

RETIREMENT INCOME OF THE AGING

HEARINGS
BEFORE THE
SUBCOMMITTEE ON RETIREMENT INCOME
OF THE
SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE
EIGHTY-SEVENTH CONGRESS
FIRST SESSION

Part 5.—Springfield, Mass.

NOVEMBER 29, 1961

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NOTE.—Ten hearings on retirement income were held and they are identified as follows:

- Part 1. Washington, D.C.
- Part 2. St. Petersburg, Fla.
- Parts 3 and 4. Port Charlotte and Sarasota, Fla.
- Part 5. Springfield, Mass.
- Part 6. St. Joseph, Mo.
- Part 7. Hannibal, Mo.
- Part 8. Cape Girardeau, Mo.
- Part 9. Daytona Beach, Fla.
- Part 10. Ft. Lauderdale, Fla.

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RETIREMENT INCOME OF THE AGING

WEDNESDAY, NOVEMBER 29, 1961

U.S. SENATE,
SUBCOMMITTEE ON RETIREMENT INCOME,
OF THE SPECIAL COMMITTEE ON AGING,
Springfield, Mass.

The subcommittee met, pursuant to call, at 10 a.m., in the Sheraton-Kimball Hotel, Senator Benjamin A. Smith presiding.

Present: Senators Benjamin A. Smith and Jennings Randolph.

Also present: Hon. Edward Boland, a Representative in Congress from the State of Massachusetts.

Staff members present: Dr. Frank Atelsek, research director; Robert Pell, assistant to Senator Smith; and Frank C. Frantz and Edith Robins, professional staff members.

Senator SMITH. The hearing of the Subcommittee on Retirement Income of the Senate Special Committee on Aging will please come to order.

I would like to open the hearing this morning with my thanks to all of you for being here to help us accomplish a most earnest purpose. This is an official hearing of the Subcommittee on Retirement Income of the U.S. Senate Special Committee on Aging. The adequacy of retirement income is basic to almost every problem which our senior citizens face today. There is no question in my mind that the more than half million aged citizens in Massachusetts deserve to have a decent standard of living during their retirement years. The big question is: How can we achieve this goal?

Because of the many problems involved, I am well aware that there is no single simple solution and it is foolhardy for us to expect to frame a comprehensive answer here this morning, but we must continue to search for ways to improve the situation. I am firmly convinced there is no set of problems more deserving of a truly adequate solution than those faced by our retired people.

The Congress has asked this question, "What can be done?" many times in the past and, in fact, we have come up with some answers: The social security system and its gradual improvement; tax allowances for employers to stimulate development of private pension plans; tax exemptions for those past 65; provision for low-cost housing for the aged with low incomes, and so on.

Despite this progress, our studies show that the answers of the past are not meeting the requirement income problems of today, and promise to be even less adequate for the future. Current facts about our aged population point up the immediacy of these problems and the importance of the task our subcommittee has taken on.

In our State here in Massachusetts, 68 percent of all people over 65 years of age are receiving social security payments. The monthly benefit paid to retired workers averages about \$77. Social security benefits are the main source of income for many retired people. For some, it is their only source of income.

As of July 1961, over 62,000 aged people in our State needed help from the old-age assistance program.

At our hearings, many have pointed out that in our efforts to solve these fundamental problems of retirement income, we are, in fact, helping ourselves, since time and age certainly catches up to all of us.

However, I would like to make this observation: Although it is true that by helping to solve the problems of retirement, we will benefit in the long run, I would like to believe that we younger Americans want these urgent problems solved now. Not for ourselves, but for the sake of our elders who are facing these great problems today.

Therefore, the intent of these hearings is to receive first-hand information from the experts about the problems of aging at the local, State, and regional levels. Just as important, we are counting on the senior citizens to give us some insight based on their own experiences and needs in retirement.

Through this series of hearings we hope to set the stage for intelligent forward-looking legislation designed to help our senior citizens achieve a comfortable, secure retirement. Certainly our senior citizens deserve a fair share of the future they helped to build.

Before we hear our first witness, I would like to explain that this hearing is 1 of more than 30 that are being held around the country this fall; in fact, today there is one being held in Hawaii by Senator Oren Long of Hawaii, at this very—well, it will be a few hours later. This widespread sampling of testimony from officials and experts, as well as the problems and ideas expressed by our senior citizens in the afternoon townhall meeting, will form a valuable basis for action by the Congress during the next session.

This morning I am very happy to be here in Springfield. The first man that I am going to ask to speak a word to you this morning is the Congressman from this district, a man who has served Massachusetts, and his area of Springfield, with honor and distinction over the past several years; a man who serves on the important Appropriations Committee, a committee that allots money to the Health, Education, and Welfare program of this country; a man who I know has met with some of you citizens when you have been in the golden age group down to Washington; a man who has done a great deal. I know that the fact that the golden age group is so strong and so popular, and doing such a wonderful job here in Springfield, I am very happy to present to you this morning your Congressman from this district, Congressman Ed Boland.

STATEMENT OF HON. EDWARD BOLAND, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

Mr. BOLAND. First of all, may I express my very deep appreciation to you and to the subcommittee for coming into Massachusetts to listen to some of the experts in this field with respect to this particular problem. I am conscious of the fact that this afternoon there will be

a town hall meeting forum type of assembly where all of you can get in on the problems that affect not only retirement income, but all the problems affecting those who are in the 65-year-age bracket and above.

I have a statement here with respect to retirement income. I will file it with the committee.

As you know, Senator, we have the opportunity to appear before your committee in Washington, and I don't want to take the time or encroach upon the time of experts who are here to testify with respect to this particular problem.

I might say that we are grateful to you as one of the newer members of the Senate, and we are proud of the fact that you are on this very important committee and on the Committee on Labor and Public Welfare. It is one of the most important committees in the Senate having to do with the problems, not only of the aged people but all of those in a broad spectrum of our American way of life.

This Subcommittee on Retirement Income, as the Senator has indicated, is holding hearings all over the United States, a great number of hearings, to determine precisely the answer to the question, What must be done and what has to be done? I think this is the kind of meeting that gives you some of the answers to the problems that confront the Senate and the House of Representatives and ultimately the President of the United States in this vastly important field.

May I say that this is an area that we are very proud with respect to what the older people do for themselves in this particular district. The Golden Age Club is one of the finest in the United States, it is one of the largest. The Hobby Club here is one of the best in the United States, it is one of the finest. I think some of the activities with which all of the senior citizens of this area are involved in are activities that well might be used by other areas throughout the United States.

We have started along a fairly difficult road with respect to housing for the elderly. We are proud of the fact that the Springfield housing authority has moved in this direction and is moving as rapidly as it can. I think more must be done here. We have some excellent housing units for the elderly and as you know, Senator, the U.S. Government is now getting into this field on a vastly greater scale than it ever has in the past. I think you and I agree this was something which was lacking on the part of the Federal Government. No Federal assistance was given in housing for the elderly. This was a matter which was handled entirely by the State, the two magnificent housing projects were built solely on the part of the local housing authority.

May I say it is particularly appropriate that you do come here and open your hearings in Massachusetts with respect to retirement income. Massachusetts is not a neophyte in the field of assistance to the elderly or social security at all. The movement for old-age security in this country actually began in Massachusetts so that is one reason we are delighted that you serve on this committee that is so close to the problems of the people in this age category.

Massachusetts was not the first State, but it was the first to consider the matter and carry out serious study and research over a period of years.

In conclusion, may I read a report of the Special Committee on Social Insurance which was written many years ago—in 1917. It reads:

All of us know cases of individuals of fair earning power and thrifty character who have come to want and suffering by reason of continued illness either of themselves or of their families. Others have lost the savings of a lifetime and have suffered a pinched old age because of their natural business judgment or their training was not such as to enable them to safeguard their savings.

The State which merely counsels thrift to such an individual, really mocks him in this instance. It ought not to be to difficult a task of statesmanship to leave unimpaired sufficient incentive to thrift and the development of that individual which must be the very substance of any nation while providing a man who makes a fair attempt to support his family decently and save something shall not under any circumstances be allowed to become altogether destitute and required to accept pauper relief.

This was written in 1917, it applies today. We are delighted to have you. I am proud of you as a junior Senator from Massachusetts, and I am proud of the people who are here to testify and who are here to listen.

Thank you very much.

(The prepared statement of Congressman Boland follows:)

PREPARED STATEMENT OF HON. EDWARD BOLAND

Retirement income is an issue of growing national concern. The rising number of aged people in our population, combined with urbanization and industrialization, which causes more persons to enter retirement and at the same time breaks down the traditional means of assimilating and caring for the aged, forces us as a nation to focus attention on the problem.

Massachusetts, like the rest of the country, has experienced a tremendous growth in the number of its aged citizens. Just in the decade 1950-60 its 65-and-over population grew by 22 percent to 571,609. The State's total population increased less than 10 percent. Older citizens account for 11.1 percent of the total population, ranking Massachusetts seventh highest among the States in its percentage of aged persons. Elderly women normally outnumber elderly men, but the ratio is higher in Massachusetts than in any other State. This situation tends to intensify the income problem because aged widows, or unmarried women, generally have substantially lower retirement incomes than do their male counterparts.

The high degree of urbanization and industrialization in Massachusetts implies that a large percentage of the State's population is dependent on wages. I am one of those persons who believes that the average wage earner cannot, on an individual basis, be expected to save enough to provide adequately for an extended period of retirement. In contrast to the wage earner, the aged member of a farm family can continue to make himself useful long after the industrial worker has been laid off due to age. Moreover, farm families are more likely to have room for an aged relative than are city families.

SOURCES OF INCOME

The old-age survivors and disability insurance program is the cornerstone on which retirement income is built in this country. At the close of last year, 680 out of every 1,000 persons aged 65 or older in Massachusetts were collecting OASDI benefits, a ratio higher than the national average of 638 beneficiaries per 1,000 aged persons. To some beneficiaries, OASDI payments are merely one source of retirement income. To others, however, these payments are virtually their sole source of income, and the benefits are grossly inadequate for persons forced to depend solely or largely upon them for their upkeep.

The Bureau of Labor Statistics' revised 1959 modest but adequate budget for retired elderly couples residing in rented quarters in urban areas included Boston among the 20 large cities surveyed. The annual cost of living for such a couple in Boston, according to this budget, was \$3,304 and was topped only by Chicago. Average OASDI benefit for a retired worker and his wife in Massachusetts in December 1959 was \$113.93 monthly, or an annual rate of about \$1,367—less than

half of the couple's requirements. At the maximum monthly benefit rate, a rate enjoyed by but a few individuals at this time, of \$190.50 a month annual OASDI payments would still fall short by roughly one-third of the needs of the Bostonian couple. The data thus suggests that a good many OASDI beneficiary couples must be having great difficulty in meeting living costs unless they are among the relatively few fortunates who can supplement appreciably their OASDI benefits from other sources.

The inadequacy of social security benefits for many persons also is revealed by the number of persons who must supplement their benefits with old-age assistance. Persons under both programs do not always reap the advantage of congressional increases in social security benefits because their old-age assistance payments may be reduced proportionately, leaving the recipients with no more than they received previously. Ten percent of OASDI recipients in Massachusetts also received old-age assistance in 1960. This is several percentage points above the national average.

Last year Congress passed and our State adopted the medical care for the aged program, commonly called the Kerr-Mills Act. Many nursing home and other institutional cases, which had been under the State's old-age assistance program for medical assistance only, were transferred to the new program, designed to extend such assistance to people not in old-age assistance. Combined coverage under the 2 programs in March of this year was roughly 78,000 persons. Thus, for one purpose or another, one out of every seven aged persons in the Commonwealth had to seek assistance from these Federal-State welfare programs to supplement their income. In connection with nursing home care, a recent survey showed that three-fourths of the patients in nursing homes in Massachusetts do not pay their own way.

Railroad retirement and Government employees retirement programs, veterans payments, and private annuities and pensions plans are other sources of retirement income. It is too early to pass judgment on the operation of private pension plans because relatively few of the workers under them have reached retirement age. There are problems at present but I am sure they are not insoluble. A serious one, is, that often when a worker changes jobs or his employer goes out of business, his pension rights are lost. Also, present pension plans are pretty much limited to large firms.

Earnings can be a form of retirement income because retirement does not necessarily involve complete withdrawal from the labor force. This fact is recognized in the Social Security Act which permits persons to collect benefits if their earnings are within the dollar limits set by the retirement test. The fact that only one-third of the men and slightly over 10 percent of the women in the country's 65-and-over age group are in the labor force, demonstrates the extent to which people in this age bracket must depend on retirement income other than earnings. Of those aged who do work, over 60 percent also receive social security benefits.

In the main, savings are not drawn upon to pay living expenses after retirement. They are considered a reserve to be used only in dire emergency. Retirees do not know over how many years they have to spread their savings but they do know that once the savings are used up, they are not likely to be replaced.

PROBLEMS PERTAINING TO RETIREMENT INCOME

Inflation is the arch enemy of retirement income. Most retirees have fixed incomes. Inflation not only affects the value of such income but also the value of accumulated savings. Persons who may have an adequate income when first entering retirement see the value of this income drop as the years roll by. I believe that not only must the purchasing power of retirement income be maintained but retirement income must also reflect the growth in our national product so that outraged population can partake in the country's rising levels of living. The Government, private enterprise, and individual action must all combine if we are to insure that the aged of the richest country in the world can enjoy a decent standard of living as they leave the working world and step into retirement.

Without going into their merits or demerits, I want to run over briefly several of the proposals which have been put forth for improving and protecting retirement income—automatic adjustments in OASDI benefit levels to changes in earning levels; modification of the retirement test to take account of the effects of inflation; increasing the maximum earnings base on which the social security tax is levied. Other proposals include encouragement of management to extend

private pension plans; to introduce portability features so that workers may preserve their earned pension rights when changing jobs; and to adopt a flexible retirement age rather than compulsory retirement at a fixed age.

In conclusion I want to point out that the movement for old-age security in this country began in Massachusetts. Massachusetts was not the first State to enact an old-age assistance law but it was the first to consider the matter and to carry out serious study and research over a period of years.

I want to read an excerpt from a report of the Special Commission on Social Insurance which is as true today as when it was first written—back in 1917.

"All of us know cases of individuals of fair earning power and thrifty character who have come to want and suffering by reason of continued illness either of themselves or of their families. Others have lost the savings of a lifetime and have suffered a pinched old age because their natural business judgment or their training was not such as to enable them to safeguard their savings. The State which merely counsels thrift to such an individual really mocks him in this instance. It ought not to be too difficult a task of statesmanship to leave unimpounded sufficient incentives to thrift, and the development of that individual sturdiness which must be the very substance and strength of any nation, while providing that a man who makes a fair attempt to earn, support his family decently and save something shall not under any circumstances be allowed to become altogether destitute and required to accept pauper relief."

Senator SMITH. Thank you very much, Congressman Boland, that was very fine testimony.

Now, I would like to announce that my distinguished colleague, Senator Randolph of West Virginia, who was due here, we have just heard from the airport that his plane has been detained, but he will be here later in the morning.

I also would like to announce at this time that our senior Senator, Senator Leverett Saltonstall, had planned to be here. I am sorry he could not be here. He is extremely interested in this entire program. He is absent because of the funeral of Senator Styles Bridges of New Hampshire.

So we will now go on with the hearing. Our first witness this morning will be Francis W. Looney, executive secretary of the Massachusetts Council for the Aging, in Boston. Mr. Looney? May I say at the outset that your entire testimony will be made a part of the record, and you do not have to follow entirely the complete outline, if you wish not to.

Mr. LOONEY. Thank you. I have submitted copies to the clerk of the committee, and I will not be covering all of the material that I have presented.

STATEMENT OF FRANCIS W. LOONEY, EXECUTIVE SECRETARY, MASSACHUSETTS COUNCIL FOR THE AGING, BOSTON

Mr. LOONEY. Mr. Chairman, and members of the committee, the Massachusetts Council for the Aging is pleased to note that your committee is conducting two hearings in the Commonwealth of Massachusetts on two extremely important topics of concern to our aging citizens and to those agencies public and voluntary working with the aging. We will look forward with interest to the testimony developed at these hearings and the reports which will be forthcoming. The testimony of the experts and specialists in this field and the comments of the older citizens themselves will prove, I am sure, a valuable source of information for the council for the aging in carrying on its work.

The Commonwealth of Massachusetts is proud, with reason, of its leadership among the States in a number of vital areas of concern for its older citizens. Our pioneering program in State housing for the elderly, our high level of grants in the old-age assistance program, the adoption as long ago as 1950 of statutory prohibition against discrimination in employment because of age, prompt adoption of a program of medical assistance to the aged, following congressional enactment of the Kerr-Mills legislation. Our council for the aging, established in 1954, is also the first permanent State commission set up by legislative action. It is also of more than passing interest, and perhaps unique in this respect, that in its organization and functions it conforms to the model for State organization recommended by the White House Conference on Aging.

Since the council for the aging has been assigned a key role in effective implementation of the Commonwealth's interest in its aging citizens I would like to give your committee some information about the council.

The Massachusetts Council for the Aging was established in 1954. It is authorized to—

act in an advisory and consultative capacity with the general objective of coordinating within the several departments of the Commonwealth programs designed to meet the problems of the aging and may promote, assist, and coordinate activities designed to meet such problems at community levels.

The council is a nine-member board, composed of four members appointed by the Governor for overlapping 4-year terms and five ex officio members or their representatives: The commissioners of education, mental health, public health, public welfare, and labor and industries. The chairman is designated by the Governor. All members serve without compensation, but are reimbursed for necessary expenses incurred in connection with council activities.

The council maintains an office in Boston and employs a staff of five persons. In addition the council has made use of part-time assistance on special studies, when funds were available. Three unpaid coordinators also assist the council, representing it in work with local groups.

The council and its staff have engaged in many important activities in the 7 years of its existence. Perhaps the most important has been that of assisting communities to develop their own local councils for the aging. The council has prepared and distributed a program guide for local councils. The council publishes a regular news bulletin that describes activities in the field of aging. A pamphlet, "Recreation for Senior Citizens," has been prepared and distributed. The council has sought to deal with the problems of coordination among various agencies and departments, but it is clear that much still needs to be done in this respect. To achieve this, the council has now established an interdepartmental coordinating committee which includes representation from all State departments having programs for older people.

Some of the key activities of a State organization dealing specifically with the problems of aging are the following:

- (1) Stimulating efforts to study community needs in the field of aging.
- (2) Promoting better public understanding of the needs of the aged and the various ways of meeting them.
- (3) Getting new programs started.

- (4) Improving scope and effectiveness of existing programs.
- (5) Facilitating better cooperation among the agencies dealing with older persons.

All too frequently the many different State agencies and departments concerned, in one way or another, with the problems of the elderly citizen each proceed to develop and maintain their own programs, services, and activities in relative isolation from one another. Indeed there usually is some resentment of the suggestion that an outside body or group should have any authority or influence over a program that a department considers its own prerogative. The works of the various departments of the government of the Commonwealth which bear on aging still remain somewhat isolated and insulated from one another.

Another major role of a central broadly oriented agency is to constantly review the overall needs and services in the State that bear on aging so that omissions can be rapidly spotlighted, public attention called to them, and the necessary remedial steps taken. For a number of years to come there will be a continuing need to set priorities among the various programs and services for the aged that might be undertaken. A continuing planning function, buttressed by surveys and other studies, is an essential part of a total program for the aged.

Among the several distinguished citizen members of the Massachusetts Council for the Aging is one who is well known for his many contributions in the area of concern at this hearing today. I refer to Dean Charles I. Schottland, of Brandeis University, who chaired the section on income maintenance for the White House Conference on Aging. Since Dean Schottland cannot be here today I would like to include in this statement excerpts from Dean Schottland's address to the orientation meeting of his section at that Conference. The address was entitled "Maintaining the Income of the Aged in America" and contains most of the essential elements of the problem under discussion at this hearing.

In the interest of time I will not refer to all of these but I would like to single out a few significant remarks from Dean Schottland's statement, starting off with the specific series of facts.

(1) Only about one in four of the aged (including nonworking wives of wage earners) receive income from employment.

(2) Two out of three aged receive old-age, survivors, and disability benefits.

(3) Almost one out of six (15 percent) receive public assistance. In other words, three-fourths of all aged over 65 receive OASI or OAA.

(4) Retirement from the labor force results in a sharp drop in men's income after age 65.

(5) Three out of ten aged men and three out of four aged women have income under \$1,000 per year.

(6) Older persons spend almost twice as much per capita for medical care as the total population.

These are the facts which we must consider as we explore various proposals related to maintaining the income of aged.

Granting that as a group the aged have relatively low income, how much do they really need? One measure of need might be the recent Bureau of Labor Statistics estimate of \$2,390-\$3,370 for a retired couple renting a home in a large city as the cost of a modest but

adequate standard today. Or on the premise—consistent with the spending patterns of older families—that food should claim no more than one-fourth of income, it might be said, based on the low-cost food plan of the U.S. Department of Agriculture, that income less than \$2,400–\$2,500 for an elderly couple is uncomfortably low.

Although opinions differ as to the standard against which to measure resources of the aged, it is generally agreed that their lower-than-average income may be strained by higher-than-average need, particularly in the case of medical care—the more so since they are less likely than those younger to have health insurance. One measure of disparity between needs and resources is the fact that close to 20 percent of public expenditures for medical services are in behalf of aged persons, although this group is less than 10 percent of the population. Private expenditures for medical care, too, are much higher per person for the aged than for those under 65. Published figures indicate that relatively little of the aged person's medical bills is covered by his insurance. Furthermore, with health insurance—as with savings and other resources—it is likely to be those with high income who have it, rather than those with low.

I will skip over his discussion of benefit level under OASDI and public assistance and talk briefly about the point Mr. Schottland makes as the key point. This is financing of medical costs.

Widespread concern about the problems of medical care costs of the aged and how they should be financed was evidenced by recommendations on this subject from all States. Many of our workshops will be engaged in formulating recommendations dealing with the general approach to be taken in the financing of medical care. For these delegates, I would like to pose a number of questions that occurred to me as I studied the recommendations forwarded by our States.

(1) A frequently recurring recommendation is that noncancellable health insurance providing medical benefits tailored to the needs of the needs of the aged be made available at premium rates older people can afford. However, these State recommendations did not answer the question of what premium rates the aged can afford to pay when more than half of all people over 65 have less than \$1,000 income? With medical costs for older people averaging two to three times the costs for younger persons, who absorbs the costs for the aged over and above what they themselves can afford to pay out of their own incomes? Is it reasonable to expect younger insured persons to pick up these excess costs voluntarily by choosing to purchase insurance at premiums that are weighted for the costs of the aged? If not, does this imply compulsion in some form, either through social security taxes spread over the working years in order to provide health insurance that is paid up at retirement or through compulsory payments of income taxes to provide general revenue financing of medical assistance for the aged?

(2) Many of the recommendations express the principles of individual and family responsibility, with involvement of government—and particularly the Federal Government—only as a last resort and only for those who can pass a test of indigency. We would all agree with the values of individual and family self-reliance and responsibility.

With reference to one of the controversial matters before our work groups, however, namely, medical care, we must ask ourselves several questions. Is this sense of individual responsibility strengthened by forcing old people to pass a test of indigency before they receive needed medical care? And is the family and society in general strengthened if adult children must deprive their own youngsters or must use savings put aside for their own old-age security in order to pay for medical care for an aged parent? Our answers may reflect a difference of opinion, but we should not glibly make generalizations about these matters without considering these questions.

(3) Another frequently recurring recommendation from the States is that group insurance which individuals have through their employment or as members of pension or retirement systems should be continued after retirement. Recommendations such as this show a commendable effort at long-range planning so that today's problems may not have to be faced all over again tomorrow. We should consider both the contributions and the limitations of this approach. With continuation of group coverage after retirement usually limited to workers who qualify for a private pension, what is the potential coverage of such health insurance even a decade or so from now? What are the barriers encountered in trying to provide for the continuation of such insurance after retirement? How can such barriers be eliminated?

(4) A number of the States recommended that medical care for the aged be financed through the social security program with benefits provided as a matter of right. They saw this as the only method whereby the vast majority of the aged can be assured of paid-up health benefits on retirement and several recommended that the proposed protection be extended to other aged persons not presently covered by OASDI. These approaches should be carefully analyzed and weighed. What safeguards would be needed against abuses, interference with hospital administration or the patient-doctor relationships? Would it lead to overutilization? So much for extracts from Dean Schottland's discourse.

In conclusion I would like to invite the attention of this committee to the report "Facts and Future," particularly to the sections on income maintenance, employment security and retirement. This report, prepared for the White House Conference on Aging, represents the collective thinking of a large number of Massachusetts citizens who played a part in its preparation through a number of surveys, meetings, and workshops, and I believe you will find it most helpful in your deliberations. Thank you for the courtesy extended to me in presenting this material.

Senator SMITH. I want to thank you very much on behalf of the committee for this very excellent testimony, Mr. Looney. I just want to point out that Massachusetts is one of the few States that has such a council that is actually working and is very active.

Could you tell me, Mr. Looney, how many local councils there are in our State?

Mr. LOONEY. There are now 68 local councils functioning in Massachusetts as of the last count.

Senator SMITH. What is their function?

Mr. LOONEY. The local councils vary, Senator, according to the community. There is no set pattern. We suggest in the guide that we publish some of the things that local councils can do, but we feel it is a very healthy thing that the local councils decide for themselves what they are going to do.

For example, in some communities the first activity of the council is to publish a resource directory of all of the agencies and resources in the community for older persons and distribute this directly through community agencies directly to the older people so that they know where to call if they need some assistance.

Another major function of many of the local councils is to tie in what the local community through its public agencies, its recreation departments, its public welfare department, and other services are doing with the private social agencies also attempting to serve older people.

Some of them have been involved in and pilot projects pointing out needs or trying to indicate the areas of needs. There are a great variety of things that local councils do.

Senator SMITH. Thank you very much, Mr. Looney.

Congressman Boland, do you have any questions?

Thank you again.

Mr. LOONEY. Thank you.

(The prepared statement of Mr. Looney follows:)

PREPARED STATEMENT OF FRANCIS W. LOONEY, EXECUTIVE SECRETARY, COUNCIL FOR THE AGING, COMMONWEALTH OF MASSACHUSETTS

Mr. Chairman and members of the committee, the Massachusetts Council for the Aging is pleased to note that your committee is conducting two hearings in the Commonwealth of Massachusetts on two extremely important topics of concern to our aging citizens and to those agencies public and voluntary working with the aging. We will look forward with interest to the testimony developed at these hearings and the reports which will be forthcoming. The testimony of the experts and specialists in this field and the comments of the older citizens themselves will prove, I am sure, a valuable source of information for the council for the aging in carrying on its work.

The Commonwealth of Massachusetts is proud, with reason, of its leadership among the States in a number of vital areas of concern for its older citizens. Our pioneering program in State housing for the elderly, our high level of grants in the old-age assistance program, the adoption as long ago as 1950 of statutory prohibition against discrimination in employment because of age, prompt adoption of a program of medical assistance to the aged, following congressional enactment of the Kerr-Mills legislation. Our council for the aging, established in 1954, is also the first permanent State commission set up by legislative action. It is also of more than passing interest, and perhaps unique in this respect, that in its organization and functions it conforms to the model for State organization recommended by the White House Conference on Aging.

Since the council for the aging has been assigned a key role in effective implementation of the Commonwealth's interest in its aging citizens I would like to give your committee some information about the council.

The Massachusetts Council for the Aging was established in 1954. It is authorized to act in an advisory and consultative capacity with the general objective of coordinating within the several departments of the Commonwealth programs designed to meet the problems of the aging and may promote, assist and coordinate activities designed to meet such problems at community levels. The council is a nine-member board, composed of four members appointed by the Governor for overlapping 4-year terms and five ex officio members or their representatives: the Commissioners of Education, Mental Health, Public Health, Public Welfare, and Labor and Industries. The chairman is designated by the Governor. All members serve without compensation, but are reimbursed for necessary expenses incurred in connection with council activities.

The council maintains an office in Boston and employs a staff of five persons. In addition the council has made use of part-time assistance on special studies, when funds were available. Three unpaid coordinators also assist the council, representing it in work with local groups.

The council and its staff have engaged in many important activities in the 5 years of its existence. Perhaps the most important has been that of assisting communities to develop their own local councils for the aging. The council has prepared and distributed a program guide for local councils. The council publishes a regular news bulletin that describes activities in the field of aging. A pamphlet, "Recreation for Senior Citizens," has been prepared and distributed. The council has sought to deal with the problems of coordination among various agencies and departments, but it is clear that much still needs to be done in this respect. To achieve this, the council has now established an interdepartmental coordinating committee which includes representation from all State departments having programs for older people.

Some of the key activities of a State organization dealing specifically with the problems of aging are the following:

- (1) Stimulating efforts to study community needs in the field of aging.
- (2) Promoting better public understanding of the needs of the aged and the various ways of meeting them.
- (3) Getting new programs started.
- (4) Improving scope and effectiveness of existing programs.
- (5) Facilitating better cooperation among the agencies dealing with older persons.

All too frequently the many different State agencies and departments concerned, in one way or another, with the problems of the elderly citizen each proceed to develop and maintain their own programs, services, and activities in relative isolation from one another. Indeed there usually is some resentment of the suggestion that an outside body or group should have any authority or influence over a program that a department considers its own prerogative. The works of the various departments of the government of the Commonwealth which bear on aging still remain somewhat isolated and insulated from one another.

Another major role of a central broadly oriented agency is to constantly review the overall needs and services in the State that bear on aging so that omissions can be rapidly spotlighted, public attention called to them, and the necessary remedial steps taken. For a number of years to come there will be a continuing need to set priorities among the various programs and services for the aged that might be undertaken. A continuing planning function, buttressed by surveys and other studies, is an essential part of a total program for the aged.

Among the several distinguished citizen members of the Massachusetts Council for the Aging is one who is well known for his many contributions in the area of concern at this hearing today. I refer to Dean Charles I. Schottland, of Brandeis University, who chaired the section on income maintenance for the White House Conference on Aging. Since Dean Schottland cannot be here today, I would like to include in this statement excerpts from Dean Schottland's address to the orientation meeting of his section at that conference. The address was entitled "Maintaining the Income of the Aged in America" and contains most of the essential elements of the problem under discussion at this hearing. I have attached these excerpts as appendix A to this statement.

In closing I would like to invite the attention of this committee to the report "Facts and Future" a copy of which is attached to this statement, with particular reference to the sections on income maintenance and employment security and retirement. This report, prepared for the White House Conference on Aging represents the collective thinking of a large number of Massachusetts citizens who played a part in its preparation through a number of surveys, meetings, and workshops and I believe you will find it most helpful in your deliberations. Thank you for the courtesy extended to me in presenting this material.

APPENDIX A

EXCERPTS FROM AN ADDRESS, "MAINTAINING THE INCOME OF THE AGED IN AMERICA"

(By Charles I. Schottland)

1. Only about one in four of the aged (including nonworking wives of wage earners) receive income from employment.

2. Two out of three aged receive old-age, survivors, and disability benefits.
3. Almost one out of six (15 percent) receive public assistance. In other words, three-fourths of all aged over 65 receive OASI or OAA.
4. Retirement from the labor force results in a sharp drop in men's income after age 65.
5. Three out of ten aged men and three out of four aged women have income under \$1,000 per year.
6. Older persons spend almost twice as much per capita for medical care as the total population.

These are the facts which we must consider as we explore various proposals related to maintaining the income of aged.

Granting that as a group the aged have relatively low income, how much do they really need? One measure of need might be the recent Bureau of Labor Statistics estimate of \$2,390-\$3,370 for a retired couple renting a home in a large city as the cost of a modest but adequate standard today. Or on the premise—consistent with the spending patterns of older families—that food should claim no more than one-fourth of income, it might be said, based on the low-cost-food plan of the U.S. Department of Agriculture, that income less than \$2,400-\$2,500 for an elderly couple is uncomfortably low.

Although opinions differ as to the standards against which to measure resources of the aged, it is generally agreed that their lower-than-average income may be strained by higher-than-average need, particularly in the case of medical care—the more so since they are less likely than those younger to have health insurance. One measure of disparity between needs and resources is the fact that close to 20 percent of public expenditures for medical services are in behalf of aged persons, although this group is less than 10 percent of the population. Private expenditures for medical care, too, are much higher per person for the aged than for those under 65. Published figures indicate that relatively little of the aged person's medical bills is covered by his insurance. Furthermore, with health insurance—as with savings and other resources—it is likely to be those with high income who have it, rather than those with low.

With this as background, our task is to examine some of the proposals that have been made for improving the income position of older people.

Benefit levels under OASDI.—Many of the States recommended that the benefit level under OASDI be reappraised to bring it more nearly into line with today's living costs. While such recommendations imply that present benefit levels are too low, they sidestep the basic question of what level of benefits should be provided through the governmental social security system. In other words, what do we mean by such phrases as "a floor of protection against want and destitution for the vast majority"? Should the level of benefits that will become payable in the future be raised through an increase in the earnings base and maximum benefit? Or should the entire benefit level be raised? What about costs? Is this a priority when considered in relation to other proposals?

The retirement test under OASDI.—The great majority of the States recommended that the retirement test be liberalized—with a few suggesting outright elimination and a number suggesting liberalization as an alternative to elimination. Whatever recommendation on the retirement test is made by your workgroups, I urge that it be soundly based on a realistic assessment of some basic questions. To what extent does the retirement test discourage productive employment? If liberalization is suggested because beneficiaries cannot live on their benefits and must supplement benefit income with earnings, what of the millions of beneficiaries who are too old to work? What would it cost to pay benefits to persons who are still able to earn substantial amounts and what are the competing demands on this additional cost?

Public assistance for the aging.—All but a handful of States made recommendations aimed at improvements in their public assistance programs. Some of the proposals would require changes in Federal legislation and increased Federal grants; some are dependent only on State action and appropriations. In developing the recommendations of your workgroups, it would be highly desirable to be as specific as possible. What should be the area of responsibility—Federal, State, and local? What should be the goals we ought to establish for public assistance standards and services?

Financing of medical costs.—Widespread concern about the problems of medical care costs of the aged and how they should be financed was evidenced by recommendations on this subject from all States. Many of our workshops will

be engaged in formulating recommendations dealing with the general approach to be taken in the financing of medical care. For these delegates, I would like to pose a number of questions that occurred to me as I studied the recommendations forwarded by our States.

(1) A frequently recurring recommendation is that noncancellable health insurance providing medical benefits tailored to the needs of the aged be made available at premium rates older people can afford. However, these State recommendations did not answer the question of what premium rates the aged can afford to pay when more than half of all people over 65 have less than \$1,000 income? With medical costs for older people averaging two to three times the costs for younger persons, who absorbs the costs for the aged over and above what they themselves can afford to pay out of their own incomes? Is it reasonable to expect younger insured persons to pick up these excess costs voluntarily by choosing to purchase insurance at premiums that are weighted for the costs of the aged? If not, does this imply compulsion in some form, either through social security taxes spread over the working years in order to provide health insurance that is paid up at retirement or through compulsory payment of income taxes to provide general revenue financing of medical assistance for the aged?

(2) Many of the recommendations express the principle of individual and family responsibility, with involvement of government—and particularly the Federal Government—only as a last resort and only for those who can pass a test of indigency. We would all agree with the values of individual and family self-reliance and responsibility.

With reference to one of the controversial matters before our workgroups, however, namely, medical care, we must ask ourselves several questions. Is this sense of individual responsibility strengthened by forcing old people to pass a test of indigency before they receive needed medical care?

And is the family and society in general strengthened if adult children must deprive their own youngsters or must use savings put aside for their own old-age security in order to pay for medical care for an aged parent? Our answers may reflect a difference of opinion, but we should not glibly make generalizations about these matters without considering these questions.

(3) Another frequently recurring recommendation from the States is that group insurance which individuals have through their employment or as members of pension or retirement systems should be continued after retirement. Recommendations such as this show a commendable effort at long-range planning so that today's problems may not have to be faced all over again tomorrow. We should consider both the contributions and the limitations of this approach. With continuation of group coverage after retirement usually limited to workers who qualify for a private pension, what is the potential coverage of such health insurance even a decade or so from now? What are the barriers encountered in trying to provide for the continuation of such insurance after retirement? How can such barriers be eliminated?

(4) A number of the States recommended that medical care for the aged be financed through the social security program with benefits provided as a matter of right. They saw this as the only method whereby the vast majority of the aged can be assured of paid-up health benefits on retirement and several recommended that the proposed protection be extended to other aged persons not presently covered by OASDI. These approaches should be carefully analyzed and weighed. What safeguards would be needed against abuses. Interference with hospital administration, or the patient-doctor relationships? Would it lead to overutilization?

Senator SMITH. Our next witness will be Mr. George F. Reilly, district director, Massachusetts Department of Public Welfare, Springfield. He is representing Mr. Patrick A. Tompkins, who is State commissioner of public welfare in Massachusetts.

Mr. Reilly?

STATEMENT OF GEORGE F. REILLY, DISTRICT DIRECTOR, MASSACHUSETTS DEPARTMENT OF PUBLIC WELFARE, SPRINGFIELD

Mr. REILLY. Senator Smith, and members of the committee, I think it might be well if I mentioned as you did, I am replacing Commis-

sioner Tompkins for today because Commissioner Tompkins is participating at the APWA Biennial Conference in Chicago. I just wanted to mention, Senator Smith, that Commissioner Tompkins would have liked very much to be here, but he is a participant in several panel discussions these very 2 days at the biennial conference at Chicago. At the direction of the commissioner, I am presenting his remarks here today and while some of them may not be exactly within the connotation of the word "retirement," he has directed me to bring to the attention of the committee problems and services that are needed for the aged, particularly in this area.

Now, I don't believe it needs any repetition here, and like Mr. Looney, I will brief a few of these comments, because the staff member of the committee has already been supplied several copies of it.

It may be an old cliché and a timeworn phrase, but the facts of life are that the depression of the thirties and the debased dollars of World War II, and the period since, have left little, if anything, for many of our aging to plan for retirement.

Now, people in my field have said much and probably written more to describe the loneliness that faces many of the elderly. It appears, as somebody has said at a recent subcommittee at the White House Conference, that even our own building industry seems to have contributed to this because unlike our ancestors or forebears, we live in a separateness of generations. An essential need, therefore, which ties into a few comments made by Congressman Boland in which he outlines plans for increased housing for the elderly in this area, I think it brings the problem down to the desk when, as of this morning, there are 107 housing units in the Springfield area. The local director informs me that he has on that same desk 450 valid interested applications for housing that could not be accommodated.

In my recent checks, because our district covers the four western counties of the Commonwealth, 101 cities and towns, housing directors in Holyoke and Pittsfield tell the same story of a mass of applications.

Now, while inability to remain in employment after the chronological age of 65 years is a problem, I think it would be of interest to this committee to know that in this city where we meet today there are 17,000 people receiving social security benefits at an average monthly payment of just under \$75. We have 22,000 elderly people in the city over the age of 65 years, 2,000 persons in receipt of old age assistance and 700 persons in the city of Springfield on our recently enacted program for medical assistance for the aged.

In this one typical city, the third largest city in the Commonwealth, in calendar 1960 the city of Springfield, through its local old age assistance division, spent \$1,400,000 for the one item of hospital expense. In our local general hospitals the required public assistance payment for a 30-day stay averages \$700. Our other largest city west of here, Pittsfield, in calendar 1960, spent \$994,000 on its entire old-age assistance program of which \$441,000 was for medical care. Probably we could dismiss that point in the interest of brevity at this stage to say it takes little imagination to realize the problem facing the elderly, 17,000 of them in Springfield on social security, when they meet with the necessity of medical care.

Now, I think, and it lines up with the few comments made by Representative Boland, that Massachusetts can take a little bit of pride here when the efforts in Washington last year did not meet with success with respect to the enactment of a medical care to the aged program, Massachusetts had legislation all ready and prepared. It was signed by His Excellency the Governor in late October retroactive to October 1. So I think we can safely say Massachusetts was the first State in the Union to enact a State level of medical assistance to the aged coincident with the Kerr-Mills bill, so that as of this morning in Massachusetts there are 15,000 persons receiving assistance under this program. It might be a little bit more accurate to say that about 6,000 or 7,000 of those persons were previously on old-age assistance and are now on medical assistance to the aged.

I think it is a fair statement of the policymaking officials of our department, and particularly the Commissioner, that it is the considered judgment of our department that this program is effective and it is well worthwhile, but it should be a supplement to rather than a substitute for the originally proposed program at the Federal level.

Just here in western Massachusetts there are 7,500 people in receipt of old age assistance at an annual cost of \$8 million. We have 1,900 persons in western Massachusetts on medical assistance to the aged at a cost of \$5 million a year. I think, maybe, we could appreciate the cost of medical assistance in our two programs if we remember that in fiscal 1961 ending last June 30, over 40 cents of every public assistance dollars was for medical care.

Now, in outlining these two major problems facing the aged, that at times may seem to defy solution, I think for the record we would be remiss if we fail to recognize some of the advances that have been made and the services that have been developed in western Massachusetts. Mr. Looney mentioned councils for the aging. I think in the Springfield area you can take very justifiable pride when you mention the local council for the aging composed of interested dedicated citizens who direct oldsters to the proper agencies, assist in personal problems and work in the area of housing and social welfare. The golden age group in Springfield has received attention all over the East. It is composed of 3,000 active members maintaining social and recreational programs for the elderly, hobby clubs specializing in recreational craft programs and a full time director engaged by the friendly circle and leisure age groups.

I have one statistic here, Senator, that from a social work point of view I think you would be interested in. We now at the moment have about 65,000 people, more or less, on old-age assistance throughout the Commonwealth. Incidentally that is a steady gradual decrease in the past few years. It was 84,000 only a few years ago. Ten percent of those people live alone in what we probably would call rooming house sections. It is perfectly obvious therefore there is a great need for some professional developed homemaker service as many of those elderly are unable to meet the normal demands of daily living. Those who work with the aged advise there is a great need of additional centers, so they could extend their work and recreation with the elderly and so that more and more of our elderly would be released from inactivity, boredom, and loneliness. Others advise that a new look should be taken at the retirement age of 65 years. If I might

depart from the remarks, I sat in on a subcommittee of the American Medical Association in Boston 2 years ago preparatory to its going to the White House Conference when Mr. Dwight Sargent, personnel manager of the New York Edison Co., brought out the very interesting fact, and it consumed considerable discussion on the floor, that the New York Edison Co. has now put in an optional retirement plan whereby when the man who is still in fairly good health, capable, and competent of retaining his position, is allowed to work several additional years.

Senator, it is not straight to the matter of retirement income but knowing that Massachusetts has been one of the forerunners in legislation and policies and procedures affecting the elderly, back about 2 years ago and it is really just getting underway, discussions were held and agreements reached between the State department of mental health and the Massachusetts Department of Public Welfare. The facts of life are that according to medical authorities there is a considerable number of aged people in such institutions that could be placed in the community and be returned to normal living. When mental health authorities place such people in the community Federal and State and local funds are available for their support and care.

Like Mr. Looney, Senator, I think so long as your staff member has a copy of Mr. Tompkins prepared remarks, I really could close at this point unless you have some questions.

Senator SMITH. Thank you very much, Mr. Reilly, for this very fine testimony. I would like to mention that Mr. Reilly, as I said, is the district director in the Springfield district and the Springfield district covers the 4 western counties of the Commonwealth and includes 101 cities and towns. So you see that Mr. Reilly's scope covers a great deal of territory.

Now, I had one question, Mr. Reilly. What are the rents in these elderly housing units that you mentioned that are being built?

Mr. REILLY. I have them right here, Senator.

Senator SMITH. At this point I would like to mention the fact that I had a discussion with Mayor-elect Ryan yesterday and he signified his intention of being here this morning. He is greatly interested in building additional homes for the aged and he told me yesterday in our conference that he expected to get another 100 units underway which should certainly alleviate the problem that Mr. Reilly mentioned in the early part of his talk.

Thank you very much.

Mr. REILLY. I won't take you through the whole list, but just to mention in this area—

Senator SMITH. Just average.

Mr. REILLY. I would say in places like Easthampton, Holyoke, Montague, Springfield, South Hadley, and Pittsfield, which about covers the waterfront, I might say, Senator, that is the 8 or 10 cities and towns in western Massachusetts that have housing projects it really runs from about \$39 plus to \$49.20 plus.

Senator SMITH. Thank you very much.

Congressman BOLAND?

Mr. BOLAND. I have no questions.

Senator SMITH. Thank you very much, Mr. Reilly.

(The prepared statement of Mr. Tompkins follows:)

PREPARED STATEMENT OF PATRICK A. TOMPKINS, COMMISSIONER, MASSACHUSETTS
DEPARTMENT OF PUBLIC WELFARE

The honorable members of this committee are well aware of and no repetition is needed here of the constant increase in the number of aged in this country's population. Statistics and percentages on that score are familiar to all of us. This committee is, however, interested in the problems and needs of the aged, what programs and services are available and what are some of the paramount needs of the aged that demand solution.

The facts of life are that the depression of the thirties and the debased dollar of the World War II period and the postwar period left little, if anything, for our present aged group to plan for their retirement.

Much has been said and written to describe the loneliness facing many of our elderly; it would appear that even our homebuilding industry has had an effect in shaping the lives of our elderly as many of our recently constructed homes make no provision for parents or grandparents; it often takes the salaries of both man and wife to run a home. Unlike our forebears we live, if you will, in an era of separateness of generations.

An essential need of the aged, therefore, is housing and hence a real need to the Nation as a whole. This means, housing that the aged can afford, that meets their needs without isolation, or in an institutionalized setting and, no doubt, this committee has heard and will hear of the desires of many of the elderly for adequate housing that would enable them to remain in neighborhoods and environments of their choice. In this city of Springfield, there are at present 107 units of housing for the elderly but there are 450 applications of elderly persons on file who could not be afforded accommodations in these projects. Authorities in the neighboring cities of Chicopee, Holyoke, and Pittsfield report much the same—that all the housing units are filled and with waiting lists of applicants.

While housing, loneliness, the desire to belong and to participate, the lack of opportunity to remain in or obtain employment, all are problems facing our senior citizens, the catastrophic problem of our aged is the realization that practically none of them could bear the expense of medical care of any proportion. In this city, where we meet today, there are 22,000 people over the age of 65 years, 17,000 are receiving social security benefits with an average monthly benefit of just under \$75 and 2,000 elderly persons are receiving old-age assistance and slightly over 700 on the rolls of our new program of medical assistance for the aged.

In the calendar year of 1960, the city of Springfield, in behalf of the aged, spent \$1,400,000 for hospitalization alone. In our local general hospitals, the average monthly cost of a public assistance patient is \$700. In the Berkshire section of Massachusetts, the same proportion of medical expenditures exists—we note that for the calendar year 1960, the city of Pittsfield spent \$994,000 on its old-age assistance program of which \$441,000 was for medical care. It takes little imagination to picture the problem facing an elderly couple living on social security benefits or a fixed retirement income when they meet with the necessity of hospital care.

When Congress failed last year to enact a medical care to the aged program that would have a prefinanced or social insurance basis, such as the proposal to tie the program to social security, Massachusetts was in the vanguard of the States and enacted legislation in October 1960, to make available public assistance funds for medical care for the aged. Throughout the Commonwealth, there are now over 15,000 persons receiving assistance under this program.

However, it is our considered judgment that, as effective and worthwhile as this program is, it should be a supplement to, rather than a substitute for, a medical care for the aged program that would be part and parcel of a prefinanced system rather than in a public assistance means test program.

In western Massachusetts, there are 7,400 in receipt of old-age assistance at an annual cost of \$8 million and 1,900 persons on our new program of medical assistance for the aged with an annual expenditure of approximately \$5 million; on a statewide basis we can probably appreciate the cost of medical care when we realize that in fiscal 1961 in our program of old-age assistance, over 40 percent of every public assistance dollar was spent for medical care.

It is obvious, therefore, that to finance the health programs for the rapidly increasing number of the aged and the aging that a pluralistic approach must be

considered—the individual, private pension systems, and Government planning in insurance and public assistance programs retaining and preserving the dignity of the individual.

In outlining these two major problems facing the aged, we would be remiss if we failed to recognize some of the advances that have been made and the services that have been developed. Here in this area, we have an active council for the aging composed of interested, dedicated citizens acting as a counseling and referral service, directing oldsters to the proper agency, assisting in personal problems, and working in the area of housing and social welfare; golden age clubs, such as the very active one here in Springfield with 3,000 members, maintain social and recreational programs for the elderly; hobby clubs, specializing in recreational and craft programs; friendly circle and leisure lounge groups with planned activities and the recently formulated Association of Retired Persons.

Much remains to be done, however—it is interesting to note that approximately 10 percent of the old-age assistance caseload in this Commonwealth lives alone in so-called roominghouse sections. It is perfectly obvious, therefore, that there is a great need for a well-developed homemaker service as many of our elderly are dependent upon others for meeting the normal demands of daily living. Those who work with the aged advise us there is a great need of centers so that they could extend their work and recreation with the elderly and so that more and more of our senior citizens may be released from inactivity, boredom, and loneliness. Others advise that a new look should be taken at the arbitrary compulsory retirement age of 65 years, and that we should retain the wisdom and skills of those elderly capable of remaining in the employment field.

It might be well to mention here that the Massachusetts Department of Public Welfare, in cooperation with the Massachusetts Department of Mental Health, has effected an agreement which is just about getting underway and provides that those elderly patients in State mental health hospitals who are deemed by the hospital authorities as ready for placement in the community are being returned and granted public assistance. This effort has a twofold purpose in that it returns such persons to normal community living and reduces the burden on the taxpayer because of the high cost of mental hospital care and the availability of State and Federal funds toward the support of such persons in the community.

Without a doubt, this committee in sessions similar to this has learned that problems of the aged do not confront only those who are indigent or only those who are resident in custodial or nursing homes. The problems and conflicts that come with age confront most of the aged, whether needy or self-supporting—reach into practically every family from the point of view of income, health, employment, recreation, and so on. The resolution of such problems is a responsibility of all private, public, and voluntary agencies, and it is the responsibility of all of us to cooperate in an effort directed toward such a large segment of our population.

Senator SMITH. Our next witness this morning will be Mr. Thomas McElhone, director of public assistance, city of Springfield.

Mr. Edmund T. Reidy, deputy director, board of public welfare, is substituting for Mr. McElhone this morning.

Mr. Reidy?

STATEMENT OF THOMAS McELHONE, DIRECTOR OF PUBLIC ASSISTANCE, SPRINGFIELD, MASS., PRESENTED BY EDMOND T. REIDY, DEPUTY DIRECTOR, BOARD OF PUBLIC WELFARE

Mr. REIDY. Members of the committee, Congressman Boland, Mr. McElhone could not get here this morning. His statement is as follows:

I want to thank you for your kind invitation to be with you this morning, and to express my appreciation to those who felt that I could offer anything of interest to your committee. Being on the local level, the opportunity to give you my viewpoints to a governmental agency on the higher level is not the usual order of procedure, based on my

experience over the years. However, any statements I make here are of my own opinion, based on my experience over the years.

Coming into public assistance work in 1928, and being in it on a full-time basis since that time, I have seen great advances made in the case treatment of those who need our services. It is a well-known fact that Massachusetts was one of the States that recognized that people who were getting older were living longer, and a great many would need some special program to relieve human suffering for this group, so the general court in Massachusetts passed an old-age assistance bill in 1930, to become effective July 1, 1931, administered on a local level, with State supervision and State reimbursement, with the balance paid by the cities and towns. Although this program was not perfect, it did start things going in the right direction, in providing adequate care for those in the old-age group.

With the help of the Bureau of Public Assistance of the Social Security Board, a more liberal program of aiding the aged was adopted with the Federal Government and the State on a local level sharing the cost and, with the many changes over the years, our program for the aged has improved. However, I do not want to leave the impression that the present program is perfect or adequate to meet all the needs of those who need our services. We must always remember that our aged are valuable to us as individuals, and most valuable to our Nation as a whole, and that each and every one of the aged played an important part in building this great country of ours, and the least we should do for them is to guarantee security when they reach an age when they are no longer able to provide the necessities of life from their own resources.

The present retirement income of many aged persons falls short of meeting the minimum standard of income, to provide for a decent standard of living. The present day budgets or grants to those on old-age assistance in Massachusetts, although better than in many places, still needs to be increased to provide better living standards, and to allow a greater margin of income to offset unforeseen increases in the cost of living. This could be accomplished at not too great a cost to the Government.

Some of the problems facing the aged, whether they are on retirement income or on old-age assistance, is the lack of reasonable living quarters, substandard housing at exorbitant rent, and lack of proper facilities.

Insofar as acute illness and chronic illness is concerned, I feel hospital facilities are adequate here in Springfield.

Domiciliary care for cases who need supervision and care is badly needed for the case that does not need acute or chronic medical care, but still is in need of someone to take care of their needs. Money payments alone do not always meet the need. Many require services which they cannot provide for themselves, and staff shortages make it impossible to furnish this additional service.

It takes hardy souls to accept and thrive on the challenges of public assistance. No one ever chose it as a field because it was easy, or a popular cause. There must be real convictions of the importance of the job to be done, and the possibility of doing it. It entails the ability to withstand the pressures, the public dislike of facing the reality of

need, and the discouragement of working with many cases of direct want and multiple inadequacies.

When you realize that in a 10-year period from 1950 to 1960 we had an increase of only 4,600 persons in social work positions chiefly relating to public assistance and the population increase during this period has risen by almost 28 million, and public assistance recipients by 600,000, you can readily see why we have staff shortages in public welfare today.

The new program, medical aid to the aged, went into effect here on October 1, 1960, and it has proven that it is meeting the medical need of those who are on retired income which provides all of the necessities of life, but medical attention. This program proves to all of us that government must provide adequate medical attention to the aged on the basis of need, and where the retired income is not sufficient to provide medical care needed from their own resources. This program should, and must be expanded, whether it belongs tied in with social security, or left in public assistance.

In order for us to meet our obligations to our friends and neighbors who live in our community who are less fortunate than we are, we should start by—

(1) Reducing paperwork on all levels of government. We should get away from the fact that reports, charts, reams of paperwork are so important. Let us make the needs of the recipient the most important matter. Let us meet their needs with the minimum amount of interference with their lives.

(2) Let us increase our staffs so that we cannot only furnish money payments, but give additional service where needed.

(3) Let us build additional hospital facilities, both acute and chronic, in every area where need is shown.

(4) Let us build more nursing homes.

(5) Let us build facilities for in-between cases.

(6) Let us provide housing facilities that are standard or better at reasonable cost for all the aged people who are living in substandard housing.

Let us live harmoniously together, whether we are rich or poor. Let all levels of government pool their technical knowledge with those who are doing the job at the local level. Let us spend less time on the past, and let us evaluate our present program. Make corrections where they are needed. Look and plan for the future so that we, in government, can assure all those in need will receive proper and adequate care by the government when in need.

In conclusion, may I state that after years of experience in this field, I think it is about time for all levels of government to sit down at the conference table and draft a program that would better meet the needs of our aged people. Thank you.

Senator SMITH. Thank you very much, Mr. Reidy. This is certainly a very fine piece of testimony from a man who has devoted so much time in this particular area. Congressman?

Mr. BOLAND. How much do you have in old-age assistance in Springfield?

Mr. REIDY. 2,100, plus or minus a few.

Mr. BOLAND. How many receive any payments under the disability insurance?

Mr. REIDY. Roughly in our area, Springfield, 50 percent.

Mr. BOLAND. Would this be the average in most areas?

Mr. REIDY. That I could not say. But in our area, yes, we find that to be so.

Mr. BOLAND. So there is not any question in your mind but that the retirement income ought to be increased in the specific areas for a number of people who benefit under the OASDI program.

Mr. REIDY. Very much so, I think it should.

Mr. BOLAND. Thank you.

Senator SMITH. Thank you very much, Mr. Reidy.

Our next witness this morning will be Mr. Ely Chinoy, chairman, Department of Sociology and Anthropology, Smith College, Northampton. Mr. Chinoy?

STATEMENT OF ELY CHINOY, CHAIRMAN, DEPARTMENT OF SOCIOLOGY AND ANTHROPOLOGY, SMITH COLLEGE, NORTHAMPTON

Mr. CHINOY. Senator Smith, Congressman Boland, I submitted copies of the statement which I am going to supplement here and there, including an answer to the question that was just asked for areas outside of Springfield.

In a period of recurrent inflationary pressure there is, of course, a tendency for persons on fixed incomes—such as old-age pensioners—to run into difficulty making ends meet. The relationship between changes in the cost of living and the level of social security payments to the aged can be seen clearly in available statistics, and I need not repeat them here. Instead I want to examine the impact of the present level and availability of social security payments on one specific community—and on some of the problems of the elderly in that community. Mr. Reilly already gave you some data for Springfield.

In 1960, Northampton, Mass., with a total population of approximately 30,000 (of whom over 2,000 were college students), had, according to the 1960 census, about 4,000 residents 65 years of age or older. Of this total, 195 persons living in their own homes received old-age assistance from the Northampton Welfare Department. Seventy-two others were being supported in nursing homes. All told then, about 1 out of every 15 persons over 65 required some support from local funds. Two-fifths of those receiving such aid were not receiving social security benefits, while 40 percent of those on local welfare rolls had found their social security payments inadequate to meet even the minimum standards set by the local welfare department. This means, by the way, if two-thirds of those over 65 are receiving old age and survivors insurance payments, that 1 out of every 25 of those receiving such payments are also receiving welfare assistance.

The total cost to Northampton for old-age welfare assistance in 1960 came to almost \$330,000. Although 83 percent of that sum came from the State or Federal Government, the city still was required to spend almost \$55,000 of its own funds. Under the new program of medical care to the aged adopted by the Congress last year and effective in Massachusetts since October 1, 1960, there has been an average of 62 cases each month, requiring a total expenditure of \$112,000, of which \$28,000 came from city taxes. This also means that 1 out of every 65 persons on old-age survivors insurance was receiving medical care under this program each month in the first 10 months of this year.

If one assumes that expenditures for welfare assistance to the aged are the same in 1961 as they were in 1960, and that the present rate of payments for medical care persists, the total cost of aid to the elderly to the city alone this year will be almost \$90,000.

In comparison with the sums expended nationally in these programs, the total spent by the city of Northhampton itself is minute and insignificant. The importance of these figures, however, lies not in their absolute size, but in their relation to the needs and capacities of the local community. Since these programs may impose similar burdens on other communities, perhaps this one example may point up problems that stem from the present level and coverage of old-age pensions and of available assistance for medical care for the elderly.

The roughly \$90,000 spent by Northhampton on various forms of assistance to the aged in 1961 has added about \$2.15 to the local tax rate. Local taxes are already high enough in Northhampton, as they are everywhere, I suppose, to be a recurrent political issue, and to help account for the fact that in the last two local elections the incumbent mayors, first a Democrat and then a Republican, have been defeated in bids for reelection. As in most cities, local needs and rising costs have imposed heavy financial burdens upon local citizens. In Northampton, for example, the \$2.15 on the tax rate spent for aid to the aged could pay at least two-thirds of the cost of a new school desperately needed now for several years, but not built in part because of heavy resistance to increasing local tax burdens.

Put in more general terms, the inadequacies of the old-age assistance program and the medical care program for the aged continue to saddle communities with heavy costs that make it difficult for them to meet pressing local problems that they must cope with, by and large, by themselves. There will probably always be a residue of special cases that will require some local assistance. But since we already have a national contributory system of old-age insurance it would seem to make good sense to maintain levels of pension payments under the social security system and to provide sources of aid, also under the social security system, for the often heavy medical costs of the aged that would free limited local resources for other uses. It makes good sense for several reasons. First, simply because of the limited tax resources available to cities and towns. Second, because it would cut down on the amount of administrative overhead required to cope with the problems of the aged. Third, and perhaps more important from a human point of view, because it is far better for elderly citizens to feel that they have earned the money they receive by participation in a contributory system like old-age and survivors insurance than for them to have to ask for and accept welfare assistance. And fourth, because a good many of our elderly citizens are still forced to live at a level of poverty that a society as rich as ours should not tolerate.

We seem to have accepted as a matter of national policy the principle that elderly persons should no longer suffer want if they have not accumulated sufficient savings or have no family to aid them. We have recognized that though some persons arrive at retirement age without private means of support because of their own improvidence, most people in that situation find themselves there through no serious personal fault of their own. But at the same time we seem unwilling

to carry out this principle completely. Our present level of social security payments is often inadequate if people do not have substantial personal savings or other sources of income.

As noted earlier, in Northampton, 107 persons, or 40 percent of those over 65 who were receiving local welfare assistance, had found social security payments inadequate. Even those who do have some personal resources are often haunted by the fear that their savings will be depleted or be inadequate, particularly for the medical expenses they may incur. An interviewer who conducted a survey of housing needs of the aged in Northampton last year found not only shocking cases of poverty among old people, but often considerable unwillingness to ask for welfare assistance. Many elderly people were afraid they would first be required to spend the often meager savings they had put aside for emergencies. In addition, many of them were simply unwilling to ask for a handout. There is considerable evidence from the studies of the elderly that have accumulated in recent years that persons who retire often find it difficult to justify their existence and maintain their self-respect after they stop useful work. To swallow their pride and ask for financial help often exaggerates these problems. Social security avoids these difficulties. For, by making it possible to contribute toward adequate postretirement income and the cost of extensive medical services many old people require, we can enable our senior citizens to face more hopefully and with enhanced self-respect the new role they must play after retirement. Thank you.

Senator SMITH. Thank you very much, Mr. Chinoy. I think that in summing up you certainly put your finger on one of the important things: that these people do not have the means, are proud people, and healthwise suffer tremendously because they will not take a pauper's oath.

Now, I might say that in Massachusetts, in July 1961, over 62,000 aged people needed some help from the old-age assistance program and one-half of them to supplement social security benefits. I think that works out to about 1 in 9 as compared with the 1 in 15 that you have mentioned in Northampton. I think that is an interesting point.

Congressman Boland.

Mr. BOLAND. I just wanted to compliment Professor Chinoy on his statement as a professor of sociology. Knowing people as well as you do, and some of the problems affecting people, what is your opinion with respect to compulsory retirement? Is this a problem that ought to be looked at a little more closely? Should we retire people compulsorily at a particular age or if they are physically and mentally able to continue ought they to be able to continue in their particular line of endeavor?

Mr. CHINYOY. I think the evidence is fairly clear that retirement at a specific age is not always desirable; there are some people who ought to retire before 65 and there are some who probably should not retire until substantially later. As a matter of fact, there are some fields where not only is it a question of the capacity of the individual, it is a question of the services they contribute. For example, at Smith and at other institutions the retirement age, whatever it is, may be ignored and a person kept on for another year or two or three of teaching. Very often these people have abilities and capacities that

it would simply be a shame to waste, particularly in a situation where you are running into a shortage of qualified personnel. I would think that the variation in compulsory retirement, if it could be effectively developed in some fields—and I am sure it is easier in some than others—would undoubtedly not only save money, but enhance the self-respect and satisfaction of people who have already reached what is defined as retirement age.

Mr. BOLAND. Thank you very much.

Senator SMITH. I think that is a very extremely interesting point, Mr. Chinoy, that these people through their great experience during their working lives still have a very useful purpose and should give the benefit of this experience and learning to the rest of society.

Our next witness this morning will be Albert G. Clifton who is representing J. William Belanger, president of the Massachusetts State Labor Council, AFL-CIO.

STATEMENT OF ALBERT G. CLIFTON, LEGISLATIVE AGENT, REPRESENTING J. WILLIAM BELANGER, PRESIDENT, MASSACHUSETTS STATE LABOR COUNCIL, AFL-CIO

Mr. CLIFTON. I want you to know that President Belanger would be here today were it not for the fact that our executive council meets and his presence was required there.

We have presented his statement that he would have made to your committee, and I will not read it, but I would like to make some observations that do not appear in it, and also to touch on the question that Congressman Boland asked because that happens to be an area that I am somewhat familiar with.

Having in mind that the pension systems that were inaugurated among the unions are not much over a decade old, we now are finding people reaching the age of retirement. Now, some companies have a compulsory law requiring people to leave employment at various periods. Here in Massachusetts they cannot require anyone that is able and willing to work to retire before 65 because we have a law that specifically precludes discrimination because of age. So our unions merely have to prove the ability of the individual to continue to work and fulfill the requirements of the job.

Now, a little over, I believe, a year ago I attended as a discussion member of a panel a conference on the aging in the University of Vermont. On that panel was the personnel director of the Consolidated Edison of New York. I was very pleased to find a man with his breadth of vision on this particular question on the compulsory retirement. There are some people that want to retire, and they should be permitted to do so, but those that are able and willing to work should be permitted to continue as long as their physical capabilities permit. Forcible retirement based solely on age for that type of an individual is nothing more or less than downright cruelty.

This personnel director of the Consolidated Edison made it very plain that his company was then in the process of making this particular most desirable change; namely, reaching a stated age would not mean automatic retirement, that other factors would be considered. Such a policy coincides with my own ideas, Congressman Boland, as one that should be adopted, and I say that because of personal ex-

perience with many of the people who are members of our unions. We have done something in the way of legislation on this retirement question.

When an individual is forcibly retired and wanted to continue in the labor market, they were formerly precluded from receiving unemployment benefits while they were looking for another job. Through the efforts of our organization we changed that particular feature of the Massachusetts law and today those individuals, if they are able and willing to work and want to continue in the labor markets, they can draw their benefits on the credits they had established when they were working. We take considerable pride and credit for our efforts in getting that particular law enacted.

I would like to touch on this question of retirement that is not in the presentation we made, one that I have been somewhat closely identified with, and that is retirement income and old age social security. Even the augmentation of a retiree's income by a private pension in many cases is inadequate to meet the vicissitudes faced by the elderly. One of the serious problems is the question of sickness. For example, I have in mind a terminal case that was some 8 months before the final ending where the medicine was \$5 a day, there was hospitalization of almost 2 months and the need to have a constant attendant all of that time.

Now, it can be seen what happens to the nest egg that an individual has laid aside when that sort of a thing strikes. I find from looking into some of these problems of the people reaching the retirement age that this seems to be a more or less common anxiety and problem. It is this question of medical costs for the disabilities likely to afflict our older citizens that is most destructive to their peace of mind. Legislation on this question is the No. 1 concern of the elderly.

I believe that in order to conserve the amount of money that should be available to increase old-age and survivors benefits, which certainly must be increased to meet the needs of the elderly, that some attention should be paid to medical costs of retirees. We, of course, were strongly in favor of the Forand bill which I understand is now the Anderson-King bill. We think this measure is the proper approach. We believe present legislation is inadequate, that much more could be done to provide the necessary medication and treatment at a price that these people could obtain it, and which they would be able to pay for out of their resources or the medical programs that would be inaugurated under the social security program which we hope will become a law in this next session of Congress.

There is not much more that I can say except I want to express the appreciation of President Belanger and of our council for the opportunity to be here. This is a matter that we are just beginning to get into. Of course, our members are now retiring under these pension systems that were set up some decade or more ago, and we are learning a great deal about this, which we feel will be helpful as constant problems are bound to come up. Some of the knowledge we gain back in the districts where these people lived and formerly worked, about their retirement problems will be available to your committee, or other committees in the future. I thank you.

Senator SMITH. Thank you very much, Mr. Clifton. I might say at this point I know of yours and Mr. Belanger's great interest in this

particular field, and I know he has been one of the leaders in this, and I know that he will continue to be so. I appreciate it very much. Thank you.

Mr. CLIFTON. Thank you very much, Senator Smith, and Congressman Boland.

Senator SMITH. Mr. Belanger's statement will be inserted in the record at this point.

(The prepared statement of Mr. Belanger follows:)

PREPARED STATEMENT BY J. WILLIAM BELANGER, PRESIDENT, MASSACHUSETTS STATE LABOR COUNCIL, AFL-CIO

We are fast approaching the time when the problems you are studying here will be of such dimensions as to render any further discussion futile. Action—immediate action—will be imperative.

As representatives of labor, we have appeared before committees such as this in the past and have stressed the fact that organized labor has always been in the lead to fight for measures designed to help our aging population—such as old-age assistance, better health care, nondiscrimination in employment, adequate housing, and genuine security.

We have pointed out that Massachusetts was the first State to adopt legislation against discrimination because of age. We have praised our State agencies which carry out programs for retraining older workers who lost their jobs and help them find employment.

We have found, however, that in periods of widespread unemployment the older worker is still the victim of subtle discrimination. It is significant to note that 36 percent of unemployed men between the ages of 45 and 64 are in the long-term unemployed category—which means they have been out of work for 15 weeks or longer.

This particular problem is aggravated by the ever-widening pool of permanently unemployed created by runaway advances in technology—and its solution is of necessity tied in to the progress we make in finding the answer to automation, as well as to the need for sharper teeth in our antidiscrimination laws and a more farsighted cooperation on the part of employers.

The more serious problem, however—the problem on which we are running out of time—revolves around the over-65 segment of our population.

Even when life expectancy was at a premium, old age presented a serious problem. Barbaric or semibarbaric peoples that struggled desperately for existence solved the problem by casting the aged aside and leaving them to die from exposure or starvation by the roadside.

When the march of civilization had made this method seem a little crude, the aged were allowed to coexist—even though their treatment may have been at times even more cruel than the castaway method.

In 1900, 1 in 25 Americans could expect to live beyond 65. Those who made it on their own two feet were allowed to continue working until they dropped. Children, nieces, and nephews were universally expected to care for those who became disabled. Those that were left stranded had recourse to poor farms or other such institutions.

With only 3 million Americans over 65 in 1900 and with the shift-for-yourself attitude that prevailed generally, the problems of the aging did not seem so very complicated.

Today, two out of three Americans celebrate their 65th birthday. There are currently about 15,500,000 in this group—almost two-thirds of which are over 70 and one-third over 75. The number is expected to reach 20 million by 1970.

While we sing the praises of medical science for its triumphant conquests over germs and bacteria and its remarkable extension of the life expectancy of man, we must give serious thought to the consequences of longevity on the social and economic patterns of our lives.

Old age is not a blessing if it is accompanied by ill health and economic anxiety or actual want. An ever-increasing number of nonproductive older citizens can become a major problem in the national economy of the Nation. When old people stop producing, they nevertheless continue consuming. And their demands—for food, housing, medicine, transportation, facilities for leisure-time activities—increase proportionately as they increase in numbers.

As statistics are studied, it becomes more and more apparent that the financial burden of supporting an ever-expanding senior population that is nonproductive will become not only intolerable but practically impossible for the working population; that is, those between the ages of 20 and 65—unless we formulate ways and means of enabling willing and able senior citizens to become productive.

A paper prepared by the planning committee for the January 1961 White House Conference on the Aging states that the aggregate personal income, before taxes, of the over-65 population is from \$25 to \$30 billion. With \$5 billion deducted for Federal, State, and local taxes, their net spendable income is at a maximum of \$25 billion—or about \$1,600 a year per person.

The median income, however, is between \$900 and \$1,000. We can assume, then, that well over half of the aged are either living in virtual poverty or having to accept aid from the families. The latter assumption is buttressed by the fact that about one-third of all older people are sharing the houses of relatives.

Organized labor favors medical care for the aged through social security especially because this would help to maintain when sickness occurs the benefit income provided now for everyday living needs, even though this would not solve the basic problem, which is the need for expanded benefits for retirees.

Actually, our entire social security system must be reexamined. In 1940, with about 64 percent of the working people and their employers paying the social security tax (at the rate of one-half of 1 percent of salaries up to \$3,000), only 1 percent of the over-65 population were drawing benefits.

In 1960, 90 percent of the labor force and employers paid at the rate of 3 percent on salaries up to \$4,800 annually—and the self-employed paid at the rate of 4½ percent. This brought into the fund the amount of \$10,829,763,000—all of which except \$31,768,000 was paid out in benefits. About two-thirds of the over-65 group were receiving benefits.

This is what has happened in 20 years. With the law suggesting and promoting early retirement—along with its being necessitated by continued advances in technology—what will happen in the next 20 years?

Even with the periodic improvements made the system is inadequate. Benefits in 1960 averaged a little less than \$1,000 a year per person. This represented about two-thirds of the amount calculated as the minimum income needed per person for adequate living. To raise the benefits to this minimum would require increasing contributions from the labor force and employers by roughly 50 percent.

It can easily be seen that with the over-65 population increasing at the current rate (expected to double by 1975), the problem certainly begs serious thinking.

To those who look upon privately supported retirement plans as the answer, let me point out that some economists question the wisdom of vesting too great control of the Nation's business in the hands of pension fund trustees. It is expected that by 1965 private investment funds will absorb over one-third of all new corporate issues of securities.

What is the answer, gentlemen? Admittedly, it is a problem for which an answer must be found, yet not an insoluble one, if we consider the resources and productivity of this Nation. We trust that your committee will find the answers.

Let me say this for my organization: The Massachusetts State Labor Council of the AFL-CIO will continue to cooperate with the Government in these studies and will support any sound plan or program designed not only to provide adequately for the needs of the aging but also to preserve the stability of our economy.

Thank you.

Senator SMITH. Our next witness will be Mr. Sterling Surrey who is visiting professor of finance at the University of Massachusetts in Amherst. Mr. Surrey?

STATEMENT OF STERLING SURREY, VISITING PROFESSOR OF FINANCE, UNIVERSITY OF MASSACHUSETTS, AMHERST

Mr. SURREY. Senator Smith, Congressman Boland, ladies and gentlemen, consideration of pension plans, be they insured, semi-insured,

or pay-as-you-go, must be predicated on certain generalizations concerning the financial requirements of the aging. The certainty of death is an accepted fact. But the uncertainty of its occurrence (i.e., timing) provides the basic financial problem of the individual.

Subproblems, also important, exist. The necessary assumption that our economy will continue to expand, recognizes an ever rising cost of living. An examination of the past shows that dollar wages have increased at a more rapid pace than have expanding prices. Real wages have been on the rise. However, since most pension plans are conceived on a fixed dollar basis, the retired person usually finds himself handicapped by a constantly accelerated decline in his purchasing power.

Further, while it may be demonstrated that certain needs of the aging can decrease in costs or actually be eliminated, other expenses tend to rise. The increased cost of medical care is a fundamental barrier to the validity of the fixed-dollar pension concept. The medical cost problem is a compound one. Not only is there the general rise in the cost of adequate medical treatment (i.e., increasing costs of medicines, hospitalization, professional fees, and so forth) but the more important expensive prolonged illnesses of the aged must also be considered.

The efforts of science to prolong the spark of life often result in a costly maintenance of half life. The aging process is accompanied by increasing deterioration of the physical mechanism. Therefore, while the ultimate demise may be stayed, the physical deterioration is merely prolonged, usually at the ever-increasing expense of higher medical costs. Finally, the pressures of automation are more and more influential in keeping the young and the old off the labor market. Compulsory retirement is on the increase.

The basic task (in some cases a still unrecognized one) of pension plans is not simply to provide funds for the aging, but to provide adequate funds during the entire retirement period. The word "adequate," as it concerns retirement, may be circumscribed by the idea that income must be large enough to let the retired maintain his standard of living and that such standard will demand an ever-increasing number of dollars. In this light the task of the retirement plan seems almost unattainable. This does not mean that efforts to reach the goal should be abandoned.

Those attempting to upgrade existing pension plans are chiefly concerned with obtaining greater assurance that the programs will fulfill the anticipated benefits. Although this is of major importance, it must be emphasized again that such plans are rarely designed to include the increasing costs outlined above. However, within the stated goal, there is recognition of the dangers inherent in the makeup of fixed-dollar programs.

The basic weakness of existing plans is that, in the majority of cases, the legal rights of the pensioners are virtually nonexistent. The pensioners, both present (i.e., now retired) and future (those below the retirement age), must rely upon the moral integrity of the creators and administrators of these programs rather than on legal compulsion. Federal legislation falls far short in protecting the interests of participants and of their beneficiaries.

The primary concern of the Internal Revenue Service is to prevent excessive deductions by the employer, not to pass judgment on either the actuarial soundness or the adequacy of payments under a pension program. Where trusts are created, the trustees are under the general laws (State and Federal) applicable to any type of personal trust. The trustee, by agreement with the beneficiaries, may relieve itself of liability for imprudent investments. Thus the trustee of a pension plan may not be liable for loss of the trust assets except due to its own negligence, willful misconduct, or lack of good faith.

The general weakness of existing statutory and judicial controls is that legal remedies must be invoked by the participant. The participant is handicapped by lack of knowledge and of finances in the protection of his legal rights. Even the recently enacted Federal Welfare and Pension Plans Disclosure Act of 1958 relies on employees to compel compliance through the courts. This truth-in-pension-plans act assumes that the individual will recognize the impact of the truth when he hears it. It further assumes that the individual will avail himself of the information.

To protect adequately the rights of those under pension plans, persons currently receiving pensions (pensioners) must receive separate consideration from those pension plan participants who are still actively employed. With respect to the first group, additional legislation is needed to assure the following.

The employer, despite any disclaimers to the contrary, should be liable for benefit rights, and his liability should be enforceable against the employer's general assets. In the event of employer bankruptcy, unsatisfied claims should be given preferred status.

Private pension plans of employers and labor unions should be under legal supervision of State or Federal agencies, or of both. Benefits to pensioners should be fully funded either by annuities or by segregated trust accounts. Such accounts should be subject to actuarial regulation and to qualitative and quantitative investment standards. These are just a few suggested legal safeguards which are deemed necessary to give adequate protection to the dollars promised the pensioner.

In regard to presently employed participants, their expectations can be further enhanced by making the plans understandable. At the same time the plans should be subject to legal review by designated statutory supervision. Any benefit credits accruing to the employees should become direct liabilities upon the employer. All funds due the employee at any time prior to his retirement should be funded either by a direct insurance operation, by a trust program, or by a combination thereof.

Independent actuaries and accountants would be legally required to examine the programs periodically. Merging of pension programs because of company mergers and/or unions must not jeopardize the employee's existing and presently promised future benefits. Actions of employers and/or unions to circumvent the program by prolonged layoffs or other devices should be examined by proper legal agencies at the inception of such actions. Under present legislation, the initiative must be taken by the employee who instigates the suit.

All the above discussion is concerned with the legal protection of participants' rights under existing pension plans. Although the im-

portance of this is recognized, the basic problem remains. Do Federal and private pension plans meet the financial problems of the retired employee? This question encompasses consideration of the aging and of the disabled. The benefits under the social security program may be regarded as a basic minimum. However, while participants under the program represent a large and increasing segment of the working population, not all present or potential aging are included. At best these benefits may be regarded as minimal.

Private programs usually add to the benefits derived from the social security program. There are certain programs, usually concerning State employees, which exclude the right of participation in the social security program. Private programs run the gamut from pay-as-you-go plans to actuarial sound retirement programs. These programs may depend solely upon the whims of the employers and/or unions or they may be prime contractual obligations. In any event there is little uniformity in the pension field.

In substance these programs (including social security) seem to take care of the economic extremes of our population as measured in terms of existing standards of living. Members of low economic groups, used to substandard conditions, find little change in their status upon retirement. Nor do they expect any upgrading. Those in the upper income group find their financial retirement problems adequately taken care of by corporate pension plans, individual retirement plans, or both.

But in the vast middle class (and the boundaries of this group are hard to define), retirement programs are relatively inadequate. Members of this group set themselves a standard of living based on income during their working years. Then upon retirement they discover that income from social security, and/or pension plans, and/or individual retirement plans, is usually inadequate to allow them to maintain their existing standards. The problem is compounded by advances in science and our increasing price structure, both of which tend to make fixed dollar programs of decreasing adequacy as the years of retirement expand.

Obviously there is no easy solution to this major problem. Present efforts seem concentrated on improving the legal safeguards of existing fixed-dollar programs. Little concentration is given to their adequacy. It is recognized that some labor unions and some enlightened employers have tried to cope with the problem. However, their efforts have been highly individualistic and haphazard in approach. Recent Federal legislation has partially applied itself to the medical cost of the aging. The answer may lie in making the individual recognize that the financial problems of his retirement years are his responsibility.

A cursory survey of the past decades of our society indicates that the individual either will not or cannot provide adequately for his retirement. The problem seems to require compulsory uniform cooperation from government, employer, and employee. The stage has been set through the instigation of social security, medical assistance to the aged (partially), unemployment insurance (partially).

It is only through the upgrading of social security requirements, supplemented by legally sound and supervised private pension programs—and through improved legislation directed towards meeting

increased medical costs—and through a recognition of the varying (upward) rather than the fixed dollar concept that the basic problem of adequate retirement income can be solved. Such concerted action should not be decried as another step in the direction of the welfare state. Any approved program which requires contributions by employer, employee, and government to meet a problem as fundamental as this is democratic—as democratic as Lincoln's proclamation that this Nation is of the people, by the people, and for the people.

Senator SMITH. Thank you very much, Mr. Surrey. You have taken a very fine approach to this entire problem.

Now, in your opinion, Mr. Surrey, what are the future prospects for private pension plans to cover more workers and, therefore, solve the retirement income problems of the future?

Mr. SURREY. I think that the private retirement programs are definitely on the increase, either through company plans or through union plans. I think there is a general tendency for these programs to be more actuarially sound than in the past. However, I do not think that the private programs alone or even supplemented by the current social security program will meet the total retirement program of the individual. I would also like to add that one of the dangers of the private pension plan is that it tends toward a stratification of the individual's chances of work because quite often, in transferring from one position to another, he will get back the money he contributed, but he will lose in the total picture of a pension plan.

As an example, though one should not use one's own problems, I have been teaching in Missouri many years, and we have a combination on the college level of a State plan and social security. I am just here as a visiting professor and plan to go back. However, if I stayed here, I would lose the Missouri retirement to which I have contributed for 25 years, but I would be able to buy back into the Massachusetts school retirement program in perhaps 10 years. The tendency would be to stay in Missouri because of the retirement plan. In fairness to private pension plans, however, they have been upgraded.

Senator SMITH. You mentioned a point there that somebody has been working for, say, one company for many years, and then because of a change of positions with another company, he takes that money back and he loses continuity. Don't you think this is certainly a question of educating the people in this regard to have their own responsibilities, in part?

Mr. SURREY. Yes, I agree with you on that. I should mention, by the way, that certain labor unions in their own programs do enable transfer from one company to another.

Senator SMITH. That is the point I wanted to bring out.

Mr. SURREY. There is no uniformity, Senator, and I think that is one of the difficulties.

The second difficulty is that there are many employees who are not in unions nor under total union programs, such as your CIO unions which cover the whole scope of a given job. There is a stratification; and through a total national effort, that might be eliminated.

Senator SMITH. Thank you very much.

Congressman Boland?

Mr. BOLAND. Professor Surrey, you certainly attack this problem from one angle which is important to us in trying to come up to a

solution to retirement age and, specifically, lack of adequate funds, and that is with respect to the private plans themselves. As you probably know, Senator Douglas is responsible for legislation and recommendations in the field of welfare and pension plans, and I think it was Senator Douglas who handled the bill in 1958, or his Republican counterpart on the committee.

These are matters, of course, which are terribly important to people who are in private plans, and I think some of the information you have given to this committee here will be very helpful. I think it is obvious to any of us who are interested in this program, and you are, of course, that to a great majority of the people, of course, the private plans and social security in this day and age as of today currently are not particularly helpful to a lot of them. Some are under private pension plans and don't come under social security with the result there is a hiatus with respect to people who are not covered by these plans. I think you presented a very fine paper here. I know I am grateful for the comments you made.

Might I ask you, where are you visiting us from? Missouri?

Mr. SURREY. Yes.

Mr. BOLAND. Whereabouts?

Mr. SURREY. Chairman of the Business Division, Northwest Missouri State College, which is a relatively small school, about 2,500, State-supported institution in Missouri.

Mr. BOLAND. I am sure the university will be delighted to keep you in Amherst, and I for one will invite it to ask you to stay.

Mr. SURREY. As long as there is lovely country and antique shops, I am sure my wife will have some influence in the decision.

Senator SMITH. Thank you very much.

Our next witness will be Mr. John W. Spillane who is attorney for the Massachusetts Protective Association, Inc., and Paul Revere Life Insurance Co. of Worcester.

Mr. Spillane?

STATEMENT OF JOHN W. SPILLANE, ATTORNEY, MASSACHUSETTS PROTECTIVE ASSOCIATION, INC., AND PAUL REVERE LIFE INSURANCE CO., WORCESTER

Mr. SPILLANE. Senator Smith and Congressman Boland, for the purposes of your record this morning my name is John W. Spillane. I am an attorney for the Massachusetts Protective Association, Inc., and the Paul Revere Life Insurance Co. of Worcester, Mass. I also serve as secretary and director of the Shrewsbury Bank and Trust Co. In the field of the aging, I was general chairman of the Governor's conference on aging in 1960, and I attended the White House Conference on Aging in 1961. At present, I am chairman of the Unoccupied Time Section for the Worcester Committee on Aging, Community Services of Greater Worcester.

Mr. Chairman, I am privileged to appear before your distinguished committee this morning and to present some views on the complex subject of retirement income. I shall attempt to bring to your attention some pertinent statistical data concerning the aging population in central Massachusetts, particularly in Massachusetts Third and

Fourth Congressional Districts which are ably represented in the U.S. Congress by the Honorable Philip J. Philbin and the Honorable Harold D. Donohue, respectively. Some of my information will concern the city of Worcester, which is the major metropolitan city in central Massachusetts and which is located in the Fourth Congressional District. I will also discuss for your committee's interest, the challenging concept of the variable annuity and the potential which it has in planning for retirement income. Finally, I shall list some goals, which your committee might wish to achieve.

The Third Congressional District includes the larger communities of Fitchburg, Gardner, Leominster, Clinton, Southbridge, Webster, and Northbridge and has a total population of 348,500. About 11 percent, or 37,971, of this figure constitutes people who are over 65 years of age (16,466, men; 21,505, women). The Fourth Congressional District includes Worcester, the second largest city in Massachusetts, and extends as far as Framingham and Waltham. It has a total population of 409,912. Again, about 11 percent or 45,140, of this figure constitutes people who are over 65 years of age (18,878, men; 26,262, women). It is interesting to note that in the city of Worcester, 13.6 percent of the population is over 65 years of age. No other locality in Massachusetts has a higher percentage of senior citizens. This is to be compared with 9 percent of the total population of the Nation and 11.2 percent of the total population in Massachusetts comprising men and women 65 years of age or over.

The central Massachusetts communities which are represented by the Third and Fourth Congressional Districts enjoy a widely diversified economy. The Metropolitan Worcester area claims 634 separate industrial units, supplying 44,000 jobs; 44 of these units employ over 200 people; 582 units employ under 200 people, and 410 of these units employ under 25 people. Twenty-nine thousand, or 65 percent, of the jobs are supplied by the 44 industrial units employing more than 200 people. Six of these forty-four units employ 15,000 people.

It is generally conceded that there are about 125,000 jobs in the Greater Worcester area. However, statistics reveal that one-third of the total working force in this area is 45 years of age or over. Currently there are nearly 4,000 people in the Greater Worcester area who are unemployed, and 44 percent of the people who applied for unemployment benefits this year were 45 years of age or over.

Central Massachusetts has a good labor force to support its industries. The wide diversification of industrial growth also helps to increase the number of skilled workers in the communities. But the statistics which I have previously cited indicate that there is a higher concentration of older workers in the Worcester region labor force than in communities of comparable size. In fact, Worcester has a smaller share of young adults in its working force in comparison with other cities. This factor seems to exist because the young adult is more easily attracted to the larger cities where more training programs are offered by the large national corporations.

Such concentration of older workers in the community makes the retirement income problem more important to all the people.

A matter which management and labor across the country have not really faced squarely is the problem of the displaced worker who is 40-plus. Firms have a great reluctance to hire the 40-plus worker.

Some labor groups dealing in particular trades have a tendency to restrict their membership, once established, in order to insure work for their members, especially when business is slack. If the 40-plus worker finds himself on the outside and unable to secure employment, he will inevitably be forced to dig into whatever private reserve he may have accumulated. When he finds employment again, it often occurs that he can never quite make up the reserve which he was building or preparing for retirement. Consequently, when he does retire or is forced to retire, he may have an inadequate pension from employment, meager private funds, and only a basic social security income.

The more skilled worker is generally better equipped to shift employment successfully after reaching age 40-plus, but his unskilled associate must rely upon the basic supply and demand of the labor market for future employment.

Older workers conferences have been held in various parts of the country including Massachusetts—and I might say, Senator, your personal presence in Boston was a positive demonstration of your personal interest in this very, very important problem—and management and labor have become more conscious of the problem as a result of these conferences. However, little has been accomplished in Massachusetts to solve more directly the plight of the age 40-plus worker.

It was generally conceded at the White House Conference on Aging that many of our senior citizens have inadequate income, and certainly that has been demonstrated here this morning, even though certain allowances are made for such factors as tax advantages and a different pattern of need.

There are many complex issues relating to specific proposals to improve the income position of the present senior citizen as well as those who are approaching senior citizen status. Private savings and investments have been encouraged, pension plans have developed, various public programs have been offered, and extension of social security OASDI benefits has been reviewed and, in part, implemented. In fact, there is now a new trend toward reexamination of compulsory and suggested retirement at age 65.

On the other side of the ledger, the expenses and needs of the senior citizen have focused a good deal of attention not only on housing and food costs, which are basic items of living, but also on the medical expenses of the senior citizen. The enactment of the Kerr-Mills law has been a positive step in solving the immediate needs of senior citizens who are unable to take care of their medical expenses. Twenty-four States have already passed implementing legislation creating a medical assistance to the aged program. Five States have deemed legislation unnecessary to commence the program, and in five other States, it is pending. However, I did find that 6 States failed to pass such legislation and 10 States have considered no legislation on the subject.

I might add, Mr. Chairman, that Massachusetts was one of the first to pass implementing legislation under the Kerr-Mills law and that it did so in the final days of the 1960 session of the general court.

In Worcester, the medical assistance to the aged program has been fully operational for 12 months. In October of 1960, 585 cases were transferred from the old-age assistance program to the MAA. Currently, there are 984 active cases receiving aid under the MAA program. However, during the past year, 1,500 applications have been

processed. Twenty percent of the currently active cases are classed as noninstitutional. Eighty percent are institutional cases. The average cost of the MAA program per capita in Massachusetts as of July 1961 was \$193.11. Worcester's per capita cost was \$191. Because Worcester has the highest percentage of senior citizens of any locality in the Commonwealth, it would be expected that the OAA and MAA programs would carry proportionately more cases there than in other localities. Such is not the case. Perhaps the proportionately lower caseload in Worcester is due to a more healthy and stable economy.

Although much of your testimony this morning and this afternoon will concern itself with needs of the senior citizens which are not currently being met, I should like to direct this committee's attention to the prospects of tomorrow's senior citizen.

Private enterprise is conscious that the standard devices for retirement income planning need to be reevaluated and reorganized to give greater flexibility.

During the period of the thirties and early forties when life insurance companies were changing their rates so as to reflect lower earnings on investments and the lengthening span of life, annuity income was reduced but so was the price level. Then came inflation which was steadily decreasing the purchasing power of annuity dollars. This concern over the inadequacy of fixed-dollar annuities is demonstrated by the decrease of life annuities in the past decade. I think these statistics are important. In 1950, there were 1,235,000 life annuities producing an annual income of \$585 million. In 1960, there was a dropoff to 1,159,000 life annuities producing an annual income of \$571 million. This decrease, Mr. Chairman, took place in a period when the total life insurance in force exceeded all of that which was in force in the preceding 90 years.

Mutual funds, in the past two decades, have become popular because the equity investments which are made by the funds produce results for the shareholders which more or less parallel the rise or decline in the economy. The mutual fund, however, cannot offer the basic guarantees that people wish to rely on in planning retirement income.

Thoughtful insurance men and others have tried to find better solutions to the problem of planned retirement income within the framework of four specific goals, namely:

1. Income assured.
2. Income for life.
3. Income adequate to meet needs.
4. Income which will maintain purchasing power varying with the cost of living.

Life insurance companies which developed, and have traditionally written the life annuity have always been able to meet the above items Nos. (1) and (2). But strict adherence to the system of legal reserves by life insurance companies under State regulation has permitted only very minor investments in equities. At the end of 1959, less than 4 percent of the assets of U.S. life insurance companies was invested in stocks and less than 2 percent in common stocks. I will not go through those except to say that the net yield of the life insurance companies, which was more than 5 percent each year in the decade from 1921 to 1930 inclusive, started to decline steadily and went to a low of 2.88 in 1947. Since 1947, it has risen to slightly

over 4 percent. These investment results could never permit much more than minor adjustment in the annuity schedules for the payment period.

The annuitant in the past has been thankful to find the risk of mortality and constancy of a fixed income assumed by the life companies. However, it has become less appealing for the annuitant to take the risk of a depreciation in value of annuity dollars, especially since inflation has reduced the purchasing power of the fixed-dollar annuities in the past 20 years by 50 percent.

This, then, Mr. Chairman, is the brief background which fostered the development of the variably annuity concept, and a most interesting concept it is.

A variable annuity is based on the same general principle as a conventional annuity but with a couple of important differences.

First, the money that purchasers pay in premiums is invested by a variable annuity company, or a life insurance company selling the variable annuity, in a carefully selected, diversified portfolio of common stocks. Stock values do not keep in perfect step with living costs, but they do tend to climb with inflation and they do tend, over the long haul, to parallel roughly prices and living costs.

Second, the contract promises to pay an income for life, but the income is not fixed at a certain number of dollars. It is, instead, fixed at a certain number of annuity units. As long as one lives, he is credited with the same number of annuity units each month, but the value of each unit will vary in proportion as the value of the invested reserve fund varies. If its value increases, the value of each annuity unit increases, and the total income increases. If its value falls, the value of each annuity unit falls, and the total monthly income falls.

I might say a portion of my written testimony this morning deals with the Teachers Insurance Association and their decision of 1952 to form the college retirement equity fund, or CREF, which was in part an implementation of this concept of the variable annuity.

The Variable Annuity Life Insurance Co. was established on December 30, 1955, within the District of Columbia and was placed under the regulation of the District Insurance Commissioner as a separate company to write variable annuities, guaranteeing mortality and expense factors and investing premiums in common stocks and other equities. Shortly thereafter, the Equity Annuity Life Insurance Co. was also formed in the District of Columbia.

In New Jersey, a bill which was before the legislature for 5 years was finally passed in 1959 permitting existing life companies to write variable annuities but through a separate fund set up within the company.

Connecticut also passed a law in 1959 which would provide for special funding of group annuities. Massachusetts passed a similar law in 1960. Under these laws, a life company will be able to make equity investments with premium money collected by the company in connection with these group annuity contracts. Insurance company investment restrictions will not apply to these funds, thus allowing the life company to purchase equity securities and place them in a separate account.

I have listed in my prepared statement for your information other States which have passed this type of legislation.

In 1958 I authored a bill, which was filed with the Massachusetts General Court, providing for the separate incorporation of a variable annuity company which could be owned as a subsidiary by a domestic life company. The bill was studied but never passed.

Regulatory confusion has impeded the growth of the variable annuity during the past 4 years. There has also been substantial opposition to variable annuities written by life companies from the Investment Banking Association and the National Association of Security Dealers. Conservative elements within the insurance industry, which have felt that the life insurance business should only operate on fixed guarantees, have opposed the development of this kind of an annuity.

In a five-four decision, the U.S. Supreme Court ruled that the variable annuity is substantially a security and should be regulated by the Securities and Exchange Commission. The decision, however, has left open the door for dual regulation by the State insurance commissioners.

Although the issuance of individual variable annuities by life companies or by special companies organized for this purpose has become complicated by a new series of SEC regulations, it is expected that the regulatory problems will be resolved favorably.

Many employers have established deferred compensation plans, and I do not believe I have to go into that part of the testimony because that has been covered in part by the previous speaker.

There has been considerable activity on the part of life insurance companies to pave the way for group annuities to be written on a variable basis. It is now expected that some of the major life companies will commence writing this type of contract next year in States where legislation has been passed permitting such contracts. However, it is reported that several investment regulatory roadblocks in New York State still remain to be worked out before the major companies wish to compete in this field.

Although the Supreme Court decision on variable annuities changed the thinking on the regulatory aspects of this type of annuity, variable-annuity-minded people have been busy developing various plans embodying variable annuity concepts. One such plan would issue variable annuities through a unit investment trust, wherein insurance regulation is not required and only standard SEC rules must be observed.

Waddell and Reed, Inc., underwriters for United Funds, Inc., have filed their registration statement for authority to market United variable annuity contracts. These contracts will be marketed through a unit investment trust as provided for in the Investment Company Act of 1940.

Under this plan, the trustee maintains two accounts; an accumulation account and an annuity account. The accumulation account will equal all of the net assets of the trust minus the annuity account. The annuity account is the amount credited to people entitled to receive life annuity payments. When the trustee receives a net purchase payment from any purchaser, the amount is divided by the current value of an accumulation unit which is determined daily, and the purchaser is credited with the resulting number of accumulation units.

This process of determining the value of an accumulation unit is the same as the process used to determine the value of mutual fund shares. The investor can choose an annuity starting date. If he dies or withdrawals are made from the trust before the annuity starting date, settlement is made by paying him or his estate the current cash value of his accumulation units, either in a lump sum or in installments as he desires.

On the annuity starting date, he can choose to have benefits as a life annuity, a life annuity with payments for a minimum period of 10 or 20 years, or as a last survivor life annuity payable in full or continued in one-half the benefit to the survivor.

This is only one of the plans that are currently being developed around the concept of the variable annuity. During this decade, Mr. Chairman, private enterprise will develop planned retirement income concepts with proper safeguards and option plans to suit the changing circumstances of the annuitant as well as the economy such as were never dreamed possible. These plans will be realized through the combined efforts of life insurance companies, mutual funds, and trust companies.

The variable annuity will, of course, not solve the retirement income problem of everyone, but if private enterprise can continue to demonstrate methods for planned retirement income during a person's productive years, a brighter prospect for tomorrow's senior citizen can be assured. Such efforts should be strongly encouraged.

Through the development of our system of social insurance each year, we are more adequately taking care of the senior citizen by guaranteeing him a basic retirement stipend. Social insurance of this kind should never be considered, however, as the only income for the senior citizen. It must always remain supplementary to retirement income from private sources.

Your committee in the years ahead can become one of the most useful and helpful committees in the Congress. Not only can it evaluate and assess the continuing needs of the senior citizen and prompt action to satisfy these needs, but it can also anticipate the needs of future senior citizens and keep them advised of methods to meet such needs.

As charter members of this committee, you are in a unique position to coordinate Government service and private industry programs which are attempting to aid the senior citizen. Government, or more particularly the Congress, and private industry can easily look to you in the future for direction.

In the area of retirement income for the senior citizen, gentlemen, I recommend the following points for inclusion in your committee's concept of its purposes and goals:

- (1) Make sound legislative recommendations that will assist the senior citizen, including periodic reevaluation of our system of social security.

- (2) Develop and implement a program of helpful information to assist tomorrow's senior citizen in planning for his retirement income.

- (3) Refine and evaluate statistics concerning displaced workers over 40 years of age and develop and coordinate the assistance that can be rendered by private enterprise and Government when and where such need exists.

(4) Coordinate, encourage and channel the energy of private enterprise in meeting its responsibility to an aging population, not only in the specific area of retirement income, but also in other areas, including medical services, and private hospital and medical insurance coverage.

Mr. Chairman, may I thank you for the opportunity of appearing before your committee this morning, and may I commend your committee for coming to Springfield today to obtain information at the grassroots about the senior citizen in Massachusetts.

Senator SMITH. Thank you very much, Mr. Spillane.

I have one question I would like to ask and that is: Are not people who invest for their retirement in mutual funds at variable annuities a rather select group of people?

Mr. SPILLANE. Mr. Chairman, the mutual fund industry today is about a \$23.5 billion industry. Certainly I don't have any statistics which would refine what percentage of the population invest in mutual funds. I do believe that I have seen some figures which indicate that much less than 50 percent of the mass of the population invest in such a security.

I certainly feel that the mutual funds cannot be a panacea to the problem for the person who has reached 65 years of age or over. It certainly can only be looked at in the future combined with other insurance and trust programs as a panacea to the problem for the future senior citizen.

Senator SMITH. I think you brought that out very well in your conclusions, that it is going to take a great effort by all phases of government, business, and individuals to accomplish the aim that we are after.

Mr. SPILLANE. Yes.

Senator SMITH. I thank you very much.
Congressman?

Mr. BOLAND. No questions.

Senator SMITH. Thank you very much, Mr. Spillane.
(The prepared statement of Mr. Spillane follows:)

PREPARED STATEMENT OF JOHN W. SPILLANE

Mr. Chairman, and members of the U.S. Senate select committee on aging, my name is John W. Spillane. I am an attorney for the Massachusetts Protective Association, Inc., and the Paul Revere Life Insurance Co., of Worcester, Mass. I serve as secretary and director of the Shrewsbury Bank & Trust Co. In the field of the aging, I was general chairman of the Governor's conference on aging in 1960, and I attended the White House Conference on Aging in 1961. At present, I am chairman of the unoccupied time section of the Worcester Committee on Aging, Community Services of Greater Worcester.

I am privileged to appear before your distinguished committee this morning and to present some views on the complex subject of retirement income. I shall attempt to bring to your attention some pertinent statistical data concerning the aging population in central Massachusetts, particularly in Massachusetts' Third and Fourth Congressional Districts which are ably represented in the U.S. Congress by the Honorable Philip J. Philbin and the Honorable Harold D. Donohue respectively. Some of my information will concern the city of Worcester, which is the major metropolitan city in central Massachusetts and which is located in the Fourth Congressional District. I will also discuss for your committee's interest, the challenging concept of the variable annuity and the potential which it has in planning for retirement income. Finally, I shall list some goals, which your committee might wish to achieve.

The Third Congressional District includes the larger communities of Fitchburg, Gardner, Leominster, Clinton, Southbridge, Webster, and Northbridge and

has a total population of 348,500. About 11 percent, or 37,971, of this figure constitutes people who are over 65 years of age (16,466 are men and 21,505 are women). The Fourth Congressional District includes Worcester, the second largest city in Massachusetts, and extends as far as Framingham and Waltham. It has a total population of 409,912. Again, about 11 percent, or 45,140, of this figure constitutes people who are over 65 years of age¹ (18,878 are men and 26,262 are women). It is interesting to note that in the city of Worcester, 13.6 percent of the population is over 65 years of age. No other locality in Massachusetts has a higher percentage of senior citizens. This is to be compared with 9 percent of the total population of the Nation and 11.2 percent of the total population in Massachusetts comprising men and women 65 years of age or over.²

The central Massachusetts communities which are represented by the Third and Fourth Congressional Districts enjoy a widely diversified economy. The metropolitan Worcester area claims 634 separate industrial units, supplying 44,000 jobs. Forty-four of these units employ over 200 people. Five hundred eighty-two units employ under 200 people, and 410 of these units employ under 25 people. Twenty-nine thousand, or 65 percent, of the jobs are supplied by the 44 industrial units employing more than 200 people. Six of these 44 units employ 15,000 people.³

It is generally conceded that there are about 125,000 jobs in the Greater Worcester area. However, statistics reveal that one-third of the total working force in this area is 45 years of age or over. Currently there are nearly 4,000 people in the Greater Worcester area who are unemployed, and 44 percent of the people who applied for unemployment benefits this year were 45 years of age or over.⁴

Central Massachusetts has a good labor force to support its industries. The wide diversification of industrial growth also helps to increase the number of skilled workers in the communities. But the statistics which I have previously cited indicate that there is a higher concentration of older workers in the Worcester region labor force than in communities of comparable size. In fact, Worcester has a smaller share of young adults in its working force in comparison with other cities. This factor seems to exist because the young adult is more easily attracted to the larger cities where more training programs are offered by the large national corporations.

Such concentration of older workers in the community makes the retirement income problem more important to all the people.

A matter which management and labor across the country have not really faced squarely is the problem of the displaced worker who is 40-plus. Firms have a great reluctance to hire the 40-plus worker. Some labor groups dealing in particular trades have a tendency to restrict their membership, once established, in order to insure work for their members, especially when business is slack. If the 40-plus worker finds himself on the outside and unable to secure employment, he will inevitably be forced to dig into whatever private reserve he may have accumulated. When he finds employment again, it often occurs that he can never quite make up the reserve which he was building or preparing for retirement. Consequently, when he does retire or is forced to retire, he may have an inadequate pension from employment, meager private funds, and only a basic social security income.

The more skilled worker is generally better equipped to shift employment successfully after reaching age 40-plus, but his unskilled associate must rely upon the basic supply and demand of the labor market for future employment.

Older workers conferences have been held in various parts of the country including Massachusetts,⁵ and management and labor have become more conscious of the problem as a result of these conferences. However, little has been accomplished in Massachusetts to solve more directly the plight of the age 40-plus worker.

It was generally conceded at the White House Conference on Aging that many of our senior citizens have inadequate income, even though certain allowances are made for such factors as tax advantages and a different pattern of need.

¹ Congressional District Data Book, U.S. Government Printing Office, Washington, D.C., 1961, p. 28.

² City of Worcester, Department of Public Welfare, James F. O'Neill, director.

³ Greater Worcester Area Chamber of Commerce. Donald H. Dalbeck, consultant to industry service.

⁴ Commonwealth of Massachusetts, Division of Employment Security.

⁵ Older Workers Conference, Boston College, Chestnut Hill, Mass., Nov. 9, 1961.

There are many complex issues relating to specific proposals to improve the income position of the present senior citizen as well as those who are approaching senior citizen status. Private savings and investments have been encouraged, pension plans have developed, various public programs have been offered, and extension of social security OASDI benefits has been reviewed and, in part, implemented. In fact, there is now a new trend toward reexamination of compulsory and suggested retirement at age 65.

On the other side of the ledger, the expenses and needs of the senior citizen have focused a good deal of attention not only on housing and food costs, which are basic items of living, but also on the medical expenses of the senior citizen. The enactment of the Kerr-Mills law has been a positive step in solving the immediate needs of senior citizens who are unable to take care of their medical expenses. Twenty-four States have already passed implementing legislation creating a medical assistance to the aged program. Five States have deemed legislation unnecessary to commence the program, and in five other States, it is pending. However, I did find that six States failed to pass such legislation and that ten States have considered no legislation on the subject.

I might add that Massachusetts was one of the first States to pass implementing legislation under the Kerr-Mills law and that it did so in the final days of the 1960 Session of the General Court.⁶

In Worcester, the medical assistance to the aged program has been fully operational for 12 months. In October of 1960, 585 cases were transferred from the old-age assistance program to the MAA. Currently, there are 984 active cases receiving aid under the MAA program. However, during the past year, 1,500 applications have been processed. Twenty percent of the currently active cases are classed as noninstitutional. Eighty percent are institutional cases. The average cost of the MAA program per capita in Massachusetts as of July 1961 was \$193.11. Worcester's per capita cost was \$191.00. Because Worcester has the highest percentage of senior citizens of any locality in the Commonwealth, it would be expected that the OAA and MAA programs would carry proportionately more cases there than in other localities. Such is not the case. Perhaps the proportionately lower caseload in Worcester is due to a more healthy and stable economy.⁷

Although much of your testimony this morning and this afternoon will concern itself with needs of the senior citizens which are not currently being met, I should like to direct this committee's attention to the prospects of tomorrow's senior citizen.

Private enterprise is conscious that the standard devices for retirement income planning need to be reevaluated and reorganized to give greater flexibility.

During the period of the thirties and early forties when life insurance companies were changing their rates so as to reflect lower earnings on investments and the lengthening span of life, annuity income was reduced but so was the price level. Then came inflation which was steadily decreasing the purchasing power of annuity dollars. This concern over the inadequacy of fixed-dollar annuities is demonstrated by the decrease of life annuities in the past decade. In 1950, there were 1,235,000 life annuities producing an annual income of \$585 million. In 1960, there was a drop off to 1,159,000 life annuities producing an annual income of \$571 million.⁸ This decrease took place in a period when the total life insurance in force exceeded all of that which was in force in the preceding 90 years.

Mutual funds, in the past two decades, have become popular because the equity investments which are made by the funds produce results for the shareholders which more or less parallel the rise or decline in the economy. The mutual fund, however, cannot offer the basic guarantees that people wish to rely on in planning retirement income.

Thoughtful insurance men and others have tried to find better solutions to the problem of planned retirement income within the framework of four specific goals, namely:

1. Income assured.
2. Income for life.
3. Income adequate to meet needs.
4. Income which will maintain purchasing power varying with the cost of living.

⁶ Massachusetts Acts and Resolves of 1960, ch. 781.

⁷ Supra.

⁸ Life Insurance Fact Book, Institute of Life Insurance, 1961, p. 33.

Life insurance companies which developed, and have traditionally written, the life annuity have always been able to meet the above items numbered 1 and 2. But strict adherence to the system of legal reserves by life insurance companies under State regulation has permitted only very minor investments in equities. At the end of 1959, less than 4 percent of the assets of U.S. life insurance companies was invested in stock and less than 2 percent in common stocks. The net yield of life insurance companies, which was more than 5 percent each year in the decade from 1921 to 1930 inclusive, started to decline steadily and went to a low of 2.88 in 1947. Since 1947, it has risen to slightly over 4 percent.⁹ These investment results could never permit much more than minor adjustment in the annuity schedules for the payment period.

The annuitant in the past has been thankful to find the risk of mortality and constancy of a fixed income assumed by the life companies. However, it has become less appealing for the annuitant to take the risk of a depreciation in value of annuity dollars, especially since inflation has reduced the purchasing power of the fixed-dollar annuities in the past 20 years by 50 percent.

This, then, is the brief background which fostered the development of the variable annuity concept.

A variable annuity is based on the same general principle as a conventional annuity but with a couple of important differences.

First, the money that purchasers pay in premiums is invested by a variable annuity company, or a life insurance company selling the variable annuity, in a carefully selected, diversified portfolio of common stocks. Stock values do not keep in perfect step with living costs, but they do tend to climb with inflation and they do tend, over the long haul, to parallel roughly, prices and living costs.

Second, the contract promises to pay an income for life, but the income is not fixed at a certain number of dollars. It is, instead, fixed at a certain number of annuity units. As long as one lives, he is credited with the same number of annuity units each month, but the value of each unit will vary in proportion as the value of the invested reserve fund varies. If its value increases, the value of each annuity unit increases, and the total income increases. If its value falls, the value of each annuity unit falls, and the total monthly income falls.

The principle of using equity investments to fund annuity income was first tested by private enterprise in 1952. The Teachers' Insurance and Annuity Association decided to form a separate fund, which it called College Retirement Equity Fund. If one were a TIAA policyholder, one could allocate the entire premium charged for an annuity to TIAA or participate in the combined TIAA-CREF program by paying one-fourth, one-third, or one half of each premium (including the college's contribution) to CREF, with the balance going to TIAA to purchase a fixed-dollar annuity. Nine out of ten participants in CREF select the 50-50 percent balancing option. The premium paid to CREF purchases units of participation (accumulation units). The value of the accumulation unit changes each month according to changes in the market prices of the common stocks in CREF's portfolio. This monthly value serves a dual purpose: It marks the current dollar's worth of all accumulation units one has purchased to date, and it sets the current "purchase price" for each accumulation unit. The premiums paid to CREF are invested in common stocks, and the premiums paid to TIAA are invested in bonds and mortgages in order to provide the guaranteed fixed-dollar annuity income. By combining the two types of annuities, variable and fixed, participants are offered a better opportunity of security during retirement.

The accumulation unit value, which averaged about, \$10 for CREF's first 2 years, ranged during 1959 between \$24.22 and \$27.11, the highest unit value in CREF's history.¹⁰

CREF was not organized as a life insurance company but, rather, as a membership corporation under a special act of the New York State Legislature, with certain specific provisions of the insurance law being made applicable.¹¹ As a non-profit organization, CREF was, and is, exempt from the laws designed to regulate the use of securities. Therefore, CREF¹¹ is not a very clear-cut precedent for the regulation of companies selling variable annuities to the public.

⁹ *Ibid.*, p. 58.

¹⁰ The Teachers' Insurance and Annuity Association—College Retirement Equity Fund Annual Report, 1959.

¹¹ New York State Laws, 1952, ch. 124.

The Variable Annuity Life Insurance Co. was established on December 30, 1955, within the District of Columbia and was placed under the regulation of the District Insurance Commissioner as a separate company to write variable annuities, guaranteeing mortality and expense factors and investing premiums in common stock and other equities. Shortly thereafter, the Equity Variable Annuity Life Insurance Co. was also formed in the District of Columbia.

In New Jersey, a bill which was before the legislature for 5 years was finally passed in 1959 permitting existing life companies to write variable annuities but through a separate fund set up within the company.¹²

Connecticut also passed a law in 1959 which would provide for special funding of group annuities.¹³ Massachusetts passed a similar law in 1960.¹⁴ Under these laws, a life company will be able to make equity investments with premium money collected by the company in connection with these group annuity contracts. Insurance company investment restrictions will not apply to these funds, thus allowing the life company to purchase equity securities and place them in a separate account.

Other States which have passed similar laws are Kentucky,¹⁵ Indiana,¹⁶ Nebraska,¹⁷ Nevada,¹⁸ and Colorado.¹⁹ The Insurance Departments of New Mexico and Alabama have issued regulations concerning the issuance of variable annuity contracts. Wisconsin allows equity investment in the public employee's pension. The Wisconsin plan came about as a result of an extensive study conducted by the Governor of the State, and this study examined the feasibility of equity investments to obtain better pension results.²⁰

In 1958, I authored a bill, which was filed with the Massachusetts General Court, providing for the separate incorporation of a variable annuity company which could be owned as a subsidiary by a domestic life company. The bill was studied but never passed.²¹

Regulatory confusion has impeded the growth of the variable annuity during the past 4 years. There has also been substantial opposition to variable annuities written by life companies from the Investment Banking Association and the National Association of Security Dealers. Conservative elements within the insurance industry, which have felt that the life insurance business should only operate on fixed guarantees, have opposed the development of this kind of an annuity.

In a five-four decision, the United States Supreme Court ruled that the variable annuity is substantially a security and should be regulated by the Securities and Exchange Commission. The decision, however, has left open the door for dual regulation by the State insurance commissioners.²²

Although the issuance of individual variable annuities by life companies or by special companies organized for this purpose has become complicated by a new series of SEC regulations, it is expected that the regulatory problems will be resolved favorably.

Many employers have established deferred compensation plans wherein equity investments are made for the hope of a higher return. These plans provide that after a specified date, e.g., when the employee reaches 65 years of age, he will be paid a specified amount of compensation for as long as he may live in recognition solely of past services. In establishing these plans for employees, an employer will occasionally reinsure itself by taking out an annuity contract from an insurance company. These annuity contracts from the insurance company are the absolute property of the employer and benefits are payable to the employer. The employer, in turn, makes the promise to pay the deferred compensation as a life annuity to the employee.

Favorable tax treatment of pension plans which qualify under the provisions of the Internal Revenue Code has caused a striking growth in the number and size of this type of employee pension plans in private business. Under these

¹² New Jersey Laws, 1959, ch. 122.

¹³ Connecticut Acts, 1959, Act 317.

¹⁴ Massachusetts Acts and Resolves, 1960, ch. 562.

¹⁵ Kentucky Laws, 1960, ch. 124.

¹⁶ Indiana Laws, 1961, ch. 138.

¹⁷ Nebraska Bill, 1961, L.G. 301.

¹⁸ Nevada Laws, 1961, ch. 106.

¹⁹ Colorado Bill, 1961, S. 289.

²⁰ Pension study by Governor of Wisconsin, January 1957.

²¹ Massachusetts House Bill 1936 : 1958.

²² Securities and Exchange Commission et al. v. Variable Annuity Life Insurance Co., et al., 359 U.S. 65, 1959.

plans, funds are set aside in accordance with the trust agreement, usually under the administration of a bank or trust company. It is said that reserves set aside under trustee plans amount to more than \$22,100 million.

There has been considerable activity on the part of life insurance companies to pave the way for group annuities to be written on a variable basis. It is now expected that some of the major life companies will commence writing this type of contract next year in States where legislation has been passed permitting such contracts. However, it is reported that several investment regulatory roadblocks in New York State still remain to be worked out before the major companies wish to compete in this field.

Although the Supreme Court decision on variable annuities changed the thinking on the regulatory aspects of this type of annuity, variable annuity-minded people have been busy developing various plans embodying variable annuity concepts. One such plan would issue variable annuities through a unit investment trust, wherein insurance regulation is not required and only standard SEC rules must be observed.

Waddell and Reed, Inc., underwriters for United Funds, Inc., have filed their registration statement for authority to market united variable annuity contracts. These contracts will be marketed through a unit investment trust as provided for in the Investment Company Act of 1940.

Under this plan, the trustee maintains two accounts; an accumulation account and an annuity account. The accumulation account will equal all of the net assets of the trust minus the annuity account. The annuity account is the amount credited to people entitled to receive life annuity payments. When the trustee receives a net purchase payment from any purchaser, the amount is divided by the current value of an accumulation unit which is determined daily, and the purchaser is credited with the resulting number of accumulation units. This process of determining the value of an accumulation unit is the same as the process used to determine the value of mutual fund shares. The investor can choose an annuity starting date. If he dies or withdrawals are made from the trust before the annuity starting date, settlement is made by paying him or his estate the current cash value of his accumulation units, either in a lump sum or in installments as he desires.

On the annuity starting date, he can choose to have benefits as a life annuity, a life annuity with payments for a minimum period of 10 or 20 years, or as a last survivor life annuity payable in full or continued in one-half the benefit to the survivor.²³

This is only one of the plans that are currently being developed around the concept of the variable annuity. During this decade, private enterprise will develop planned retirement income concepts with proper safeguards and option plans to suit the changing circumstances of the annuitant as well as the economy such as were never dreamed possible. These plans will be realized through the combined efforts of life insurance companies, mutual funds, and trust companies.

The variable annuity will, of course, not solve the retirement income problem of everyone, but if private enterprise can continue to demonstrate methods for planned retirement income during a person's productive years, a brighter prospect for tomorrow's senior citizen can be assured. Such efforts should be strongly encouraged.

Through the development of our system of social insurance each year, we are more adequately taking care of the senior citizen by guaranteeing him a basic retirement stipend. Social insurance of this kind should never be considered, however, as the only income for the senior citizen. It must always remain supplementary to retirement income from private sources.

Your committee in the years ahead can become one of the most useful and helpful committees in the Congress. Not only can it evaluate and assess the continuing needs of the senior citizen and prompt action to satisfy these needs, but it can also anticipate the needs of future senior citizens and keep them advised of methods to meet such needs.

As charter members of this committee, you are in a unique position to coordinate Government service and private industry programs which are attempting to aid the senior citizen. Government, or more particularly the Congress, and private industry can easily look to you in the future for direction.

²³ Variable Annuities, George Johnson, Reprint Co., Washington, D.C., 1961, p. 121.

In the area of retirement income for the senior citizen, I recommend the following points for inclusion in your committee's concept of its purposes and goals:

1. Make sound legislative recommendations that will assist the senior citizen, including periodic reevaluation of our system of social security.
2. Develop and implement a program of helpful information to assist tomorrow's senior citizen in planning for his retirement income.
3. Refine and evaluate statistics concerning displaced workers over 40 years of age and develop and coordinate the assistance that can be rendered by private enterprise and government when and where such needs exist.
4. Coordinate, encourage, and channel the energy of private enterprise in meeting its responsibility to an aging population, not only in the specific area of retirement income, but also in other areas, including medical services, and private hospital and medical insurance coverage.

May I thank you for the opportunity of appearing before your committee this morning and may I commend your committee for coming to Springfield today to obtain information at the grassroots about the senior citizens in Massachusetts.

Senator SMITH. Our next witness will be C. Wendell King, professor of sociology, University of Massachusetts, Amherst. Professor King?

**STATEMENT OF C. WENDELL KING, PROFESSOR OF SOCIOLOGY,
UNIVERSITY OF MASSACHUSETTS, AMHERST**

Mr. KING. Senator Smith, Congressman Boland, and ladies and gentlemen, I want to confine my remarks to one topic; namely, the problem of post retirement employment. I should like to discuss it not in terms of any particular community or in terms of just the Commonwealth of Massachusetts, but in terms of the national population.

I am not going to deal with the purely economic aspects of this, but rather I should like to consider some of the social and some of the psychological implications of retirement.

I will, in the interest of the late hour, try to summarize these comments rather than follow through with the full statement I have already submitted.

Senator SMITH. Your full statement will certainly be made a part of the record.

Thank you very much, Professor.

Mr. KING. When the older worker's employment ends, he simultaneously suffers at least two deprivations. His income is reduced, usually very sharply, and suddenly he also loses his role as a gainful worker. This role is for many, perhaps most people, one of the most important ingredients for a meaningful and worthwhile life. Relinquishing the role is becoming less and less a matter of the worker's choice as an increasing number of employers establish compulsory retirement policies, a trend which seems likely to continue.

There is some evidence that while retirement may be welcomed initially by older persons, many of them soon experience boredom and discontent and, more important, a sense of uselessness and a loss of self-esteem. At the same time, the reduction of income involves at best a lowered level of living. At worst it may entail the individual's seeking economic assistance in one form or another from his or her children, by now usually married and with children of their own. Whether the assistance is given willingly, grudgingly, or not at all, the

simple asking of it can be a humiliation added to others which result from enforced retirement.

There are some characteristics of our society, I think, which make retirement a traumatic experience for many of our older citizens, whether it is forced or not. I am not going to discuss all of these. I have mentioned some of them in my statement that has been submitted. I should like to just point out this one aspect of our culture, namely, the fact that in American culture we do place an enormous importance on independence, especially as it applies to the family. We instill in young people the idea that when they marry they will leave their parents and will establish a home of their own. This is a practice, by the way, which is by no means universal in all societies. But in our own, the ideal is a two-generation family. Symbolic of our commitment to the two-generation family is our suburban architecture of the last few decades. The relatively small, one-story ranch-house is clearly not designed to accommodate a three-generation household.

How early this dedication to the nuclear form of family develops in the individual is difficult to say. Just for purposes of interest I might point out that in a study of the attitudes of several hundred university students which I did a few years ago there seemed to be a definite resistance to the idea of sharing their future home with their parents if this became a necessity. For example, a negligible number indicated they liked the idea of having their parents move in, about one-fifth were not sure whether they liked it or disliked it, but a very clear two-thirds stated they disliked the idea "somewhat" or "very much."

Older people themselves apparently prefer not to live with their adult children. A number of studies, and I shall not take the time to quote them this morning, have shown this pretty well. One that is worth noting, a study done at Cornell University, shows that the 1,200 people who were interviewed were very reluctant to seek assistance from their children. They ranked their children fourth as a possible source of help. They ranked the Federal Government, their employer, and the State government, in that order, as being the more acceptable to them.

I refer to this simply to document the fact that independent living is a highly regarded goal for older people as it is for their juniors. For a variety of reasons, many senior citizens are confronted with a conflict between what is preferred and what is possible. This conflict will continue until more strenuous efforts are made to resolve it by one or more of several devices. I shall mention two or three of these.

One would be, and this has been suggested by a number of students of the problem, to induce employers to drop their regulations concerning compulsory retirement at age 65 or younger—and some of them do require retirement at a younger age—and to continue on their payrolls the older workers who wish to remain and who have no marked disabilities. I think it is rather difficult to see how this suggestion can be implemented, however, since companies find age a most convenient criterion even when they do not have their own private pension plans.

Another related possibility is educating employers to the usefulness of already retired workers, whether these happen to be former em-

ployees or not. I am not going to review the evidence, but there is considerable evidence that many employers believe that older workers are subject to greater absenteeism, that they suffer general losses in skill and performance. Such problems have been greatly exaggerated by a good many employers. To be sure, certain losses do occur in the capacities of the individual, but there are other capacities which are retained intact and which do fit the individual for a variety of occupational demands.

Paralleling recent campaigns to secure employment for the physically handicapped, a really serious attempt to educate employers regarding the potentialities of older workers might have considerable impact. Probably this would hinge partially on the employer's being free from any commitments as to the period of employment or from financial obligations when employment is terminated.

I think also it is quite likely that the greatest opportunities with respect to the postretirement employment on the part of older people would be found in the smaller companies rather than larger companies since it would seem the larger companies do tend to make personnel decisions more a matter of routine rather than of individual consideration, partly because of convenience, I think, and not entirely because of prejudice.

Public funds to assist in the reeducation of employers could be a worthwhile investment but only if coupled with careful research into the industries and occupational fields lending themselves to post-retirement employment and also into the kinds of occupational experience which can best be matched to these opportunities. At present, this is an area in which there is much more ignorance and speculation than reliable fact. A fine demonstration of what can be done in the way of utilizing the capabilities of older persons is the program sponsored, I believe, by the Whitney Foundation which enables retired college professors to continue teaching at other schools after they have been retired by their own institutions. A great many retired teachers have taken advantage of this opportunity.

I also want to note that not all retired people want reemployment after they retire, and furthermore not all of them are able to work. There have been various estimates as to how many retired people are capable of working and do seek work. Estimates run from a million to a half million.

Assuming that an increasing number of employers can be convinced of the practical value of employing retired workers, the latter are still confronted with a loss of portions of their social security benefits if their earned income exceeds \$1,200. I realize that the retirement test has been slightly liberalized recently for those earning up to \$1,700, but the fact remains that as earned income climbs to \$2,000 or more, benefits dwindle rapidly and eventually disappear.

Personally I am not convinced that the retirement test is desirable, although a great many arguments have been marshaled for it. If it is so retained, I would favor a further liberalizing of its provisions. It has been contended by some that on the whole an individual will enjoy more income from working than he will have from combined benefits and minimal earnings exempt from the retirement test. In reply, I would argue that to maintain the kind of independent existence which members of our society value so highly, most older persons

will require, under present living costs, whatever social security benefits they are entitled to plus any additional earnings they may be able to secure.

Since the elimination of retirement tests seems unlikely, however, I do not think it would be unreasonable to raise the annual exempt earnings from the present figure of \$1,200 to \$2,400. The cost of such a change would be no more than what I understand our present expenditures are for buying and storing excess corn and other farm surpluses.

Nor is it appropriate, I think, to cite only the costs of programs which would enhance the independence of older people, whether these programs have to do with post retirement employment or whether they have to do with other efforts to raise the level of living and the condition of life for these people.

A number of investigators of the problems of aging have concluded that some of the mental and even physical problems associated with aging are not organic in origin and certain others are only partially so. In other words, what we refer to rather loosely as senility—and I dislike the term but it has become very popular—what we refer to by that term has long been regarded as an inevitable consequence of biological aging, but we are now coming to the point where we recognize it is also caused by social factors and not entirely by biological factors.

Certain aspects of mental illness and some psychosomatic disorders appear to be very closely related to the older person's loss of self-confidence, his feelings of insecurity, and other reactions to what has been aptly termed, "role obsolescence." At least two scientists, Linden and Courtney, feel that senility, even in its physical manifestations, is a cultural product which may result from attitudinal factors. They find that just prior to the onset of the senile condition, patients express feelings of lowered self-esteem and self-confidence. They report that the presenility experiences of these people are almost always characterized by rejection, exclusion, setting aside, isolation, and neglect.

Therefore, in conclusion, I think if the testimony of these and other students of the psychological and physical consequences of social deprivation can be accepted, it would appear that the costs of programs for the aging are a relative matter. Such costs must be balanced to some extent against the enormous outlays due to physical and mental illness among our aging population. Expenditures for facilitating postretirement employment or other programs designed to raise the morale and sense of worth among older people might well pay for themselves by lowering the health costs of the Nation.

Lastly, apart from dollars and cents considerations, the value of such undertakings must ultimately be measured by their role in effecting a reduction of human wastage and personal tragedy.

Thank you.

Senator SMITH. Thank you very much, Mr. King, for your very excellent testimony.

I would like to make one comment at this point and that is that there are now over 5 million men and women over the age of 75 in this country. I think you rather touched on it that in many instances middle-aged people, in addition to supporting these elderly people,

are also trying to put a son or daughter through college and thus we have all three age groups affected.

Mr. KING. Yes.

I think it is also interesting with respect to this matter of the physical and psychological changes which people experience in their older age that it is impossible to draw any single chronological line. As one of the previous speakers pointed out, the older people are just as diverse among themselves as any other group. Individuals who are incapable of working at age 65 or age 60 can be contrasted with people who are able to work at age 70. So the problem, though it does increase in the age category that you mention, namely, from 70 onward, certainly from 60 to 70, the problem of decrement in capacities and skills I think is relatively slight.

Senator SMITH. Yes, and that is a field where I feel very strongly that we should make these people feel that they are still welcome and a helpful part of our society. I think that is one of our responsibilities.

Congressman Boland.

Mr. BOLAND. I appreciate your paper, Professor King. In line with your remarks about senility and what the cost might be, both of us would agree that in the long run if we were to guard against this and if there were sufficient income retirement for these people to live in a decent state of affairs and one where they can protect their dignity and get the things of life that are essential to them at that stage of life and that aged, we would probably save a lot more money in the long run because these people if they are deteriorated mentally are a burden upon the community, much more so actually than providing a decent income retirement.

Mr. KING. Yes, from the evidence I have seen I am convinced that is true, that we could reduce quite considerably—although no one can estimate how much—both to the families of the individuals and to the various levels of government a great many of the bills for health and for taking care of people who are suffering mental disabilities if we could prevent this by giving them a meaningful role in the community. I admit this is not always tied up with occupation, but I think very frequently occupation is an important element.

Mr. BOLAND. Thank you very much.

Senator SMITH. Thank you, Mr. King. Your complete written statement will be made part of the record.

(The prepared statement of Mr. King follows:)

PREPARED STATEMENT OF C. WENDELL KING

When the older worker's employment ends, he simultaneously suffers at least two deprivations. His income is reduced, usually very sharply, and suddenly he also loses his role as a gainful worker. This role is for many, perhaps most, people one of the most important ingredients for a meaningful and worthwhile life. Relinquishing the role is becoming less and less a matter of the worker's choice as an increasing number of employers establish compulsory retirement policies, a trend which seems likely to continue. There is some evidence that while retirement may be welcomed initially by older persons, many of them soon experience boredom and discontent and, more important, a sense of uselessness and a loss of self-esteem. At the same time, the reduction of income involves at best a lowered level of living. At worst it may entail the individual's seeking economic assistance in one form or another from his or her children, by now usually married and with children of their own. Whether the assistance is given willingly, grudgingly, or not at all, the simple asking of it can be a humiliation added to others which result from enforced retirement.

At least two characteristics of our society seem to be responsible for making retirement a nearly traumatic experience for many of our older citizens. Ideally, the transition should be relished because of the freedom it might provide from daily job responsibilities and from fears of unemployment and pressures of competition. But actually these advantages are often lost to the retired individual because he has not been prepared for the new role he must now assume. We devote an enormous amount of time, energy, and money to preparing the child and youth for adulthood, and rightly so. I think it is somewhat ironical however, that once we get him raised and into a job, we drop him—apparently on the assumption that he can make it the rest of the way on his own. Our failure to prepare, to educate individuals for retirement and other concomitants of aging is perhaps one of the most serious inadequacies of our social system. That some effort is being made to correct this fault is encouraging, but millions of our citizens are unlikely to be reached by this, as yet, limited educational effort.

A second aspect of our culture which is critical for the retirement experience is the great value which we place on independence, especially as it applies to the family. We instill in young people the idea that when they marry they will leave their parents and establish a home of their own. We do not develop in them the expectation of sharing that home with their aging parents. The ideal is a two-generation family, a form which sociologists like to refer to as the nuclear family and which is by no means found in all societies. Symbolic of our commitment to the two-generation family is our suburban architecture of the last few decades. The relatively small, one-story ranchhouse is clearly not designed to accommodate a three-generation household.

How early this dedication to the nuclear form of family develops in the individual is difficult to say. In a study of attitudes of several hundred university undergraduates, however, I found a definite resistance to the idea of sharing their future home with their parents. For example, a negligible number indicated that they liked the idea of having their parents move in, about one-fifth were ambivalent, and two-thirds stated that they disliked the idea "somewhat" or "very much." (In replies to other questions, I might add, nearly all the students sampled did recognize an obligation to aid their parents if necessary, either by having them join the household or by other kinds of financial assistance.)

Older people themselves apparently prefer not to live with their adult children. A study done at Cornell University shows that the 1,200 older persons interviewed ranked their children fourth as a proper source of help. Their chief preferences were the Federal Government, the employer, and the State government, in that order. Yet a number of States have laws which permit the withholding of aid if children are capable of supporting their parents. The same survey revealed that only about half of the aging parents felt that children should help support them and a mere 8 percent believed married children should ask their parents to move in with them.¹ Other investigations in St. Petersburg, Rhode Island, and Los Angeles similarly point to the dissatisfaction with which the older generation views living with children or relatives.²

I refer to these studies simply to document the fact that independent living is a highly regarded goal for older people as it is for their juniors. For a variety of reasons, many senior citizens are confronted with a conflict between what is preferred and what is possible. This conflict will continue until more strenuous efforts are made to resolve it by one more of several devices. It could perhaps be considerably reduced by an intensive educational program to prepare older people for a more dependent role, in a sense, to have them unlearn the ideal of self-sufficiency and independence. The desirability of such an undertaking is debatable and its outcome somewhat unpredictable. Another approach often suggested would be to induce employers to drop their regulations concerning compulsory retirement at age 65 or younger and to continue on their payrolls the older workers who wish to remain and who have no marked disabilities. It is difficult to see how this suggestion can be implemented, however, since companies find age a most convenient criterion even when they do not have their own private pension plans.

¹ Gordon F. Streib and Wayne E. Thompson, "The Older Person in the Family Context," in *Aging and Society*, edited by Clark Tibbitts (mimeographed, Ann Arbor, Inter-University Training Institute in Social Gerontology, 1958), pp. 12.43-12.48.

² Cited by Walter Vivrett, "Living Arrangements and the Physical Settings for Aging," in Tibbitts, *op. cit.*, p. 16.9.

Another, related possibility in educating employers to the usefulness of already retired workers, whether these happen to be former employees or not. I will not review here the evidence that absenteeism and decrements in skill and performance among persons in their 60's and early 70's have been grossly exaggerated by employers. Certain losses do occur, but other capacities are retained intact which would fit the individual for a wide variety of occupational demands. Paralleling recent campaigns to secure employment for the physically handicapped, a really serious attempt to educate employers regarding the potentialities of older workers might have considerable impact. This would hinge, obviously, on the employer being free from any commitments as to the period of employment or financial obligations when employment is terminated. (Possibilities for such full-time or even part-time postretirement employment may be better in small rather than large organizations, which tend to routinize personnel matters.) Public funds to assist in the reeducation of employers could be a worthwhile investment but only if coupled with careful research into the industries and occupational fields lending themselves to postretirement employment and also into the kinds of occupational experience which can best be matched to these opportunities. At present, this is an area in which there is much more ignorance and speculation than reliable fact. A fine demonstration, incidentally, of what can be done in the way of utilizing the capabilities of older persons is the program sponsored, I believe, by the Whitney Foundation, which enables retired college professors to continue teaching at other schools after they have been retired by their own institutions.

Assuming that an increasing number of employers can be convinced of the practical value of employing retired workers, the latter are still confronted with a loss of portions of their social security benefits if their earned income exceeds \$1,200. I realize that the retirement test has been slightly liberalized recently for those earning up to \$1,700, but the fact remains that as earned income climbs to \$2,000 or more, benefits dwindle rapidly and eventually disappear. Despite the arguments marshaled by Mr. Cohen and Mr. Myers during the committee's hearings in July of this year, I am not convinced that the retirement test is desirable. If it is retained, I would favor a further liberalizing of its provisions. It has been contended by some that on the whole an individual will enjoy more income from working than he will have from combined benefits and minimal earnings exempt from the retirement test.³ I would argue that to maintain the kind of independent existence which members of our society value so highly, most older persons will require—under present living costs—whatever social security benefits they are entitled to plus any additional earnings they may be able to secure. Since the elimination of retirement tests seems unlikely, however, I do not think it would be unreasonable to raise the annual exempt earnings from the present figure of \$1,200 to \$2,400. The cost of such a change would be no more than what I understand our present expenditures are for buying and storing excess corn and other farm surpluses.

Nor is it appropriate to cite only the costs of programs which would enhance the independence of older people by encouraging postretirement employment and by other devices. A number of investigators of the problems of aging have concluded that some of the mental and even physical problems associated with aging are not organic in origin and certain others are only partially so. In others words, senility, long regarded as an inevitable consequence of biological aging, is now coming to be regarded as also caused by social factors. Psychosomatic disorders and mental illness appear to be very closely related to the older person's loss of self-confidence, his feelings of insecurity, and other reactions to what has been aptly termed "role obsolescence." His roles in the family, in the economic system, and in the community, "which may have been achieved in earlier years at the cost of considerable anxiety, strenuous effort and the sacrifice of personal pleasure have now become obsolete."⁴ At least two scientists, Linden and Courtney, feel that senility, even in its physical manifestations, is a cultural product which may result from attitudinal factors. They find that just prior to the onset of the senile condition, patients express feelings of lowered self-esteem and self-confidence. They report that the present-day experiences of these people are almost always characterized by "rejection, exclusion, setting aside, isolation, and neglect."⁵

³ Hearings of the Subcommittee on Retirement Income (July 12-13, 1961), p. 19.

⁴ W. S. Williams and E. Gartly Jaco, "An Evaluation of Functional Psychoses in Old Age," *American Journal of Psychiatry*, vol. 114 (April 1958), p. 914.

⁵ Maurice E. Linden and Douglas Courtney, "The Human Life Cycle and Its Interruptions—A Psychologic Hypothesis," in *Mental Health and Mental Disorder*, edited by Arnold Rose (W. W. Norton & Co., 1955), p. 369.

If the testimony of these and other students of the psychological and physical consequences of social deprivation can be accepted, it would appear that the costs of programs for the aging are a relative matter. Such costs must be balanced to some extent against the enormous outlays due to physical and mental illness among our aging population. Expenditures for facilitating postretirement employment or other programs designed to raise the morale and sense of worth among older people might well pay for themselves by lowering the health costs of the Nation. And apart from dollars and cents considerations, the value of such undertakings must ultimately be measured by their role in effecting a reduction of human wastage and personal tragedy.

Senator SMITH. Our final witness will be Mrs. Gainey, assistant commissioner and administrator of the Division on the Employment of the Aging in the Massachusetts Department of Labor and Industries.

**STATEMENT OF TERESA M. GAINNEY, ASSISTANT COMMISSIONER
AND ADMINISTRATOR OF THE DIVISION ON THE EMPLOYMENT
OF THE AGING IN THE MASSACHUSETTS DEPARTMENT OF LABOR
AND INDUSTRIES**

Mrs. GAINNEY. Senator Smith and Congressman Boland, participants and guests, as the closing hour of the morning session approaches I will refrain from presenting my prepared paper. I will point out a few of the highlights, but would ask that you include my paper in your printed report.

Most of you will agree with me that we have come a long way from the horse and buggy days. Our industrial revolution since 1890 has dropped us into the middle of the rocket age. We have accepted all the changes but have not prepared ourselves for the many problems these changes have created: Problems of health, education, and welfare, mass transportation, automation, unemployment and underemployment. We have brought considerable relief to health and welfare problems. In the areas of mass transportation and employment of the aging we have made questionable progress.

Massachusetts has the second highest number of retired persons over 65 in the Nation. This makes the problems of the aged in Massachusetts one of the most serious in the country. In our State we have over 500,000 people over 65. Studies have revealed that a large percentage of the retired people live on less than \$1,000 per year. This cannot mean healthy living, it is a bare and meager existence. A retired couple needs about \$200 a month to live decently. This means that these persons must supplement their retirement income from social security benefits with some earnings. It follows that these persons living on a limited income must and should have medical care security as well.

The health-care program cannot be doled out as charity or welfare program participation. Administered under the social security program health care becomes a person's right and not a charitable dole. In my opinion medical care is the most pressing problem of the aged.

Many things other than cash could be of help. Lower bus and transportation fares, drugs at lower prices, discounts on other necessary articles would be worthy of consideration.

Low-rent housing is a major problem. The demand for low-rent housing for the elderly cannot be met. Private projects should be

encouraged. Hotels that are no longer prosperous, with some renovations could be converted for the use of the elderly—with single rooms, also two- and three-bedroom units with community kitchens and a common lounge with radio, television, card tables, and so forth.

We have many widows and single men and women who get checks of \$53 to \$65 a month in social security benefits. These people, having always been in a low-income bracket during their work years, cannot possibly provide a financial cushion or annuity to help out when they retire. They automatically become candidates for old-age assistance or welfare.

The older worker, too, I think, is forced into retirement long before he is 62 or 65. At 55, being unable to find employment puts him into a very tragic position. He can't find work and industry is resistant to hiring him. Age in many instances is as much of a handicap as a physical or mental deficiency.

Industry and labor have much work to do on pension and insurance plans, compulsory or flexible retirement, sheltered workshops, and any other devices that would provide employment and training for either the aging or aged.

The Department of Labor and Industries in Massachusetts, through the Division on the Employment of the Aging, encourages and helps to establish programs for part-time employment for retired workers who seriously need to supplement their income. We also encourage the inclusion of older workers and retired workers in training programs for certain semiskilled jobs that are not too difficult to master.

Joint programs by the State departments of labor and the division of employment security would be most helpful.

We cannot legislate moral responsibility. In a democracy agreement is not necessary but participation is. Working together—industry and labor, Republican and Democrat, government and voluntary agency—we can succeed in overcoming these problems.

Someone today made a statement that workers have moved from one area to another. Young workers, whose most important function is to support their families, when they become unemployed find it absolutely necessary to move where they can find employment that will support the family. Consequently, I think they have to sacrifice their interest in any pension plan they had, and they can't be totally to blame for it.

Several people today have mentioned Mr. Dwight Sargent. Mr. Sargent has pioneered the efforts to bring about a more flexible retirement age in industry and he initiated a good retirement counseling plan in the New York Edison Co. where he was personnel director for many years. He made progress also in problems of older worker placement. He is now himself retired and is devoting his time to speaking and writing on the above subjects. Mr. Sargent discovered that when the retiring worker could make the choice of retiring or remaining at work, only about 33 percent preferred to remain working.

Many firms have changed their hiring and retirement policies to the extent that through profit-sharing plans, good pensions in some instances, together with company help on the cost of health insurance after retirement, it is possible for retirees to face the future in confidence and some degree of security.

Vested rights in pensions through some transfer system, should be studied and developed. Plans in existence have not been a deterrent to company success and profit.

A strong program sponsored by State government and industry to encourage the development of new industry, as well as an expansion of present industry, will do much to bring about more employment.

The Federal Government has made surveys, conducted hearings and, as is evidenced here today, the hearings and studies are continuing. We cannot constantly push the issues into the future. The suffering and depressive economic effects are with us now.

It is my opinion that the Federal and State governments must move without delay to furnish strong leadership and moral and financial support for educational projects on the community level. These projects should include job counseling, a vocational and vocational training and rehabilitation, retirement counseling, recreation, housing, and health.

By pooling our resources we can all play an important part in helping our senior citizens adjust to retirement in dignity and self-respect. Let's really do something in 1962. I am sure the State of Massachusetts will do its share and more.

Senator SMITH. Thank you very much, Mrs. Gainey.

I just would like to make one observation. You mentioned the fact that a man of, say, 55 years of age who is unemployed, his chances of ever being gainfully employed again are very slim. I am sorry to say that that age seems to be getting lower and lower, and I think now it is in the late 40's.

Mrs. GAINNEY. That is right. But a man 55 is in a very bad position, because he has not got much security to look forward to and again he spends whatever he has accumulated and he can't obtain the benefits of social security until he is 62.

Senator SMITH. That is right. Let me just say I serve on the Labor Committee in the United States Senate and there is a problem of re-training these elderly workers to other skills so that they can still be a very useful and important part of our society. It is something that of Labor, Secretary Goldberg, is very interested in, and we are hopeful that we can take steps that will remedy this part.

Thank you very much.

Mrs. GAINNEY. I hope the Federal Government will help the States to do something about this.

Senator SMITH. Thank you very much.

(The prepared statement of Mrs. Gainey follows:)

PREPARED STATEMENT OF MRS. TERESA M. GAINNEY

Most of you will agree with me that we have come a long way from the horse and buggy days. Our industrial revolution since 1890 has dropped us into the middle of the Rocket Age. We have accepted all the changes but have not prepared ourselves for the many problems these changes have created: problems of health, education and welfare, mass transportation, automation, unemployment and underemployment. We have brought considerable relief to health and welfare problems. In the areas of mass transportation and employment of the aging we have made questionable progress.

As much as I dislike to segregate any group of our population for special treatment, the problems of our senior citizens are pressing ones. Massachusetts has over 500,000 persons 65 years of age and over. Michigan, California, and Florida

also have a large population of elderly persons, due, in part, to the mobility of our population. Studies have revealed that a large percentage of people over 65 live on less than \$1,000 a year. This is not a living; it is a poor existence. Most retired people need to supplement their income through part-time work or must accept old-age assistance. A retired couple needs approximately \$200 a month to live in decency. Other things than cash can be of help. In Detroit and Los Angeles plans for reduced bus fares are in effect. There is also a plan in these same cities for the purchase of drugs at a low cost.

The Federal Government has made surveys, conducted hearings, and, as is evidenced here today, the hearings and studies are continuing. We cannot constantly push the issues into the future. The suffering and depressive economic effects are with us now.

It is my opinion that the Federal and State Governments must move without delay to furnish strong leadership and moral and financial support for educational projects on the community level. These projects should include job counseling, avocational and vocational training and rehabilitation, retirement counseling, recreation, housing, and health.

As a permanent part of income security, retired persons also need health security. The most economic approach to the problems of health security is a national program financed and administered under the social security system.

Low-rent housing is a major issue. Housing projects for the elderly are fine but we can't build them fast enough. Hotels that are no longer prosperous could be converted for single-room occupancy and renovated into two- and three-room suites with community kitchens and lounges.

The department of labor and industries in Massachusetts, through the division on the employment of the aging, encourages and helps to establish programs for part-time employment for retired workers who seriously need to supplement their incomes. We also encourage the inclusion of older workers and retired workers in training programs for certain semiskilled jobs that are not too difficult to master.

Joint programs by the State department of labor and the division of employment security would be most helpful.

We cannot legislate moral responsibility. In a democracy agreement is not necessary but participation is. Working together—industry and labor, Republican and Democrat, government and voluntary agency—we can succeed in overcoming these problems.

Industry and labor have much work to do on pension and insurance plans, compulsory or flexible retirement, sheltered workshops and any other devices that would provide employment and training.

Many companies have changed their hiring and retirement policies to the extent that through profit-sharing plans and company help on the cost of health insurance after retirement, it is possible for retirees to face the future with confidence and some degree of security. These plans have not been a deterrent to company success and profit.

A strong program sponsored by State government and industry to encourage the development of new industry, as well as an expansion of present industry, will do much to bring about full employment. Experience has shown that about 30 or 40 percent of the retirees would like to continue working if they could make the choice.

By pooling our resources we can all play an important role in helping our senior citizens adjust to retirement in dignity and self-respect. Let's really do something—in 1962. I am sure the State of Massachusetts will do its share and more.

Senator SMITH. I now declare that the morning session of prepared testimony, this part of the hearing, is completed. We will now recess until 2 o'clock when I urge you to return here, because I want to hear from many of you in the audience.

We will return at 2 p.m. for the town meeting phase of the meeting. Thank you very much.

(Whereupon, at 12:20 p.m., a recess was taken until 2 p.m. of the same day.)

AFTERNOON SESSION

Senator SMITH. The hearing will please come to order.

We are glad to see so many of you here again this afternoon. To those of you who were here with us this morning I just want to say that Congressman Ed Boland who was with us this morning regrets that he will not be able to be here. He is at Mount Holyoke College this afternoon, a previous engagement, and there he is dealing with the problems of the young.

We are very happy that my distinguished colleague from West Virginia, Senator Jennings Randolph, is here with us. I know that those of you who have followed the success of the social security program through the years may recall that Senator Randolph was one of the sponsors of the original social security bill back in 1935. In spite of his youthful appearance, he has been with this program for a great many years.

I also know that the Senator was at the original hearings that were first held in Boston in 1958 by the Subcommittee on Problems of the Aged and Aging. Senator McNamara, now chairman of the Special Committee on Aging, conducted those hearings along with then Senator Kennedy and Senator Randolph.

So once again he has been with this program for a great many years, he is sincerely interested and he comes here to Massachusetts to be here with us this afternoon. I am very happy to welcome him here.

Senator Randolph.

Senator RANDOLPH. A pleasant good afternoon, ladies and gentlemen. To my regret, it was impossible for me to be here this morning. I desired very much to be present but we had an accident which involved two commercial airliners. It was not in the air, but on the ground. We were taxiing from the terminal to the point of takeoff and had a minor collision. It was our understanding that another plane from the hangars would pick us up, but it developed mechanical trouble so we were again delayed.

However, I am happy to be here.

I am privileged to join with my dedicated colleague, Senator Benjamin Smith of Massachusetts with whom I have the good fortune, and I use the expression advisedly, to serve not only on the Special Committee on Aging in the Senate but also the Senate Committee on Labor and Public Welfare.

Senator Smith, I am delighted to see this attendance. Already I sense the interest of the people who are here. It is a time for the men and women to speak as they will speak, not so much from prepared texts but just from their hearts. We learn much from the human side, I call it, of a hearing as well as from the prepared testimony.

Your opinions and your convictions as you see and feel them and as you know conditions on the homefront are most important to the committee.

Thank you, Senator Smith.

Senator SMITH. Thank you very much.

Before we start, I would ask that each of you in speaking limit the length of your talk and please do not in any case let it go over 5 minutes because we have got a great number of people who have something to say. So we will start right in.

**STATEMENT OF CHARLES C. O'DONNELL, NATIONAL PRESIDENT
OF SENIOR CITIZENS ASSOCIATION OF AMERICA, LYNN, MASS.**

Mr. O'DONNELL. Senator Smith and Senator Randolph, of course we are always very pleased that you are interested in the problems of our retired elders.

My name is Charles C. O'Donnell, national president of the Senior Citizens Association of America. My address is 178 Chestnut Street, Lynn, Mass.

Through our efforts we pay taxes and we say to every one of our faithful employees, "We retire you in honor and dignity." Now we don't want to take that away from you, but those of us who through our efforts have made this country the greatest country in the world, when it comes time for us to retire if we have not been able to save enough money we then are subject to welfare. Just think of that. Those who give so much should be able to receive something.

We are being studied. You would think we were nothing more or less than a group of white mice. Everybody is studying us.

Now let's get down to the real facts. Let's turn around and pass legislation. Let's increase the social security payments to at least \$200 a month.

Now \$200 a month is not too much money. I receive \$225 and I don't get by any too much on it. If it was not for that, and I have to depend on my social security, I would have to be on old-age assistance.

Now let's turn around and look at the medical end of this. You have done a fine job when you started off the medical on the Kerr-Mills bill. I had the privilege of going down with delegation from the House of Representatives in Massachusetts to confer with the Welfare Department in Washington so that we could draw up our bill in Massachusetts to conform with the Federal law.

Now if you pass Federal legislation I hope that you will contain somewhere in the Kerr-Mills bill—it does not say 6 months, it does not say a length of time—if a person is in the hospital and they have to stay there they can stay there as long as necessary or if they are in a nursing home or if they need care at home.

Now I want to compliment the Congress, you have started off on the right foot. Now if you pass any medical bill, please do not throw that out, keep that supplement.

Now every once in a while you increase social security. Now that is the right thing to do. There are thousands of people who are dependent entirely on social security in our Commonwealth. But you also increase old-age assistance. Last year you increased old-age assistance from \$47.50 to \$49 a month. Now that goes to the State. Now your increase on social security, if there is old-age assistance, on account of the social security rules and regulations, which may be right, they have to deduct the social security increase from their old-age assistance. Now if you want to give an increase to old-age assistance, word the legislation so it goes to the elderly people directly, not that it goes to the State. If you are going to increase the old-age assistance grant, word your legislation so that the recipients of old-age assistance will receive that increase.

As it is now when you increase social security they deduct it. I have bills in the legislature, through the courtesy of the representatives trying to get that \$1.50 increase that you have.

Now you have many plans I understand with the various companies. Now here is a company who gives retirement benefits. Here is a company on the other hand that does not. The company on the other hand can produce its articles cheaper than the company that gives it. So if you have a national old-age pension in every part of our Commonwealth of Massachusetts, every company, then, understand, producing will be on the same level as far as producing their goods, the cost of their goods with regard to old age.

Now your storehouses are full of different commodities. You have not got any overproduction. My good man, you got an underconsumption. You have people in the middle class that are almost going to bed hungry some nights.

Now if you will only increase those people, understand, you know what you are going to do, you are going to increase the buying power of the Nation.

Now a lot of money is being wasted. I am not going to take up too much time because I know there are others that want to speak, but let me tell you something. Millions of dollars is being wasted studying us. Don't study us any more. My God, we don't need to be studied, we ain't guinea pigs.

Let me tell you something: Give them the money. I know what it is, I am very fortunate, I have a very substantial pension along with my social security, but I know my money and my brothers that have not. The funny thing is, I receive my pension, nobody sticks their nose in my business, I get it and that is all there is to it. Let's do the same thing for our elderly people.

Senator SMITH. Thank you very much, Mr. O'Donnell.

Mr. O'DONNELL. If there are any questions I will answer them.

Senator SMITH. Thank you very much.

STATEMENT OF PATRICK KENRY, SPRINGFIELD GOLDEN AGE CLUB, SPRINGFIELD, MASS.

Senator SMITH. Will you please state your name for the record?

Mr. KENRY. Patrick J. Kenry. I belong to the Springfield Golden Age Club. I was retired from the Springfield Fire Department in 1954. I joined the Golden Age Club and after I joined I got acquainted with the members of this organization. I was shocked to find the amount of people that received such a small income and who had to pay such heavy medical costs. It was terrible and I wondered how they could continue doing it.

I know your committee is going to try to do a good job for the senior citizens.

Getting back to our club there is a space of time that has to be taken care of as far as recreation. Our club has taken it upon itself to help these people that join our organizations. We charge them no dues. We earn our own money, we are self-supporting. The people get a great kick out of spending their time in our organization so that we can put on a show in the municipal auditorium which last year we put on for 3,100 people. We rehearsed for 5 months. This keeps people

mentally alert. We have to keep them mentally alert until your committee does something for them so they can go into other fields.

I think I have said enough, Senator, and thank you very much for this time.

Senator SMITH. Thank you.

Senator Randolph has a comment to make on this.

Senator RANDOLPH. I have no further questions but I should like to comment briefly. You spoke about the people who have reservoirs of talents which may be used in the senior years of life. It was stimulating to read in the New York Times recently about Mr. Giovanni Buitoni, the 70-year-old industrialist who achieved a longstanding ambition by hiring Carnegie Hall and making his concert debut by joining Metropolitan Opera Star Licia Albanese in a duet from "Don Giovanni."

The article following which appeared in the New York Times issue of November 28, 1961 is explanatory:

A PASTA MANUFACTURER SINGS AT CARNEGIE HALL

Giovanni Buitoni, a 70-year-old pasta manufacturer with a sense of humor and a host of friends, last night achieved a longstanding ambition—to sing a love duet with operatic soprano Licia Albanese.

Mr. Buitoni, head of the Italo-American Buitoni-Perugina Corp., made his concert debut as a basso at Carnegie Hall—which he hired for the occasion, together with four Italian opera stars.

The concert—admission by invitation only—played to a full house.

Mr. Buitoni sang two duets and a solo aria. In a duet with Anselmo Colzani, baritone, the host sang the part of Sparafucile in "Quel Vecchio Maledivami" from "Rigoletto," and then the solo aria "Che Mai Vegg'io" from "Ernani."

But the highlight was his duet with Miss Albanese—"La Ci Darem La Mano" ("Give Me Thy Hand, My Fairest") from "Don Giovanni." As Don Juan, Mr. Buitoni made up for the lack of power in his singing with the ardor necessary in the role.

Mr. KENRY. May I add that Mr. Cockran in West Springfield had a patient who had lost her husband and she was very, very upset. If it continued she would probably have ended up in a nursing home. That is where our club comes in. She joined our club a couple of months after and she didn't go back to the doctor after a month. He met her on the street and he asked her he said, "Tell me what are you doing, maybe I can pass this on to somebody else?" She said, "I joined the Springfield Golden Age in Springfield, Mass., and they gave me such a happy time that I don't have time to think of my worries."

Senator SMITH. Thank you very much.

Mr. KENRY. I would like to present to you at this time our catalog and our book if it is permissible.

Senator SMITH. Thank you very much. The committee is glad to have them.

STATEMENT OF BERNARD McMAHON, PRESIDENT OF SPRINGFIELD SAVINGS BANK

Mr. McMAHON. Senator, my name is Bernard M. McMahon. I am president of the Springfield Five Cent Savings Bank, and president of the Joint Civic Agencies of Greater Springfield. The joint civic agencies includes the taxpayer's association, chamber of com-

merce, and Future Springfield. It is in my capacity as the J.C.A. President that I appear at this hearing today.

First, on behalf of the business community, may I express our appreciation to you, Senator Smith, and to the other members of your committee and to the members of the staff for coming to Springfield today to give citizens an opportunity to discuss this important subject. Not too often does the average citizen get the opportunity to participate in the legislative processes, and your visit here certainly makes it possible for a great number of ordinary folks to share with you their thinking on the problems related to our senior citizens.

The American public has exhibited a keen interest in the problem of health care costs, retirement and disability protection, hospital care, and protection and care of the aged. The social security system started many years ago and has made almost every working person a participant in a purposeful program to provide some measure of protection against loss of income due to retirement, the death of the family breadwinner, or disability. Even the schoolboy, as he applies for his first part-time job, must get his social security number. He too then starts to participate in the program that will assist in taking care of his retirement, which at the moment, seems like so many, many years away.

Frankly, I am not appearing here as an expert in the insurance field. The technical aspects of this problem will undoubtedly be handled by individuals far more knowledgeable on this subject. It does seem important to me, however, that in any discussion of care of the aged, or in the development of legislation to provide income for the retired, that we take a good long look at the experience this country has enjoyed under a voluntary private insurance program.

Personally, I was tremendously impressed in reading an article in last Friday's local paper relative to the insurance payments to American families in 1961. The article stated that American families this year will receive approximately \$42 billion in payments from the combined channels of protection against the financial losses resulting from death, disability, retirement, and unemployment. This staggering amount of money is twice the amount of such payments only 8 short years ago, and 15 times the amount paid out in 1929.

In 1961, the family security benefit payments will be the equivalent of the total wages and salaries paid in the United States only 25 years ago. The growth in protection under private insurance programs, in addition to the growth in our social security system, has given American families the highest level of protection of any peoples on the face of the earth.

Certainly in this area so closely related to the family unit, America is far ahead of Russia and the communistic nations, and I think it is a great tribute to the American people that in a matter where through the exercise of their own choice, the people determine the degree of protection they want, their choice has resulted in a level of protection far exceeding the protection of the typical Russian family. We read a great deal about the arms race, the space race with Russia, but in the race for the protection of the aged, America is far, far ahead.

It seems to me that there is a great lesson for us in analyzing our experience with the voluntary private insurance program. At the beginning of 1961, approximately 132 million Americans were protected by some form of voluntary health insurance against hospital or

medical expenses. Over 42 million wage earners had insurance protecting them against loss of their income resulting from disability. Health insurance benefits are increasing at a most rapid rate. Annual voluntary health insurance benefit payments increased 338 percent between the decade 1950 to 1960. There is today a very broad protection of the public against health care costs. In the game of life, as well as in the game of sports, the smart manager goes with the winner.

Our voluntary health insurance program over the past years has had spectacular success. The astounding growth of private health insurance programs certainly testifies to the strength of this system for taking care of the aged, the sick, the infirm, the retired. Any evaluation of legislation to meet the needs of the aged certainly should take into account the successes of our present system. It would seem prudent, therefore, to develop additional programs within the framework of the system that has proved so successful thus far.

I am happy, as the president of a business organization, to call your attention to the glowing record of our private insurance program. The rapid development of voluntary health insurance for the aged might well be stymied by well-intentioned, but unsound legislative action. The climate for the growth of voluntary health insurance today is wholesome. If we keep it that way, we can easily foresee a continued spectacular growth with ever increasing coverage for more and more Americans on a sound actuarial basis within the principles of the free enterprise system.

Thank you very much, Senator.

Senator RANDOLPH. Senator Smith, before our next citizen speaks his mind, I think it is important for the record to indicate that I was intensely interested in the observations of the previous witness. This is the only committee, and before it our subcommittee, which has ever done what we are doing. We welcome the testimony of people like Mr. McMahon.

Senator SMITH. I think it is an interesting observation also, Senator, that at this very time out in Hawaii our colleague, Senator Long, of Hawaii, is holding similar hearings out in the great State of Hawaii at this very hour.

STATEMENT OF ROBERT VALEY, EAST LONGMEADOW, MASS.

Mr. VALEY. My name is Robert Valey, retired from the Springfield Armory and a member of the National Association of Retired Civil Service Employees.

Now when I was retired, I was retired in September, but the previous July they asked me to work through the 3 weeks vacation and take my vacation at a later date. So the first of September my wife and I took a little trip and when I came back my papers were there so to be signed for my retirement; no warning, no idea of anything of the kind at all, so it kind of spoiled our vacation.

The point I would like to bring out is one that has been brought out before, I have seen it mentioned a few times, that when the employees in the factory or the mechanical employees receive a raise the retired employees should receive a similar one percentagewise to the one that the workingmen are getting. Also as far as I am concerned it can apply to the railroad employees.

Senator SMITH. Thank you very much.

**STATEMENT OF MRS. LILLIAN FRIETAG, VICE PRESIDENT OF
GOLDEN AGE CLUB, HOLYOKE, MASS.**

Mrs. FRIETAG. Senator Smith and Senator Randolph, my name is Mrs. Lillian Frietag and I am vice president of the Golden Age Club, president of the Sibel Association, also chaplain in the Senior Citizens Club of Holyoke. I am not going to talk about my own personal problems but I would like to talk for all of them on the hospitalization. What can they expect? I know that you can go to the hospital and you might be covered with Blue Cross, Blue Shield, but you also have a bill to pay over that when you get out I know from my own experience. Also if you have to go to the doctor's office to get cardiographs and fluoroscopes like I have had to do, that has to come out of your own pocket and that runs into quite a bit of money. I wondered if something could not be done about the doctor's calls in regard to that and hospital.

Also the excess charges of the drugs. You can't get a refill without getting a prescription and they can charge you for far more than what you think they should, well, beyond your pocketbook and I think something should be done about that.

There is also just one thing I would like to talk on and that is the recent raise in social security. In my opinion I don't think it was just. I have worked all my life and had to raise my two children alone since my youngest was 2 and she is 29 now and married. I worked to support them and I raised them. My sister never did a day's work in her life and she got the raise on the widow's pension, never contributed anything to social security, but I contributed since it was started and there was no raise forthcoming there. I think something should be done on that question also.

And as regards pensions, when I was working, I retired at 65, there was a pension plan started in the company where I worked but you could not draw one thing out until you reached 70 and a very few women can work until they are 70. So what good is a pension plan like that?

Senators, thank you for listening and that is all I have to say.

Senator SMITH. Thank you very much, Mrs. Frietag, for your very excellent testimony.

STATEMENT OF BERNARD N. KNOWLTON, WORCESTER, MASS.

Mr. KNOWLTON. My name is Bernard N. Knowlton, Worcester, Mass. I belong to the Green Dale Retirement Club. I want to thank you personally for this letter, Senator Smith, that you sent us. I belong to a new committee, just appointed committee. My two members are here today and it is on medical and hospitalization legislation. I want to thank you for a chance to be up here and say just a few words because not for myself personally but for all my 400 members. Now I asked some of them, a great many of them, and we are in a little different spot possibly than some. I retired from the registry of motor vehicles, still doing my day's work but the law says I am not. My pension will also stay the same, as far as I know, but we have a lot of members in our organization that have their homes and they have a little money in the bank and they have a few shares of

stock. They are stuck. As I understand it they cannot go and get all these aids that I have listened to this morning and you did a nice job, I appreciate it, I enjoyed it. But these people are like myself, we like to live our own lives, go where we want to within reason. On the other hand it does not seem to be locally in the city of Worcester, or maybe in the State anyway, that we can get a reduction on our taxes, and there does not seem to be any way that we can get any reduction on the hospitalization.

Now I am overinsured. I have listened to these insured people stand up here. I went into the hospital the first week after I got retired, flat on my back with a major operation, just like that. The Blue Cross and Blue Shield did a good job and I had some old-fashioned insurance but it didn't begin to cover it. So I have taken out a lot of insurance that I cannot really afford.

The point I would like to drive home is this: We have so many in Massachusetts and probably in the United States that do have a home. I hope that something can be done to take care of these people so they can live a natural life, be with everybody, do what they want to do. I am a happy retired man. I have been out 6 years and I am happy but I have a farm, what is left of a farm. I do my painting and carpentry work. I still climb ladders and I have a good time. A lot of men younger than I cannot do it but their tax bill gets bigger and bigger. It is the same thing with our hospitalization. I have had two major operations. If I land in the hospital again my bill will be bigger. We do not expect the Government to help us if it is impossible, but I know I am expressing the feeling of 400 men in this club, we have a talking good club in Green Dale.

There is one other point nobody has touched on and I know it does not hit your committee, but I want to bring it up because of the fact that down in Washington they are talking, in fact they are going to do it, they are going to take the money out of our income from our stocks or our banks before we ever see it, that is a very serious thing for retired people. I have to have my money to live on. Now I have a few dollars that I managed to collect and I have been fortunate that way and I have been fortunate to have my health after two big operations, but how are we going to keep this thing rolling if the Government takes our money, 20 percent away, before we ever see it? If I land in the hospital I have to put the money down here, I have to show I have insurance before they even take you into the hospital.

Those are two points that I would like to drive home to your committee, if there is anything you can do. There are 400 members in Worcester who will appreciate it.

Senator SMITH. Thank you very much.

I might say at this time that I know what a fine job this group in Green Dale is doing. They have a wonderful active group and you certainly ought to be congratulated.

STATEMENT OF MRS. EMMA E. BRIGHAM, SPRINGFIELD, MASS.

Mrs. BRIGHAM. Mr. Chairman and members of the committee, my name is Emma Brigham, and I live in Springfield.

During my service in the Massachusetts Legislature from 1928 to 1936 the act establishing the old-age assistance was passed. Vividly

I remember the arguments in committee hearings and on the floor of the House. What age is it to be established? What amounts to pay? And how to provide the wherewithal to finance a project which was brand new? After much controversy a bill which provided adequate compensation for needy persons 65 years of age and older was passed. I had always believed in thrift and in the idea that families should take care of themselves, take care of their own. A grandmother in the family is a very reliable and dependable and cheap babysitter. Therefore I found it hard to believe that any plan of this kind could prove entirely satisfactory or easy to administer. Very soon I realized that human nature being what it is there was sure to be difficulties. No sooner did it go into effect than some of my constituents came appealing to me to intercede for them to get back the old-age assistance which they had recently acquired. Naturally I contacted Mrs. Ocas who was then our woman in charge of welfare. She was very fair, anxious, and willing to be helpful, but realized when anyone was trying to put something over. In all cases the persons losing their assistance after obtaining it had violated their contracts.

I knew of many who went to Mrs. Ocas and asked her permission to earn an extra \$10 and she always granted it but she was supposed to be notified to be contacted. I have watched with interest through the years and I feel this part of welfare has been well administered and those receiving aid have very little to complain about. More recently our people have been getting unemployment compensation, a fine idea if only people would be honest. But when one knows that an employee always becomes sick when she has worked long enough to draw such compensation and continued to do this regularly, one can't help but wonder if all this do-good business is just making criminals out of people.

It has been adequately shown that an aid program needs close watching and controls. How very much simpler and cheaper to have the administration placed in the hands of the 50 States and by them in their communities rather than administered from Washington.

I am strongly opposed to all Federal aid for education, medical care, and so forth. It staggers the imagination when one tries to think of the billions of dollars needed to erect buildings, pay salaries, and carry out these suggested programs. It involves wheels within wheels. Where does the Government get all this money? Don't we, the people, support the Government? Yes, then should we expect the Government to support us?

Today we have pensions for teachers, government employees, and many others and everyone has almost just built up social security. We have Blue Cross, Blue Shield, and many insurance plans to fall back on in case of illness and accident. A few of us oldsters have fixed incomes from annuities, investments, and so forth. So why, I ask, do we need all this extra?

Are you going to get everything for nothing? No, indeed, you are not. All this will cost a sizable tax on our present social security. So I would plead especially for State and local control.

This morning in the mail I received my December number of the Readers Digest. I only had a few minutes at home to look at it but I saw a very wonderful article which I skimmed through which was entitled, "Must We Have Relief Programs That Make Chronic

Dependents?" And it is a fine article which I would like to especially refer to all of you. I think perhaps it would have been better if I had read from it instead of trying to talk to you. I noticed this. In Chicago the center employment council—counselors are doing a wonderful job. They maintain a work corps of 4,000 to 5,000 able-bodied men who earn their relief payments there doing useful maintenance work. The clinic's results? Last year 9,127 relievers, both men and women, were sent back into private employment arranged by the counselors. An additional 2,433 went out and dug up jobs on their own. The 6,385 loafers who refused proffered jobs were cut off relief. Thus in a single year the taxpayers were relieved of supporting 17,945 persons.

Senator SMITH. Mrs. Brigham, I am sorry, I think your time is up. There are others.

Senator RANDOLPH. May I suggest that Mrs. Brigham have the opportunity, and I am sure the committee is delighted, to place the article in question in the hearings. We will have available the information which she might have read if there had been more time available.

(The article referred to follows:)

[From the Reader's Digest, December 1961]

MUST WE HAVE RELIEF PROGRAMS THAT MAKE CHRONIC DEPENDENTS?

Excellent local welfare programs across the country are rescuing unfortunates from apathy and stagnation, and restoring them to productive society. Yet our Federal Government, ignoring their impressive achievements, opposes and discourages these efforts.

(By Charles Stevenson)

Even while our prosperity climbs to an alltime peak, relief rolls have soared—to an awesome 7 million persons. This is the largest welfare roll in all history, and by official predictions it is going to continue ballooning. Yet already we are pouring \$4 billion a year into relief.

Much of this need not be. Across the country, bands of progressive social workers have developed exciting rehabilitation methods that, going to the core of the problem, are taking people off relief and restoring them to productive society—not just the temporarily jobless but also the ill equipped, ill trained, and purposeless who choke the relief rolls. Many of these are doomed to eternal dependency unless they can be rehabilitated. Nevertheless, our U.S. Department of Health, Education, and Welfare has opposed the first indispensable step toward rehabilitation. It refuses to let 1 cent of the millions it disburses (or the matching funds which States and localities put up) go toward programs requiring people to work for the relief money they receive.

Yet scores of local welfare officials, in direct contact with the realities, have discovered the value of such programs. For many, straight relief is "a palliative action which numbs and slowly strangles the spirit. Work relief provides muscle tone for the continuation of work habits and the urge for employment," says welfare official John J. Schaffer, of Cleveland.

Consider the results of this philosophy, where put into practice.

Despite the fact that under the Federal rules only local cash could be used for the purpose, Sacramento, Calif., last fall instructed its county welfare director, John P. Corey, to create work projects to "help work-shy, marginal, and unskilled persons to gain self-confidence toward reemployment." He started experimentally with 353 officially incapacitated persons who had no hope of ever supporting themselves; 94 so triumphed over their handicaps, while working at everything from county garage chores to filling in for vacationing office workers, that they have since gone on to private employment. This year Corey put 398 chronic idlers at the same tasks; within 3 months, more than half of them discovered they, too, could get along without further relief.

Recipients in Sacramento who refuse assignments without valid reason are discontinued from aid. It is the same in another California county, Tulare, where welfare director Hilmi Fuad reports: "It is good for a man's self-respect to work for what he gets and let his children see him earn the food he brings in."

In Los Angeles more than 2,000 relief recipients in the past year worked on 65 county projects, some of them as assistants to carpenters, welders, pipefitters, and other skilled craftsmen. "The program has had a significant effect in keeping expenditures down and helping relief applicants," superintendent of charities William A. Barr told me. "The work experience has helped many obtain jobs in private industry, while combating the tendency of some to become permanently dependent on relief."

In Oregon, under the spurring of Gov. Mark Hatfield, Polk County in 1960 had seasonally unemployed laborers clean brush from ditches and do other public maintenance projects instead of merely drawing cash for being idle. So many loafers moved on to other counties that Polk cut, by more than half, what it had expected to spend for the program. More significant, of those men who remained, some obtained private jobs rather than work for the county. Others labored willingly while on relief, and some even asked to work extra time.

As a result of such showings, work relief has spread to most of the Oregon counties. Governor Hatfield told me, "We should assist men to help themselves instead of making them wards of the State. Keeping able-bodied men out of jobs only eats away their vitality. We've got to stop this something-for-nothing philosophy that is too often manifested in our welfare rolls."

In Utah, welfare clients are paid \$40 for 28 hours of work during the week. They keep public buildings clean and painted, parks well tended. There are other successful work-relief projects in Maryland, Delaware, Michigan, Pennsylvania, Rhode Island, Wisconsin, New Jersey, Vermont.

Work relief is just one part of the rehabilitation process. Equally important are counseling and guidance. The trouble is that most of the tax-supported social workers struggling against a tide of Washington-based redtape, have little time to do more than sign in applicants and hand out checks. A legislative investigating committee in New York recently found that the State's welfare apparatus had no fewer than 2,000 separate forms to be filled out. Just to change a beneficiary's address meant processing 22 pieces of paper. There were nearly 1,000 pages of Federal regulations and 248 pages of State rules to follow.

The Department of Health, Education, and Welfare, faced with this shocking waste of energy, asserts that improvement can come only through employment of still more social workers.

Yet Bradley Buell, a New York social-work consultant, has been proving since 1947 that existing staffs of social workers can be reorganized to do not only essential paperwork but rehabilitation at the same time. With \$3 million from private foundations, Buell's nonprofit Community Research Associates—and co-operating communities—have shown how to cure rather than subsidize people's problems. The method? Assign to the most proficient caseworkers a manageable number of hard-core families for intensive personal guidance, while recipients less urgently in need of guidance are given less attention.

In Minnesota this system was tried with a test group of chronic relievers. In 6 months of intensive counseling, inspiring, and nudging, costs were lowered 30 percent. Now the system is spreading throughout the State. It is also successful in Nebraska. And the secretary of Pennsylvania's department of public welfare, Ruth Grigg Horting, calls this administrative program "the most far-reaching improvement in the history of public assistance"

Maximum progress is made where guidance is combined with extensive training and work programs. Follow one typical applicant at a welfare clinic in Chicago that handles 500 persons a day:

At the call of his name, a tall Negro separates from the 250 men and women sitting in the waiting room and is directed to the desk of one of the center's 50 employment counselors. After intensive interviews, a report is made: "This man can't read. He also has poor eyesight. As a result, he appears too unintelligent to follow directions, when this is not the case at all."

So he's checked over by a physician and a psychologist, given glasses, assigned to basic education classes held every day in the building. Next he's sent to the clinic's factory room where at prevailing wage rates he performs such simple tasks as sorting out alphabet letters for a signboard kit. Later, with constant counseling, he goes on to other productive training tasks—the clinic has \$200,000

a year worth of subcontracts from Chicago manufacturers, for everything from sewing shower curtains to spot welding. Our man finally learns how to operate a drill press—well enough to be placed in private industry at \$1.75 to \$2 an hour.

The center's employment counselors try to fit promising reliefers into jobs: 10,000 Chicago employers cooperate in providing opportunities. The center also maintains a work corps of 4,000 to 5,000 able-bodied men who earn their relief payments doing useful maintenance work.

The clinic's results? Last year 9,127 reliefers, both men and women, were sent back into private employment arranged by the counselors. An additional 2,433 went out and dug up jobs on their own. The 6,385 loafers who refused proffered jobs were cut off relief. Thus in a single year the taxpayers were relieved of supporting 17,945 persons.

In Ohio, 88 county and city agencies now have 8,500 persons working out their relief grants. Some 500 relief beneficiaries in Cleveland are being counseled and instructed just as in Chicago, and, working in all city departments, they are learning "how to take care of a job and hold it." New York City, whose relief ranks have mushroomed to twice the population of Salt Lake City, has also begun a similar "work training" program—this, in the wake of programs in 15 New York counties.

Nowhere is the progress in this approach more inspiring than in San Mateo, one of the big counties of the San Francisco Bay area. "I got tired of seeing people always being added to the rolls and apparently nobody leaving," said Dr. H. D. Choep, Rockefeller Foundation expert who heads the county's combined health and welfare department. So in 1954 he brought in as welfare director Harold E. Simmons, a young social worker who had studied the Chicago plan.

Simmons picked the hardest core welfare cases. "Remember that dependency is a disease, whether it's based on physical, emotional or educational shortcomings," he told his associates. "Find the reason in each case, then counsel these people, nag them if necessary, but get them into some sort of productive effort. Otherwise they can only rot."

After 2 years, out of 75 hardcore cases, 34 had returned to complete self-support, 17 more were able to take care of themselves in part. The taxpayers' savings amounted to \$68,196 for just the first year.

At San Mateo welfare headquarters, applicants for aid are told, "We want to help you, but will not let you settle down on relief indefinitely because it would be ruinous to you. We expect to keep after you to evolve a productive new life for yourself."

Some don't return after that initial conference, still more don't come back after the second interview when they are interrogated in detail about their needs. Most of these nonreturnees, Simmons told me, "only needed someone sympathetic to help them think their way out of their trouble. Relief rolls contain too many people who have become dependent because when they applied they were automatically signed up instead of being assisted in finding strength within themselves."

In San Mateo as in Chicago, the relief applicant gets whatever health, aptitude testing and rehabilitation service he needs. Then, unless the welfare office's own employment service is able to get him an immediate private job, the applicant is assigned to "work therapy." For example, Simmons prevailed on a winery to give his relief organization the contract to make wine-bottle baskets. He put other reliefers to work learning and turning out electrical assemblies for an electronics manufacturer; some later were able to find full-time jobs at the company's plant.

When Federal authorities learned of Simmons' operation they were "shocked" by his methods. However, California's State director of social welfare, John M. Wedemeyer, was so impressed he made Simmons his deputy, and they are spreading the scheme throughout the State.

Wouldn't it be commonsense for our U.S. Department of Health, Education, and Welfare to support programs such as these? Instead, HEW discourages them by insisting that any work relief must be entirely financed by local funds. Hawaii was even forced to return Federal funds because that State had dared to use some of the cash to pay recipients who volunteered to work.

Last May Congress enacted a bill to transfer jobless fathers from locally financed relief rolls to the aid for dependent children rolls,¹ wherever States would

¹ See "Children Without Fathers: The Shocking Truth About the Aid to Dependent Children Welfare Program," the Reader's Digest, November 1961.

put up matching funds. Then here too, incredibly, HEW ruled that none of these men would be allowed to do work for the money. They could not even be paid for helping to distribute Federal surplus food to needy families.

Wherever States accepted the new Federal program, work relief was weakened. In Chicago 1,500 men were shifted from work relief to ADC idleness. Cook County Public Aid Director Raymond M. Hilliard told me how one man wept because he could no longer work. On the other hand, he overheard another recipient tell an acquaintance: "Man, get to be a father. It's better. You don't have to work at all."

"And the pity is," Hilliard said to me, "that, in both kinds of cases, it takes only 6 months of idleness for a man's work habits to start atrophying. He can become so dependent he will never want to face up to working again."

All over the United States, HEW's policies are heading for a blowup. Many States, such as California, Michigan, Minnesota, and Florida, have refused to have any part of the ADC scheme for keeping fathers in idleness. Tough language such as has been hurled back at the Federal authorities by Newburgh, N.Y., is being echoed elsewhere. Bernard F. Hillenbrand, executive director of the National Association of County Officials, says, "Our national public welfare is a conglomerate hash that defies understanding." The American Public Welfare Association says work relief "should be available to able-bodied recipients for whom jobs cannot be found."

Faced with pressures such as these, HEW Secretary Abraham Ribicoff has at last decided to give work relief his personal blessing—although he says permitting Federal money to be used for it would require new legislation. The fact is, however, that there is no law prohibiting the use of the money to finance work-relief programs. The Social Security Board, back in 1936, determined administratively that relief money should not be used in this way, and the States simply have lacked the initiative and courage to test this bureaucratic seizure of authority.

HEW has obtained authorization to research possible ideas for improving welfare. But instead of giving heed even to the fine rehabilitation program which District of Columbia Welfare Director Gerard Shea is conducting a few blows from HEW headquarters, the bureaucracy is looking behind the Iron Curtain for its inspiration. "Poland and Yugoslavia have revamped social welfare programs," Deputy Commissioner of Social Security Joseph H. Meyers recently told the Senate Appropriations Committee. "A research project in these countries to study new welfare methods and new methods of training personnel would be helpful to us."

Meanwhile, HEW Assistant Secretary Wilbur Cohen is on record with the statement that even if welfare clients resist local efforts to rehabilitate them, they shouldn't be dropped from the rolls. And HEW is circulating a publication of its own in which Commissioner of Social Security William L. Mitchell looks forward to a still bigger relief utopia where there must be safeguards against a "restrictive and damaging requirement to work."

Is it not time for HEW to wake up to the ideas of already successful reform programs in individual States and localities? And is it not time, as a recent report by a New York State legislative committee stresses, to demand the return of local controls, and of the right "to administer programs on the basis of need, as determined by those in a position to appraise it firsthand?"

Mrs. BRIGHAM. I only had a sentence or two in that.

Senator RANDOLPH. I like the forthright manner in which the witness has spoken. I am not attempting to agree or disagree. But I do want to say, Mrs. Brigham, without arguing that local and State controls and regulations, and often a lack of adequate law are not in themselves insurance that programs are going to be administered in the public interest. We have savings and loan associations in the Commonwealth of Maryland in several cases that are in the process of receivership and dissolution. Frankly, one association with 8,000 members, has had to close its business with losses to its depositors. There was no control, no regulation within Maryland and these members will lose literally many thousands of dollars. What I'm saying, in essence, is that the needed laws to cope with malfunctioning com-

panies were not in force. This has now been remedied, but the delay has been tragic.

Mrs. BRIGHAM. I feel controls should be much more effective than arm's length.

STATEMENT OF SETH R. CLARK, SPRINGFIELD, MASS

Mr. CLARK. Senator, I was president of the Golden Age Club for 7 years. I have been on the council for the aged for 4 years and I made a thousand calls on the older men of our church in the last 10 years. I could take your time here this afternoon giving you horrible examples if I wanted to of the horrors that sickness and hospitalization brought to people, some of whom thought they were sitting pretty.

Now you heard enough here this morning to convince you that social security based on cost of living for the general run of the public does not apply to all the people like myself because medical costs and similar expenses cover a far greater proportion than they do for the younger person. I know that from my own personal experience.

The second thing that I wanted to call your attention to was this. It may be based on social security but it should not only cover people on social security but also anyone over 65 regardless of whether they had social security or not. That is obvious because all people over 65 have not been covered by social security.

I just want to make one other point. I want to be excused for saying this because it is not really very good to say but I am going to say it. Hospitalization does not care one single bit about congressional elections and yet we older people frequently hear; well, now, wait a minute, there won't be any social security passed this year because it is not an election year, they will do that next year. In the meantime in my own personal experience this year, 1961, when nothing was done, people in my own acquaintance have shed tears on account of the hospital costs that they have been subjected to in the last 2 months.

Thank you very much.

Senator SMITH. Thank you very much, Mr. Clark.

I would just like to say that I know of the fine work that Mr. Clark has done with this Springfield Golden Age Club. Let me just take this opportunity now to say that he and all of the other people that have done so much over the years to make this one wonderful group that it is, you certainly are to be congratulated. Thank you very much again, Mr. Clark.

STATEMENT OF MICHAEL J. DOWD, AMHERST, MASS.

Mr. Dowd. My name is Michael J. Dowd. I am from 49 South Pleasant Street, Amherst, Mass. I am president of the Amherst Golden Age Club. I have served 2 years as president of the Pittsfield Golden Age Club. I have been in these organizations since 1952. During that period I picked up a wonderful acquaintance with these people and am for them all the way. Anything I can do I am very glad to give my effort to it. With all the talk I have heard about social security and the different things pertaining to it this morning I think I am very much in line by bringing up the question

about a bill that was taken up on the 11th of April of this year in the House of Representatives, No. 6185. That was in the House Ways and Means and that permits individuals to secure old-age assistance and survivors insurance coverage under the Social Security Act for service which when performed was not covered by the social security program but has been subsequently covered and requires payment of the applicable social security taxes to be obtained by such coverage.

Now this bill was put through by Mr. Gubser. I was reading through the Modern Maturity magazine the other day and I happened to run across this little item there and it drew my attention to it. Having this book in the library, Digest of Public General Bills, 87th Congress, 1st session, I got very, very interested, due to the fact that I had a position in the Federal department in making paper in the Drane mill in Pittsfield for a period of about 5 years, and after the war was over the GI's got the preference of the job because I was beyond the age of civil service. Then I took a position in the Pittsfield General Hospital and I was there for about 5 years. Now neither one of these companies or places provided social security rights for me. I figure I have lost about 10 years of my rights to this opportunity. So I feel like a man without a country going along this way. So I thought I would bring this to your attention and please get them to put that bill through so that we can get that advantage.

Senator SMITH. Thank you very much, Mr. Dowd.

I would like to change things around a little bit and give some of the people in the back of the room who I know want to be heard a chance to come up here, too.

STATEMENT OF ARTHUR A. GUILBAULT, SPRINGFIELD, MASS.

Mr. GUILBAULT. Thank you very much. I have to be going because I will be getting a parking ticket out here. I appreciate the opportunity of having a chance to say a word and it was with a great interest that I listened to Mr. McMahon and the others, the lady there, express their opinions.

My name is Arthur A. Guilbault, 15 Summitt Street, Springfield, Mass., retired from the city service of Springfield for 9 years on total disability, thrombosis. We have had very specific cases about what you are up here for. Incidentally I want to congratulate the other two speakers that I mentioned because they are in such a prosperous condition. I have never had an opportunity to get up here and talk. There are a lot of people that are in need after 65 and it is these people that 5 cents and \$10 and a dollar that have contributed to the prosperity of those who think we should not have any assistance. Some of us have had a lot of sickness. My wife has had 12 major operations. I have been in three times, two heart attacks. I have reached the point where I have to borrow money to pay the difference at the hospitals.

I hear a lot about the medical associations. I want to say that in all our illnesses and trouble we have had some good doctors that have been human to us and have taken care of us and have not taken advantage of soaking us. They have been very good to us but the

hospitalization is the thing I want to talk about. It costs \$140 a week now for a room and what are you going to do with \$42 a week, your medicines and all your other expenses and everything else? We were frozen when we retired by some State official who made a separate group of the retirees here. We were unable to increase our Blue Cross coverage even when he wanted to pay for it and the legislature, who is asleep down there, fixed that we retirees on half pay can cover all these additional expenses, where the active employees of this have got to rise every year in order to meet it.

I would like to get that magic formula that they are thinking about because we really need it and I am sure there are a lot of others in my case probably afraid to speak up, but that is a condition. It is getting us so that we are going to be if this continues, which sickness does at our age, would be in mortgage to the limit. A lot of us had so much of that we have not had an opportunity to create a reserve and we are working and businessmen and all that, and still they expect us to pay \$140 a week when we were in the hospital.

That is the point that you came up here for and I think that there are a lot of people that need that assistance. That is what we need. For those that dont, God bless them, I hope they dont.

Senator SMITH. Thank you very much, Mr. Guilbault.

STATEMENT OF GEORGE W. DILLON, PRESIDENT, GOLDEN AGE CLUB OF SPRINGFIELD, MASS.

Mr. DILLON. My name is George W. Dillon. I am 79 years old. I have had a little experience on the necessity of helping the aged. I don't want the press to repeat this. My daughter quotes Scripture to me and she says, "When thou was young thou didst good things and go wither they wouldst but now that thou art old others should take thee by the hand and lead thou where thou wouldst not go." I tell her I am not that damn old yet.

I have been carrying, at a sacrifice, three insurance policies for hospitalization, one is with the Craftsmen, one is with the Continental, and the other is with the Omaha of Nebraska. I carried the Craftsmen first. I have had it, oh, 8 or 9 years at least. I recently went out to hear the good Senator speak, and this isn't baloney, I was very much impressed with it and I said he is a real guy. Now after when I was out there I had a heart attack. I came back here to Springfield where I live and a week afterwards I had to go to the hospital on account of that attack. Now in the hospital I was there 2 weeks. My bill was within a few dollars of \$500 besides a doctor's bill of \$75. I had other difficulty getting them to do something about it because the hospital asked me to assign two of the policies to them. I was anxious to get the thing straightened out but it took me about, oh, 5 or 6 weeks to get that done. Meanwhile I had a notice from the Craftsmen Insurance Co. of a premium due for myself and my wife. I paid it as soon as I got their notice. After they had settled up my account I got a notice from the Craftsmen Insurance Co. notifying me that beginning February 1, which was my next premium due, I would not be covered for anything connected with my heart and I still have to pay the same premium as I did before. Well naturally I am not going

to renew but it is still a problem for me, 79 years old, to know where I am going to get another policy to take its place.

I also think that perhaps the Lord was good letting me get here today and I hope he will do something for us golden agers who really need it.

Senator SMITH. Thank you, Mr. Dillon.

STATEMENT OF MRS. MARY BANNISTERS, PRESIDENT, HOLYOKE SENIOR CITIZENS CLUB, HOLYOKE, MASS.

Mrs. BANNISTERS. My name is Mrs. Mary Bannisters and I am president of the Holyoke Senior Citizens Club. I was elected to serve on the White House Conference. I was made chairman of one of those committees which was medical care. Medical care and housing were the two important factors of that Conference. I came away feeling that I had to go forward with this work more than ever and also I felt that an educational program was needed to try to enlighten the citizens of their responsibility to do something for themselves.

I have been surprised how many people are not covered by any insurance and for medical care. Now when they go to the hospital I am the first one they call. You would be surprised how I have to unload myself to go to the front for those people. Now I really feel that something will have to be done regarding medical care for the aged, it is one of the most important problems that we have to deal with today.

I might say this, that we are very fortunate in Holyoke regarding housing. I feel that something is being done in towns to make housing possible. Now I do feel that these housing projects that are going up, it is all right, shall I say to have all these safety devices which they invent but when you come to know the price that is going to be charged for those houses, it is beyond what most senior citizens can pay. Therefore I do think that some of those salesmen ought to make possible a low-cost housing so that the people can pay that.

Now I should say that \$45 a month is about the limit that anyone that is on social security can pay. Therefore, I do think that in erecting this we have to consider that prices are going up, which they told me all the time when I was sitting on the council in Boston, that prices are going up \$300 a room and it has to come out of the rental. But it should be kept at the minimum that can be afforded for people that are in a low-cost income. I came away with that feeling to do something and I have done something about it in my club. I have had every insurance agent up there to speak of what they can get by taking out the insurance from their company. I might say they are being met with a good response. A few people now are not covered and personally I am of the opinion something must be done and done quickly but at the same time I do feel that people must also do something for themselves in taking out insurance because it is going to be some time before we shall get anything such as satisfactory. They are slow moving and this Javits bill is not very satisfactory.

Senator SMITH. Mrs. Bannisters, I am afraid the time is up.

Mrs. BANNISTERS. I had some more to say but just the same this Javits bill makes you a pauper and we must have something along the line that the President wants.

Senator SMITH. Thank you very much. I would also like to say at this time that Holyoke has done a wonderful job on housing for the elderly. In my talks here with Mayor-elect Ryan here in Springfield he has assured me that one of the first things he will do after he takes office the first of the year, is to continue with 100 units here in Springfield. I know it will be a great improvement. I congratulate him on that.

STATEMENT OF MORRIS W. KRUZE, SPRINGFIELD, MASS.

Mr. KRUZE. Senator Smith, Senator Randolph, I would like to thank you both for the opportunity of appearing before your committee so that you may get the grassroots opinion. My name is Morris W. Kruze of Springfield, Mass. I am president of the Massachusetts Federation of Retired Employees, representing about 1,400 members. I am a retiree of the armory after 40 years of service. If you needed anything this afternoon or this morning to convince you gentlemen of the need of social security benefits or annuities I think the opportunity was given that you were fully aware of the dire need of it.

Now the Federal employees receive their annuities through the kindness of the Congress. There are several pieces of legislation in the Congress which will give us an increase in annuities and other benefits. I hope that your committee will give those pieces of legislation favorable consideration.

There is one thing though that has not been touched on today which is of paramount importance. It is just as important as the increase in annuities or social security benefits. I am referring to the legislation that is trying to be introduced into the House and the Senate. In fact two bills have been introduced for price fixing. I am quoting now from the Retirement Life of Washington :

There are some pending bills that fail to have action at this session that can be considered as a victory, and among them are S. 1722 by Senators Hubert Humphrey and William Proxmire, and H.R. 6772 by Representative Melvin Price that would authorize manufacturers and distributors of trademarked products to set minimum prices on such items and use both Federal and State courts to enforce collection of such minimum prices by retail dealers. Bills such as these have won support in the past in the committees of both the House and the Senate and we can expect a determined effort by the price fixing lobby to get S. 1722 and H.R. 6727 favorably reported earlier in the next session of Congress. Either of these bills could easily offset any benefits of an annuity increase and it is advisable to watch them carefully.

I hope you gentlemen will watch them carefully and I hope you will vote against them. Thank you.

Senator SMITH. Thank you very much, Mr. Kruze.

STATEMENT OF JOSEPH A. BALSHPMAN, SPRINGFIELD, MASS.

Mr. BALSHPMAN. Senator Smith and Senator Randolph, I am Joseph A. Balshman of Springfield, president of nothing, vice president of nothing, secretary and treasurer of the same.

Senator RANDOLPH. Are your dues paid?

Mr. BALSHPMAN. Up to April. I don't know where I got the money.

Here is my thought. I am expressing it to you gentlemen and I hope something may possibly come of it.

Certainly the first \$5,000—I will put it \$5,400 if you want, but put something—if any man's honest income should be free from taxation, the Internal Revenue Department should not reap that first four or five thousand.

In other words, encourage thrift. Now apparently there is a fallacy about that, the loan associations are rampant. Everybody is mortgaged up to the hilt apparently and to get out of the thing someday may be a worrisome problem.

That is why I am making my plea as I am and I hope that you will be able to assist in that respect.

May I just make one quotation to you young men in the words of the poet:

Oh fair art youth and strength but fairer yet the face of age, one sculptured by a soul where love of God and man has held control and wrought no line that wisdom would regret.

Thank you very much.

Senator SMITH. Thank you very much, Mr. Balshman. Senator Randolph would like to make a statement.

Senator RANDOLPH. I want to supplement the poetry so appropriately expressed by reminding all of us what the poet, Longfellow, wrote so long ago when he said, "Age is opportunity, no less than youth itself, though in another dress."

STATEMENT OF WILLIAM THOMAS, SPRINGFIELD, MASS.

Mr. THOMAS. Senator Smith and Senator Randolph, I am William Thomas, 75 years old and I am president of the Springfield Golden Age Club, in which we have over 2,100 members.

Now I would like to say at this time I want to be just as brief as I possibly can because I know there are other people who want to be heard. I want to say at this time hearing all these people talking here this afternoon the general opinion here is that the social security benefits are inadequate. I agree with them. As you go along you will see bus fares rising, cost of living rising, but social security never rises. It sits where it is. We have to rise according to the cost of living, otherwise we stand still. Our income is all outgoing, there is no income at all coming in here, it is all outgoing. So we rely on you people down in Washington to help us.

I would say too at this time I was down at Boston, we were down 100 strong down there, I think it is about 2 years ago. We listened to Senator Pat McNamara down there and he did speak on health for the aged down there. We have been twice down in Washington. We were about 80 or 100 strong down there. We met Senator Saltonstall. We met our Representative Boland at that time at the first meeting. The second meeting I believe we met you, Senator Smith.

Senator SMITH. That is right.

Mr. THOMAS. At that time we did mention to you what was going to be done about social security. The first time we met down in Washington, Senator Smith and Representative Boland they said the prospects looked good, but the next time we met with you people down there you didn't give us any encouragement whatsoever. Finally, what happened to that bill? I don't know what happened; it was pigeonholed or tabled. Now the bill for the aged also has gone to the

bottom of the pack. I would like to say at this time we don't want to be at the bottom of the pack, we don't want to be at the middle of the pack. This time when you go down to Washington won't you please try and see that we are up on top of the pile?

We feel at this time that we are the forgotten people. Again I say we—when you go to Washington on the next legislation in January, please remember us down there.

Thank you very much.

Senator SMITH. Thank you very much. I want to make one statement at this time. When your group was down early last year I said that I thought the prospects for being—for bringing up the medical care for the aged under the social security program looked very good at that time, and they did, but the next time you were down later in the session I told you it didn't look good for that session. I am very confident it will be one of the first, foremost, and most important pieces of legislation that we take up after we go back for the second session.

STATEMENT OF JOSEPH DEMERS, SPRINGFIELD, MASS.

Mr. DEMERS. Senator Smith, my name is Joseph Demers. I am a retired railroad worker, and I worked 47 years. In my service I did have insurance cost coverage. Two of the insurance coverages, one of them especially had paid in 43 years, the other one 41 years. When I reached the age of 70 they politely sent me notice, do not send any more premiums, you have already reached the age of 70. If possible I would like to see a bill enacted through Congress and the House of Representatives, and so forth, to carry the members of that insurance as far as they want to pay the premium or else give them a refund at the age of 70 for all the money they put in.

I have been putting in money for 42 years in one form or another. Of course it was protection I was getting but I put in a lot of money for that protection, and today I have not got that protection. Today I am 79 years old and I am on the verge of getting out. If I go to Hartford today just as one of my fellow members said to me, "You know, Joe," she said, "I called up and they said they had a room for me but I am not insured, so it will cost me \$147 a week in advance." That is what she told me. Now that will be all taken up on that Anderson-King bill but there is one question I would like to ask the Senator. Whether you slipped up on it or not, I get a monthly statement from Senator Saltonstall but I didn't get a monthly statement from Senator Smith.

Senator SMITH. Leave your address and I will certainly be glad to make sure you get a message from me. At this time I have some testimony that Mr. Joseph St. Germain wanted in the record and I will put it in the record at this point.

(The prepared statement of Mr. St. Germain follows:)

PREPARED STATEMENT BY D. JOSEPH ST. GERMAIN

Senator Smith, ladies and gentlemen, it is my understanding that this hearing is on the subject of retirement income. From the time the social security system was radically changed in 1939, there were only minor changes enacted between then and 1950. In 1950, and every even numbered election years thereafter, benefits have been substantially increased or liberalized. For instance, the old age primary benefit (exclusive of wife's benefit equal to 50 percent addi-

tional) for a person who had averaged covered earnings of \$200 or \$400 per month has been as follows :

Social security primary benefit per month

Year	Average covered earnings	
	\$200	\$400
1939.....	\$49	\$56
1950.....	65	80
1952.....	70	85
1954.....	78.50	108.50
1956.....	78.50	108.50
1958.....	84	126.80
1960.....	84	126.80

The \$200 per month man received social security primary benefit per month of \$49 in 1939; in 1960 he was received \$84 per month. Now the \$400 per month man received \$56 per month in 1939, and \$126.80 per month in 1960. And as I have said, those payments do not include the wife's benefit equal to 50 percent additional.

No changes were made in the benefit formula in 1956 or in 1960 but in these years disability benefits were introduced or liberalized or other important changes were made and further liberalizations have been enacted in 1961.

You will see by the figures I have already cited that benefit rates have practically doubled during the past 20 years. And Government actuarial figures indicate that they will further double during the next 20 years.

The Government is currently paying out some \$12 billion a year for old-age-and-survivors' benefits. Most of the money being paid out today goes to recipients who made only a token tax payment when they were employed since the tax rate was only 1 percent on employees from 1937 to 1949 and only 1½ percent from 1950 through 1953.

Many people think the social security program is like insurance and that the taxes which they are currently paying are set aside to provide the benefits to which they hope they will be entitled after retirement, or which their wife and children will receive after their death. This, however, is not the case since the trust fund for old-age-and-survivors' benefits amounts to only about \$20 billion, an amount about equal to the social security payroll taxes for the next 20 months. The benefit payments during the next 20 months will be even greater than the payroll taxes, causing this trust fund to be reduced by approximately \$1 billion prior to the time that the higher tax rates to be collected on and after 1963 take effect. Obviously, therefore, the taxes payable by the people now working are being used to provide benefits to those who have already retired. In fact, the Solicitor General of the United States has stated that "social security must be viewed as a welfare instrument to which legal concepts of 'insurance,' 'property,' 'vested rights,' 'annuities,' etc., can be applied only at the risk of a serious distortion of language." (*Flemming v. Nestor*, 363 U.S. 603, Appellant's Brief, p. 68.)

The full impact of the social security tax has not been felt by the people. The tax presently is scheduled to go to 3½ percent on employees at the beginning of 1962 with an equal tax on the employer, or a tax of 4.7 percent on the self-employed. The rate will increase again in 1963, in 1966, and in 1968 as follows :

1961 act

Year	Employee rate	Employer rate	Self-employed rate
	Percent	Percent	Percent
1962.....	3½	3½	4.7
1963-65.....	3½	3½	5.4
1966-67.....	4½	4½	6.2
1968.....	4½	4½	6.9
1969 and after.....	4½	4½	6.9

If this tax schedule remains in effect and there is no change in the Federal Income Tax Law, this means that a self-employed man with a wife and three children, earning \$5,000 a year, will be paying a social security tax of \$331 (6.9 percent of \$4,800) and a Federal income tax of approximately \$300. Thus the social security tax would exceed the income tax and the combined amount of \$631 would be almost 13 percent of this man's earnings.

If the proposed health insurance benefits are enacted, his social security tax bill would go up to \$364. This, plus \$300 income tax, totals \$664, or 13¼ percent of his \$5,000 income.

The mounting cost of the old age and survivors' benefits is illustrated by the following intermediate cost estimates of benefit payments made by the Government actuary :

1961.....	\$11,968,000,000
1970.....	16,945,000,000
1975.....	19,708,000,000
1980.....	22,688,000,000
2000.....	31,525,000,000
2020.....	43,196,000,000

Surely the job being done by voluntary health insurance, including Blue Cross-Blue Shield, particularly in Massachusetts, plus the recently enacted Kerr-Mills bill which provides medical care to those who are not on public assistance but who are unable to meet large medical bills, cover the need and that it would be a grave mistake to compel everybody to be insured against hospital expense under the social security mechanism as proposed in the Anderson-King bill.

The New York Times reported November 22, in a dispatch from San Francisco, that officials of the Department of Health, Education, and Welfare are claiming that "all across the land there was unmistakably heavy support" for the King-Anderson bill. A few days earlier, in New York, Secretary Ribicoff pledged at a White House Regional Conference that the administration would "never stop working" until the bill was passed. The Times said some 3,000 elderly who attended the Conference had been brought together by golden ring clubs, day-care centers for the elderly and labor unions. At the session large blue postcards addressed to the President were passed out and HEW staff people were present to assist the elderly in filling out the message portion of the cards.

Senator Proxmire, of Wisconsin, recently said, and I quote: "Payments for social security benefits are a perfectly valid and excellent distinction. The fact is that this is an insurance system.

"This is a premium that he is paying; his employer is sharing part of the premiums. It is entirely different from income tax. It is a benefit that comes back to him. He is buying something for himself."

I submit to you ladies and gentlemen that this is the sort of claptrap in high places which distorts the thinking and understanding of the people.

And of even greater concern to producers and people living on savings and investment income, a constantly increasing program of this type is inflationary. The First National City Bank of New York expressed concern about this question in its Monthly Letter of May 1958 under the title, "Can the Social Security System Become an Engine of Inflation?" Here is what they said in part:

"There is also the matter of the direct role the social security program would play in generating inflationary forces if it is repeatedly liberalized and financed by constantly rising taxes. By 1975, even assuming the present tax rate schedule is not increased, the businessman will face a payroll tax of 4¼ percent. They were scheduled in 1958 to increase to 4½ percent by 1969. (This has already been raised to 4¾ percent.)

"As this tax burden rises, pushing up operating costs, the natural inclination of the businessman is to protect profit margins by raising prices. Moreover, the heavier tax bite reduces take-home pay and workers want larger pay raises * * *.

"As prices go up, social security checks don't go as far, and pressure is put on the Congress to boost monthly benefits to keep up with the cost of living. Taxe are then raised to pay for increased benefits and the spiral takes another upward whirl."

It might also be pointed out that as the social security tax on employers increases, it reduces the Government revenue from corporate income taxes. Too high and too many taxes, like inflation, are bad for everybody. Some merely get in dribblers from the Government a part of the vastly greater amounts paid by the taxpayers.

STATEMENT OF GEORGE F. MACK, SPRINGFIELD, MASS.

Mr. MACK. Senator Smith, Senator Randolph, it is a pleasure to see you people here today. I have been at many, many conferences; in fact there are six pages in one of your pamphlets of what I said before the Commission in Boston. So I am pretty well on record as to what is going on here. There are just two things I want to bring to your attention. I heard one good lady speak in regard to social security for the widows. They didn't get an increase the last time. I go along with that. Many have brought up families and deserved it.

The second thing is this. I will cite a case in which it is pathetic to me and that is with regard to a widow whom—who some 15 years ago her husband passed away and her pension stopped. She got no further income. He left, as he thought, adequate resources to carry her on for the rest of her life but this is what happened. There was some \$10,000 left, plus the home free and clear, plus some insurance. She thought she was sitting pretty but through no fault of her own illness set in and she had a large medical bill plus paying her taxes for her home and so forth and so on.

About 2 years ago she called us, the Council for the Aging and asked what could be done. All we could do is refer to our good friend, McMahon, the old-age assistance. He very graciously helped her out but every time that she received a check, that went as a lien against her home. To my sorrow here the other day I learned that the poor soul, due to no fault of her own through brooding and so forth, was committed to a mental institution. Some 34 percent of all the people in our mental institutions here in Massachusetts are over 65 years of age and it isn't because of loneliness alone, it is because of brooding. I most certainly endorse, although it would be very little benefit to me, putting the medical plan on social security. I also want to go on record as being very much in favor of doing something about medical aid for us who are on pensions. Five times since I have been retired my premium has been increased in Blue Cross and Blue Shield. At the present time I am paying a higher-premium with less coverage than I did when I retired. I have had experience this year with hospitalization because of illness in my family. I know for 3 weeks that it cost well over \$500 for being an inmate of a hospital. I am not qualified to judge doctor's fees or the salary of a nurse or a hospital bed but I do know that every case coming before the Council for the Aging in the last 7 years that I have been associated with it has been caused by high medical expenses.

Gentlemen, I hope there will be something done this time to relieve that. I cannot pay too high a tribute before I leave here to the Congressman who was here this morning. He has been a godsend for the aging in Washington.

Senator Smith, I am not too well acquainted with you, I have only corresponded a couple times but I met you at the White House Conference and I know somewhat how you stand. I have a 10 point program at home that I have from our present President, President Kennedy, which he is trying to put in effect, and let us hope it will go through. I thank you.

Senator SMITH. Thank you very much. Let me just say that George is another one of those people here in Springfield who has done such

a wonderful job and I want to say now how much I enjoyed my lunch with him. Thank you very much.

STATEMENT OF MRS. ANDREW BRADLEY, CHICOPEE FALLS, MASS.

Mrs. BRADLEY. Senator Smith and Senator Randolph, I am Mrs. Andrew Bradley, 75 Main Street, Chicopee Falls, Mass. I am speaking for my husband mainly who is 91 years of age. He is getting just old-age assistance alone because he retired before the Social Security Act took effect. I am getting welfare automatically because I am not allowed to live on old-age assistance as yet. So we have it kind of hard at times. It seems that with this business now they give like the first of September for those who furnish their own heat, gas, and oil and so forth a certain amount until the first of June. Well we had that up until 2 years ago and I moved into a steam-heated apartment. Now folks that live in steam-heated apartments receive like \$2 or \$3 if the first day of June it is taken away from them the first day of September. That is called refrigeration.

But I am trying to figure out where the refrigeration comes in because I pay the same amount of electric bill, \$2 or \$3 a month all the year around. I don't buy any ice, I have a refrigerator. So everything is the same in the winter as in the summer. So I am trying to figure it out. I don't know if anybody here can. That is what happened last summer and the summer before.

Then another thing, we have what they call 5 weeks in every 4 months of the year. The majority of the places, apartments like where I live, and others live, pay by the week whether you furnish it or not and we are paying by the week. I told an investigator a few days after I moved there I was paying so much a week, not a month. For the old age assistance they do not plan on the week, they just go by the month, no 5 weeks at all in a month. So much on that but it is every few months is 5 weeks to us, and 3 to 4 weeks before that fifth week comes up I have to save out and take it away from the food and clothes and things like that and other bills and save it for that fifth week coming up. It just puts us in the hole. For those 4 weeks I am pretty well set but when it is the fifth week, like January coming up now, I have to save. I have a little bit saved now, to cover this next month, to save for that last week in January. So that is our problem right now.

Thank you very much.

Senator SMITH. Thank you, Mrs. Bradley.

Senator RANDOLPH. Senator Smith, I wish to comment on the quality of presentation from those who are appearing here today. Our committee will be aided by the documentation and factual approach of the testimony.

Senator SMITH. Thank you very much, Senator.

STATEMENT OF HAROLD F. JOHNSON, LONGMEADOW, MASS.

Mr. JOHNSON. Senator Smith and Senator Randolph, it is a privilege to be here this afternoon. My name is Harold Johnson. I am a retired man and I live in Longmeadow, Mass. I think we want to take a hard and fast look before we move for putting our medical

bills into the social security. I know that is a little different than what we have been hearing today but I think all of us think it is fair enough to look at both sides of the question. Let us go back to the beginning and I won't take much time. One percent was paid I believe back in 1937. Three percent is being paid now by the workers, am I right on that, Senator, approximately? It is going to 4½ percent for the close of this decade in 1970. It will be nearly 7 percent for the self-employed that they will be paying for their social security at that time. This means that today's workers are helping to pay my retirement benefits, because I happen to have a small social security set up after I retired from civil service, as well as accumulating theirs after they retire at the age of 62 or 65. That is the present generation that is still working. This tax that is being paid does not cover today enough to take care of the payments that are going out from social security. The payments in the next 20 months, it has been estimated, will be about \$2 million. The collection in that same time will be about \$20 million. After that they will go up somewhat under the new rates proposed by Congress and passed by Congress.

Now we add to that the hospital benefits. That means a tax increase to the workers, not to us who are retired but to the workers, to pay my hospital bill and accumulate for the years after age 65.

There is something else we ought to recognize. Congress is being pressured all the time to liberalize such programs as this and this could mean another increase in the taxes under our social security. These increased taxes have never in the past been sufficient to cover the cost of increased benefits. To continue expanding this program means to me, and I wish you would all give this very careful thought, more inflation, more unbalanced budget, more Government controls, and more centralized bureaucracy. I don't want this. I don't think you do either.

Senator SMITH. Thank you very much, Mr. Johnson.

STATEMENT OF DR. JEROME WHITNEY, SPRINGFIELD, MASS.

Dr. WHITNEY. I am Dr. Whitney, a physician in Springfield. I have had considerable experience with the aged, serving 10 years as chief of the medical staff in the Springfield Municipal Hospital which is largely made up of elderly people who are medically indigent, as we call it. It has been a great experience to me but I think it is probably interesting—the most interesting, helpful experience I have ever had in my life because they wrung out of my heart more of the milk of human kindness than anything else could in the practice of medicine, and it is noted for its ability to do that.

I worked with clinics at this hospital and I think I have a pretty good concept of what is wrong as far as the unfortunate, disabled, and the elderly is concerned. I think lacking is what I just mentioned, the milk of human kindness. If you could bottle that in Washington and send it to our elderly people I think you would find that if distributed to their children their children would be coming through voluntarily rather than having their wages attached by such a method as social security represents.

I wonder how many in this group have read through the Kerr-Mills bill? It seems to me that there is everything in there that should take

care of the elderly. I think it is just a matter of is it enough. If it isn't, it is a simple matter even for our Congressmen to see that it is upped. The only trouble is that if social security is upped our children will be worse off and we are really on a merry-go-round. We would like to have it come from somebody but not ourselves. Nor our own. The Government owes it to us but we are the Government.

I think that taxation here should be taxation as it applies generally in other respects based upon the ability of people to pay. I would be very much in favor of doing everything that the Congress felt it could do and still maintain the Government and keep it out of the collectivism and socialized sort of state that I am afraid it might be heading for if we turn all our problems over to the Government, and I thank you very much.

Senator SMITH. Thank you. I would just like to point out at this time under the Kerr-Mills legislation, the extent and type of medical assistance varies greatly among the particular States. The provisions are often far from adequate.

Thank you, sir.

STATEMENT OF HENRY H. LUSSIER, SPRINGFIELD, MASS.

Mr. LUSSIER. Senator Smith, Senator Randolph, I am rather different than the previous speaker who said he was not secretary-treasurer of anything. I am secretary-treasurer of the International Union of Electrical & Machine Workers, AFL-CIO, of district 2, covering the entire area of New England, representing some 50,000 active workers and dues-paying members. I am also the president of local 213 in Springfield, Mass. In our local union we have 137 people out on a reasonable, but not adequate yet, pension plan. Not adequate for one very outstanding reason: We don't have any insurance coverage and the group insurance plan due to our inability to convince the company that they should provide it.

Of course I can understand insurance companies, business establishments, and so forth being concerned with their own business and their own interests. That happens to be what some of us labor leaders are concerned with, the interests of the people whom we represent and their good and welfare. I have had to deal with and on behalf of many, many of our elder citizens who have retired who have been entered in hospitals. Some we have had to put in under welfare roles, the United Fund, Community Chest, and otherwise, and means of providing for their medical problems. I won't be retiring for 20 years as I see it, therefore we will not be receiving any of these benefits. I am prepared to start paying my way now toward what should be done for the elderly people.

Now it is not very often that organized labor in this area agrees with the local news media in respect to policy or program. I happened to cut out clippings down there and being this is a most important issue to the AFL-CIO in general. Nationally, as you well know, we fought very vigorously to have the Forand bill passed. We are going to fight very hard to have this bill passed and we hope we score. I am sure these people are becoming alerted now to their problem and are going to do something about it.

Our international union is setting up a retirement program for our people who are retired and getting actively into the programs of their

needs and wants. Now what I am going to read is an editorial from the Springfield Daily News dated Monday, January 9, 1961. I would like to read it and then submit it for your future study.

FEDERAL MEDICAL INSURANCE

Right here in Springfield there are many thousands of our elderly people whose financial independence has been lost through illness, and our large and modern municipal hospital, even operating at full capacity, would not be able to care for the number of elderly, ailing, people who cannot support themselves.

In tardy and partial answer to the tremendous need, the private insurance companies have extended coverage to the elderly, although the people who need such protection most are in the poorest position to pay for it.

The Department of Health, Education, and Welfare reports that only 53.2 percent of the people between 67 and 75 have any form of hospital insurance, only 44.2 percent have any surgical insurance, and only 10.2 percent have doctor-visit insurance. Of those over 75, only 32.5 percent have any hospital insurance; only 23.6 percent any surgical insurance. Among the low income groups, the percentages are strikingly lower.

President-elect Kennedy has long favored medical insurance paid through the social security system, which would have people pay for this insurance while employed, and have the protection whenever needed.

Mr. Kennedy ran for the presidency on that platform, and most have thus sacrificed the votes of most doctors, if the statements of the medical societies provide an accurate estimate of doctors' opinions. These societies are strongly opposed to medical care insurance under the social security system.

The dismal failure of Springfield's doctors to cooperate in the volunteer medical aid program for the welfare patients at the municipal hospital indicates that the doctors themselves are not prepared to offer an effective solution to the problem of the ill and indigent elderly. Even if all doctors did as much charity work for the aged as a few do, it is doubtful if the problem could be solved.

The Federal, State, and city governments are now paying a high price to care for the elderly people, and these governments have every right to seek a solution which would allow these people to provide for their old age during their productive, wage-earning years. This means social security.

The insurance companies, which bitterly opposed social security from its outset, are now opposing the addition of medical care to that insurance. The doctors, always alert to any threat of socialized medicine, are also strongly opposed. However, during the many generations which the problem was left to the insurance companies and doctors, the problem became more acute.

Even so, if the medical societies and the private insurance companies have at last found some genuine solution not based on professional promises, but on solid foundation, let them present it now.

If they fail, then Federal insurance must do the job.

In closing, Senator, I would like to state that our people have not got the money to pay for the premium nor the high rate that is charged. Therefore I urge you to give this bill every possible support when it comes out.

Thank you very much.

Senator SMITH. I like your attitude. You are one of those of the younger group who are willing to pay for the cost of the elderly people right now instead of waiting until some other day. Thank you very much. You may leave your clippings to be made a part of the record.

(The documents referred to follow :)

WASHINGTON MERRY-GO-ROUND

(By Drew Pearson)

Some 2,700 delegates meet in Washington today to discuss one of the most important questions of modern civilization—the problem of elderly citizens. What

the public doesn't know, however, is that about 40 percent of the delegates to the "White House Conference on the Aging" have been carefully picked to oppose the Kennedy plan for medical aid to the aged.

They were picked thanks to a quiet and skillful campaign by the American Medical Association, which battled against the Forand bill at the last session of Congress and which Harry Truman describes as "the biggest trust in the world."

"The AMA," said Truman, "has always been against anything for the welfare and benefit of ordinary people."

ONLY SIXTH NOW

Apparently the AMA has slipped a bit from the high rank Truman gave it, for records on file with the clerk of the House of Representatives show that AMA now ranks only sixth in spending money for lobbying. It used to rank first. During the first half of 1960, the doctors ranked a bit below the Brotherhood of Teamsters, the AFL-CIO, the Federation of Post Office Clerks, the teachers, and the Farm Bureau in spending money to lobby with Congress.

Recently, however, the American Medical Association has voted to increase the dues of doctors to the extent of \$2,800,000, which will give the AMA about \$18,000,000 yearly. Part of this, according to an AMA report, has been earmarked for "expansion by the communications division of the program of faithfully portraying the image of the American Medical Association."

THE DOCTORS' TRADE UNION

This column many times has paid tribute to the great contribution of the medical profession to American civilization. It has urged that because of the long years of study necessary to become a doctor, physicians be given personal tax depreciation allowances. However, when the medical profession gets into the lobbying business along with the teamsters, the AFL-CIO, and others, the public has a right to read the record of the AMA's activities.

The manner in which the AMA went about stacking the delegates to the "White House Conference on the Aging" is told by F. J. L. Blasingame, AMA executive vice-president. His strategy was to keep social workers from being appointed delegates, replace them with insurance executives, businessmen and doctors who would oppose Kennedy's medical aid for the elderly.

STATE STRATEGY

"The AMA field service division," said Blasingame, "worked with the States in getting physicians' representation on the Governors' committees on aging which have the responsibility of developing statements to be presented to the White House conference.

"The States were also encouraged to work with the insurance industry, chambers of commerce, and like groups, to likewise obtain representative delegates. * * * This met with an excellent degree of success, in spite of the fact that social and welfare workers immediately and spontaneously requested that they be designated among the State delegates."

The AMA has also been grooming America's onetime sweetheart, Mary Pickford, more recently called the "sweetheart of the medical profession," to help propagandize the doctors' viewpoint. One AMA press release quoted the sweetheart of the doctors as saying: "As worthy as some politicians are, I wouldn't want them operating on me."

MAILBAG

Rev. Henry Hope, Jr., Jackson, Mass.—The Christian Brothers, a Catholic organization in California which produces wine and brandy, does pay taxes. They are not tax-exempt. They have, however, protested their taxes, though 2 years ago they made an agreement with Internal Revenue for the payment of \$489,000 in back taxes. After making the agreement they paid this amount under protest and filed suit in the U.S. district court of California for the return of same.

Internal Revenue was provoked at what it believed to be a backtrack on an agreement, and promptly filed another claim for \$1,350,000 of back taxes, penalties, and interest. Both suits are now pending in the U.S. district court in San Francisco. The Christian Brothers' suit is under the name of DeLaSalle Institute. * * *

HEADLINES AND FOOTNOTES

On January 3, Arthur Goldberg, the new Secretary of Labor, became unemployed for the first time since he was 12 years old, at which time he used to carry packages of shoes on the streetcars of New York as a shoe delivery boy. Goldberg has just resigned from his law firms and from all labor unions. He will be unemployed until January 20, when he becomes Secretary of Labor. Goldberg even sold his stock in the Condado Beach Hotel in San Juan, because he has to apply the minimum wage act in Puerto Rico, and it might involve employees of the hotel, of which he once owned a small share of stock.

President-elect Kennedy is expected to bring back former President Truman's census director, Roy Peel. Now a University of Utah professor, Peels fits into the intellectual pattern of the new Kennedy team.

[From the Springfield Daily News, Jan. 9, 1961]

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**STATEMENT OF MRS. ANNA SULLIVAN, REPRESENTATIVE,
TEXTILE WORKERS UNION OF AMERICA, HOLYOKE, MASS.**

Mrs. SULLIVAN. My name is Anna Sullivan, representative of the Textile Workers Union of America, the diminishing Americans.

In our contracts we have provided hospital and—hospital insurance and medical benefits but when our workers leave—and I think you

know that most of them are leaving not because they want to but because they are being displaced by machinery and are losing their jobs for a number of other reasons. When they leave the plant they have no insurance. Once they quit, are laid off, they are under no coverage. You know when a woman is 62 she has to go on a prorated social security. Prorated means some only get \$62 to \$64 a month. These are women who have maybe worked 35 and 40 years in the textile mill.

I want to say I have listened here today and I want to say here to this Senate group I want to thank God for President Roosevelt.

Because the people would not be able to come here and say they have these benefits because the same people that are opposing an increase in social security to cover these aged, they wouldn't have anything if he didn't have the courage and the convictions to carry through for the social security program. It is the best thing that ever happened to this country.

Increases made better protection for them, better protection for me, and I am willing and everybody is willing to pay that cost. I remember when my mother and father could not call a doctor for us because they didn't have the money and I will never forget, and I don't think any of us should.

We should be fighting and fighting continuously and I want to go on fighting. The social security under President Kennedy and these Senators will come out with better courage, better medical insurance, and better hospitalization. Thank you.

Senator RANDOLPH. I wish to comment briefly. Some of you will remember that in the campaign of 1936 after social security had become law in 1935 there was a determined effort, which became an issue in the campaign, to repeal the social security law. It was natural, perhaps, at the very beginning of such a law to fight it determinedly but year by year a lesser opposition has existed. It is now practically nonexistent.

STATEMENT OF JOHN DOUGLAS CUMMINGS, ATTORNEY, SPRINGFIELD, MASS.

Mr. CUMMINGS. Senator Smith, Senator Randolph, my name is Douglas Cummings, and I am an attorney in Springfield. I speak as a private citizen.

I am 33 years old and I am here primarily to make the statement for many of my contemporaries that we are at present not a group as has been described by the president of the Junior Chamber of Commerce I believe before your committee or a similar committee, people unwilling now to do two things. One, provide for our own, and two, assist the aged who through no fault of their own find themselves unable to assist themselves today.

Now I appear here with some trepidation because I see in Denver yesterday that the president of the American Medical Association labeled all those in favor of medical care to the aged as members of the left, of a conspiracy. I therefore ask earnestly that you not turn over your films to the House Un-American or Foreign Affairs Committees because you have in this room a potential group of conspirators against the United States.

I know doctors in Springfield who do not share the opinion of the American Medical Association. On behalf of the self-employed, including attorneys, I ask also that your committee give some consideration to the bill which would enable us and others who are self-employed and not covered by the protection of corporate pensions and profitsharing funds to provide on our own while we can for the future. I make this request. When you go from city to city and town to town please look around the room and call upon some of the 20, 25, or 30, and 35-year-old business and professional men and women and bring them forth and ask them: Are you as unprepared to assist yours in the future as the representatives of a group of chamber of commerce would have this committee believe?

Now that, gentlemen, I believe, because I knew a former president who has a traveling salary of \$25,000 a year and he is not able to get to Washington and make his pitch to you. So we are happy to have you here and I am sure there are others in this room who will join in making my position clearer to you. Thank you.

Senator SMITH. Thank you, Mr. Cummings.

STATEMENT OF JOHN O'TOOLE, AGAWAM, MASS.

Mr. O'TOOLE. Senator Smith, Senator Randolph, my name is John O'Toole of Agawam, Mass., formerly of East Long Meadow.

First I want to congratulate you for having this hearing. I think it is a wonderful thing for the elderly people to be able to express their opinions directly to you. Secondly I want to congratulate you personally, Senator Smith, for your promptness in answering our correspondence.

Senator SMITH. Thank you.

Mr. O'TOOLE. I was a selectman in the town of East Long Meadow for 6 years and one of the duties of the selectmen was to be on the board of public welfare and the old-age assistance. Because I was the junior member at that time, East Long Meadow was definitely a Republican town and I happened to be a Democrat so I was the junior member and they gave the junior member the most difficult job, and that job was the welfare. Any of you people who have ever served in the welfare department and have seen the destitution and the hardships particularly among the older people certainly appreciate social security today.

I think that Mr. McMahon and a few others who have spoken in opposition to the medical care for the aged under social security of a good point they are looking for—they are looking out for their own interests, we are looking out for ours. I think that the social security, of course, has performed a great need and social security with medical aid for the aged is certainly going to be of great benefit. We are now paying \$38 a quarter for Blue Cross and Blue Shield and that becomes rather hard on a small budget. I think that this social security with the medical aid for the aged under social security will be a great benefit. Thank you.

Senator SMITH. Thank you, Mr. O'Toole.

STATEMENT OF CLAUDE A. BLAIR, SPRINGFIELD, MASS.

Mr. BLAIR. Gentlemen, I am glad to be with you today for more reasons than one. I was with the social security when it was set up.

Why I came here, Mr. Chairman, is I have listened to what they had to say this morning and what they said this afternoon and I want to put you all on the right track. In 1958 there was a law passed giving the older people the right to plan their own future. Now people today are asking why Congress has not put that into operation. I want to say this. In my term handling the complaints all over the 50 States and 3 territories I find that the report says in each one of those recommendations they must have an increase.

Now I wanted to explain that increase to the people. Every person has to help the other fellow earn what he earns and spend what he spends. That is a matter that the public just does not realize. They have an idea that they pay for the social security and that is something different than it is if you are on the old age. Old-age legislation is under the social security and it was set up with the purpose of having the aged help them with their needs. Instead of doing that what has happened is they have turned over to an insurance and that insurance answer is not covering all of the people.

Now I am strongly in favor of the social security if the changes itself—if it changes its name to guaranteed security. That is what our Constitution calls for, it is what our law is.

Social means pleasant. Now public welfare, well public welfare means happiness and I want to say this. In this city of Springfield we have 30,000 aged people. Out of 30,000 aged people there are only a little over 2,000 that are getting help. What is the matter?

Now I want to tell you what my study on this thing in the last few years has been. As a matter of fact, what you are asking for, Mr. Chairman, is retirement income. The income is going into the administration and not to the aged people.

Now what we are asking for, and it was asked for by Mr. Truman and Mr. Eisenhower both, is that the aged people be organized. Now until they are organized you cannot get any place and you cannot do anything with any laws or anything else. You are asking for legislation and in order to get that legislation you must know the relation of the aged people. I guarantee that there is not anyone in this room that knows the Constitution and the laws and the rights and entitlements of the aged people as perhaps I do because I put over 30 years in this game.

Two thousand elderly persons are receiving old-age assistance and slightly over 700 are on the roles of our new program for medical assistance for the aged.

I want to say, Mr. Chairman, as a matter of fact I get all these reports every day. If you will check them out there is a lot of stuff mentioned in them.

Senator SMITH. Thank you very much.

Mr. BLAIR. I want to thank you and I might say further there is no need of increased taxation providing the funds are properly handled.

STATEMENT OF CATHERINE AUSTIN, BELCHERTOWN, MASS.

Mrs. AUSTIN. Senator Smith, Senator Randolph, fellow citizens, I am Catherine Austin, private citizen.

Fifty percent of the population of the United States who are 65 years of age or older are receiving \$1,200 or less income a year. That

has been certified by good and accurate research. We need to stress preventative medical care more than we have stressed it. I am wholly in accordance with George Bernard Shaw when he said, "The more the physician cuts out of one, the more the physician cuts off one, the more the physician gets from one."

We are overlooking preventive illness and there is a very good reason why we overlook it. Who would not when he is 65 years of age think of his food before he thinks of paying somewhat around \$200 to get something near adequate medical care and protection against hospitalization and physician services, et cetera?

Now I want to say and go on record as saying that we do have the finest physicians in Massachusetts, I think, the finest physicians that can be found in the world. We have the finest medical institutions, too, but not everyone can utilize these fine physicians or these fine institutions, and why? Because 50 percent of the people have income of less than \$1,200 a year.

Now most unfortunate people who are 65 years of age or older have more illnesses, twice as much I understand, and it takes them twice as long to recover. A neighbor of mine had his home placed on the auction block, in fact I was asked if I wanted to buy his home. I didn't want any blood money so to speak. He had to pay his medical costs.

Now we do have the finest physicians, we are all in accordance I am sure. We have no right as private citizens to tell these fine gentlemen who have prolonged our lives how they shall practice medicine. We would not be so gross, but as American citizens we do have a right to say and we shall say how we shall pay our bills. That is all in the final analysis, the crux of the whole thing rests there. The American citizens are only concerned in respect to this social security deduction for medical care, they are only concerned how they shall meet their medical costs and that they shall have the best possible medical care. We do not have it for all the people.

We can say how we shall pay our bills. That is our right.

We need, however, a broad basis for taxation to pay our medical bills. I have heard them say today that the States could handle the thing individually. Now I just wonder if the States can handle it individually. Even in Massachusetts we have a pretty high per capita income I think. If conversation drops a mite and you want to spark it up just talk about the high taxes in Massachusetts and then think. Have we added more high taxes by giving our elderly people medical aid?

I know of what I speak because just recently, yesterday in fact, my brother returned from the hospital. He just had numerous illnesses and his hospital bill for one day was \$30 and that is the drug bill alone, \$30. He spent it in a few weeks, so we see that we have a great problem.

Senator SMITH. I am sorry but your time is up.

I certainly appreciate your testimony. Thank you.

Senator RANDOLPH. Senator Smith, while the next citizen is approaching the microphone, we had a mention made of the 50 percent of those over 65 who were receiving a certain average annual income. I think the record should show that the average annual income in the United States for all income recipients over age 14 is about \$2,600 a

year but for those 65 and older it is only about \$900 to \$1,000 a year (for all persons 65 and over the median in 1959 was \$900; for income recipients, \$1,080). So when people talk about these costs and the impact of these costs on the senior citizens, they are actually stating the fact.

Senator SMITH. Thank you very much, Senator Randolph. Before the next speaker commences I would just like to remind you that there are many more people that I know want to be heard so if we could keep it relatively short it would speed things up and give everybody a chance. Thank you.

STATEMENT OF E. I. LORD, SPRINGFIELD, MASS.

Mr. LORD. My name is Mr. Lord. This is addressed to Senator Randolph and it is from the heart. First we have to thank God.. With God you can do everything, without God you can do nothing. I am a Christian and have lived a Christian life and I am going to read you something that came out in the Daily News of September 3. Now before I built a lot of houses in Springfield and kept my hands clean and prayed and I am going to show you the value of prayer. People don't realize it but I am going to bring it right to the heart of the people here and everybody.

Senator SMITH. Mr. Lord, may I interrupt. If you would stick to the subject at hand?

Mr. LORD. I will. I will come right down to it then. I want it said that we have too many dishonest laws, too many dishonest politicians. I was a victim and I have a right.

Senator SMITH. Will you please stick to the question at hand?

Mr. LORD. Yes, yes, yes. This is an open forum meeting. I am a pensioner, I am 70 years old. I built a lot of houses and I built them right and in 1945 I got the—I got it back. I lost all my profits and started back in building nice homes. The result was I did it and did a lot of things.

Now what I am trying to get at, here is the story. I want to show you what the value of prayer is. If everybody was to get on their knees and pray you will see that God will change the case I will show you. When I was being fenced in by these lawyers the only thing I had to do was surrender and pray, and today it is back in the court and all these people, we are all going to be dead in 100 years, but the people forget to pray. Pray and pray and you will see it. Thank you.

Senator SMITH. Thank you.

STATEMENT OF KARL JOHNSON, SPRINGFIELD, MASS.

Mr. JOHNSON. Senator Smith, Senator Randolph, I wish to premise as Karl Johnson, secretary-treasurer of Local 213. I have had the pleasure of being the secretary-treasurer of a local union for some 25 or more years even though I am not in the retirement age yet. I have been reaching it and I have hopes that sometime that we might have some favorable legislation I believe that we are trying to get enacted. I heard one speaker previously speak about State and city controls. Well, being with the management in the machine tool industry, which is starving to death at this time, we are most certainly

getting out of competition in Massachusetts with the rest of the country because of our high fringe benefits, I should say in this part of the industrial country, with other States in the South which are robbing our textiles from the North here and so forth and so on. So I wish to just emphasize that we most certainly must have some favorable medical aid or health insurance and surgical insurance for the aged whether it just covers those under social security, God help them, the rest of them need it also, and if the bill will cover all of our aged people of 65 years and over without any restrictions attached. I believe the Senator yesterday said it is a shame that anyone after giving their country their working years of 40, 45, 50 years, whatever it might be and then of having to go beg and give a pauper's oath just because of the fact that they got sick and have to use all of their resources to get well again and then don't even have the price of buy a meal. So I wish to urge this subcommittee by all means if they will go back to Washington and vote for a favorable health and welfare bill it would be most certainly appreciated. Now when it comes to income I know of the Van Norden Co. We have a private income in the industry beside social security and I know even with that supplement to social security it is not ample enough for people to live on if they have extra medical and health bills which they have to pay. I thank you.

Senator SMITH. Thank you very much, Mr. Johnson.

STATEMENT OF AGNES THORNGREN, SPRINGFIELD, MASS.

Mrs. THORNGREN. Senator Smith and Senator Randolph, I wish to say in 1957—I think it was or 1956—we had to write to Representative Boland and Senator Saltonstall and Senator Kennedy at that time. I said it was not fair that a woman that never worked in her life and her husband drawing the highest there was in social security, that she was drawing half of it, that a widow should receive her husband's social security on top of her own even though she did work. Senator Kennedy said at that time that he was going to try and put a bill through so a widow would receive her husband's social security even though she did work and I think I am entitled to it. If any one of you can live on \$78 a month I would like to see it.

I was in the hospital a little over a year ago, the insurance company paid \$555. It cost me \$357 myself and I had to then turn around and pay the doctor \$130. I spend now at the rate of \$30 to \$35 a month for medicine. I was wondering if President Kennedy was intending to put that bill through that he said he would at that time. Try to put it through that a widow would receive her husband's social security because mine was higher than his and that is why I took my own. Thank you.

STATEMENT OF LOUIS FLAKS, SPRINGFIELD, MASS.

Mr. FLAKS. I am Louis Flaks. I am a retired worker. I belong to a club that is called the Springfield Friendly Circle. Of course I regret that our president cannot be present here today but I am the vice president and I speak on behalf of all of our members. The membership is close to 200. We voted unanimously on the bill for medical

care and hospitalization and I hope it goes through. We all wish for it. I am sure you gentlemen and our honorable president will do the best you can to do this. Thank you very much. We all pray for you. Senator SMITH. Thank you.

STATEMENT OF MRS. DANIEL CLINE, SPRINGFIELD, MASS.

Mrs. CLINE. I just wanted to say that since persons retiring at age 65 are even entitled to more than those retiring at 62, has there ever been any thought given to people retiring at 70 getting more than those retiring at 65 since they have left in the fund at least 5 years of their earnings? Has anything ever been done about that?

Senator SMITH. Yes, that has been proposed and I think it is still under study.

Mrs. CLINE. One more question. I hate to keep you. It is so late now. How do you get something like that on the agenda? How do you go about it?

Senator SMITH. Well, of course the testimony that we get here today and our other various hearings throughout the country will all be taken back to Washington and will be gone over. It will be referred to the subcommittee who will then refer it to the committee, the full committee and action will then be taken.

Mrs. CLINE. Is there any specific way aside from that that an individual could write so that it might be gotten through.

Senator SMITH. You should write to your Congressman, Congressman Boland, to your Senator, myself, or Senator Saltonstall, and we certainly will give it every consideration.

Mr. O'DONNELL. I would like to have you meet Brother Walker, one of our youngsters who is only 93 years old.

Senator SMITH. I am glad to see you here, Mr. Walker. Thank you very much for coming.

Are there any other people that want to speak?

STATEMENT OF PERLEY K. STONE, SPRINGFIELD, MASS.

Mr. STONE. My name is Perley K. Stone. I refer to Senator Smith's and Senator Randolph's statement about the average wage of everybody in the United States was \$2,600. Those senior citizens in this city only get \$900. Are the dividends they are getting taken into account? Can you tell me, the distinguished Senator from West Virginia?

Senator SMITH. The question Senator Randolph was wondering if dividends were taken into account on this.

Mr. STONE. Dividends and other income.

Senator SMITH. I believe that this is total income.

Mr. STONE. That is right.

Senator SMITH. Yes.

Mr. STONE. He mentioned \$900 but I was wondering if he included total income or was that just social security?

Senator RANDOLPH. No, this is total income.

Mr. STONE. All income?

Senator RANDOLPH. Yes, \$2,600 a year is the average.

Mr. STONE. How about those senior citizens you spoke of in this city of only \$900?

Senator SMITH. \$900 to \$1,000.

Mr. STONE. Does that include the dividends?

Senator SMITH. That is an average income.

Mr. STONE. Thank you.

STATEMENT OF A. A. WARNER, SPRINGFIELD, MASS.

Mr. WARNER. My name is Warner. I am 67 years of age. When I was 65 I was the victim of an accident, and the courts of yet have not arrived at the decision. Now, I would like to make the suggestion that there may be a distinction in the delay of the courts in arriving at a conclusion to a case. If it involves only people 20 to 40 years of age then it probably will not be a hardship, but in my case I had to borrow money to pay the bills beyond the amount that the insurance companies would help me with. That means that 2 years is too short, the 2 years are not up. Three years I don't know how I am going to get the money to do it. I ask that the courts will some day, some years ahead, decide what belongs to me. I know they do have cases where it is necessary not to take prompt action but my plea is that you try and devise some sort of legal restrictions on this postponement so that those people who are 65 years or older should not be oppressed by a postponement which could be avoided.

Senator SMITH. Thank you very much, Mr. Warner. That certainly bears looking into. I can see it would be a serious problem for people 65 years of age or older.

STATEMENT OF BERNARD J. PAT FOLEY, SPRINGFIELD, MASS.

Mr. FOLEY. Senator Smith, Senator Randolph, I am Representative Foley of Springfield, Massachusetts State Legislature. I want to thank you and your committee for the tremendous work that you have done all over the country, and the tremendous task that is ahead of you I can certainly appreciate from a legislative standpoint. I want you to know I and my colleagues in the legislature are going to give every bit of support we possibly can to the efforts of our committee. I want the elderly citizens here in the Commonwealth of Massachusetts, in the city of Springfield, to know that they can depend on their legislature for any action that might make your job just a little bit easier.

I would like to point out to many of the people here as well as your committee that we have sort of a tax limit in the city and that is the reason many of my colleagues are not here, they are around the State on various committee hearings and that is perhaps why you have not seen too many of our local legislators. Thank you very much.

Senator SMITH. I understand. Thank you very much, Senator Foley. We know you are interested in this problem and we appreciate your words today.

STATEMENT OF STANLEY STERNALA, HOLYOKE, MASS.

Mr. STERNALA. Senator Smith, I also received your mail and Senator Randolph of West Virginia. My name is Stanley Sternala. I have been an interpreter for the people mainly of Polish descent for

31 years, ever since I was nine years old. Today I am 40 years old. I am in the full business of helping these people to get citizenship papers, all the displaced people. I have filled all their papers out throughout 31 years of this service I have given to these people.

I will say this, I was born and brought up in Ludlow, I married a Holyoke girl and I now have my home office in Northampton. I have helped Wallis Pachalski and he is going to be the new mayor of Northampton. I will say this, that the help to the aged should not be handled through the welfare department. I know this lady in the welfare department in Ludlow for 31 years and so do all the older people in Ludlow. She does not have a personality to help these people—

Senator SMITH. Mr. Sternala, I wish that you would refrain from getting into personalities at this hearing.

Mr. STERNALA. All right. Anyway my point at this time is this, that this should not be handled by the welfare department, it should be handled by a special committee because these people are ashamed to go to the welfare department for help. The aged people, and it should be handled by a special committee from Washington and from Boston for the State of Massachusetts. Thank you.

STATEMENT OF CLARABELLE PIXLEY, SPRINGFIELD, MASS.

Mrs. PIXLEY. I am pulling for what he says, I think that is the way it should be.

May I say my name is Clarabelle Pixley, Springfield. I have written to Mr. Kennedy for the increase of the social security of widows. I am a widow for 15 years and I am a downtown business cafeteria worker. I work one half hour a day on the cash register mostly for my meals. I didn't get the increase in social security because my husband was a fourth-class postmaster and was not on the civil service. So I didn't get the increase but I asked the whole world to increase all those and help them but I didn't get mine and I am still on the low bracket.

I do feel that we should have the increase for the medical program. I am in dire straits right now but I have to work 365 days. I go to work every day and report to a cafeteria at all different hours. Sometimes I am asked to work all night in a cafeteria and I am 70 years old. I live in dire straits in the neighborhood because I cannot live in houses I have been used to in my previous life because I have no money now. I have an \$82 a month check and they expect me to set the world on fire with that. I cannot do that, no other woman can. I thought I would get at least a few dollars more when President Kennedy answered my letter and turned it over to the education board but they have not made any raises in the social security in quite a few years, so they told me, so I have not ever gotten any increase.

I am the widow of a fourth-class postmaster who did not have civil service. I am trying to get along on the \$82. That is the only money I have. Right now I have my purse just full of bills, \$400, \$500, this one, that one, I go in and give them \$50. Sometimes I give them a dollar. They thank me very much but I am still in the red. How am I ever going to get out? I think I will be 80 years old until I get out of debt but I am trying to carry on. As I say I go out every day in

the year to work; Christmas, New Years, every day, 365 days a year. I have reported to a cafeteria in Springfield for the last 12 years. They have nobody there who can say that I ever asked out for sickness or anything, and I am a victim of arthritis but I forget about it. I do agree with the man that mentioned the power of prayer. That carries me on, which is the only thing. I thank God every day in the little chapel on Brake Street that I am able to go on. Sometimes I think I am not ever going to make it to get home. I limp home. I don't ride in a taxi, I walk. I live in this neighborhood in the rooming-house section that people—even my own family won't even visit me because they think I am beneath them because of my circumstances. I do feel that no woman could live on less than \$100 a month anyway and get along. I live in a very cheap room where everything is screaming at everything, the curtains and everything, the different colors mixed up, but I go in and I think it is heaven until I can get my raise or everybody else gets it and we get our medical added to our social security.

I am in a low bracket, under the Blue Cross, but if I get out of my cafeteria firm I will have to pay full price for my Blue Cross and my Blue Shield. When I get out of it I have to pay \$12 and I don't know where I am going to get the money. I hope that the people in Washington and everybody recognizes throughout the world and everywhere that we all get a raise and we women can live better.

I have lived on top but everybody can take a fall. I was way up but I am down now. I have my health to a certain point, yet I am sick, but I am not saying I am sick, because I am going to carry on just as long as there is a drop of blood in my Yankee mind and body. I am a Connecticut Yankee and I am fighter and I am a good soldier.

Senator SMITH. Thank you very much.

Mrs. PIXLEY. I hope you get it through.

Senator SMITH. Thank you.

STATEMENT OF MARY VAZ, LUDLOW, MASS.

Mrs. VAZ. Senator Smith and Senator Randolph, my name is Mary Vaz and I am from Ludlow, Mass., and I work with Mrs. Sullivan in the Textile Workers Union. I won't go into the details about the membership that we represent because Mrs. Sullivan enlightened you on the matter but I do want to speak on behalf of my own family. My mother is 72 years of age and has been on social security since 1955. Her earnings are about \$48 a month. I think that was the last increase. I have a sister who was 40 years old last year. Because of the disability, I mean no age limit, she was able to come under the disability clause. If it had not been for the disability she would not have any income so between her \$60 some and my mother's \$48 there is slightly about \$120 and that takes care of the mortgage on the house.

There was reference made by one of the previous speakers that this Congress enlightened the young element that everybody would come to the rescue. Well the young element is ready to come to the rescue, we are willing to pay our share of the proportionate amount of social security to take care of the aged. We do take care of our families but we feel that this is a burden that should be placed on

the Federal Government. These have been good solid American citizens and they are entitled to their social security benefits. I am only 34 but I have a lot of retirement, a long term to wait for retirement. If it was my say I would retire at 40 but I know that will never happen. I am more than willing to pay my share and pay for these elder people who deserve the best, who have given the best years of their life to this country. Thank you.

Senator SMITH. Thank you very much, Mrs. Vaz.

STATEMENT OF YVONNE DESMARIS, SPRINGFIELD, MASS.

Mrs. DESMARIS. Senator Smith, Senator Randolph, I am Yvonne Desmaris, of Springfield, and I would like to tell you my little tale of woe. I am 78 years old and I belong to the Golden Age Club and various clubs. I have been widowed for the last 6 months with no income to speak of except the little social security I am getting. I did get \$39 and they increased it to \$40 which is \$1 more. My husband who never worked for anyone, self-employed, never received social security, so it left me as you see holding the bag.

Now if it was not for my good wonderful daughter who is supporting me, what would I do? That is my problem. It would seem to me that I might have been entitled to get a little more than a \$1 increase.

I am very proud but my daughter will not allow me to go on old-age assistance or whatever you want to call it so I am really stuck and there are a great many others in the same way. I wonder if you would have a solution to that?

Senator SMITH. We hope we will, Mrs. Desmaris. We certainly don't right now.

Mrs. DESMARIS. Thank you very much. That is all I wanted to say.

Senator SMITH. Thank you.

STATEMENT OF MRS. ADA FULLER, SPRINGFIELD, MASS.

Mrs. FULLER. After hearing here it gives me a little courage. My husband died before social security ever came into existence.

Senator SMITH. Excuse me. Could you state your name first?

Mrs. FULLER. Mrs. Ada Fuller. And I have got my girls and put them through school. All three of them are crippled and I can't do anything about that. They are married, their husbands are taking care of them. I had a hard spell here a couple years ago and I worked until I was 76 and then the business went out. I had to stay home. I get \$81 a month and I am not entitled to an increase because my husband died before there was social security.

Now I had to go down to the old age and ask for support. How I come out, I don't know but I can't live on \$81 a month. I am not able to live with somebody else because I have to have my rest. I gave up my medicine for this month because I didn't have the money. Now what can you do? My sister of course, her husband made big money, made big insurance, I mean social security, but after he died she got the increase. Because my husband didn't live to work under this act I get no increase.

I have never asked for aid for myself and I would like to know how I am going to get by paying doctor bills and pay for my medicine and

get by? I worked until I was 76 years old and because the boss died and they moved the business out of town we were all laid off. I have been out since a year ago last August and I got my unemployment up until this spring in June. I can't see any way that I can get by. My medicine isn't so much but I can't even get it out now. My social security plus my rent covers lights and things, things like that for the house and that is all that it can cover. My daughters are in no condition to help support me because one of them is in a wheelchair, one of them has multiple sclerosis and the other is in the State hospital working as a secretary. Her husband is almost old enough now to draw social security but I don't know if he has them—if he has it because he works for himself. So I would like to have something done about it.

Senator SMITH. Thank you.

Mrs. FULLER. The old-age assistance for the medicine anyway. I know that but I don't like to get it that way, I would rather have it by social security.

Senator SMITH. Thank you very much.

Mrs. FULLER. I was not going to say anything but I thought that I had to do so.

Senator SMITH. I am glad you did. Your testimony will certainly be most helpful.

Are there any others that would like to speak?

STATEMENT OF ADELINE BERGAMORE, SPRINGFIELD, MASS.

Mrs. BERGAMORE. Yes, sir, I would like to speak if I may.

Honorable Senators Randolph and Smith, I would just like to say I am presently going out to sell a few aprons which I make for a living on an old-fashioned machine which you work with the foot which I fell into, it was left to me by a sister. I have spent most of my life trying to take care of my family because my father fought in the Indian Wars and received \$6 a month. Way back in the early 1900's both my brothers were Spanish-American War veterans and of course when the war broke out they went into the service which left my mother and father, who were elderly, alone. My father had then been in the recruiting office in Pittsburgh, Pa. Through a heart condition they put him out of the Army at the age of 30 and said they—said that he could not stay in the service. However, he lived by caring for himself until almost the age of 80. I have to help with my earnings to take care of both of them. My mother could not receive a pension because my father had fought in the old Indian Wars so they would not give her a pension. It was up to me to look after my mother, help to take care of my father and my two brothers that went to Mexico in 1917. I was then singing in New York and trying to help all my family which of course broke up my marriage to a certain extent. I married a man and I didn't even realize when I married him that I would lose my citizenship. It even cost me money to get my citizenship back again.

However, I had to take care of all my family. As I say I was trying to do my part by everybody, being a person who believes in God and Christianity. So I find myself with a sister, I had given her a home, and my mother. She in turn gave me a home and I have lived with

her many years with a sick child. I could not even get help in my town of Palisades Park, my church was the only help I could get. I never asked for it, I was too proud. I sang in the choir, gave my voice to God, sang for 20 years as soloist. The priest let me study under Father —— from Rome so I might sing the nuptial masses and the libra mass. I say I spent most of my life trying to help other people. In the WPA back in the thirties I think it was 1940—no, 1934—I went on for \$1 a week. I had three patients. I tried to take care of all these people besides trying to help take care of my sick sister and a child.

So I thought maybe at this late age, Senators, I don't even get my mail, I don't know if the Senators have ever gotten my mail because I have never heard from any. So I am trying to struggle on. Just recently it was raised \$7 and now I think I get \$39.10. Well my rent is \$54 so many a night I go to bed hungry but I have been trying to carry on to help my country because my father was a soldier.

That is all I have to say. Maybe I could get some help. Do you think so?

Senator SMITH. I certainly hope so.

Mrs. BERGAMORE. I hope you can help me. Thank you.

Senator SMITH. You are certainly a great soldier.

I have here a letter from Mrs. Stanley Asinof, Committee on Aging of the Springfield Community Council, which will be inserted in the record at this time.

(The letter referred to follows:)

COMMUNITY COUNCIL FOR HEALTH, WELFARE, RECREATION,
180 Mill St., Springfield, Mass., November 29, 1961.

I cannot add to testimony already heard except to point out that it was given by numerous and diverse agencies and organizations who are working to meet the needs of the older adult arising from problems of income maintenance. There are private and public agencies each with individual focus on supplementary cash awards, insurance payments, medical care, housing, social services, hospital care, leisure time, employment, and so forth.

Our community is fortunate in having the Springfield Community Council whose responsibility is community planning for health, welfare, and recreation. It is directing its efforts toward having a truly representative council of all social welfare agencies and organizations, both public and private. Waste and duplication of time, money and effort can be avoided by coordinated social welfare planning.

To insure most comprehensive benefit from all programs to the older adult, with greatest dissemination of information and most efficient use of manpower and resources available, we recommend coordinated planning at the local level as most essential and recommend that it be encouraged.

MRS. STANLEY ASINOF,
Chairman, Pro Tem, Committee on Aging.

Senator SMITH. Are there any others at this time?

Senator RANDOLPH. Senator Smith, listening to this testimony I remember these words: "They also serve who only stand and wait," and I thought how appropriate it was to paraphrase them by saying "They also serve who work but do not wait."

Senator SMITH. Well, at this time if there is no further testimony I want to thank all of you people that appeared here today. Senator Randolph and myself are extremely grateful and I feel sure that the testimony that you have given will enable us to go back to Washington to make a continued fight on this great problem of the aging. I am

confident that in the next session we will come forward with some legislation that will be of great benefit to help some of the great problems that we are faced with and that have been outlined right here in this hearing today.

I would like to at this time take a minute to thank Senator Randolph for coming here to Massachusetts and taking part in this hearing today. I would also like to take the opportunity to thank the entire staff here for the work they have done in setting up this meeting and making it possible for you all to appear here today.

Senator Randolph, do you have anything further?

Senator RANDOLPH. Senator Smith, I wish to state briefly but with feeling that we are sustained and strengthened, Senator Smith, at the conclusion of such a day. I congratulate you for the hearings which you have conducted in the Commonwealth of Massachusetts. It has been a rewarding experience for me to be present, especially during the period when the citizens of this area have spoken so feelingly and so realistically of problems which are not of the tomorrows but of the present. Part-time attention by the Congress will not be enough. This is a full-time obligation. I know that Senator Smith and others in the Senate are going to view it as such in the months ahead.

Senator SMITH. I declare our hearing closed.

Thank you very much.

(Whereupon, at 4:45 p.m., the hearing was closed.)

APPENDIX

NEW ENGLAND MOBILEHOME ASSOCIATION, INC.,
P.O. Box 3, Granby, Conn., November 30, 1961.

Hon. BEN SMITH,
*U.S. Senate,
Senate Office Building, Washington, D.C.*

DEAR SENATOR SMITH: On November 29 I had the pleasure of attending the hearing that you so ably conducted in Springfield, Mass. I certainly think that you and Congressman Boland are to be congratulated for the fine hearing that you ran during the morning in which testimony was presented and also the open hearing in the afternoon. I would like, in regard to the afternoon hearing, express my personal admiration for the additional work done by Senator Randolph.

I attended this hearing because, naturally, we in the mobile home business are very much concerned with housing for the elderly and feel that we have a very definite program that can be of advantage to the elderly people. It is our contention that a great many people in the aging bracket who can afford and desire to live in mobile homes, and while we do not feel that anyone in that age bracket should be forced to live in a mobile home, we feel they have, by free volition, expressed an interest in this type of housing should be accommodated and considered in any program for the aging.

Obviously, the matter of mobile homes for the aged has a great many advantages and to just name a few the construction costs and purchase costs are considerably less than maintaining or building housing developments. Also a mobile home park can be moved in future years if the land used becomes needed for superhighways or other types of construction without a complete loss of investment on the part of the taxpayer and the U.S. Government.

We feel that we could offer to your committee for consideration a program where mobile homes could be used in certain instances that would involve low cost for the people living in them as practically no expense on the part of the Federal Government and I would like to inquire if your committee would give consideration to receiving from our association a written statement regarding the program that we would like to have considered on this score?

Cordially yours,

FRANK J. SPARKS, Jr.,
Executive Director.

119 WESTFORD CIRCLE,
Springfield, Mass., December 12, 1961.

Senator SMITH.

DEAR SIR: The dollars I saved for retirement, illness, etc., don't go far now due to the greatly increased cost of living, medical care, drugs, and hospital especially are far more than we can handle. I know after four stays in hospital the last (July of this year), ward beds, \$31 per day, drugs and medical care twice as much as the insurance pays. The average elder tries to keep off welfare aid and a little help he would not have to do so. Welfare aid to me is socialized medicine in its worst form as a person forced to go on it most always is then mentally, as well as physically, ill. This condition could discourage the younger generation to save, when they see what has happened to us. I like the way you get your information firsthand, and believe you will do all you can to help us. I am,

Sincerely yours,

DAVID H. POTTER.

NOVEMBER 30, 1961.

Senator B. A. SMITH,
U.S. Senate.

HONORABLE SIR: I see by the papers that you were in Springfield last Wednesday 29th in the interest of America's elderly. I could not have been there even if I wanted to because I have just been through a major operation but thought I could add my piece to others in writing. I note that a lot of them have complained about the cost of medical care and justly so since doctor and hospital bills have gone up and certainly it is beyond their ability to pay. Those having social security pensions are limited in income and most of them are small, hardly enough to live on. Those people pay the same prices for living as those who are still employed and taxes on their homes are just as high. They also have to pay taxes on everything else just like the rest. I think a way to help them is to let them have all tax free except on homes where there is income such as rentals and rooms for rent and a large bank account. They also should have free transportation. It is not only those on social security pensions that find it hard to exist it is likewise with those on welfare. The handouts are hardly enough to live on. My own income is \$40 a month social security, \$25 a month Government annuity, and \$14 a month is supplied by the State to make a total of \$79. Well is that anything to live on? I am grateful that there are some like you interested in the welfare of us elderly and I hope something will come of it both in social security and welfare. It is indeed shocking that so much money is going out for foreign aid even to Communist countries while there is so little charity for those needy at home.

Respectfully,

Mrs. EMMA M. SCHNEIDER,
Wabash Street, RFD 44, Pittsfield, Mass.

120 MAPLESHADE AVE.,
East Longmeadow, Mass.

Senator BENJAMIN SMITH II,

DEAR SIR: The committee on elderly people ask for suggestion.

I would suggest that all interest on savings, dividends of money on shares be exempt entirely for people over 65 years. The few people that are in that class such as self-employed that have saved a few dollars to carry them through old age are hit hard and each year the dollars goes down, now 49.6 cents, and taxes are going up.

My wife and I are 75 and 76.

Yours truly,

HAROLD C. LAMBERT.

86 MAIN STREET, WESTFIELD, MASS.,
November 27, 1961.

DEAR SIR: I read in the Sunday papers about your Forum Session on aging people.

Well I am having plenty of trouble trying to find a place to live.

As I am handicapped, and unable to attend your Forum, I am writing you and asking for help.

I am 68, my husband is 83 years old. We have one daughter. We have lived in the same place 25 years. It once belonged to relatives, but they sold it out several years ago.

Now a garage has bought it and they are going to tear it down, and build a garage on the site in the spring.

We have tried everywhere to get a place, but the rents are \$90 to \$125 a month. We cannot afford to pay that. The housing places here only have one bedroom and we need two.

I have written to the Housing Department in Washington and to Boston inquiring about the (304) housing for the aged. All you get is a polite answer, they can do nothing for you. Why do they offer these places for the aged, then refuse to give them to you? We pay \$50 rent and \$5 for a garage.

My daughter works at Westover Air Base, and has to have a car to get to work. Why can't we pay that rent, \$55 into an old age house.

Our credit rating is A-1. We owe no bills to anyone. Pay our rent on the dot. We are desperately in need of help.

Our house is freezing in the winter, the plumbing is all shot, when the people on the other side use the water we can't get a drop. The furnace is falling apart and won't heat upstairs. The electric system is for a single house, and used for two families. Fuses blowing out all the time. The roof leaks. Everything is worn out.

We have a social security pension for man and wife. My husband gets a small pension from the Springfield Street Railroad Co. also.

I need to be on the ground floor as I have to drag myself up and down stairs. I had an auto accident a few years ago and arthritis set in afterward and I can't hardly walk, only a little around the house, but not outside. Medical help is pretty expensive here and I can't get all I need.

We would appreciate it a lot if you could help us find a place to live. I've tried to get more of a pension than \$41 for myself, being handicapped, but a man came just once and I never heard anymore from it. They don't want to give it to you unless you are flat on your back.

Hoping you can do something for us, I am

Sincerely yours,

Mrs. JOHN J. BURKE.

