codes were based upon the unwarranted assumption that the proper way to get men back into industry is to raise wages and shorten hours. The result was new varieties of chiseling, together with increased development of labor-saving machinery and speeding.

#### AMERICA'S HIGH LIVING STANDARDS

One of the most popular fallacies. Statistics reveal that a large part of the labor force subsists on much less than the income required to maintain a minimum American standard of living.

#### LEISURE OF THE MACHINE AGE

The production per unit of American workers has increased more than 100 percent in the past 30 years. Yet there are millions still working long hours at starvation wages, while other millions are unemployable. Is it leisure or unemployment?

#### MACHINES DO NOT DESTROY JOBS, BUT MAKE MORE WORK

One example will show the absurdity of this claim. A steam shovel can be built with 1,000 man-hours of labor. It will replace 25 to 50 men, and in 5 years a total of 250,000 man-hours. The ratio of labor investment to return is 250 to 1—not bad guessing for curbstone economists.

#### DISCHARGED FACTORY WORKERS FIND OTHER INDUSTRIAL JOBS

Another fallacy. One group of 750 industrial workers displaced by machines was investigated by the labor bureau. Only 55 percent had found steady work in 6 months. Other researches show the same trend.

#### PROGRESS IN THE MACHINE AGE

A race of dwarfed, tuberculous Lancaster mill workers gives an adequate picture of machine progress in England. America, with half the gold of the world and great mechanical advance, leads the world in crimes, divorces, and suicides. We have no competitors in the stupid inadequacy of our economic distribution. We are breeding a race of cowed, neurotic job-hunters.

#### THE PHILOSOPHY OF ABUNDANCE

Dreamers picture a world in which power and machines would create abundance for all, with a working day of 2 or 3 hours. What are the facts? Our fuel and mineral resources are being squandered at an unheard-of rate. Natural gas is nearly gone, the last reserves of petroleum are being tapped, anthracite coal is scarce and expensive. Our last great lumber area is rapidly being exhausted, and our consumption of lumber is three times the replacement. Electricity we have—but because of profligate deforestation, dwindling streams supply less than 30 percent of electrical energy, the other 70 percent being obtained from a lessening fuel supply. With the passing of Theodore Roosevelt, conservation has been forgotten. Coming generations can look out for themselves.

#### THE SELF-SUFFICIENCY OF CAPITALISM

American industry, the pride of our age, is rapidly going the way predicted by Marx and Engels in the Communist Manifesto. Since 1920 labor displacement by machines has been an uncontrollable factor. Efficiency is eliminating the mass of the workers, but it has destroyed their buying power at the same time. Capitalism is proving to be a self-destructive enterprise.

#### WHAT IS THE ANSWER?

Though conditions are admittedly bad, the Technotax Society believes there is a way out of our economic difficulties. We urge you to lay aside prejudice or bias while you study this plan.

Technotax proposes graduated taxes on the products of labor-saving machinery—graduated by units corresponding in number to the workers displaced by each machine. Thus a 10-man machine would pay 10 units of unemployment relief funds.

Technotax is essentially a revenue measure. From our total of more than \$40,000,000,000 worth of manufactures it would raise funds sufficient to take care of the entire public-works program, and extend that program to the point where private industry could take up the unemployment slack.

Technotax will solve our financial woes and create circulation of money by giving buying power to the greatest consumer in the world—the American workingman. It would lift the burden of unemployment relief off the shoulders of general property taxpayers and save the Federal Government from financial collapse. It would enable us to balance the Budget by the simple expedient of paying as we go.

Technotax would gear technological development into time with the needs of the people. It would put free-wheeling and four-wheel brakes on the crazy industrial juggernaut that is threatening ruin to the Nation.

Technotax proposes a nonpartisan commission of the ablest business men and economists to set rates that will reduce unemployment and stabilize business. It does not seek to destroy machinery, but only to make secure for mankind the wonderful contribution which machine production is capable of giving us. It is the alternative to technocracy or communism.

Technotax has been endorsed by Congressmen, leading economists and business leaders as a workable recovery measure. It is in accord with the principles of the new deal. It is based upon proven economic experience.

In my opinion our leading economists appear to have frozen, atrophied, or one-track minds, and cling too closely to established custom and precedent. Many of them seem to think that a mechanized, mass-production industry is an absolute symbol of progress when, in reality, unless properly controlled in the interest of all the people, it personifies greed and stupidity, and adds to the concentration of wealth and to the impoverishment of those who have lost their jobs because of the machine. True it is that, in some instances, the machine has removed the burden of toil from the backs of the workers, but it is equally true that it has contributed more to relieve the laborer of his pocketbook and his family of the necessary food and clothing than any other fetish venerated by our capitalistic class.

In conclusion, may I state that we all recognize that we are in a most serious depression and that the suffering of our people because of this depression is greater than that ever endured in our history during a period of war. If we were confronted with war, the resources of our entire country would be called upon and willingly sacrificed, without stint or favor, in our battle against the enemy. If the health or happiness of our citizens were menaced through

pestilence, plague, or other calamity, every facility at hand would be employed to alleviate the distress of our people. Yet here we have in our very midst the octopus of the modern machine which has enslaved our entire Nation and which continues to make millionaires on the one hand and paupers on the other, and notwithstanding the havoc which it has wrought, we as yet have not risen to our responsibilities in the handling of this question.

The machine must be made the servant of all men and not the special servant and wealth builder for the owners alone. The profits of industry must be more equitably distributed among all the people, as they would be under the technotax principle of taxation, and once and for all, we must abolish a system which would bind our people in economic serfdom in the name of progress, and thus destroy the very foundations of our democratic form of government. [Applause.]

Mr. SAMUEL B. HILL. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. Ford].

Mr. FORD of California. Mr. Chairman, I was rather surprised today when I came in here and found the gentleman from Oregon speaking on the bill and admitting that the rule passed the other day, which he had characterized as a gag rule, would permit amendments whereby the various plans that are being offered in the House, particularly the McGroarty-Townsend plan, might be offered as substitute amendments to this bill. It was largely on the philosophy that he developed in opposing that rule that a great many Members voted "no" on the most liberal rule that has ever been presented to this House for the consideration of any bill coming before the House.

Mr. Chairman, I am glad that an open rule permitting amendments was adopted on this bill. I voted for this open rule in order that the new McGroarty bill may be offered as an amendment to section 1 of the bill and be given an opportunity to be discussed on the floor of the House. I shall vote for this amendment when it is offered.

For many years I have been an advocate of an adequate old-age pension. I have always felt, as I do now, that it is a disgrace to send old people to the poorhouse. And it is likewise a disgrace to keep them starving in their homes on an inadequate pension.

I have been hoping, and am still hoping, that this Congress will pass a generous old-age-pension bill at this session, and I believe it will. The bill before us, with its proposal of a Federal contribution limited to \$15 per month per person, to be matched by the States is disappointing. The Federal contribution is too small and the age limit of 65 is too high.

When a man or woman of 60 faces the world with no income and no chance of employment, there is, indeed, a tragic situation. Such a person must either become a dependent upon the bounty of relatives or he must accept public relief, and thus become a pauper, suffering all the shame and sense of dishonor that goes with such a state, and that regardless of the fact he may have intelligently and with good advice laid up for his old age; but when this terrible debacle came along in 1929, followed by the depression, literally hundreds of thousands of prudent and saving elderly people in the United States were deprived of the means that they had laid aside and had worked hard for in order to protect them in their old age. I do not hesitate to say that this is due to the economic system that we have permitted to exist, and that it is nothing short of diabolical.

Mr. BUCK. Will the gentleman yield?

Mr. FORD of California. I yield to the gentleman from California.

Mr. BUCK. The gentleman may mention this later in his statement, but I wonder if he will be good enough to refer to the other provisions of the new McGroarty bill, explaining its broadened tax base and its various administrative features?

Mr. FORD of California. I do not care to go into that phase of it at this time. The broadening of the base is because they have added a tax on gifts and inheritances, together with the levying of additional income tax.

Mr. BUCK. Those taxes will not raise any great amount of additional money. But the old bill laid no tax on personal services. Is it not true that they have also added a tax on the wages of every laboring man in the new bill?

Mr. FORD of California. Any sales tax is a tax on the wages or earnings of the consumer.

Mr. BUCK. I mean a direct tax which the employer has to deduct from the wages of the various employees.

The new bill, in section 1, attempts to define a "transaction" as "including the rendering or performance of any service for monetary or other valuable consideration, including all personal service." That is a broader wage tax than we propose in title II. However, I will be glad to develop that in my own time.

Mr. FORD of California. I will be glad to have the gentleman do that.

Mr. ANDREWS of New York. Will the gentleman yield?

Mr. FORD of California. I yield to the gentleman from New York.

Mr. ANDREWS of New York. I am interested in the statement as to how far the rule may extend. Has the gentleman clearly in mind that the so-called "McGroarty bill" is germane as an amendment?

Mr. FORD of California. Yes; but I do not care to discuss that phase of it at this time.

Mr. ANDREWS of New York. Does the gentleman understand that bill?

Mr. FORD of California. Yes.

Mr. ANDREWS of New York. And the gentleman would vote for it?

Mr. FORD of California. Yes.

Mr. ANDREWS of New York. If it was finally adopted?

Mr. FORD of California. Yes. I would not state on the floor of this House or anywhere else that I would do something and not do it.

Why leave needy men and women between 60 and 65 in such a plight? Why not face the facts, realize that the problem is one that must be met, and that the obligation is ours?

Whatever else is done in regard to this bill, I hope and pray that the age limit of those eligible to old-age pensions will be fixed at 60. If this is not done, I shall feel that we have failed to face the facts, to meet our obligations, to do our duty.

I think we all feel that something much more drastic than this bill is necessary.

We have done much experimenting in the past 2 years. We have tried, and I think wisely, new measures and new methods. Some have proved disappointing, but most have been in the public interest and have helped to advance recovery.

We have today the opportunity to try another experiment, and a daring one. This is to substitute the revised McGroarty bill for section 1 of the so-called "security bill."

The objection to the Townsend plan, as embodied in the earlier bill, was that it obligated the Federal Treasury to pay out in old-age pensions approximately \$24,000,000,000 a year, without any assurance that the money would be available.

However enthusiastic a responsible Member of Congress might be over the thought of the old people of this country being provided with a generous income, to be spent each month, sound reason made him pause. For to vote payments, with grave doubt as to the possibility of being able to make the payments, is unsound. This has been realized by the friends of the new plan and a new bill substituted for the old.

The new McGroarty bill does not obligate the Treasury for one dollar in excess of the funds that shall be collected under its taxing provisions. Should the tax collections provided under it prove to be sufficient to pay to persons over 60 who are eligible under it the sum of \$200 a month each, the payments will be made. And I am certain that under these conditions this would be a happier world.

Should, however, the revenues under the bill be less than the amount needed to pay the \$200 a month each, then

those eligible under the bill would receive a pro rata share of the entire sum collected, less the cost of administration. The Federal Treasury would not be obligated to make up the deficiency. Thus the charge that the wild inflation feared by many Members under the plan would be entirely refuted.

While a transaction tax is a sales tax, even those opposed to such a tax on principle, as a means of raising regular revenue, can accept it as a special tax for a highly social and eminently worthy object.

That the tax money distributed as pensions to be spent each month will put purchasing power in the hands of many consumers, and will thus stimulate business recovery, is a phase of this plan that has been much discussed. It is certainly worth trying.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. Young].

Mr. YOUNG. Mr. Chairman, I wish to compliment the gentleman from Oregon [Mr. Morr] on his courageous and correct statement in regard to what the new McGroarty plan does not do.

Old-age security is the problem to which many Congressmen have devoted much thought and research. The facts are that years ago I made speeches in Ohio in favor of old-age pensions. That was back in the early days when the stones were sharp in the path and the brambles thick for those few of us who advocated social legislation such as unemployment insurance and old-age security.

I served during 1930 and 1931 as a member of the Ohio Commission on Unemployment Insurance. As a member of that commission I studied unemployment and unemployment insurance. We recommended unemployment insurance. I signed the majority report making this recommendation and helped draft the model unemployment-insurance bill which was introduced in the General Assembly of Ohio. This "Ohio plan" has now been recognized as a national model.

My purpose today is to speak on the old-age pension phase of the social-security program. Later on I shall speak on unemployment insurance.

President Roosevelt favors old-age pensions. His present program calls for \$15 per month to citizens over 65 with the States participating at least on an equal basis. In Congress I have supported President Roosevelt and upheld his leadership. His plan is a step forward. I would go farther. It is not adequate. Furthermore, it does not provide for social security. I want old-age pensions to commence at 60 and from the time the citizen becomes 65 the amount should be increased. Let us commence this social-security program now. Let us provide more adequate old-age security payments than this bill provides in its present form.

The depression brought forth a brood of fantastic plans, schemes, and panaceas to promote recovery, contentment, steady employment, and prosperity. The best known was Dr. F. E. Townsend's first revolving old-age pension plan of \$200 a month for each individual of 60 and more. Liberals, like myself, were publicly advocating old-age pensions years before Dr. Townsend announced his plan. Dr. Townsend asserted his plan pointed out the royal road to recovery.

I refer to his first plan, because that is fundamentally different from the plan as now contained in the new McGroarty bill. When these agitators go into Ohio and other States and tell the worthy people we represent, particularly the elderly people, that only slight changes have been made in the new McGroarty bill, they are stating what is not the fact and they know it is not the fact.

Within a year selling Townsend-plan booklets and literature became a leading industry of Long Beach, Calif., and a profitable business for those who sold Townsend-plan booklets at 25 cents each which cost but a fraction of that sum. Then on April 1, 1935, he publicly abandoned his original plan. The original Townsend plan providing \$200 per month for all over 60, amounting to about six times the annual revenue of our Government from all taxa-

tion, is abandoned by its author and sponsors. H. R. 7154. Mr. McGroarty, now supported by Dr. F. E. Townsend and the Townsend leaders, differs fundamentally from the originally announced and much-exploited Townsend plan.

Mr. BUCK. Will the gentleman yield?

Mr. YOUNG. I yield to the gentleman from California.

Mr. BUCK. Did not the original and first plan call for a 10-percent retail tax?

Mr. YOUNG. Yes.

Mr. BUCK. Then that plan should really be called the first plan, the first McGroarty bill the second plan, and the new McGroarty bill the third plan.

Mr. YOUNG. That is correct.

Mr. BUCK. Has the gentleman any knowledge of how many other revised plans will be introduced?

Mr. YOUNG. This latest plan, as the gentleman from California and I agree, is fundamentally different in character from what these people in our States have been given to understand.

Mr. BUCK. And those of us who stated we disagreed with the second plan, or whatever you may call it, and believed it to be unworkable, have been proven to be correct in our position by the introduction of this new bill.

Mr. YOUNG. That is true. The \$200 per month feature has been altogether eliminated from this recently introduced McGroarty bill, H. R. 7154.

This measure provides for the raising of the revenue by increasing inheritance taxes to a small extent, by increasing income taxes and, in addition, by the imposition of a 2-percent sales transaction tax. The size of the monthly payment to elderly individuals depends, under the new McGroarty bill, H. R. 7154, which is to be offered as a substitute, I understand, on the amount of money said taxes produce after the cost of administration has been deducted. Of course, this may be very fine for the bureaucrats and the administrators of the plan, but it may not be so good for the elderly people who are dependent. How can we say to the people we represent that we are providing old-age security for them unless we definitely write into the statute laws some minimum as a certain amount that every worthy elderly person of this country will receive?

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. YOUNG. I have only 10 minutes, but I shall yield once more.

Mr. FITZPATRICK. There is not a guaranty in that plan as to the amount they will receive.

Mr. YOUNG. There is no guaranty. Under the recently introduced McGroarty bill, which is the latest Townsend plan, the annuity payment to the elderly people that we represent may go from nothing up. Of course, as a sop and because they have been talking so much about \$200 per month, the bill states that in no event shall the payment exceed \$200 per month, but everyone knows that after the cost of administration has been deducted, the payment will be but a part of that amount.

Mr. HOEPEL. Mr. Chairman, will the gentleman yield?

Mr. YOUNG. I must refuse to yield further, Mr. Chairman.

I urge that a substantial minimum amount be fixed so that there may be real old-age security. Also I urge that the inheritance tax be increased. I have prepared amendments providing these changes. I would strengthen and liberalize the bill.

Every worthy individual 60 years of age or older, who is in needy circumstances, is to receive the pro rata share of the amount obtained. If such person is in receipt of a small income, this is deducted from the annuity paid.

This latest Townsend-plan measure represents a real step forward. It has meritorious features. The original McGroarty bill, H. R. 3977, advocated by many who had not carefully studied its provisions, was loosely drawn and was not practical. It has been definitely discarded by Dr. Townsend. It is unfortunate that overzealous agitators deceived worthy old people and caused them to believe that our Gov-

ernment could readily pay every elderly individual \$200 each month. This was cruel and uncalled for.

Present poor-relief systems for the indigent aged are inadequate. In addition they are costly and give no assurance of security. China and India are about the only nations which do not have old-age-security laws. No problem before us is of greater importance than to provide real old-age security for all individuals 60 and older who are citizens of our country.

About 350 years ago, while Elizabeth was Queen, somebody thought of the poorhouse. Since then we have found better ways of doing everything. We have exchanged the quill pen for the fountain pen and printing press; the candle for the electric light; the horse for the railroad, automobile, and airplane. Stage coaches, tallow dips, flintlock muskets are gone never to return. Nevertheless, we still tolerate the poorhouse. We care for our needy aged by methods in vogue in 1588.

After years of depression this problem is particularly acute. Savings of thousands of aged people have been wiped out despite the fact that they providently and thriftily saved for their future. They are destitute. Their sons and daughters, lacking jobs in many instances, cannot help. Younger people and the middle-aged may never be able to accumulate sufficient for their own old age. Certainly they are not able to adequately provide for their aged and infirm parents. This depression, like war, leaves its toll for future generations to pay. The question is, Shall we provide for our aged extravagantly and cruelly in poorhouses, or humanely, economically, and scientifically by old-age pensions?

As Congressman at Large I represent a constituency of 7,000,000 of the finest people living anywhere. Far too many of my people are unemployed and in need. In November 1933 the citizens of Ohio, by an overwhelming vote at a State-wide initiative election, decreed that in Ohio there should be old-age security. This by the largest majority ever recorded on any issue submitted to Ohio voters. The old-age-pension law enacted in Ohio is unjust, unfair, and inadequate. We do not have old-age security. By old-age security I mean adequate pensions payable to all worthy citizens 60 and older who are in need. By "adequate" I mean at least \$50 per month for each individual, and I would increase that to \$75 per month for all over 65.

Old-age pensions provide an open road for happiness and contentment for men and women who have, through no fault of their own, beheld the savings of a lifetime swept away as a result of ill-founded trust and abiding faith in big city bankers, in manipulated insurance companies, in exploiting building and loan associations, or have been swindled in any manner through the connivance of others, or who have by reason of economic conditions, been unable to lay aside sufficient for the "rainy day" that awaits us all. Local communities now overburdened, relatives now overtaxed caring for the less fortunate, and county poorhouses, will be displaced. A new era is at hand. The aged and infirm will face security and contentment instead of uncertainty, humiliation, and misery.

In 29 States old-age pensions have been provided. Many States, like Ohio, have provided for old-age-security laws because of a direct mandate of the people expressed at the polls. Ours is, in fact, the only civilized country in the world that does not have a national old-age-pension law. The cost of a few battleships will go a long way toward adequately pensioning for 1 year every needy individual in this country. Unfortunately the average State pension is less than \$25 per month. The average cost of maintaining inmates in poorhouses is \$40 per month. Justice and ordinary business prudence call for more adequate old-age-security legislation.

The need for old-age-security legislation is largely due to the congestion and intensity of modern industrial processes. Either aged people, in honorable poverty, must be supported by private charity or by society. I favor old-age-security legislation because it is the duty of the Government and also because the reliance upon private charity is an unequal and insecure dependence for men and women who have earned

the right to live their few remaining years in modest independence, and enjoy a little repose.

The hope we all cherish is an old age free from care and want. To that end people toil patiently and live closely, seeking to save something for the day when they can earn no more. And yet the same fate awaits the majority. In the life of the worker there are weeks, often months, of enforced idleness, weeks of unavoidable sickness, losses from swindling, and then, as age creeps on there is a constantly declining capacity to earn, until at 60, many find themselves destitute. There is no more pitiful tragedy than the lot of the worker who has struggled all his life to gain a competence and who, at 60, faces the poorhouse. The black slave knew no such tragedy as this. It is a tragedy reserved for the free worker in the greatest Nation on earth.

There is nothing radical about the old-age-pension idea, though, personally, I do not fear being termed a "radical." The word "radical" is derived from the Latin word meaning "root." We ought to go to the roots of our social and economic troubles. As a matter of fact, payment of old-age pensions by the State or National Government involves no new policy nor any innovation of principle. In 1913, as a member of the General Assembly of Ohio, I participated in the enactment of Ohio's first mothers' pension law. Before that time the State had dealt in haphazard fashion with children of destitute widows. Children were sent to children's homes and the mother to work. This blighted the lives of children and brought misery to the mother. Instead of cruel separations of mothers and children, we now have the enlightened system of mothers' pensions, with regular payments to mothers to take care of their children. The family is kept together. Furthermore, the cost to the State is less. No State that has adopted mothers' pensions has returned to the old inhuman methods. I urge the same principle for the needy aged who, after a lifetime of industry, effort, and struggle at 60 become in need of assistance from the Government or from public or private charities. It is time to free white hair and wrinkled brows from dread and anxiety. Instead of "over the hill to the poorhouse", the Government should lend a helping hand in a scientific and adequate manner to our deserving and needy aged as they go down the sunset side of life.

Mr. Chairman, private charities, bread lines, and soup kitchens must not be the only answers of American intelligence and sense of justice to the problem of unemployment and indigent old age. Out of the hardships of this depression, when millions of people sought work which they could not find, let us hope that a better future may come for aged men and women whose condition is desperate even in the best of times, and through no fault of their own.

In Ohio we have a sales tax. This is the most atrocious and obnoxious form of taxation. A sales tax or a sales-transaction tax: most heavily burdens people in moderate circumstances and the poor. It is the tax of last resort. Increased inheritance and estate taxes against large inheritances and increased income taxes in the higher brackets, which I advocate, will not burden people in moderate circumstances nor the poor. Taxes should be assessed according to ability to pay. Lest someone from California say that the tax proposed by Dr. Townsend is not a sales tax but a transaction tax, I refer to Dr. Townsend's testimony before the Senate Finance Committee, Saturday, February 16, 1935:

Senator BARKLEY. So it is really a sales tax?

Dr. TOWNSEND. There is a distinction, but there is very little difference. A sales tax has to necessarily be a tax on a transaction. All taxes on transactions of a financial nature are sales taxes.

Senator BARKLEY. So it is a distinction without a difference?

Dr. TOWNSEND. Well, the public conception of a sales tax is a limited transaction tax. That is the only difference.

Senator BARKLEY. The transactions tax would be unlimited; it would apply to all transactions involving sales?

Dr. TOWNSEND. That is what we propose to do.

Senator BARKLEY. The name is changed in order to get away from the term "sales tax"?

Dr. TOWNSEND. That is all.

For the purpose of providing revenue for old-age security I am willing to support a small transaction-sales tax. I will not support such a tax for the general operation expense of Government.



The entire combined revenues of the Federal Government from all sources of taxation in 1934 amounted to \$3,700,000,000. To obtain this we resorted to almost every conceivable form of taxation—we taxed incomes, inheritances, gasoline, tobacco, liquor, beer, imposed nuisance taxes of all kinds, excise taxes, taxed bank checks, added extra postage rates.

Mr. Chairman, I conclude by urging enactment of the most liberal old-age-security law that is practical. I know this will not be \$200 per month per individual, but I hope it will be \$50 or \$75 per month per individual. I, for one, will not be a party to deceiving or holding forth false hopes to elderly people I represent. Dr. Townsend did this for a time. That was cruel and unconscionable. I will continue to fight for the most liberal old-age-security law that is practical. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 20 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, I have before remarked that I am ranking man on the Committee on Expenditures, seemingly a perfectly useless committee. We are supposed to delve into the manner and amount of the expenditures, but we should apparently not investigate expenditures of this administration. So it seems futile to suggest that anything be done by the committee. But if I have any conscience or any courage whatever, I must make use of this forum to voice a protest against some of these immense expenditures made or contemplated.

The gentlewoman from Massachusetts [Mrs. ROGERS], in the RECORD of yesterday, painted a word picture of the cities of the dead, which I would like to have you read. Then consider the fact that we are faced with a monstrosity of this sort, to be paid for by industry that is dead or dying. Perhaps it is expected that someone who holds a ranking position on this committee should voice a protest in behalf of that industry.

We cannot discuss this bill without comparing it with other huge expenditures. That is probably why our able chairman from North Carolina favors it. With what utter despair and discouragement he must have voted for the tremendous expenditures already made, and how hopeful he perhaps may be that we now have a plan that will take the place of these enormously wasteful expenditures that have been made. He knows he must not criticize them. Harry Hopkins would call him "too damned dumb to understand." I think that I know how that splendid gentleman feels in his own heart regarding those futile experiments which have cost so much. We on this side sympathize with the Senators from Virginia, especially the senior Senator from Virginia, who had to carry through the Senate that bill for \$5,000,000,000 when he did not believe in it at all. A strange situation, was it not?

But you elected a President; and you think he had a mandate from the people to be practically a dictator, and that you are simply to obey his will. Word has come to you, sir, that no matter whether constructive suggestions are made, or not, with respect to certain portions of this bill, you are to pass it just as it is; and you probably feel that you must obey that command.

Some of you on that side think that you embarrass us when you ask us what program we may have.

We most certainly now do have a program. We expect to adopt the Democratic platform of 1932, which you abandoned for these foolish new-deal experiments. Think of what you perpetrated on the people of the United States through the promises in that platform, which you have now willfully abandoned. Because of what you have done it is now necessary for the Republicans to adopt that 1932 program, which so won over the voting populace.

I hope the Democratic Party are enjoying their slide down hill. They are carrying the country down hill to the tune of probably \$50,000,000,000. I presume you will let us have the sled to drag back up the hill, later on.

Some have stated that the Republicans would not get into power until 1970. With that campaign chest—\$5,000,000,000—I am inclined to believe that the Democratic Party

may perhaps extend its power another 4 years, but let me make the prophecy that the Democratic Party will not be heard of for half a century thereafter, when the poor, suffering people are obliged through taxation to pay the bills.

I want to call attention—and I think that a large portion of the public saw it—to the last edition of the Saturday Evening Post. Perhaps some of you dislike those editorials so much that you will not buy that publication anymore. The last issue contained such a caricature that I am certain no words spoken to the American people could be as effectual in arousing them as those portrayed in that picture by Herbert Johnson.

Look at that satisfied, ridiculous—I do not know how to express it—smile of Jim Farley's, sucking at the rich mixture of billions of dollars for distribution, and the other infants in their delight in the pop handed to them for largess. Are they our great engineers? No. Great financiers? No. Lew Douglas has gone, Johnson has gone; practically all the practical men have gone, except Harry Hopkins, the great spender of all time.

Mr. KNUTSON. Will the gentleman yield? Surely the gentleman does not object to the expenditure of \$250,000 in preparing a relief map showing the movements of the people in the Mediterranean and Euphrates during the second millennium between the years 2000 and 1150 B. C., something that the human family has been thirsting for for centuries? [Laughter.]

Mr. GIFFORD. I am not given much to ridicule. Of course, the rhythmic dancers might not receive our entire approval, but we are informed that we are all "too damned dumb to understand it." [Laughter.]

Then we have the great Tugwell. Is he really a master engineer who can judiciously spend \$900,000,000 for soil erosion, reclamation, and all those things that require the services of a great engineer? No. Before we pass on these things we should like to know—as TOM BLANTON formerly desired to know—the personality and ability of those who are to spend the money. As a saving declaration, in view of the storms of protests, the President has stated that he himself will expend it. Marvelous, indeed, is his capacity in all things. There is only one man for friend BLANTON to follow now, and that is the President of the United States. He says, "I follow my President." But he did not follow him in the matter of the \$2,300,000,000 for the veterans' bonus. The great BLANTON—and I am looking at him and can now criticize him, since he has just been deriding us—the great man who has stood here for so many years and filled the CONGRESSIONAL RECORD with statements that he had saved the country millions of dollars! He has boasted greatly of saving great sums in the Private Calendar alone. Behold the great BLANTON, straining at gnats and swallowing camels!

Mr. BLANTON. Mr. Chairman, will the gentleman yield?  
Mr. GIFFORD. Yes.

Mr. BLANTON. None of my colleagues over here are able to understand anything that the gentleman has said.

Mr. GIFFORD. Oh, the gentleman does not want to understand what I have said. But I think that the gentleman's colleagues fully understand. They know the record of the great BLANTON for more than 15 years. He has claimed to be the great watchdog of the Treasury, but now he is "following his President." Seemingly, no matter where he may be led.

Mr. BLANTON. If the gentleman will allow me, I would rather follow him than Mr. Hoover—

Mr. GIFFORD. Do not take that out of my time.

Mr. BLANTON. Who during the 4 years of his administration left us with a \$4,000,000,000 deficit.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Yes.

Mr. TREADWAY. The gentleman has referred to the extravagant expenditures on the part of the President. Is not the President liable to change his mind and be economical and balance the Budget?

Mr. GIFFORD. I wonder if the gentleman wants me to read again the President's pre-election speech on balancing the Budget, wherein he said that it was dangerous for the banks to loan the Government any more money? He said that in 1932. Do you want that dose of medicine again?

Mr. TREADWAY. I call the gentleman's attention to the fact that in this morning's paper in a press story there is an alleged interview—I take it to be official—with the President of the United States yesterday wherein he called attention to the fact that this legislation now pending before us would be a means to balancing the Budget. That statement is definitely made. I want to know of the gentleman whether he does not think the President is just human in wanting to change his mind sometimes, for it will be remembered that under date of February 16 the New York Herald Tribune carried the statement that the President would not further comment to the press on pending bills?

Possibly the President is not aware that this so-called "social security bill" is a pending measure, but in February he would not answer any questions about pending bills. He did yesterday, evidently, because he told how to balance the Budget by spending these billions of dollars in old-age pensions and unemployment insurance. Why did he change his mind?

Mr. GIFFORD. I want to give the President credit and I want to give our splendid chairman, Mr. DOUGHRON, credit for thinking that, if they can get rid of this vast expenditure in the way in which it is being made, this program will take the place of it and will hasten the balancing of the Budget. But in further reply, the gentleman well knows that yesterday when those New England Governors called at the White House to see the President and told him the exact conditions in New England—told him in no uncertain language, because I heard their statement read—it was easier for the President afterward to tell the press than to face those New England Governors and tell them that he must refuse to grant them relief.

Mr. TREADWAY. Did not the press account say that he waved them into the next room so that he might interview members of the Cabinet, and then he gave out the press statement?

Mr. GIFFORD. Exactly. The President is in a peculiar position. He does not want to face Senators and Members of the House and New England Governors, even though they are largely Democratic. It is highly amusing to have all those Democrats, elected in New England, now pleading for Republican policies. They are the only policies that will save New England. They pinned their faith on Mr. Roosevelt in 1932 and 1934, but if the election were to take place in these New England States tomorrow can you not imagine the result?

Mr. TREADWAY. In reference to the policies they represent, and the President, and the criticisms of our Governors of New England, all of them, I think, but one Democratic, they are pleading, as I understand it, for higher tariffs, for repeal of the processing tax, and doing away with the reciprocal treaties. Is not that the program of the Democratic Governors?

Mr. GIFFORD. True. I ought to take this opportunity still further to impress on this House the situation in the textile industry, the second largest in the country, which is one great industry that must bear the burden of this bill. You are killing this industry; it is practically dead; and the President refuses to come to its relief. We have delegated practically all of our power to him. He is the only one who can give us help.

Mr. HOUSTON. Will the gentleman yield?

Mr. GIFFORD. I think I have finished that.

However, I sympathize with the President and with the party that elected him, because they must insist on Democratic policies. The repeal of the processing tax might not do so much, perhaps, as the textile industry hopes it would, but it would help and lend encouragement. And Japan, at present our largest customer for raw cotton, says to us, "We send you only one-half of 1 percent of the amount you

consume in your country; and, as we are your customer for raw cotton, you do not dare do anything about it." However, that one-half of 1 percent is sold so cheaply that it acts like the surplus of any other commodity. Our manufacturers, our mills, our retailers, cannot sell an article for a fair price when purchasers declare, "I bought the same thing for half that money last week somewhere else."

It is the surplus, however small, that very largely establishes the price. Everybody acknowledges that to be a fact. That has been your plea on that side of the House for many years. Let us recognize it. But let us place this sick, suffering, despairing industry back on its feet. Let us now begin to assist all legitimate industry without waiting for all the social aims of the administration to be achieved!

Mr. Chairman, I want to vote for much in this bill. I welcome the old-age pension plan. Massachusetts has its old-age pensions. It costs Massachusetts \$4,500,000 a year. We pay \$24.50, on the average, to our aged and needy people. I presume that I should welcome the Federal Government coming in and helping us out, although the result will be that a large amount paid to other sections will come from my State. New York will also pay a huge amount for the benefit of other States. But when the Federal Government sets up machinery and is morally bound thereby, whether it be a home-loan bank, a farm-credit bank, or anything of that sort, and the States cannot or will not meet their share of the costs, the individual involved will assert his rights and the Federal Government in no time at all will have to assume the whole burden. Well did the chairman, in his opening address, stress the point that the States should be made to pay their share. He is trying hard in this bill to preserve State rights and State responsibilities, but he has already been forced to listen to some very strong speeches in the last 3 days in favor of the Federal Government paying it all. Many States cannot meet the cost; many States will not do so.

It is argued that it is not fair that old people in Arizona or New Mexico should be treated any differently than those in New York or Massachusetts. Our prediction is that in 1 or 2 years, perhaps, the Federal Government will have to assume the entire burden. It will be a Federal old-age pension long before 1940 or 1942, when the second title of this bill really goes into effect. We fully understand the doctrine that has taken possession of our Congress for many years, since the sixteenth amendment to the Constitution was adopted. Then you learned that six States principally paid the bills. It is very fine to distribute largesses over the many States of the Union whose constituents seldom look into the hard, cold face of an income-tax blank, but who feel that they should be supported by those six States of the Union. The half filmsy excuse that perhaps some of the people residing in those States made their money in some of the other States is often presented. Just as if that money that was invested in those other States did not pay its full share for labor, for taxes, and in other ways to benefit the States where the business is located. The cry is, "Abandon State responsibility! Take it from those six States! Let them pay the bill." Mr. Chairman, we are building a ceiling of debt over our Federal Government. The other day I spoke of forty billion. "Andy" has now raised his estimate to fifty billion. Forty billion, forty-two billion, and so on until fifty billion is reached in 1940.

[Here the gavel fell.]

Mr. TREADWAY. I yield the gentleman 10 additional minutes, Mr. Chairman.

Mr. KENNEY. Will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. KENNEY. In circumstances like that, I wonder what the gentleman thinks George Washington or Alexander Hamilton might have done, when money is so sorely needed and so scarce for worthy purposes?

Mr. GIFFORD. They would go back to the days of Thomas Jefferson and Jeffersonian doctrine. We read that Secretary Wallace is not welcome down in Georgia today to make a Jeffersonian speech. Those great men would not

have embraced spendthrift measures. We can well imagine them saying to us, "Return to the old anchorage and stop extravagances."

I hope you will feel I am really sincere in my criticisms. However, may I now indulge in a little pleasantry? We should look with great care as to who is to spend the \$5,000,000,000. I wonder what this "new" set-up will be—another alphabetical organization? But the greatest of all alphabetical organizations ever set up by any party is, as you know, that great "I O U" organization, which you are setting up. Now, who will carry on? Tugwell, Hopkins, Farley, and Wallace? Have their past performances appealed to you? I do not want history to record—just a few years from now—that their carrying out of these things was a dismal failure. Have you gentlemen recently seen Haskins' new book on Government? Have you seen to it that your schools all have it? It is a most valuable treatise on our governmental activities. Haskins wrote an excellent book on the same subject some years ago. I well remember one of the interesting illustrations on the subject of experimentations of the Weather Bureau. The Weather Bureau generally gave out the report "probably fair", "probably cold", and soon it was being known as "Old Probability."

The weather people in Washington were worried because a farmer in Maryland foretold the weather more accurately than they did in Washington, so they sent an investigator and the farmer explained his success in the matter thus: "See that donkey out there? When it is good weather he grazes contentedly. When it is to be bad weather he is uneasy. I can tell by the degrees of uneasiness what the weather is going to be." The inspector went back and reported to Washington, and in consequence they put a jack-ass at the head of every weather bureau in the country. [Laughter.] I mean no offense to any particular individual, but I hope that history will not make the same comment regarding the present. Probably those mentioned are doing the best they can; but they are not engineers, and the public now has scant faith in them. Yet when certain of them are criticized they reply that we are too damned dumb to understand.

The President has let Lew Douglas go and supplanted him by a new Director. I do not know who he is; do you? Is he simply another "yes" man?

Advisers to the President come and go, and, while expressing the greatest affection for him, many of them cannot agree with his philosophy. He now has a Secretary of the Treasury, I presume, who will do anything the President wants him to. I am sure I read Mr. Morgenthau's statement to the effect that he would certainly do so when he took the office.

And now Governor Eccles comes with a banking bill that will assure the Government that the banks will have to cooperate. No wonder business men do not come before your committee; no wonder banking men do not come before the Committee on Banking and Currency. No; indeed. They realize that they are faced with a virtual dictatorship. To demur, will bring punishment, swift and sure. Governor Eccles said:

If the banks do not lend the Government money or do not conform, it will be "just too bad" for those banks.

This is the man who does not worry about a \$40,000,000,000 debt or the balancing of the Budget for several years to come, like TOM BLANTON.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I shall be pleased to.

Mr. BLANTON. The gentleman from Massachusetts forgets that the rules prevent him from referring to his colleagues by their personal names.

Mr. GIFFORD. Mr. Chairman, I do not yield further; the gentleman himself taught me to do it.

Mr. BLANTON. Mr. Chairman, I make the point of order that the gentleman is out of order in referring to his colleagues by their given names and not in the way the rules provide; and I base my point of order on the second ground that the gentleman is not talking to the bill. The gentleman

has not told us what he thinks about the unemployment-insurance feature in this old-age-pension bill.

Mr. GIFFORD. Mr. Chairman, I do not yield further.

Mr. BLANTON. Mr. Chairman, to save time I withdraw my point of order; perhaps the gentleman will get to the bill after a while.

Mr. GIFFORD. Mr. Chairman, I am glad the gentleman finally understands me. I learned this first-name business largely from him, and I want to call to the attention of these new Democrats that they should enjoy the speeches of Blanton, our old friend Jack Garner, and other Democrats here in the House during which they so glibly talked about Uncle Andy and Cal. Yet the Republicans have referred to your Democratic President only in the very remotest way, if they criticize him at all.

You remember how the gentleman from Kentucky [Mr. VINSON], speaking from the well of the House, recited that poem about "Cal and the rocking horse." Oh, we Republicans are then supposed to take, and like, criticism, ridicule, and even insult; yet the gentleman from Texas cannot refrain from criticizing me because I spoke of him as Tom. [Laughter.]

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. MAY. Will the gentleman from Massachusetts tell the House whether or not he is in favor of or against old-age pensions?

Mr. GIFFORD. Mr. Chairman, am I really so difficult to understand? [Laughter.] I raised my voice so that you could not avoid hearing me. I said I was greatly in favor of old-age pensions. Does the gentleman now hear me? Massachusetts is proud of her old-age pension system. I will vote for that title in the bill; but will I vote for the unemployment-security title—that experimental thing for which a suffering industry will have to pay? No; not now. Does the gentleman understand that?

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. KNUTSON. The gentleman from Kentucky just came in the room. He did not hear the gentleman's remark.

Mr. GIFFORD. I hardly think he would fully sympathize with me if he had.

Mr. Chairman, there are other matters to be discussed in view of the presentation of this bill, but I refrain from further remarks at this time. As the ranking man on the minority side of the committee to watch expenditures of the Government, I have felt constrained to make these comments; and if I do say something that may be regarded as political, I say again, look up those speeches of Blanton, Garner, and other leading men on your side and you will understand what tremendous blasts we Republicans had to endure all those years. Then marvel that we Republicans are so considerate of you during these days when you offer so much which deserves criticism. [Applause.] Mr. Chairman, I yield back the balance of my time.

Mr. DAUGHTON. Mr. Chairman, I yield 1 minute to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN. Mr. Chairman, the gentleman from Massachusetts laid emphasis upon the fact that industry was dead. He stated that dead industry could not pay the money that would be necessary in order to carry out certain provisions of this bill. In order that the readers of the RECORD may know how dead industry really is, I ask unanimous consent that at this point I may be permitted to insert in the RECORD the figures showing how the chief executives of big business have voted themselves thousands of dollars increases in salary since President Roosevelt has been in office.

[Here the gavel fell.]

Mr. GIFFORD. Mr. Chairman, reserving the right to object, will the gentleman let me make answer so it also will appear in the RECORD?

Mr. COCHRAN. The gentleman will have the privilege of putting in the RECORD anything he desires. I asked unanimous consent that I may be permitted to insert these figures in the RECORD.

Mr. KNUTSON. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts.

Mr. GIFFORD. Mr. Chairman, I am allowed 2 minutes. I would like to answer the gentleman, because he is a good friend of mine. I notice the income-tax payments have increased; we upped the rates last year. Your N. R. A., to my knowledge and to the gentleman's knowledge, has made many firms and manufacturing plants earn more money last year on less turn-over and fewer employees.

I want to read a short excerpt of a few days ago from a New York financial journal for the benefit of the House.

Mr. COCHRAN. The gentleman is taking up all my time.

Mr. GIFFORD. The gentleman's time has expired. I have been granted 2 minutes.

Mr. KNUTSON. I yield the gentleman 2 additional minutes.

Mr. GIFFORD. This article is as follows:

Not since the dark days of the banking crisis early in 1933 have the feeling of despondency and unwillingness to embark upon new business commitments been so wide-spread as during the past few weeks. This has been noted in all walks of business. The pessimism is most profound in New York, doubtless, but presentiments of further disaster are spreading into other areas. The consequence of this deep depression in business sentiment is a contraction in the volume of new orders entering trade channels, retail sales volume turning downward, and commodity and financial markets have reacted sharply.

We should refer to the financial papers of the last 3 weeks and the above statement will be fully verified. Pick out a spot somewhere that is prosperous and put in the RECORD if you want to, but prosperity is found only in "spots."

Mr. COCHRAN. Will the gentleman please put in his scrapbook and read to the House the story appearing in the Washington Post this morning where Dun tells what has been going on in the country and what is expected in the country? The gentleman is fair. Let him do that.

Mr. GIFFORD. I have not that article in my scrapbook.

Mr. COCHRAN. It is on the first page of the Washington Post.

Mr. GIFFORD. The gentleman may do that if he wishes. I am putting in my own excerpts. In heaven's name, defend conditions if you can. Place in the RECORD all possible to encourage our business men and the country.

Mr. COCHRAN. Anything that refers to the Democratic administration in a good way the gentleman does not carry in his scrapbook.

Mr. GIFFORD. May I say that I greatly desire to go along with my President and your party when I think you are right. He is the only President I have. I do not want to put anything in his way, but it is a real duty to warn of unhappy conditions and to call attention to the driver when we are certain he is going in the wrong direction.

[Here the gavel fell.]

Mr. COCHRAN. Mr. Chairman, under leave to extend my remarks, I insert the following list taken from the St. Louis Post Dispatch, as well as a news story from the same paper, that shows the salaries of leading business men, which is a clear indication that business is not quite as dead as the gentleman from Massachusetts [Mr. GIFFORD] would have the House believe. Surely if business was dead it would not be able to pay such salaries.

Range of salaries for business leaders

	1928	1929	1932	1933	1934
William F. Humphrey, president Tide Water Associated Oil Co.	\$33,380	\$92,555	\$52,987	\$12,000	\$50,000
Frederick P. Small, president American Express Co.	81,470	84,390	76,410	70,125	68,665
M. G. Gibbs, president Peoples Drug Co.	50,000	50,000	45,000	40,000	50,000
P. W. Litchfield, chairman Goodyear Tire & Rubber Co.	101,000	101,000	79,787		81,000
Burnett W. Robbins, president General Outdoor Advertising Co.			75,126	54,258	58,390
Louis Block, chairman Crown Zellerbach Corporation	73,100	73,100	65,450	67,800	67,500
William F. R. Murrie, president Hershey Chocolate Corporation	66,550	66,550	66,550	66,550	91,500

Range of salaries for business leaders—Continued

	1928	1929	1932	1933	1934
Milton Dammann, president American Safety Razor Co.	\$45,833	\$45,000	\$54,000	\$54,000	\$30,740
J. B. de Mesquita, secretary American Safety Razor Co.	40,000	45,000	40,500	40,500	52,368
James H. Rand Jr., president Remington-Rand, Incorporated	78,500	73,000	76,128	60,000	94,120
Francis H. Brownell, chairman American Smelting & Refining Co.	100,000	103,000	100,000	100,000	100,000
Simon Guggenheim, president American Smelting & Refining Co.	50,000	50,000	42,000	40,500	50,000
Jacob France, president Mid-Continent Petroleum Co.	125,000	125,000	90,000	81,000	81,000
Martin J. Condon, president American Snuff Co.	73,800	70,119	61,549	50,000	54,258
George Horace Lorimer, editor Saturday Evening Post	100,000	120,995	118,750	100,000	100,000
Francis B. Davis, chairman United States Rubber Co.	130,995	125,550	107,550	98,136	125,000
C. B. Ames, chairman Texas Co.		101,353	48,700	75,000	75,000
William Dekraft, chairman finance committee, United States Rubber Co.		36,600	35,417	31,532	50,703
P. S. Collins, vice president Curtis Publishing Co.	79,890	79,965	72,692	60,750	60,750
F. A. Healy, vice president Curtis Publishing Co.		46,191	58,153	54,000	53,908
J. D. A. Morrow, president Pittsburgh Coal Co.	30,000	36,000	30,780	24,772	74,410
Louis S. Cates, president Phelps-Dodge Corporation			82,220	75,000	76,440
Frank W. Lovejoy, president Eastman Kodak Co.	84,537	85,050	83,461	90,000	90,908
William G. Stuber, chairman Eastman Kodak Co.	113,650	114,425	111,490	49,500	61,230
F. T. Bedford, president Pennick & Ford, Ltd.	85,951	106,213	53,264	50,000	50,000
A. W. H. Lenders, vice president Pennick & Ford, Ltd.	70,951	74,349	40,908	38,000	52,175
William T. Nardin, vice president Pet Milk Co.	59,950	52,295	36,666	36,000	50,458
William E. Levis, president Owens-Illinois Glass Co.		42,596	59,166	100,000	100,000

AMERICAN CHICLE CHAIRMAN GETS \$75,000 A YEAR—T. H. BLODGETT, NEW YORK, AMONG DOZEN HIGHEST PAID REPORTED TO SECURITIES COMMISSION

WASHINGTON, April 8.—T. H. Blodgett, New York, chairman of the American Chicle Co., reported a salary of \$75,000 to the Securities Commission today. This figure placed him among the dozen highest-paid business officials so far listed at the Commission.

Michael Gallagher, Cleveland (Ohio) coal operator, president of the Pittston Co., received \$51,080.

Edwin C. McCullough, New York, president, held 52.9 percent or 71,050 shares of the common stock of the American Beverage Corporation. McCullough's salary was reported at \$30,020.

Samuel Bayuk, Wyncote, Pa., chairman of the Bayuk Cigars, Inc., held 14 percent or 13,552 shares of the company's common. Bayuk's salary was \$25,080. Harry S. Rothschild, Philadelphia, president of the company, received \$36,120.

OTHER SALARIES

The following list shows first, persons or corporation, if any, holding 10 percent or more of the reporting company's stock; then, the salaries, if reported, for major officers, and then the stock holdings of directors and officers:

The Schiff Co.: Robert W. Schiff, president, Columbus, Ohio, held 16,436 1/2 shares of common stock. Salaries: Schiff, \$68,504; Al Schiff, second vice president, Columbus, \$36,542; William Schiff, fourth vice president, Columbus, \$15,044; Saul Schiff, director, Columbus, \$18,285. Principal stockholders: Robert Schiff, 16,433 1/2 common; Al Schiff, 6,121 1/2 common; Morris Schiff, 2,000 shares common and 500 shares preferred; William Schiff, 3,000 1/2 shares common; Saul Schiff, 2,482 shares common; all of Columbus.

Independence Lead Mines Co.: Salaries: H. B. Kingery, Wallace, Idaho, president-manager, \$3,000; Herman Marquardt, Wallace, secretary-treasurer, \$900. Principal stockholders: Mines Finance Co., Spokane, Wash., 1,000,000 shares common class A; H. B. Kingsbury, 22,100 shares common; Marquardt, 2,901; F. C. Keane, Wallace, 1,000 shares.

Cream of Wheat Co.: Major salaries: Daniel F. Bull, Minneapolis, Minn., vice president, \$36,000; George V. Thompson, Minneapolis, secretary, \$27,000; George E. Gifford, Jr., secretary of subsidiary, \$13,500.

Deere & Co.: Trustees under the will of Charles H. Deere, deceased, Moline, Ill., held 138,179 shares of the common and 133,570 shares of preferred. Two of the trustees also held the major blocks of stock among officers: William Butterworth, Moline, Ill., board chairman, 28,636 shares of common and 21,265 shares of preferred; Charles Deere Wiman, Moline, Ill., vice president, 16,654 shares of common and 12,150 shares of preferred; Charles G. Webber, Minneapolis, Minn., vice president, held 29,798 shares of common and 37,740 shares of preferred.

Kroger Grocery & Baking Co.: Individual salaries were not reported, but the company said the aggregate for the three highest paid officers was \$130,961. Major stock holdings were: Otto Armleder, Cincinnati, Ohio, director, 30,198 shares of common; C. O.

Shorrill, Cincinnati, Ohio, vice president, 2,745 shares of common; Fred Lazarus, Jr., Columbus, Ohio, director, 2,481 shares of common.

#### MANY SALARIES INCREASED

How the pay of many big corporation executives rose last year is shown by their reports to the Federal Trade and Securities Commissions.

Francis B. Davis, chairman of the United States Rubber Co., for example, got \$125,000 last year, compared with \$107,550 in 1932. J. D. A. Morrow, president of the Pittsburgh Coal Co., received \$74,440 last year and \$30,780 2 years before.

The figures were too limited to give a definite indication of the trend throughout the thousands of American corporations, officials said, adding that in some cases changes in official capacity—promotions, demotions, or resignations—probably accounted for changes.

Most salaries and other compensation reported to the commission were maintained in 1934 at the 1932-33 rate, although in a few cases there were declines.

#### J. H. RAND, JR., GETS \$94,120

James H. Rand, Jr., president of Remington-Rand, Inc., received a boost in compensation from \$76,128 in 1932 to \$94,120 in 1934, but George Horace Lorimer, editor of the Saturday Evening Post, got \$100,000 in 1934 against \$118,750 in 1932. The earnings of William E. Levis, Alton, Ill., president of Owens-Illinois Glass Co., increased from \$59,166 in 1932 to \$100,000 in 1934.

The figures cover officers who so far this year have reported 1934 salaries of more than \$50,000 to the Securities Commission.

The comparisons showed that few salaries have attained their 1929 proportions.

In the table published in an adjoining column the figures from 1928 to 1933 inclusive are from the Trade Commission report, and the 1934 figures are from corporation reports to the Securities Commission.

Another sign of how dead business is, are the messages from Chicago and New York found in this morning's Washington Post that I referred to, "Wheat hit a dollar on the exchange" and the statement from New York is one from Dun & Bradstreet, in which they see the sharpest boom in business in 25 years.

The Associated Press reports follow:

[From the Washington Post of Apr. 13, 1935]

CHICAGO, April 12.—Dollar wheat came home like the prodigal son today and the board of trade welcomed it with a sudden flare of bullish enthusiasm that added nearly \$11,000,000 to value of winter wheat still in the ground.

Traders wandered out of the pit to read a Dun & Bradstreet prophecy that the sharpest business advance in 25 years was on the horizon.

They came back to the pit for a speculator flurry of buying that lifted May and September wheat contracts above the dollar level for the first time since early January, added 2½ to 2⅓ cents a bushel to yesterday's closing prices and, on the basis of Wednesday's Government estimate of a 435,000,000-bushel harvest of winter wheat, enhanced that crop's value on the futures market by \$10,875,000.

NEW YORK, April 12.—The most pronounced business rise in 25 years was forecast for the immediate future in the weekly business review by Dun & Bradstreet today.

"More convincing proof has come forward that the passing of March left behind the lows for the year," the review says.

"During the week there was a complete transformation of sentiment, as the hopes for a rather far-removed improvement were replaced by a realization that the immediate future is to bring the sharpest rise that has been witnessed in business in the past quarter of a century.

"Industries in most parts of the country now are advancing at the most orderly pace in the last 2 months, as all of the strikes have been settled and threats of walk-outs have been dissipated."

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. FLETCHER].

Mr. FLETCHER. Mr. Chairman, I wish to discuss section 531 of this bill, which relates to vocational rehabilitation. Because I desire to include the results of some surveys, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. FLETCHER. Mr. Chairman, early in this session of Congress, January 7, I introduced a bill, H. R. 3050, providing for the continuation of the program of vocational rehabilitation of persons disabled in industry or otherwise and to aid them in returning to civil employment.

The President's Committee on Economic Security took cognizance of the results that have been achieved in the vocational rehabilitation of disabled persons during the past 14 years and put its stamp of approval on the program.

The bill I introduced providing for vocational rehabilitation was referred to the Committee on Education.

It was the original intention to ask for hearings before the Education Committee and request that committee to report the bill.

But since the purpose of the bill before the Education Committee coincides with the President's program on economic security, it was decided that to avoid duplication it would be more practical to include vocational-rehabilitation legislation in the Economic Security Act which is now before us.

As a result of my study of this program and its accomplishments in the States, I desire to bring to the attention of this House certain data regarding the problem of the disabled and the social and economic significance of the rehabilitation service.

Forty-five States and the District of Columbia are now engaged in vocationally rehabilitating their disabled citizens. The total cost of training a disabled person and placing him in remunerative employment for life averages less than \$300.

It costs from \$300 to \$500 per year to maintain such a person in idleness at public expense.

The average age of disabled persons rehabilitated by the State is 30 years, and their average work expectancy is at least 20 years. Frequently the increased earning capacity of a rehabilitated person in 1 year exceeds the total cost of his rehabilitation.

Through studies and investigations over a period of years, it is possible to state with reasonable accuracy that at any given time there are 6 disabled persons in each 1,000 of the general population. Of these, 3 are children and 3 are adults of employable age.

Applying the figure of 3 physically disabled adults in each 1,000 of population to the total population of the United States, there would be found at any given time 368,000 adult persons with some form of physical handicap.

Rehabilitation experience shows that there is 1 disabled person per 1,000 of the general population who is eligible for rehabilitation, in need of rehabilitation—not able to rehabilitate himself—and for whom it is feasible to attempt rehabilitation, a total of 122,700 at any one time.

While at any given time the ratio of the disabled population eligible and feasible for rehabilitation to the total population is 1 per 1,000, the ratio of the number of persons who annually become eligible and feasible for rehabilitation service to the total population is 1 per 5,000.

These last figures of annual increment are based on accident figures of the National Safety Council and experiences of State rehabilitation departments over a 12-year period.

Applying the rule that annually 1 physically handicapped adult out of each 5,000 of population becomes eligible and feasible for vocational rehabilitation, the rehabilitation load in the United States would be increased by 25,000 persons each year.

It is interesting to note to what extent the Federal-State rehabilitation service has been able to meet this problem to date. It goes without saying that with limited budgets and limited personnel, the problem has not been met anywhere near adequately. However, results have been gratifying.

In the fiscal year 1934 there were 8,062 persons reported rehabilitated, which is an increase of 25 percent over previous years, and within the same year there was a 20-percent increase in the number of persons being served.

At the close of the fiscal year there were 18,228 physically handicapped persons under advisement, 9,878 in training, and 4,729 awaiting employment after having received training or some other form of rehabilitation service.

In addition, there were 1,422 persons who had been placed in positions but not yet recorded as rehabilitated at the close of the year.

These figures show a gratifying performance of the program in spite of the adverse conditions under which the

rehabilitation personnel was obliged to work during the depression years.

The development of the national program of vocational rehabilitation has been constantly accelerating as its purposes and effectiveness have been better understood.

During the past 3 years the number of persons applying for the service has greatly increased.

In recognition of the difficulties facing the States, by reason of limited appropriations, during the past 18 months the Federal Emergency Relief Administration has been supplementing the Federal allotment of \$1,000,000 annually by an amount of \$840,000 per year.

Even then the States have not been in a position to rehabilitate all the applicants they have for the service.

There is an immediate and urgent need for increased funds in order to take care of the increased needs of the program.

By establishing the national service the Congress recognized the vocational rehabilitation of the physically disabled as a vital part of our national program of conservation of human as well as natural resources.

The depression has emphasized the wisdom of having established it. The wisdom and justice of participation by the Federal Government have likewise been emphasized.

Participation by the Federal Government is based upon four fundamental principles:

First. That since rehabilitation of the disabled is essential to the national welfare, it is the function of the Government to encourage the States to undertake it.

Second. That for the same reason, the Government should assist in bearing the financial burdens of the work.

Third. That since the Government is vitally interested in the success of the program, it should participate in promoting its efficiency.

Fourth. That the surest way of developing standards of efficiency in rehabilitation is through the establishment of a partnership with the States.

The provisions in behalf of vocational rehabilitation and other social legislation included in this bill (H. R. 7260) are certain to meet with the enthusiastic approval of thinking people throughout the Nation. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Chairman, like the gentleman who preceded me, I want to depart from the usual customs and confine myself to the bill before the House.

Mr. Chairman, every living man and woman ought to be interested in the question of old-age security. The specter of a destitute old age shadows every life. The removal of this fear would be the supreme achievement of our civilization.

Realizing this I hailed the President's last message to the Seventy-third Congress, foreshadowing a program for social security to be presented to this Congress, as the greatest message which the President had thus far sent to Congress, and in a speech made on the floor on June 15, 1934, in support of the Railway Pension Act I predicted the passage by this Congress of a general old-age-pension bill. We have now arrived at the first consideration of that program.

In my campaign for reelection to Congress I stressed both unemployment insurance and old-age pensions and pledged myself to the most liberal plan the Government and industry could finance.

Plans have been presented to us for both old-age pensions and unemployment insurance which in my judgment are beyond our reach to finance at this time and under existing conditions, and I have told my people so and have taken much criticism for it.

On the other hand, I have not believed since I first read its provisions that the pending bill is all the burden that the National Government can reasonably bear in a program of old-age security, to which phase of the bill I shall confine my remarks, and I shall point out as specifically as possible my reasons for this conclusion.

I want to say, first, that the bill reported by the committee is a distinct improvement over the original bill, and I shall point out later how, in my judgment, it has been improved.

I want to say further that my analysis of title 1 of the bill is coupled with no reflection of the committee which reported it or the able men who make up its membership. I know they labored long and earnestly to bring out a program of social security which carries many valuable features besides old-age pensions, all of which I shall heartily support.

As I say, the bill has been materially improved by the committee, but in the matter of the allowance for straight old-age pensions it is not an improvement over the original bill, and in my judgment it is not nearly adequate. Both bills carry, in round numbers, \$50,000,000 for the first year of the plan. Now, the hearings at page 38 show that there are about 700,000 people over 65 years of age on Federal relief at a cost to the Government of \$45,000,000 per year. There can be no question about the eligibility of these people for the pension, so that this number alone would absorb three times the amount of this appropriation. In addition the hearings on the same page show an additional number in receipt of public charity, who should also be eligible for pensions, which swells the total of such dependent old people to more than a million. Dividing \$50,000,000 among 1,000,000 dependents would give them but little more than \$4 per month.

Mr. KNUTSON. Will the gentleman yield?

Mr. MARTIN of Colorado. If the gentleman will give me additional time, I will be glad to yield to him.

Mr. KNUTSON. Listening to the gentleman, I take it he is opposed to this bill for two reasons: One, it is inadequate in the amount that it carries; and, secondly, the gentleman objects to the delay in putting it into operation?

Mr. MARTIN of Colorado. Yes; and I want to discuss these very questions.

Mr. KNUTSON. I yield the gentleman 2 additional minutes.

Mr. MARTIN of Colorado. I thank the gentleman. I am going to point out specifically wherein this bill is wrong and suggest how it should be amended. I am not going to waste my time entertaining the House with political "hot air." We have been warned about giving the people stones when they ask for bread, but apparently some gentlemen I have heard here think that the people ought to be fed on political "hot air" instead of on pensions.

Mr. VINSON of Kentucky. Of course, the gentleman, I know, has made a study of the different bills and recognizes the fact that the \$50,000,000 for the first year is to take care of all pensioners who are eligible under State laws during the first year?

Mr. MARTIN of Colorado. I am coming to that feature and will discuss it in a very analytical way; then I will be glad to hear from the gentleman after that.

Mr. VINSON of Kentucky. After the first year, stronger language could not be used as to the amount to be appropriated, because this bill authorizes to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of the title.

Mr. MARTIN of Colorado. I may say to the gentleman I am afraid there are one or two provisions in this bill wherein you will not need anything for the first year. Those are the things I propose to point out.

Mr. KNUTSON. There are about 5,000,000 needy people up in their sixties, and we are going to give them \$50,000,000. That is \$10 apiece.

Mr. MARTIN of Colorado. I do not think the gentleman has overstated the amount.

Mr. KNUTSON. I believe in being liberal.

Mr. MARTIN of Colorado. There are 1,000,000 people over 65 years of age on Federal relief and public charity.

It may be claimed that considerable time will be consumed in the work of registering the eligibles and the building up of the pension list, but I take it that very little time will be required to list the 1,000,000 people on Federal relief and public charity, and I dare say the whole number could be registered within 90 days after the passage of the act.

But the millions now on Federal relief and public charity by no means make up the total of those in need of old-age

pensions. Still referring to the hearings, we find this statement on page 38:

At this time a conservative estimate is that at least one-half of the approximately 7,500,000 over 65 years of age now living are dependent.

Dependency, in my opinion, is an even better test than age of the need of a pension. But when we combine dependency with 65 years, it ought to be conclusive as to the need of a pension. Adhering strictly to the conservative figures in the report, one-half of the 7,500,000 people over 65 years of age who are said to be dependent would give us 3,750,000 people who meet the combined test of age and dependency. These people should all be registered during the first year and in much less time.

By way of contrast with the amount carried in the bill, the hearings show that last year some 180,000 old people received State pensions which averaged \$19.74 per month. This rate of pension to 1,000,000 people would cost \$200,000,000 per year. To show how pensions run into money, if these 3,750,000 old people were granted a pension of \$19.74 a month, it would cost \$900,000,000 a year.

Now, let me make one more comparison from figures furnished by the hearings, and still on page 38. We have in this country some trades union and industrial old-age pensions. Last year about 150,000 aged people received from these sources pensions exceeding \$100,000,000. Their pensions, therefore, averaged slightly in excess of \$55 per month. To pay that amount of pension to the 3,750,000 dependent people over 65 years of age would cost in round numbers \$2,475,000,000 per year.

And yet the whole story has not been told. I apprehend the number of people in this country over 65 years of age who need pensions will exceed 4,000,000. If you reduce the age limit to 60 years, it will probably go to 6,000,000, and at \$55 per month the annual cost would go to \$4,000,000,000. At \$200 per month the yearly cost would be \$16,000,000,000, which is just double the cost of all government in this country—national, State, and local.

I said to a man who was here in Washington advocating another plan, it is not a question of how big a pension I would give the people; my heart is as big as yours; it is a question of the amount of taxation I am able to stand up for to finance it; and I expressed the view that the people ought to be educated on the question of taxation, not merely on pensions, and that they ought to know before the bill was passed what it was going to cost and where the cost would fall.

Returning to the bill before the House, I shall now point out in what material respects I consider it improved:

First. The original bill virtually required a pauper condition. It furnished assistance which, when added to the income of the pensioner, but not exceeding \$15 a month, would provide a subsistence compatible with decency and health. The bill as reported by the committee and now before us has no income or property conditions attached.

Second. In the original bill only the husband was pensionable, as indicated by the requirement that the income of the spouse must be taken into consideration, and the income of both had to be inadequate for subsistence compatible with decency and health. In the bill now before us there is no reference to the income of the spouse. Both husband and wife, if they otherwise qualify, are entitled to the pension.

Third. In the original bill the pension was made a lien on the estate of the pensioner, and upon his death the State was required to reduce the estate to cash and turn the proceeds over to the Federal Government as a credit on the Government's contribution to the pension fund. In the bill before us it is merely provided that "if" the State collects from the estate of a pensioner, one-half of the amount shall be paid to the Government. It is left to the State whether it will do this, and this, in my judgment, is entirely proper.

Fourth. Under the original bill, when the pensioner, being a married man, died, then, under the compulsory-lien provision which it carried against the real estate of the pensioner, the real estate could be taken from the widow if she was

more than 15 years younger than the pensioner. That provision is omitted from the pending bill.

These are some of the changes made in title I of the bill striking my attention, and all of them, in my judgment, are changes for the better.

The two principal features of the bill as they affect straight old-age pensions are the limitation to \$15 per month per person and the requirement of State participation. I shall note the last requirement first—that of State participation—and I approach it in the knowledge that this feature of the act is not favored by the advocates of other pension plans.

I have been aware for some years of the very wide-spread view that the States can do nothing, but the National Government can do everything. The States are broke; the counties are broke, the cities are broke; the people are broke; but the National Government is a fountain of inexhaustible wealth. I do not think I overstate it. It is an unhealthy view, it is an unsound view, that a State cannot pay any old-age pensions but the Federal Government can pay one of \$200 a month. They both get their revenues from the same source. The taxes all come out of the same pocket. The National Government may divide the field of taxation, but this artificial division does not create two different sources of Government income.

Mr. MOTT. Will the gentleman yield?

Mr. MARTIN of Colorado. I yield to the gentleman from Oregon.

Mr. MOTT. The States raise the bulk of their revenue by the imposition of the ad valorem property tax. The Federal Government uses no such system. The State undertakes to raise the bulk of its revenue out of property, whether the property earns money or not. Does the gentleman say those systems are the same and that they are available to both agencies of the Government?

Mr. MARTIN of Colorado. The gentleman understands what I mean. It all comes out of the pockets of all the people, either directly or indirectly. You cannot divide it up into two artificial divisions and not charge one against the other. They all come from the same source.

Mr. MOTT. The point I make is that the States at the present time have not the revenue-raising machinery to finance an adequate State old-age-pension law.

Mr. MARTIN of Colorado. If the gentleman will give me some additional time I will give him my own ideas of this thing. I am coming to that.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. My time is running and I would prefer not to yield.

Mr. SAMUEL B. HILL. I will ask the Chairman to yield the gentleman a minute or two longer.

Mr. MARTIN of Colorado. I would like to have at least 5 minutes more because I have analyzed this legislation very closely.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. KNUTSON. Mr. Chairman, I yield the gentleman 2 minutes.

Mr. SAMUEL B. HILL. I want to ask the gentleman if it is not entirely within the province of the States to provide income taxes as a source of revenue and many of them now levy excise taxes?

Mr. MARTIN of Colorado. Yes; and inheritance taxes.

Mr. SAMUEL B. HILL. They have the same source of taxation as the Federal Government.

Mr. MOTT. Mr. Chairman, will the gentleman yield to me long enough to suggest to the gentleman from Washington that it is not possible for the States to raise very much revenue by the imposition of a State income tax, because most of them do not contain populations wealthy enough to pay a large income tax. There are a few large States that can do this, but with respect to my State, or Oregon, for example, there are many individuals in the United States who pay a greater income tax than all the citizens of my State com-

bined. We cannot raise a great deal of revenue by an income tax and neither can the State of Colorado.

Mr. MARTIN of Colorado. I am clear in my view that it is for the health of the State as well as of the Nation and for the benefit of the people generally, as well as the Government, that the State should bear a just portion of the burden of old-age pensions and should administer the law.

The requirement that the State must contribute, else there will be no Federal contribution, presents a very different and very difficult question, and one rendered more difficult by the wide-spread hostility to any dependence on State aid. I have expressed myself as not favorable to such a condition.

I know from reading the hearings that the small appropriation carried in the bill for the first year is based in large part on the assumption that many States will get nothing the first year, because they either have no old-age-pension laws or are not able to pay all of the pension provided by their laws. This very consideration confirms my view that the Federal Government should make its contribution, at least for a definite period, regardless of State action. The backward States might be given a reasonable period of time in which to get their houses in order.

I shall offer an amendment, deferring for a reasonable period, say of 2 years, the time after which Federal contribution will be withheld from nonparticipating States. A future Congress can deal with the situation then prevailing.

Now I come to an even more important matter. Under section 2 as it now reads, perhaps three-fourths of the States would be disqualified for Federal aid for the next year or two, but there is another provision in the bill which, as I read it, would disqualify all of them, with possibly one exception, even those who would be able to match the Government dollar for dollar.

Section 2, subparagraph 2, page 4, of the bill carries a residence requirement of 5 years during the 9 years immediately preceding the filing of an application for pension and any residence requirement of a State law which excludes any resident of the State who has resided therein for 5 years of the 9-year period is disqualified and its plan will not be approved.

Mr. MOTT. If the gentleman will yield, I do not think he is correct in that statement.

Mr. MARTIN of Colorado. Let us see whether I am or not. I hope I am not.

Mr. MOTT. That 5 years is a limitation under the bill, and they must not provide any restriction that would deprive a person of the pension if he has lived there 5 years.

Mr. MARTIN of Colorado. Yes; but it is 5 years of the 9 years. Wait until I come to that in my remarks, and if I am wrong I will thank the gentleman for showing me that I am wrong.

Mr. KNUTSON. If the gentleman please, the bill is drawn so that it is susceptible of several interpretations.

Mr. SAMUEL B. HILL. If the gentleman please, it is susceptible of but one construction and the gentleman from Colorado has it correct.

Mr. MARTIN of Colorado. The following are the residence requirements of the 28 States having old-age-pension laws as I have been able to get them:

	Years
Arizona.....	35
California.....	15
Colorado.....	15
Delaware.....	5
Idaho.....	10
Indiana.....	15
Iowa.....	10
Kentucky.....	10
Maine.....	15
Maryland.....	10
Massachusetts.....	20
Michigan.....	10
Minnesota.....	15
Montana.....	15
Nebraska.....	15
Nevada.....	10
New Hampshire.....	15
New Jersey.....	15
New York.....	20
North Dakota.....	10
Ohio.....	15

	Years
Oregon.....	15
Pennsylvania.....	15
Utah.....	15
Washington.....	15
West Virginia.....	10
Wisconsin.....	15
Wyoming.....	15

This table shows that only the State of Delaware could comply. In this connection I want to call attention to the fact that in the bill as originally introduced, the residential period was 10 years, and the reduction of the period to 9 years in this bill disqualified the following States which have 10-year periods: Idaho, Iowa, Kentucky, Maryland, Michigan, Nevada, New York, and West Virginia.

In other words, the way I read the language of the bill, if a State law requires 10 years' residence, it is 1 year over the residence requirement in this law, and the State is disqualified because it does not furnish a plan that will comply with the Federal specifications.

Mr. VINSON of Kentucky. Knowing the heart of the gentleman from Colorado as I do, does he not favor the lesser period of residence rather than a longer period? One State, as I recall, has a residence requirement of 35 years.

Mr. MARTIN of Colorado. Yes; I do. This is what I am getting at, and I may be wrong about it. This table shows that the State of Delaware only has a lesser period of residence than that named in the bill.

In this connection, I may say to the gentleman from Kentucky that if I am on the wrong foot I am coming to one of the things that put me off. In the bill as originally introduced the residential period was 10 years.

Mr. VINSON of Kentucky. As I recall, it was a residence of 5 years out of the last 10 years.

Mr. MARTIN of Colorado. Five out of ten.

Mr. VINSON of Kentucky. The first draft, H. R. 4120, was 5 years' residence out of 10. This would have permitted a pensioner to qualify in two States. He could have 5 years' residence in one State and 5 years' residence in another. This was changed to 5 years out of the last 9, which would make it definite from which State he would secure the benefits. Certainly the gentleman does not want to have a longer period of residence, because that would decrease the number of the aged who would benefit under the law.

Mr. MARTIN of Colorado. No; I do not want a longer period of residence; but I do not want my State disqualified under this bill because it requires a longer period.

Mr. VINSON of Kentucky. No; they can come in and amend their law and permit hundreds and thousands of aged to qualify under the law that otherwise would be excluded.

Mr. MARTIN of Colorado. All right; that is just what I am getting at. You have not convinced me yet that I am wrong. In the original bill pending before the committee this language read 10 years instead of 9.

Mr. SAMUEL B. HILL. Ten years instead of nine.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. KNUTSON. Mr. Chairman, I yield the gentleman 5 minutes.

Mr. VINSON of Kentucky. I know the gentleman wants to be correct. On page 4 of the original bill, H. R. 4120, the language is "has resided in the State for 5 years or more within the 10 years immediately preceding application for assistance."

In the present bill, H. R. 6120, it is 5 out of 9 years with 1 year's continuous residence immediately preceding application in State of application.

Mr. MARTIN of Colorado. Exactly.

Mr. VINSON of Kentucky. But in the original bill it was 5 years out of the last 10 years.

Mr. MARTIN of Colorado. Yes. I saw that it provided 10 years in the original bill and then I saw the 9 years in this bill, and I began investigating and speculating at once as to why such a change was made, and when I looked up the State requirements and found that 8 large States, including New York, had a 10-year period, it just occurred to



my mind that this change of 1 year would disqualify New York, because you had to live in New York 10 years and only 9 years under this bill. Now, the gentleman will admit that New York will have to change its requirement in that respect.

Mr. VINSON of Kentucky. If it is more than 5 years, it would have to change its law so as to require only 5 years' residence.

Mr. MARTIN of Colorado. Now, you have at last made it absolutely plain that this bill will disqualify every State in the Union except Delaware under its provisions. Every State in the Union except Delaware will have to call its legislature together. My legislature has adjourned until January 1937, and most of the legislatures of the other States have adjourned; and the upshot will be that, instead of \$50,000,000 being too little to finance this bill the first year, it will not take anything to finance it.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. WOODRUFF. What is there in this bill that will in any way exclude any resident of the gentleman's State who has qualified under your State law, provided he has lived in your State for 5 out of the last preceding 9 years?

Mr. MARTIN of Colorado. Under the laws of my State, a person must have resided there for 15 years to be eligible for a State pension, therefore my State cannot qualify under a provision making people eligible for Federal pensions on 9 years' or 10 years' or 5 years' residence. It must be 15 years or we are out, and all the others are out except Delaware.

Mr. KNUTSON. I believe the State may prescribe the number of years a person shall live in it before he becomes eligible, and, if the law says 20 years, nobody will get any benefit for 20 years.

Mr. VINSON of Kentucky. You would have to change the law.

Mr. KNUTSON. You would have to change the law, but what assurance have you that the law will be changed?

Mr. MARTIN of Colorado. That is my judgment. The way the paragraph reads it will disqualify every State in the Union that is requiring longer than 9 years. The gentleman from Kentucky [Mr. Vinson] admits that. That means that there is only one State in the Union qualified under the bill, according to the residential requirements of the bill, that can draw a pension under the law. Three-quarters are already disqualified because they have no old-age-pension law or are not complying with the law.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. COOPER of Tennessee. Does the gentleman think for one moment that we can draft a bill that will conform to the law of every State in the Union, when they require all the way from 5 to 35 years' residence? How can we draft a law that will conform to the law of every State?

Mr. MARTIN of Colorado. I am going to offer an amendment that residential qualifications shall not deprive the State from receiving its quota until April 1, 1937. That will give the States time to get their houses in order.

Mr. WOODRUFF. Will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. WOODRUFF. I recollect that the gentleman a moment ago stated that he would offer an amendment which would provide that the Federal Government should pay the State for a certain period of years whether or not they have any law. I hope the gentleman will introduce such an amendment. If he will, I will vote for it.

Mr. MARTIN of Colorado. I thank the gentleman; I will introduce it. There will be at least 1,000,000 people over 65 years of age who will get \$180,000,000 the first year. I will also introduce an amendment providing that any State failing to submit a plan which complies with section 2 or any requirements therein, shall not be thereby disqualified to receive its quota of old-age assistance until April 1, 1937, so as to cure this residential requirement.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. MARTIN of Colorado. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. If the gentleman's amendment is offered, it will be no guaranty that the legislatures will be called in session, because I think there are many reasons besides this why the legislatures in every State in the Union will have to be called into session, because there are so many regulations laid down.

Mr. VINSON of Kentucky. What we have endeavored to do is to liberalize the bill so that more aged people will get the benefits.

Mr. MARTIN of Colorado. If we Members of Congress pass a bill in which the people assume that they are going to get a Federal contribution, even if it is only \$15, and then we adjourn and go home and they find out afterward that they are not going to get any benefit, we better not have been here. I do not propose to take any chances on this proposition. [Laughter and applause.]

(The time of Mr. MARTIN of Colorado having expired he was given 2 minutes more.)

Mr. MARTIN of Colorado. I want it distinctly understood that I am not condemning this bill. I think it is a great step in American history.

Mr. Chairman, if the Members of this House want to help a million old people who will not get anything under this bill for the next year or two, and which condition will be prevailing when they make their campaign for reelection, with their States disqualified, they will adopt these two amendments. It would only cost \$180,000,000 to give these million old people the maximum rate carried in the bill. It would be a fine opportunity to show whether we are giving old people pensions or campaign speeches.

This brings me to the question of taxation, concerning which I have strong convictions. Pensions supported by a sales tax, and a transaction tax is a sales tax, a pyramided sales tax, meaning on the average six sales taxes going into a commodity from the stage of the raw material to the finished product handed over the counter to the customer. This burden, as I see it, would fall 0.9 upon the producing masses of the country. It is a tax on poverty; a tax on need to help the needy.

This burden should at least be equalized by the transfer of a greater share to income. If, as claimed, income from dividends has been maintained at \$6,000,000,000 per annum or more throughout the 5 years of the depression, it would indicate that wealth could bear a greater share of the burden of a reasonable system of old-age pensions than has been proposed to finance the Townsend plan or any other plan which has come to my attention.

I know this is a sore point, and for the reason that it is a sore point I want to bear down upon it. If the people are not willing to tax wealth according to what it could bear, then let us forget big old-age pensions. In my home State the legislature had before it two tax measures, one levying a sales tax of 2 percent and the other levying an income tax. The sales tax passed readily; the income tax fell by the wayside. That tells the story, both at home and in Washington.

It has been repeatedly pointed out in the debates on revenue legislation during this administration and in prior Congresses that income and inheritance taxes in England and France are severalfold heavier than in this country, yet those countries appear to be in measurably better economic condition than this country, with much less unemployment and relief in proportion to population, indicating that their much heavier income and inheritance taxes have not overwhelmed their economic systems.

I am not in favor of punitive taxes. I base my views wholly upon the potentialities and the necessities of the situation. The world's greatest fortunes are in this country. We have in this country now fortunes 20 times larger, maybe 50 times larger, than the greatest fortunes of a century ago. And we have in this country many times more destitute and dependent people in proportion to population than we had a century ago, and this condition is permanent. A growingly

mechanized economy fixes this. Millions will never return to employment. The machine not only permanently adds to the rolls of unemployment, but creates an artificial and premature old age. The Government itself will not employ men and women above middle age, and in many instances they must be well under middle age. Get them young is the rule in modern industry and government, and even when you get them young a new invention comes along and throws them into the discard.

Mr. Chairman, the maximum rate of the Federal contribution carried in this bill, \$15 per month, has come in for much bitter and hostile criticism. It has been denounced over the land as an insult to old age. It has given me concern. I have felt that it is inadequate; that it should at least be doubled. But there is another question that concerns me as much as the pension rate carried in the bill. It is the question as to the number who are to be provided for under the bill.

I have pointed out that the appropriation for the first year would pay only 1,000,000 people a trifle over \$4 per month. It would pay less than 300,000 people \$15 per month. Even if only the million-and-odd who are now admitted to be on Federal relief and public charity were given \$15 per month, it would require \$180,000,000 the first year. You can readily figure for yourself what it would take to pay that amount to the nearly 4,000,000 people who, according to the report, are now over 65 years of age and dependent. Conceding that these 4,000,000 could not all be placed on a pensionable status during the first year, it is obvious that the appropriation falls far short of providing for those who will be able to qualify for pensions during the first year of the operation of the law. Provision should be made for 1,000,000 at the very minimum the first year. If the provision is not exhausted it can be carried over.

If you are beginning to gasp at the thought of the expenditure involved in making immediate provision for the 1,000,000 or more aged people who are now on relief and charity, let me remind you that their support is already coming out of the pockets of the people. The administration of relief is expensive, the administration of public charity is expensive, the administration of poorhouses is expensive. Surely these 1,000,000 people are not now being cared for at an expense of less than \$20 per month, and more likely it is \$30. I know personally people in the poorhouse who could go down town and live for \$40 a month and would do so if they had the \$40. I think we are having too much of a split-penny attitude toward this proposition, too much of the feeling that a substantial appropriation would be a new net outgo. It would not. Probably half of it is going out anyhow and the additional half would do a good job of it and give us a million independent people in this country, secured for life against penury and want. I would rather a little overdo than underdo this job. If I had my way about it, one of the major items in the \$4,000,000,000 public-works bill would go toward the establishment of a decent old-age-pension system. It may be that many old people have been propagandized into a state of too much self-pity. Let us not go to the other extreme and hand out stones to those who are asking for bread under the fear that we will wreck the country. We are making a late start toward a system of social security, but we are able to start beyond the point where other countries have left off. That is the attitude I take toward this legislation.

Mr. Chairman, no discussion of old-age pensions is complete without consideration of the Townsend plan. We are all under obligations to the able Representative from Oregon [Mr. Morr] for a clear and concise statement of the changes made in the Townsend plan by the second McGroarty bill, H. R. 7154.

Before taking up that plan I want to say that when Dr. Townsend came to Washington I was one of a dozen Members who signed the necessary request for his use of the House caucus room, in which he made his first explanation of his plan in Washington, and I attended the meeting. I agree with all those who say that he is a kindly, humane, and sincere man, and that these were the qualities which

motivated his plan and not any idea of self-gain or self-aggrandizement. There is nothing in or about the man to suggest that he is moved by considerations other than the welfare of his countrymen.

I also signed the petition to have the first McGroarty bill placed on the calendar in order that it might be brought before the House and considered. I want to say here that the debate thus far on the bill before the House has given me a fresh idea of the value of consideration of a bill. Consideration is worth much to any new idea.

After making a study of the first McGroarty bill, I sent an open letter to every newspaper in my district, pointing out or rather raising questions about the practicability of that measure, and in answer I received hundreds of letters of criticism. The new Townsend-plan bill completely justifies my views of the original bill. I believe that a Member of Congress owes to the people some recognition of the responsibility which comes to him as their Representative. Whether I acted wisely or not from a political standpoint, I am sustained by the knowledge that I met that responsibility when I might have done as so many others have done and kept silent or dodged the issue.

Mr. Chairman, the new Townsend-plan bill is a great improvement over the original bill. It is clearly drafted. It is understandable. I do not see how a bill could be more clear and simple in its language. As pointed out by the gentleman from Oregon [Mr. Morr], it does not require the payment by the Government of a pension of \$200 per month to persons 60 years of age and over. It lays the taxes and provides that all qualified annuitants shall be paid from the funds accumulated an amount not exceeding \$200 per month. As pointed out by the gentleman from Oregon, according to the figures of Dr. Doane, a very able economist and statistician who appeared before the Ways and Means Committee for the Townsend plan, these taxes would approximate the sum of \$4,000,000,000 the first year, providing a pension of about \$50 per month, a reasonable figure, to the 8,000,000 people said to be qualified to participate. If the amount collected were less, the pension would be less; if more, the pension would be more.

Another beneficial change is that persons with an income of more than \$2,400 per year are barred from the pension and where there is an income of less than that amount, the amount is deducted from the pension, leaving a greater share of the fund for those who have no income. They are the people who need it.

There are other beneficial changes which I have not the time to go into. On the whole, this bill is well worth consideration. The Townsend movement is by no means love's labor lost. As a result of it, more old people are going to get better pensions. I have no apologies to make for voting against the rule under which this legislation is being considered, for fear it would deprive this bill of consideration or the opportunity to offer it or any of its provisions as an amendment to the pending bill. I am willing that any bill interesting so many people shall be brought before the House for consideration and action, whether I vote for it or not.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. Yes.

Mr. KNUTSON. It is the gentleman's thought that we should pass a bill that would take care of all of the needy in all parts of the country.

Mr. MARTIN of Colorado. Exactly.

Mr. KNUTSON. And this bill does not do that.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentlewoman from Arizona [Mrs. GREENWAY].

Mrs. GREENWAY. Mr. Chairman, I do not know how the rest of you feel, but ever since we were allowed all this freedom of discussion so graciously—and I am very sincere when I say that—I, for one, have had a great sense of relaxation and gratitude and comfort in knowing that I serve with colleagues who have authority and exercise it so wisely. I think the people of the country will appreciate that also. In 1932 as we, the Democratic Party, sought the power which we finally acquired, we stated our stand on old-age pensions.

In the Seventy-second Congress we were too engulfed with the emergency at hand to act. In the Seventy-third Congress we did not act. In this, the Seventy-fourth Congress, we are given an opportunity that will make this Congress famous through all the generations to come and I, for one, on account of the liberality and the extraordinary wisdom of the way in which this bill has come upon the floor of the House, am full of hope that within a week or 10 days or 2 weeks we will have passed legislation that we can be very proud of and that will be practical and effective at once in inaugurating an adequate pension system for the old people of our country. The gentleman from California [Mr. BURNHAM], the gentleman from Oregon [Mr. MORR], and the gentleman from Colorado [Mr. MARTIN] have said much that I subscribe to 100 percent, and, therefore, I can make my speech very short. Legislation that has to do with the last span of life should properly characterize the fulfillment of the American institution of government.

The harvest of life can be reaped but once, and this legislation has directly to do with that harvest. The conditions under which the old people of a country live is the answer to the success or failure of a nation. As we approach this bill we are faced with the problem of "self-reliance", and what has become of self-reliance? Self-reliance is the cornerstone upon which every nation must build, if it is to succeed. What do you feel self-reliance means? To my mind, self-reliance means the use of human capacity, coupled with natural resources, in such a manner as to insure the liberty of living for all people. If we were economically self-reliant, we would not be here today discussing ways and means to safeguard our old people from the anguish of helplessness in the face of want. The importance of this bill cannot be estimated.

I shall confine myself entirely to title I, with the exception of saying that I, for one, would feel safer in voting on the rest of the bill if the people who receive money through pay rolls in this country had had an opportunity to give us their opinion. I have had few indications by letter or otherwise as to how the people on pay rolls feel about this bill. There is one phase of what has gone on all these years that has not been touched on today, and I think it has great importance. I would like to defend the people who have agitated the matter of old-age pensions. I think we owe them a deep debt of gratitude. What have they done? They have set the people thinking, and the people are not only thinking but they are out to get results, and all power to them. They are focusing on the actual conditions in this country, and they are exposing them in no uncertain terms.

In addition to that, those agitating old-age pensions have focused the whole American Nation on the fact that we must have consumption to create employment. Since the discussion arose as to whether the people in the United States had been informed in full of the second McGroarty bill, I have learned that that bill was printed in the Townsend paper on April 8, with a full and sincere explanation of exactly what it means. It is so definitely a bill, saying what it means and giving its purposes and the way to accomplish them fairly, that I feel this House would do well to think profoundly on the merits of that bill when and if it is presented as an amendment to the present bill. The McGroarty bill, H. R. 7154, proposes a definite program to take effect at once—covers a means of raising the money (incidentally some would like to see the bare necessities of life exempted)—and then covers the expense of administration before dividing the revenue amongst the eligible pensioners, while this bill we are considering (H. R. 7154) appropriates \$49,000,000 to take care of the program through June 1936. If this sum were given to those actually on relief above the age of 65 at this time they would receive about \$4 a month. After that it proposes a contributing condition of 50-50 between State and Federal Government that would preclude adequate help in some of the less well off States.

Mr. KNUTSON. Mr. Chairman, I yield 1 additional minute to the lady from Arizona [Mrs. GREENWAY].

Mrs. GREENWAY. I do not think there is anything further to say except that there is no political issue in this bill. This is a bill for the people of the United States. I do not think there is a person who sits in Congress who does not desire to take fair, just, and progressive action at this time. With that spirit prevailing I believe we can do something we will all be proud of, that the people will be satisfied with, because it meets the needs of the aged of our country. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. KENNEY].

Mr. KENNEY. Mr. Chairman, by this social-security bill (1) we give aid to our elders—and deep down in his or her heart there is no Member of this House who has any real objection to that. We further (2) legislate for unemployment compensation. There is some difference of opinion as to how that should be worked out. There are those who oppose some of the provisions dealing with that feature. But job insurance of some kind is desirable. We also (3) strive to assure greater security for the needy children of this Nation; and (4) provide greater health protection. As to these, I have heard no objection at all during the course of the debate on the bill.

This measure does not come to the floor of the House as the product of the ingenuity of any legislator. It has come up from the people. It is true the way was paved for it by the message of President Roosevelt, but his humane message was prompted by the appeal of our people, to which he patriotically responded, quickly realizing the real necessity back of the voice of the country.

Now, it is our duty as Members of the Congress to do something for our aged; they need our action. When I am at home I keep open office, and there I meet the people of my district daily. It is saddening to see elderly men and women, 70 or 80 years of age, come in looking for employment. Many of them had means and were comfortably situated a few years ago, but after 5 years of depression their funds have become exhausted.

Some have contributed their last dollar to their friends, relatives, or to their immediate family with whom they lived. Others, formerly happily settled with sons and daughters, who provided them with the comforts of life and spending allowances, have found their children no longer able to furnish them with bare necessities. Their spending money has been cut off. They do not always think of themselves. They make their sacrifices submissively and nobly. Unfitted for the arduous work of the world, they seek it. Shall we, then, permit them to suffer in the evening of their lives without endeavoring to fulfill the obligation we owe to society?

Many eligible for a pension under this bill possessed sizable fortunes before the advent of the crash of all values. I know one in particular who was worth more than \$1,000,000, and now has left only a small piece of property, from which he has insufficient income to pay its levied taxes. A pension made more liberal by Federal contribution will be for these a double blessing.

In my view there is scarcely a man in this country, or woman either, who has not made his contribution to the upbuilding and success of the Nation. A man or a woman who has lived 65 years and is a good citizen, and who has engaged in the pursuits of the various States, whether in the mart or in the home, lending his or her support steadfastly to the principles that give us our heritage, has added his or her share in a material way to the welfare of the Nation. We must lift them up from their plight, or we shall all go down with them.

We have an old-age-pension law in my State of New Jersey. It gives aged men and old women about \$12 a month. I am hopeful that by this bill, New Jersey will be encouraged to match the limit \$15 afforded by this Federal law, so that our old people will get the full benefit of about \$30 a month. I wish it could be more. Perhaps later it will be feasible to increase the amount. I only hope so. But we have to be guided

by our minds as well as by our hearts. Best judgment would seem to dictate that we make an auspicious start. Let us not begin something we cannot keep up. We are not by any manner of means jumping from cold to hot. Many of the States now have old-age pensions. We are but helping to make them more liberal, as we should. And as the years go on, with returning prosperity—and prosperity will return and is even now on its way—the benefits for our elders will be increased to meet their full needs. The people of New Jersey will be happier for the establishment of the Federal old-age-pension law, even though New Jersey pays into the Federal Treasury in taxes more than \$96,000,000 a year and receives in return approximately \$52,000,000, including emergency-relief moneys.

Job insurance looms up, too, as being economically sound. Our people are an active, vigorous people. They have had reason to be an optimistic people. In this country of opportunity it appeared that a job would never be wanting. Some never looked to the future, expecting always to earn a livelihood. Others, more prudent, invested according to the guide posts put up by our bankers, our industrialists, and even by the Federal Government. Besides, most of us have not known how to save. Probably 95 percent of our people are not the real saving kind, not the kind like our bankers and great industrialists and others who know how to cling to their money. The average American is a liberal man. He has suffered privation or want, and he is most ready to contribute to the needs of others. And he went along at the call of those who sought his surplus funds for deposit in their banks and investment in their enterprises, or enterprises in which they were interested, and for what he was given to understand would result in the development of great American institutions.

Among others, along came the National City Bank and said, "Buy Pennsylvania Railroad common at \$117; it is a great investment", and that just before the crash. Then there was the Chase National Bank calling, "Buy Chase National Bank Stock", when the officers and directors of that bank were actually selling their stock. We had Raskob, leader of industry, who said to the average man of America, "If you have a dollar, go out and borrow another dollar and invest both of those dollars." The Secretary of the Treasury of the United States added, "This is a good time to buy bonds", when it was not a good time to buy bonds. Even the President of the United States gave encouragement by stating that the value of securities, including stocks, was not too high in this country. Banks and industries and even our Government were advising our people, and our people were taking that advice; and today many are without their deposits, their stocks and bonds and securities; and too many have their Raskobian debts and a keen sense of insecurity, anxiety, and worry. Worry is the worst disease known to mankind. It is worse than all the other diseases, no matter how malignant. The passage of this bill has for its purpose the lifting of worry and economic insecurity from the minds and backs of our people. Perchance the method employed by the bill is not the ideal way to accomplish our purpose. And to me there is a close constitutional question involved on the job-insurance provisions. But I shall vote for the bill as it is looking forward to the security of our employed, and that means the Nation.

Mr. BOYLAN. Will the gentleman yield?

Mr. KENNEY. I yield.

Mr. BOYLAN. The gentleman from New Jersey has said nothing yet about the application of this bill to his scheme for a national lottery. Does he not think it will apply here? [Laughter.]

Mr. KENNEY. My good friend knows with me that a great country, Norway, raises money for its old-age pensions by lottery. Of course, we could employ the lottery for our old-age pensions, and both of us know that in such case the aged would be sure of their pensions. Money is needed for many worthy purposes these days—money not available from ordinary sources—and lottery money would supply needed funds for pensions, veterans' payments, and other

demands. Surely my friend was not impressed when the gentleman from Massachusetts this afternoon cried out that the money for job insurance must come from their "dead industries"? They know, if they will look back to see what their forefathers did in times of money scarcity, that the lottery has been a life-saving device for their State and institutions. If they would do as their patriots of old did, they would be the first to advocate a lottery, and they would not have to talk about the money for job insurance as coming from their "dead industries." These selfsame gentlemen and their colleagues in conjunction with industry, who shrink from a lottery, carried on the policies of this country which are responsible today for their "dead industries." When the country was tottering, they jammed through the Smoot-Hawley tariff to a collapse of everything, including their industries. But they can yet make some contribution to this Government by following the example of Alexander Hamilton, proclaimed by them as the greatest Secretary of the Treasury this country ever had, and in which we all agree in large measure. When Hamilton proposed New Jersey as the center of all industry in America after the War of the Revolution as part of his plan to establish the economic independence of the new Nation, he made sure to provide for the conduct of a lottery to insure that the funds available for the industrial enterprises would not be depleted. Of course, the Federal Government by this bill will only provide moneys for old-age pensions in cases where the States contribute an equal amount. The pension for the old is not assured by this bill. The lottery would make the pension absolutely secure; and, knowing the gentleman from New York as I do, I am sure the gentleman does favor a national lottery. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. McREYNOLDS, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee, having had under consideration the bill H. R. 7260, the social-security bill, had come to no resolution thereon.