

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

Parts 3 and 4.—Port Charlotte and Sarasota, Fla.

NOVEMBER 7 and 8, 1961

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NOTE.—Eight 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.

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RETIREMENT INCOME OF THE AGING

TUESDAY, NOVEMBER 7, 1961

U.S. SENATE,
SUBCOMMITTEE ON RETIREMENT INCOME
OF THE SPECIAL COMMITTEE ON AGING,
Port Charlotte, Charlotte County, Fla.

The subcommittee met at 10 a.m., at the First Presbyterian Church, Harriet Street and Bahama Lane, Port Charlotte, Fla., Senator George A. Smathers (chairman of the subcommittee) presiding.

Committee staff members present: Dr. Frank Atelsek, research director, and Mr. Allen Lesser, executive assistant to Senator Jacob Javits of New York, representing the minority.

Senator SMATHERS. The meeting will come to order.

I want to start out by saying that we are delighted to see so many of you here and we are delighted to be here ourselves. This is one of the new and unique developments of Florida. There are many more now underway.

Florida grew some 76 percent in the past decade, but our population with respect to those who are 65 years old and older in the past 10 years grew some 132 percent. So we find that today we are not only the fastest growing State in the Union but we are almost twice the next State with respect to a population growth of those who are 65 years old and older.

Consequently the problems which confront these people in retirement, in happy retirement we hope in Florida, the problems which they find themselves confronted with are of necessity of great interest to those of us who represent you in Washington as well as those of us that represent you on the State level and on the county level.

We are delighted to see here this morning your State senator, Ed Price.

This is not a political meeting, but will you stand up and take a bow so people will know you are here? This is your State senator.

I might state this is just one of a number of meetings which will be held not just in Florida but throughout the Nation, trying to find out what programs the Congress should follow, what legislation is needed, what are the problems that we should consider with respect to retirement income and with respect to housing for the elderly and with respect to medical attention for the elderly and things of that kind. That is what we are trying to develop in these hearings. What is it exactly that you people need, what is it exactly that you want, what is it that we might do to make your retirement more enjoyable and more useful to you?

This is an official Senate hearing. The things that will be said here this morning will be put into an official record and that record will become then a Senate document. It will then be supplied to each member of the Committee on Aging of the U.S. Senate, and will further be provided to every Member of the House of Representatives and will be published in the amount of about 15,000 copies and those of you who might later wish to get one of these Senate documents and see what was said, not just here but in Sarasota and in St. Petersburg as well as Miami and the conclusions which we finally arrive at, all you have to do is write my office and we will send you the Senate document.

Now I would like to say and I want to read a set of questions that I have which are the ones we are primarily concerned with, and of course in answering these it will lead to probably a wide area of discussion.

But what we are primarily interested in is: How can we soften the blow of inflation upon the millions of elderly citizens whose incomes are fixed? To what extent can their savings and other assets be considered an adequate resource for living above a mere subsistence level? What is an adequate income for a retired elderly couple in today's economy; how does it vary and to what effect in various cities and regional areas? What percentage of their income is left after basic daily living expenses if any? What can the private pension programs of this country do toward expanding the number of persons under such programs? How will various proposals in the field of taxation affect the retirement income status of retired citizens?

I might say in that connection that I get a lot of letters, not just from people at Punta Gorda and Port Charlotte, but elsewhere who object strenuously and I think with considerable justice at the proposal to repeal the Federal income tax credit on dividends and the \$50 exclusion which you now have.

There are a number of people that write me and say if this is done it will destroy in many respects their retirement program and make it impossible for them to live in decency and dignity.

What can be done through both private and public measures to meet these pressing problems?

Now these are the types of questions that we are interested in finding answers to and we hope we will be able to develop some answers here today.

Now unlike most hearings and unlike the one we held yesterday in St. Petersburg where we had experts from the University of Florida and the University of South Florida, young men and middle-aged men who have made a study of the problems of growing old and geriatrics and all its phases, representatives of the Senior Citizens Council to speak to us from Dade County as well as Pinellas County, and people who have made quite a thorough study of the problems of the aged today we are going to hear from the senior citizens themselves.

We thought that inasmuch as this is a brandnew and somewhat unique community we might learn more by asking you people what, in your view, your problems are and how do you like it and what you are doing here, and what is it that needs to be done to the Federal Government that will make your retirement dreams come true, so to speak.

So we thought we would have sort of a town meeting here and ask you people and your representatives to do the talking today.

With that in mind, we have a counsel out here, Joseph Weil, and this is Mr. John O'Keefe, who is the legislative assistant for me and for the committee, and this is Mr. Lesser who represents Senator Jacob Javits, of New York, who is a member of this subcommittee but could not be with us today, as you know, because they are having quite an election in New York at this time.

Mr. Joseph Weil is the counsel for the committee, the young man who is walking right in here, and also Mr. Atelsek who is one of the statisticians for the committee and will be the man that finally writes up the report.

Now, Joe, do you have your first witness?

Mr. WEIL. Senator, we have Mr. Loyd Pool, who is going to be our first witness.

Senator SMATHERS. Mr. Pool is commander of the executive committee of Post 110, American Legion of Port Charlotte, and prior to retiring, I understand he assisted the national director of rehabilitation in Washington.

We are delighted to have you.

STATEMENT OF LOYD POOL, COMMANDER, POST 110, AMERICAN LEGION, PORT CHARLOTTE, FLA.

Mr. POOL. Senator Smathers and members of the staff, I am very glad to have an opportunity to appear before a Senate committee once again.

Senator SMATHERS. We are delighted to see you and particularly in this setting.

Mr. POOL. I am going to speak and furnish the committee with some figures which I am sure the Senator has received many times, but nevertheless I think they bear repeating and it is of vital importance to a community such as this, where we have so many retired residents who are veterans.

We have a hospital situation in Florida which is terrible insofar as the veteran population is concerned.

This vitally affects the veterans residing in this community because if they cannot get into a VA hospital then they have to pay private hospital bills which leave them broke and in debt.

The Bay Pines Hospital at the present time has 516 beds; Coral Gables, 450; Lake City, 354. That is 1,320 beds.

In 1946 in Florida there were 250,000 veterans. At the present there are 600,000. We had 1,320 beds in Florida in 1946. We still have that same number.

The present Congress authorized an addition to Coral Gables of 350 beds, which will be completed, so they say, in 1965; Lake City gets an addition of 114 beds scheduled for completion in May of 1962; Bay Pines will get 164 additional beds scheduled for completion in 1962.

Now speaking of Bay Pines, I wish to state that the new hospital in Gainesville which has been authorized at 500 beds, which will be completed in 1965, has resulted—and the Veterans' Administration made a statement that a proposed addition to the Bay Pines Hospital,

which would give us approximately that same number of beds over there in addition to what they have authorized, has now been canceled, so that we are going to end up with just the addition of 500 beds in that area, instead of getting the thousand which we should have.

Now, when all of these are completed we will have 2,234 beds. That is an increase of 1,124.

As I have stated, the veteran population has increased 350,000 in the same length of time.

In relation to the beds per veteran in all of the other States, Florida is way below the national average. Yet our veteran population is probably increasing faster than any of the other States.

Now retirees on small incomes, and I might say that because I have retired doesn't mean that I have quit the rehabilitation work, because I have been of some assistance to a number of veterans in this community, and I get to know what their income is. Because in order to meet the requirements of Public Law 86-211 and the laws prior to that under which we operated, you have to have a very small income in order to qualify for a pension, so I can say that when a man can qualify for a veteran's non-service-connected pension he cannot afford to pay private hospital bills and private doctors the fees that they now charge, and as a result they end up broke.

Now at the present time, for instance, Bay Pines has a waiting list of 450; Coral Gables, 315; Lake City, 103. That is a total of 868 on the waiting list.

Now if veterans are very sick, they are not going to be able to wait 30, 60, 90, or 120 days to get in the hospital and they are going to have to go into a private hospital.

I realize that most veterans' bills are initiated in the House, but the Senate can still introduce the bills, and I know the Senator from Florida has introduced a number of bills for hospitals in Florida because I have had occasion to see them and read them, but I hope that in the very near future our Federal Government and the Congress will see fit to increase hospital beds and especially in this locality where the veteran population is increasing so fast.

Senator SMATHERS. All right, sir. Thank you very much, Mr. Pool.

I would like to just see for a matter of information for me, would you hold up your hands those of you who are veterans here today.

Well, that is a very representative group. You obviously were speaking for a large number of people who are here.

I would just say to Mr. Pool in answer, not in answer but in supplementation of that which he has said, that this new hospital which has been authorized for Gainesville is going to have 500 general medical beds as he said, plus 100 neuropsychiatric beds.

One of the sad things we have seen in our State, throughout the Nation for that matter, is that there is obviously a great shortage of beds for those people who are sick mentally, and we have actually had in this State in recent years as many as over a hundred veterans who were mentally unbalanced who had to stay in the county jail until such time as we could find places to put them in other States, because we did not have sufficient facilities to take care of them here in the State.

Now, the new hospital at Gainesville will be open in conjunction with the new medical center there, which will make it possible for the

doctors who are being trained at the new medical center to do a lot of their intern work at the veterans' hospital.

One of the problems is not just the beds. We don't have enough doctors, and we don't have enough nurses either, and there have been cases where we have actually in other States have had beds but we haven't had the doctors or nurses to take care of the patients if they were in the beds.

So the new view is to build hospitals wherever possible in conjunction with medical centers and medical schools, so that you not only get nurses that are on training, you not only get doctors that are on training, but you get them who are practicing their internship, and you have available for use of the veteran all the new medical facilities which are also there at the new institution at the colleges, and we think that it is a wise decision that has been made.

There is no question that Mr. Pool is right. We need vast increases in the number of beds for veterans throughout this State.

For that matter we need more hospital beds for nonveterans.

I congratulate you people in this community, because as I rode by I saw a rather imposing building out here a moment ago that someone told me was to be the new hospital here at Port Charlotte.

We thank you for your testimony.

Our next witness is Mrs. Gwendolyn Bennett, the American Association of Retired Persons, Port Charlotte chapter. She is retired here and comes to us from Akron, Ohio, and she is going to talk about the plight of the forgotten grandmothers.

You just feel free to proceed in your own fashion.

STATEMENT OF MRS. GWENDOLYN BENNETT, AMERICAN ASSOCIATION OF RETIRED PERSONS, PORT CHARLOTTE CHAPTER.

Mrs. BENNETT. Mr. Senator and gentlemen of this committee, I would like to bring before you the plight of what I call the forgotten grandmothers. This has grown very large in the number of widows who are trying to live on a pittance, and it is getting very, very complicated, and I would like for you to consider the Social Security Act.

Is it being interpreted correctly in conformity with the original intention or has there somewhere a misunderstanding crept in?

Now you have a scratch pad there and I would like for you to put down some figures.

Senator SMATHERS. I am not a very good mathematician so I will get the statistician to do this.

Go ahead.

Mrs. BENNETT. We would say that a man retires and he get \$100 a month social security. His wife then is entitled to half that amount—\$50. Between them they have an income of \$150. They are doing very nicely. We can see them all around in the community enjoying themselves quietly in full security, as they think, with the Government back of them.

Now the trouble is so many men do not live as long as their wives. If they did we would have no problem. But, unfortunately, suddenly the man dies and what happens to her?

Her income is cut right in half and she is supposed to carry on on \$75 a month which does not cover it. When the man dies all that is

missing out of the maintenance of that home is the price of his food and a few sundries. Utilities remain the same. Taxes remain the same. The result is she has to give up her home, and where is she to go?

On \$75 a month she has to find an efficiency with utilities for \$10 a week. Where do you find that? Only in a substandard part of a large city.

Then she has \$35 a month to buy her food and maintain respectability.

Have we a problem?

Now I would like to ask how many men would pay into an insurance company thinking that their wives are going to get 75 percent of their total which they are awarded when they retire, but to find that the wife's benefit or 50 percent is absolutely cut off?

Now that is the trouble.

Either the Government cuts out the wife's \$50 a month and gives her \$75.

Now why should the wife lose her benefits because her husband dies?

On the other hand, I think the act says that the wife is to receive 75 percent of the husband's allowance in case of his death.

Now I think some misunderstanding has arisen here.

They make up the \$50 to the \$75 with the result that the widow is only getting 25 percent of her husband's allowance, and it does not cover it. And these widows—I don't like to speak of them as widows, they are bereaved wives. They are still wives but their husbands are dead and they are still their wives until they marry other husbands.

And it is getting to be a big problem all over this country.

I hear of it from different States, and we see them living comfortably together in some of these small towns, but if they cut off her allowance it does not cover it so she has to go away and find some place where she can navigate on a screwball and she is forgotten.

Nobody knows where she has gone.

If she is fortunate and she can go live quietly and happily with a son or a daughter, she probably, these days, would have to share a room with her granddaughter.

Is that the way to treat American grandmothers?

And I want to know if your committee will put this forward to the proper authorities and see if it is being interpreted properly and to take a new look at the Social Security Act.

It is getting to be a big problem.

Are we asking too much?

If the man lives as long as his wife the social security would be paying them \$150 a month, indefinitely. Now she should have, and it is almost imperative that she should get her \$50 plus the three-quarters in order to carry on in a respectable manner.

And now I have another problem, and that is the one of the professional woman, the woman whom the Government demands that she pay in accordance to her income.

Now when she comes, and she and her husband retire and she has more than \$50 or the half of his money on what she had paid in on her own account. Now if she takes \$1 more than the half of his amount which she is entitled to on her own earnings and what she has paid in when he dies she doesn't get a cent.

Is that right?

Senator SMATHERS. I wonder if you would say that again, Mrs. Bennett. I didn't follow you about the professional woman. I am familiar with the other problem but I am not familiar with this one.

Mrs. BENNETT. A professional woman paying into social security has to pay in on the top bracket according to her income.

Senator SMATHERS. Well, I think that actually they pay a percentage, it is a straight percent. This is not income tax, this is social security.

Mrs. BENNETT. That's right. This is social security, and it is based on a high bracket, the same as the man. Now if she has paid in over a number of years she has accrued probably say \$58 a month coming to her on her own account. Now she has the option of taking the \$50 which every wife gets, whether she has paid in anything or not, or she can take the \$58 which she has accrued on her own account. Now if she takes that extra \$8 or \$10 or whatever it may be, when her husband dies she doesn't get anything on his.

Senator SMATHERS. She has to make an election, the law requires her to make an election to take her own or her husband's.

Mrs. BENNETT. She really gambles with the Government as to how long her husband is going to live, as to whether she should take the extra \$2, \$3, or \$5 a month now while he is living or drop that, although she has paid into it.

And I ask is that a square deal?

Senator SMATHERS. Mrs. Bennett, may I just say this about your square deal. Obviously every Member of Congress, I am sure, and I am sure every one of you and all of us are going to be retired, all of us sitting here although some look pretty young, we are all going to get old. This is a problem that is common to all of us. Obviously we would like to pay more money and I am sure everybody would to those that are retired.

The question is how much can we pay out today without jeopardizing the stability of the trust fund or the integrity of the fund, so that those that are due to be paid in 1971, that they get theirs.

Now, regrettably, the program has not been in operation sufficiently long enough to build up a wide enough base and big enough fund where the money that you and I as equitable people think ought to be paid to retired people, enabling them to live properly.

The question is can we do that at this stage of the game without destroying what has come to be known as the integrity of the fund.

Now in 20 years or in 30 years there is going to be a broader base and more money in the fund. The base of the social security program is being broadened all the time and the amount which people are putting into the fund is increasing, so that this particular problem which you so gravely present here and correctly present and which obviously works a terrible hardship on a lot of people like yourself, will be eliminated as we get the money to arrive at the time when we can say you don't have to make the choice, that you will be able to get not only what you put in but what your husband put in, even though he is no longer alive.

That is what we are working for.

There is nobody that I know of that doesn't want to arrive at that situation as quickly as he can.

The question is, How fast we go in increasing the benefits that are paid and extending these benefits that are paid without endangering the fund?

Mrs. BENNETT. If the husband lived social security would still pay him \$150, still pay the \$150.

Senator SMATHERS. I agree.

Mrs. BENNETT. Because he is dead why should you not pay \$125?

Senator SMATHERS. They are sort of robbing Peter to pay Paul a little bit with the fund today.

I think what you present is certainly a problem and a big problem.

Now the Congress this past year with respect to the first problem that you presented, increased widow, widowers, and surviving parents' benefits from 75 to 82½ percent this past session. Approximately 10 percent.

So we are trying to arrive at that situation in the fund, where there will be sufficient money to at least give you the major portion of what the total amount is, even though your husband has passed away.

And that is about all I can say in connection with that. I appreciate your having presented the problem.

Frankly, I would say to all of you people that the most pitiful problem that we see with respect to social security is invariably in the area of the widow.

As Mrs. Bennett says, the plight of the grandmother is a most aggravated case.

I talked to a lady yesterday in St. Petersburg who is trying to live on \$54 a month and obviously nobody can live very well on that amount. She was a widow and had been one for quite some time. If it had not been for some charity or some friends, which everybody is not fortunate enough to have, she couldn't make it.

Thank you, Mrs. Bennett.

I am curious to know just how many of the persons here today are recipients of social security. Those who are not, may I see your hands?

All right, I presume we will hear from some of these people as to what their situation is.

And also those who are on the retirement program of a public nature, by being a fireman or railroad employee or military, may I see the hands of those people?

Now about the civil service retirees?

All right, well that just about covers it all.

Our next witness is Col. Joseph E. Shaw of the Port Charlotte Civic Association. He is a retired Army officer.

All right, Colonel, we are delighted to have you and you may proceed.

STATEMENT OF COL. JOSEPH E. SHAW, PORT CHARLOTTE CIVIC ASSOCIATION

Colonel SHAW. Senator Smathers and members of the staff, I have been chosen to be the spokesman for the civic association of which I am president.

I have but one instruction from that association, and that is to deliver to you my thanks and theirs for permitting us to give testimony here in Port Charlotte.

We believe that this area is perhaps as good a one as any for the purpose of your investigation and feel very complimented that you chose us.

I would say at the outset that it is impracticable for me to get to you a cross section of our 2,200 members. I talk with them constantly, but I am sure that much of what I would say would be objected to by some. But I feel confident that my statements will represent the vast majority of the people whom I represent.

I would first like to echo what Mrs. Bennett has said. I know in one area in our community within perhaps 500 yards there are four widows who are affected by the thing which she so well recounted. It is something that is prevalent in this area; you can understand when you consider the age bracket of the people who live here.

However, I wanted to talk on something that I think is equally and in my opinion more important. I refer to the subject of inflation.

I believe that the aged and also the people who have not arrived at that state of life should be more concerned about the inflation that is taking a great deal from our people today, both young and old.

It should be remembered that most of the people who are retired today didn't decide to retire yesterday or even in the last few years. They started their plan of retirement in many cases 25 or more years ago. The number of retirees has been augmented considerably by the laws pertaining to social security and I must say one thing in which we and the Civic Association of Port Charlotte have an almost unanimous opinion, and that is that social security is perhaps the best social legislation that was ever enacted. It has some things that should be corrected and this is constantly being done by the Congress, as you related a few minutes ago. The fact that this amount of money was guaranteed by our Government to the people when they reached a certain age caused many people to plan for a retirement that had before that the outlook of occupying homes for the indigents and working until the very last day that it was possible for them to do so.

Inflation: How it can be corrected you asked in your first question today. That is something for the Congress, of course, and it depends upon our basic laws.

We who are not experts on the subject are aware that every once in a while industry, and I refer more or less to the rails, steels, and all the big industry of the country, have demands by their employees for more wages. It may not be true but it is my belief that in many cases management does not contest such wages except in a way to keep public opinion from rebelling.

If the wages of the workers are increased and the product that is sold as a result of their labor is based upon a meager profit, it must follow that the product must be increased in price. I don't know whether legislation to fix the price of a product is possible within the framework of our laws, but I do believe that if basic industries, and I refer to the big ones, of course, if their product was regulated by law so that no more could be charged for it, I believe that that would be a great step toward the elimination of inflation.

It might be argued that only in the past few years it has risen a few points. But it can't be disputed that the increase in the cost is consistent and it always is a little bit more each time. I believe inflation is the thing that your committee should concern itself with first.

I believe inflation is the thing that your committee should concern itself with first.

I have another article that I wish to speak upon, and not infringe on the time limit, and that is the proposed medical care for the aged being integrated into social security.

I would like to bring you back in memory to the time when social security was first discussed in the Congress.

Many people, people well qualified to talk, people that were in high places as economists, said that it could not work. The trust fund that you referred to, Senator, just a few minutes ago, was held to be impossible. It was actuarially unsound. Social security, in short, would ruin this country.

I am certain that a great many of those people, perhaps all of them, were sincere in their opposition. It was, as you remember, not necessarily a partisan proposition; there were people on both sides that thought it was wrong.

I submit that it has been proved that those people are wrong; that it is workable at least in the sense that we know it now.

At this present time there are many people, people well regarded in the public life and sincere, I must add, who believe that the integration of medical care for the aged in social security will put us bankrupt, and it won't work and it will destroy the trust fund and all that sort of thing.

I believe, on the other hand, that we have evidence, and I refer to a committee of which I don't know the name of, in which Senator Cain, the ex-Senator from Washington, was the head. It proposed certain things and among them I remember distinctly it proposed the integration of medical care into the social security setup.

Now Senator Cain is a man of stature and influence and also the people who served on his committee are not entirely all morons or unacquainted with the economy of this country.

We have on one hand a group that insists that it will ruin the country. On the other hand we have people who are equally qualified to advise us that say that it will not.

I believe that we have, for instance, the term "socialized medicine." As soon as you use the word socialized in anything, it is a condemnation of it. Anybody that even talks about it is branded as a matter of fact with at least a tincture of communism. People that talk about nationalization, which I am against in industry because it is basically wrong in my opinion, and they forget, for instance, that our Post Office runs pretty well on the basis of having people actually on a subsidy.

I also wish to be fair about this in my talk.

I am over 65 and I guess that is no surprise to anybody that looks to me. But I believe that in asking for social security to take over the medical care for the aged that I am selfish, inasmuch as I am asking people who are now paying into it and I am not, to help support me.

We have an alternative and that is a law, of which I have forgotten the name of, in which the State will match funds that the Federal Government will provide.

The State of Florida in its last legislature failed to implement that law, and we have in Florida a condition that exists in no other State, or if it does there are very few. We are asked, and I use a personal observation, my productive life was spent in Pennsylvania and now

I am an old man and I am down here in Port Charlotte waiting to serve out the rest of my allotted years. If I need, if I am in distress, suffer major illness or surgery that keeps me in the hospital for a long time and build up a large bill, I am asking the State of Florida to which I contributed very little if anything at all to match funds that the Federal Government will provide. I believe that is inherently wrong. I believe that the Federal Government in any case, and I used my case as I hate to insult other people that are here, because they are all well able to take of themselves, but in my case it would be charity.

So that is my story, Senator, and I am thankful for the opportunity of speaking to you.

Senator SMATHERS. Thank you very much.

I might say in a moment, I don't want to do it right now, but I would like to have a little later on a show of hands as to those of you who believe that the social security program should be extended in its coverage to include medical care for those who are the beneficiaries of social security. I don't want to ask that right now. I presume some of you want to talk about it, but I am interested in seeing.

I am sure that Senator Price here is interested in seeing how many of you actually in point of numbers are on one side or the other, because this is obviously a very hotly controverted issue.

I would say to the colonel that I recall several years ago when we changed the social security program to make it possible for those who have been adjudged totally and completely disabled prior to arriving at the age of 65, to 55. Today where they have been adjudged totally disabled and have spent so many years under the social security program they can then start drawing their money regardless of the age factor.

There were those who said if we did that it would bankrupt the system and destroy it forever. And, of course, it has not done that.

Of course, we have to walk before we run and crawl before we walk. We don't want to destroy the fund. We want to move in the area such as Mrs. Bennett has talked about logically and prudently without endangering the fund.

Our next witness is Mr. Leo Korb, a Port Charlotte realtor.

We are delighted to have you.

STATEMENT OF LEO KORB, PORT CHARLOTTE DEMOCRATIC CLUB

Mr. KORB. Thank you, Senator.

Well, following Mr. Shaw is like following "Babe" Ruth at bat and I feel sorry for myself.

Senator SMATHERS. Well, you can be a Mickey Mantle.

Mr. KORB. Well, I am to represent the Port Charlotte Democratic Club. Mr. Gier, a very able man, was to represent us and was unable to be here because of the election today. I was not asked my qualifications, and will have to speak from the viewpoint of a man that knows very little except what he hears from his neighbors.

I know that my neighbors are very much disturbed about certain things that have happened since they came down here.

None of us made up our mind to come down here in a day or a week. At the time we came down here we had reason to believe that certain conditions existing at that time would continue that way.

Well, we had a little enlightenment when the assessment (the real estate assessment) was raised from 40 to 80 percent.

Now the thought occurs to us that if that can be changed and we had a promise when we came down, an implication at least of a promise, we could come down here and take the income we had, and we could live better on that income than we could live up North, and enjoy this wonderful climate down here. I don't know what we can do to assure that those conditions will be maintained.

But this I know, that if it hadn't been for social security, if it hadn't been for the FHA, and if it hadn't been for the Florida Homestead Act, a lot of us wouldn't be down here.

Just recently a gentleman spoke before the Cattlemen's Association, I think he is a member of the State legislature, and he spoke about the inequalities that exist because of the Homestead Act.

Now if they want this land down here to revert to poor pasture for scrawny cows, all they've got to do is to get rid of the Homestead Act and you will have one big slump. The people that came down here because they could eke out their living, who don't want to be dependent on their children or relatives, they will be moving back, and I think that is one thing that is very important. That at least that act not be tampered with.

I am not going to take any more of your time, thank you, Senator Smathers.

Senator SMATHERS. All right, sir. Thank you, Mr. Korb. You did fine.

Our next witness will be Mr. Emerson R. Johnson and he is representing the Charlotte chapter of the National Association of Retired Civil Employees.

We are delighted to have you.

STATEMENT OF EMERSON R. JOHNSON, CHARLOTTE CHAPTER, NARCE

Mr. JOHNSON. In my remarks I will mention a lot of bills that have already been presented in Congress and I have that typed out if you want a copy of it.

Senator SMATHERS. We will give that to the reporter and make it a part of the record in full.

You just proceed as you like.

Mr. JOHNSON. I wanted to make sure that the correct numbers were recorded.

The retired Government employee is not under social security, so medical aid and other things tied to social security will not affect the retired Government employee.

But Federal Government retirees, like others living on fixed income, find that inflation eats away the purchasing power of our dollars, and our only recourse is to seek relief through congressional action. Through the Classification Act the salaries of Government employees are fixed by Congress. The retirement annuities are also fixed by Congress, and the only way we can get relief is through the Congress.

Those of us who retired after September 1956 receive annuities based on computations made effective October 1, 1956. Presumably in establishing these computations the 1956 purchasing power of the dollar was taken into consideration.

Since then the consumer price indexes have risen over 13 percent. During this period Government employees were voted pay raises in 1958 and 1960 aggregating in excess of 20 percent.

Retirees who had left active service prior to October 1956 were voted a 10-percent annuity increase, effective July 1, 1958, under Public Law 85-465. But this increase was intended to bring this group of retirees up to the level of those who had retired with the benefits of 1956 calculations.

With this in mind and in consideration of the fact that Government employees contribute 6½ percent of their salaries to the retirement fund and that fund is now in excess of \$11 billion, a number of Congressmen and Senators have introduced bills to provide relief in various ways for Federal retirees.

Because of the opposition of the executive branch of the Government, it has been difficult, if not impossible, to get the Budget Bureau or the Civil Service Commission to study these bills. However, we are in hopes that progress can be made when Congress reconvenes in January.

I am not telling you something you don't know already.

However, we are in hopes that progress can be made when Congress reconvenes in January.

Item 1. Annuity increases: Five House bills, H.R. 3316, H.R. 3754, H.R. 3987, H.R. 4266, and H.R. 4899, would provide a 20-percent in annuities of \$1,500 or less, with 10 percent on amounts over \$1,500.

Bill H.R. 6855 provides 20 percent on \$2,000 or less with 10 percent on amounts over \$2,000.

All of these bills provide also for increases in retiree annuities whenever Congress votes a general pay raise for active employees.

Bill H.R. 4301 and bill H.R. 6428 would raise annuities by 7½ percent.

Separate bills to authorize annuity increases to match employee pay raises are bills H.R. 4302, H.R. 4629, and H.R. 6444.

Senator Olin D. Johnston has introduced Senate bill 2468 providing general annuity increases of 10 percent.

Members of our association would be quite happy with any of the House provisions, except those granting 7½ percent, and would be satisfied with Senator Johnston's bill, plus provision for increases whenever these are voted for employees. And I mean active employees.

Item 2. About Federal income tax on civil service annuities: Although social security and railroad retirement annuities are exempt from Federal income taxes, this does not apply to civil service annuities.

We feel that this treatment is inequitable.

Bill H.R. 6371, which would provide a retirement income credit up to \$1,524, has already been approved by the House, but action in the Senate was delayed for hearings by the Finance Committee.

Item 3. Equalizing annuities for pre-October 1956 retirees: The 1958 increase of 10 percent for those who had retired before October 1956 did not completely equalize annuities of some 20,000 retirees because of ceilings set in 1952. Bills H.R. 3314, H.R. 3298, and H.R. 7453 would repeal these ceilings and authorize other adjustments for this group of retirees.

Item 4. Survivor benefits: When a person retires on a civil service annuity he has the option of designating a survivor who will receive a pension when the retiree passes away.

The amount of the annuity and name of the survivor are stipulated by the retiree who agrees to deductions from his annuity check to provide for the survivor's pension.

Under present regulations no change can be made in these designations even though the person named as survivor dies before the retiree.

The monthly deductions continue and if the retiree remarries he cannot change the designation to cover the new spouse instead of the deceased one.

Bills to improve this situation have been introduced in the Senate by Senator Frank Carlson, and they are S. 74 and S. 75, and then jointly by Senator Javits and Keating, S. 1137.

Also the House bills are H.R. 565, H.R. 3312, H.R. 4102, H.R. 1843, H.R. 4988, H.R. 2230, and H.R. 6721.

S. 75 would also permit remarriage of a surviving spouse without loss of annuity.

As you know, if a surviving spouse remarries she loses her annuity.

The regulation which deprives a survivor of the annuity, if she remarries, works a hardship in cases where the annuity is not enough to live on, but prevents the survivor from combining it with someone else's income.

Item 5. Health benefits: Public Law 86-724, effective July 1, 1961, provided for Government contributions to retirees' hospitalization insurance similar to that previously provided for employees.

However, those known as deferred annuitants and pre-1948 widows were excluded from these benefits.

For those not conversant with these terms, deferred annuitants are those who left the Government after a number of years of service and elected to leave on deposit amounts which had been withheld for retirement. When that person reaches retirement age and applies for the annuity to which he is entitled, depending on his age and length of service and salary, he becomes a deferred annuitant.

And forgotten widows: In 1948 legislation was enacted providing survivorship benefits for retirees, but widows of retirees who had died before April 1, 1948, have been ruled ineligible to participate in the health benefit program. These are known as forgotten widows.

Civil service employees were greatly saddened and we lost a friend at court when Senator Neuberger passed away. However, we were overjoyed when his widow took up the torch and is now doing a wonderful job.

Senator Maurine Neuberger has introduced Senate bill 2564 to extend the provisions of the Health Benefits Act to cover the deferred annuitants with 20 or more years of creditable Federal service and the forgotten widows.

Similar bills have been introduced in the House, and these are H.R. 3320, H.R. 3753, H.R. 4099, H.R. 3027, H.R. 3740, and H.R. 3657.

Item 6. Increased minimum annuities: The 1960 Annual Report of the Civil Service Commission showed that as of January 30, 1960, there were 46,908 annuitants receiving monthly payments of less than \$50.

There were 187,134 with payments less than \$150 and there were 309,436 under \$250; only 55,955 received over \$250.

With over 187,000 or more than half of the 365,000 annuitants receiving less than \$150 per month, this surely is indicative that Federal retirees are not living on the fat of the land.

Attention, however, should be directed to the fact that over 46,000 are receiving less than \$50 per month.

This group is critically in need of relief. While some of them probably have other income, it is obvious that many are dependent on institutions, family or relatives, as \$50 is certainly below the subsistence level.

These minimums should be raised.

Mrs. Bennett's remarks should also apply to the survivors of Federal employees.

At a recent meeting of our chapter, the following items were presented by individuals. These have not been endorsed by our membership but are included at the request of the individuals.

These suggestions are as follows:

Full annuity to disabled retirees when Civil Service determines the disability to be permanent.

Low cost housing for retirees. A discount on medical bills, doctors, dental work, eyeglasses to those 62 years or older, or those on disability retirement.

Reduction in hospital cost to those same retirees, when actually in need of hospitalization.

A married couple whose income is \$152 per month, ages 69 and 73 years, with home paid for, wishes to know how to budget their income to cover taxes, insurance, upkeep, doctor bills, drugs, eyeglasses, dental work, clothing, food, etc. This couple moved to Port Charlotte to avoid high taxes and the taxes have doubled since moving to Florida.

We are aware that our headquarters office in Washington has no doubt been in touch with your committee and will keep in touch with your committee because they are working constantly to help civil service retirees.

However, we were glad that you came to Port Charlotte and that you wanted to hear the words at the grassroots level. We are completely in accord with the legislative program as presented by our national office.

We thank you for this privilege of bringing our statement before you.

Senator SMATHERS. Thank you. Just sit right there a minute. How many people do you represent here in Port Charlotte?

Mr. JOHNSON. We have about 190 members.

Senator SMATHERS. 190 members. What would be the situation if you or anyone in your particular group should get real sick? What is the operandi in a situation like that?

Mr. JOHNSON. Well, we have this contribution that the Government makes toward hospitalization insurance.

The Government pays half or \$3 for single persons, up to \$6 for married or a family plan. We pay the rest.

Senator SMATHERS. If you have to undergo an operation, we will say that would roughly cost \$300, what would be the effect of that on

you or on this person we are talking about who will be nameless, we will say? What would be the effect of that on the living for the year if they had to put out \$300?

Mr. JOHNSON. Well, the hospitalization, of course, only pays for the part of your bill in the hospital and it does not pay for doctors or drugs, and we have a case here of a widow who is trying to live on \$50 a month. If anything happens she is just facing disaster.

Senator SMATHERS. In other words, the situation is that as far as you know with your people that unless they have savings that have been accumulated they would be in, as you say, a disastrous situation if they had to undergo what we call a catastrophic operation?

Mr. JOHNSON. Right.

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

I might say this to you, that I used to be on the Post Office Civil Service Committee. I am now a member of Finance and Taxation Committee. Your legislation does not come before that committee. It goes through the Post Office and Civil Service Committee.

When I was a member of the Post Office Civil Service Committee I was the author of Public Law 555 which increased your annuities in 1954 or 1953.

Thank you, Mr. Johnson.

We now come to what we call the town meeting part of our agenda.

TOWN MEETING

Mr. Weil, do you have a witness?

Mr. WEIL. Yes, sir, Senator, we have Mr. Garvey.

Senator SMATHERS. All right, Mr. Garvey, you go ahead.

STATEMENT OF MR. GARVEY, NEW YORK

Mr. GARVEY. Senator Smathers and the committee, I am from New York State. I didn't intend to say anything here but I thought from what has taken place the last couple of decades I would like to say a few words about the situation as I see it.

Who is going to pay our national debt? That is one of the things you got to look at. That is primarily the basis of inflation.

Secondly, speaking for the veterans of both wars, the last pension bill is not satisfactory to anybody. It penalizes men that try to get some security for their aging and benefits those that never tried to save a nickel.

Another thing the veterans' organizations would like to have, like they have in the Congress and the House of Representatives, to set up in the Senate a Veterans' Affairs Committee.

Now we have New York State Senators, Keating and Javits, that have gone on record in favor of doing this.

I would like to request you as a Member of the House, to go along and set up one of those committees so we can get proper legislation that is passed in Congress out of the Senate.

Senator SMATHERS. Thank you, Mr. Garvey.

Mr. WEIL. Now we have Mr. Andrew A. Havis. Mr. Havis comes to us from the great State of Pennsylvania.

How many people here are from Pennsylvania?

Well, you Pennsylvanians can practically run this place.

We are delighted to have you. Go ahead, sir.

STATEMENT OF ANDREW A. HAVIS, PENNSYLVANIA

Mr. HAVIS. Senator Smathers and members of the committee, I just want to say that I represent no one except myself and neighbors.

I am simply exercising this right as a God-given right to an American citizen.

I have never exercised it before in public. I have always shunned publicity. I made up my mind when I came down here if the opportunity is given instead of those criticizing from the sidelines, Monday morning quarterbacking, if I ever had a chance to talk to someone like you, sir, I was going to take advantage of it.

I want to say this. That I am not unaware of what you yourself are doing and those associated with you. I do welcome the gentleman sitting to the side of you, the minority representative.

I have been a Republican all my life and, frankly, in view of what has happened in the past while back I have just lost a bit of my faith and I am afraid the Republican Party has lost, I would like to say the word "hell" and I am going to say, a hell of a lot of votes because of what we think is shortsightedness, and I refer to this idea that because I save a few dollars and plan on a decent living and then I get sick that I have got to swear poverty in order to get help for medical aid through social security, which the Democratic Party is advocating. In that respect I am 100 percent back of the Democratic Party and, sir, I hope you carry back these words to your committee.

Another thing I had, but I've got so wrapped up I've forgotten what I wanted to say.

Senator SMATHERS. As far as I am concerned, you are almost the best witness, my being a Democrat. We appreciate what you are saying.

Mr. HAVIS. There was another subject I wanted to talk about—school taxes. There is one other thought and I haven't heard very much about it and I don't think it will be very popular, but in line with my own idea and neighbors that I have talked with before I came down here and since I have been down here is this exorbitant taxation on the fellow that is on social security.

I have raised two children and I would raise more if God would have seen fit to give them to us, but in all those years I have paid whatever school taxes were asked of me.

Today I am still asked to pay school taxes with no hope of future offspring. I just don't know why. I know that we senior citizens should pay for the services, and I mean the town fire protection services ordinarily rendered. But I will be double damned if I can figure out why I should still pay school taxes.

And I am only picking on school tax because that would render a substantial reduction in our costs.

Surely the fellow that is raising his family can afford to carry on as well as we did in the past.

That's all I care to take your time for.

Thank you very much.

Senator SMATHERS. We have Mr. Wharton as our next witness.

STATEMENT OF MR. WHARTON

Mr. WHARTON. Senator, and members of the committee, we received a letter from Washington last week asking if we wished to have any

time at this meeting regarding the integration of the medical aid and social security setup.

I am speaking for the Central Labor Committee of Lee and Charlotte Counties. We have a little better than 1,500 members in this section. We brought this question up before all the locals in this section and every one of them unanimously endorsed this program.

Now in speaking like this there must be a lot of repetition which I wish to avoid.

It is true that back when Roosevelt was inaugurated he was a man that never would know want, would never be in a position where he needed help for anything. He advocated and was able to get passed the social security laws which we more or less live under today.

Today we have another one in there as President who has never known want and is advocating to help take up the slack which was not covered by the original social security bill.

The medical costs, as we all know, are tremendous. I will not try to quote figures or House bill numbers, but by the result of the Gallup poll which has proven itself within a percentage point of 2 percent of being perfect, the younger citizens by an overwhelming majority have endorsed this integration. These are the ones that will have to pay the cost fully.

It is our desire to try to impress on the committee that as far as we are concerned we are 100 percent behind anything that we can do to get that bill passed.

I hate to take exceptions on anything that anyone has said here, but the gentleman that just preceded me, in speaking on the school tax, that someone had to pay the tax for me when I went to school.

I don't have any children coming up now either. I do have some grandchildren. I can't complain on the school tax, because I don't believe we can have enough schools.

I don't wish to take exception with anyone but that is my position.

Thank you very much.

Senator SMATHERS. Now, Mrs. Mercer is our next witness.

Mrs. Mercer, we are glad to have you.

STATEMENT OF MRS. MERCER

Mrs. MERCER. I have a very immediate situation here. Not I but most of the senior people have here.

For instance if someone should be taken sick at nighttime we cannot, and I stress that very definitely, we cannot get a doctor to come and make a house call. And I have seen it in my own neighborhood.

Senator SMATHERS. How many do you have in your community?

Mrs. MERCER. I believe there are one that I know that lives in our neighborhood. One doctor in Port Charlotte, and he will not come to your home.

Senator SMATHERS. There seems to be some disagreement with the audience whether there is one or two.

Mrs. MERCER. One of the women mentioned one. I knew there was one in Punta Gorda and he will not come either.

Now these people that do not have medical hospitalization plans, if they are sick and they do have to be taken to the hospital they have a hard time getting into the hospital. They have to show the hospital they are capable of paying.

In the meantime, do you know what happens to a cardiac patient? Sometimes the cardiac patient should not be removed off his floor or off his bed and the doctor must come and give him an injection before he is taken to the hospital. Sometimes he shouldn't be moved at all.

Now, when these people go to the hospital they do not have any hospitalization and they can't prove they can pay, they are just stranded either in the ambulance or in the corridors or in the emergency room without immediate care, and I am sure a lot of people can back me up on that.

Another thing is this impossible situation we have here.

Why in America, in the United States of America, when we send so much money abroad, why cannot we have our own hospital? Why should our hospitals stop? What is the matter, that is what I would like to know? Why? When we need a hospital. What if we had an epidemic here, what do you think would happen if we had an epidemic here? It could happen. We say it won't happen. Anything can happen. We definitely need this hospital, and I think people together here in Port Charlotte should get together and organize and really do something about this situation because I have found out since I have been here that people are really not interested in their neighbors. Why aren't they interested? I am sure they want to do something.

I have seen it and we have a situation here today in this hospital. Why can't people get together and find out? Your hospital is your community partnership. It is part of you; and the hospital is very urgent; let's get together and do something about this hospital.

There's another problem I have about women that are under 62 years old, that their husbands die.

They do not get any social security. How are they going to finish payment on their homes, the ones that have FHA? It is another very serious problem. I have found this problem among my own neighbors

Senator SMATHERS. Mrs. Mercer, let me ask you this question. You know we who represent you in Washington and we who represent you in Tallahassee and other places, have the problem of also balancing off. We had one man here who testified that he wanted to start paying the deficit and another man indicated the thought that we ought to continue to operate in a balanced budget and we should. We have got some who are worried about whether or not we have inflation and the man says, and I think rightfully so, that when you have a deficit it creates a certain degree of inflation. Yet to get these hospitals, to provide some of these services, regrettably we've got to spend some money. Now these are the things we are confronted with.

In one area I know some people say we spend too much for foreign aid and in some instances we do. I think we should undoubtedly curtail spending so much in some of these areas of the world where they indicate they won't stand with us if put to a crisis. Anyway, we should stop spending so much money there and undoubtedly spend a little more here and particularly in this area.

As far as I am concerned from what you say and the tenor of your testimony, you believe that this matter of hospitalization and the need for a hospital and the need for more doctors which of course we have got to get more of by establishing more medical schools are important matters. Today you will find that in order for a kid to go to a medical school he has to be in the upper 10 percent of his class. I have at

least 500 letters written to me every year from boys trying to go to medical school and there is no room for them. There are not enough medical schools. To help solve this problem the Government reaches in your pocket to create the school to make enough doctors.

These are the things that have to go along. As we talk about these problems I think that all of us must be conscious of the fact that while we want these things to happen, it does require some expenditures and that we cannot really play it altogether both ways. We can't have everything we want and not have some activity on the other part of the Federal and State Governments. I just remind you of that.

Senator SMATHERS. Thank you for your testimony. I think you made a very fine contribution.

Now, Colonel Shaw, I've got some questions I want to ask generally. Would you come up here? You seem to be the president of the civic group. They may recall you tomorrow but at least you're in for a little while.

Colonel SHAW. I was elected yesterday.

Senator SMATHERS. You were elected yesterday. Congratulations. You do a beautiful job.

Do you think it would be all right, we don't want to start any difference of opinion here that we are liable to go on for a little while, but I am curious to know and maybe you can guide me on this, I would like to see the hands of those people who believe that we should extend the social security program to cover medical care for the aged.

(More than 90 percent raised their hands.)

Senator SMATHERS. All right, are there any that are opposed to it? (Less than 10 percent raised their hands.)

Senator SMATHERS. All right, we have a witness that wants to speak. Let's give everybody a chance. There's a microphone right there by you, if you don't mind, for the purpose of the record.

Mrs. STUHLMANN. I am Bessie K. Stuhlmann and I live in Port Charlotte, Fla. My reason for objecting is that those who want medical care should have it and other people who do not use the medical care would be forced to pay for an aid they do not use.

Senator SMATHERS. That's fine, Mrs. Stuhlmann. Obviously in a society such as we have here, we always have differences of opinion and that is one of the reasons that we like about our society, the people can voice a difference of opinion and know they have the right to state it. We must respect that right.

All right, now that gives me some information on that.

Let me ask you this question, and I am curious here, Colonel Shaw, how many people would you estimate in Port Charlotte area have incomes outside of a particular pension program or retirement programs, either private or public? Do you follow me?

ADDITIONAL STATEMENT OF COL. JOSEPH E. SHAW

Colonel SHAW. Yes, sir. I would say an overwhelming majority in some respect. I believe most everyone, and I believe it is almost impossible to live in this community and I am speaking of social security pensions, on a social security pension alone. I believe most of the people have come here voluntarily. They must have figured or everyone did, I am sure, the possibility of living within the income that they expected to receive, and I believe it is rare when someone

does not have some other income to augment the income that they receive as a primary thing, whether it be pension or social security.

Senator SMATHERS. Let me ask this question. How many people do you think in this community have a hospitalization program, private insurance to cover hospitalization such as Blue Cross and Blue Shield and any of the rest?

Colonel SHAW. Well, it's impossible to be precise on that figure, but I would say a majority. But I would like to add, since coming to this area I discovered that the hospitalization which I use and which other people use, it is a very common form and the premium is more and the benefits less than in the area than where I used to live. I mean that it probably has to be so because of the incidence of illness here due to the fact that people are more liable to be using the program. But I do believe that most people have some form of hospitalization insurance.

Senator SMATHERS. Now give me, if you will, please, sir, what you think a retired couple living in Port Charlotte, what is the minimum amount of money they would have to have coming in each month in order to live at Port Charlotte? I am curious about that. I know it fluctuates.

Colonel SHAW. Because there is a question of whether you just want to live on bare necessities or not and there is also a question about what bare necessity means to various people.

But I would say, and this is a pure guess, it is not based on anything except my own idea and what I spend myself, I would say that there is a minimum demand so people could live in decency and dignity of not less than \$200 a month.

Senator SMATHERS. That seems to be the general opinion, not less than \$200 a month.

Obviously the colonel has given what he thinks is the minimum figure. Is there anybody that thinks they could live on less than that?

All right, now, let me ask you this question. Are there any people that you think would like to engage in part-time employment in this particular community or do engage in part-time employment?

Colonel SHAW. Well, I don't know the figures of those who do engage in it, but at a survey that was taken 2 years ago there were 17 percent of the people, that is the adult population, that were willing to engage in part-time employment.

Senator SMATHERS. Seventeen percent?

Colonel SHAW. Seventeen percent of the residents at that time.

Senator SMATHERS. All right, that is interesting. Now, you felt they were willing to do it not only because they needed the money but because they felt that they would probably like to do more constructively in the use of their time.

Colonel SHAW. I believe some were motivated by the fact some needed money and a great many, not a majority, but a great many after they become accustomed to living here desire to do something to employ their time.

Senator SMATHERS. Now what, in your opinion, would be the general reaction to the folks of the community if there were some light industry that moved adjacent to the Port Charlotte area that might provide some part-time employment for people here? Would they be for or against that?

Colonel SHAW. I would say that it is overwhelmingly in favor of it. I might say that some of my time is devoted to that as well as other people who have been appointed by the county.

Senator SMATHERS. Can you give us, Colonel, a résumé of the average day of the average citizen in Port Charlotte? What does he do with his time? Let's say today. I know everybody does something differently, obviously, and that it is a pretty difficult question for anybody to answer.

Colonel SHAW. Well, Senator, from personal observation I would say that a great many of the people spend a great deal of their time trying to find things that they can condemn me for.

Senator SMATHERS. They also compose a few letters to me.

Colonel SHAW. But seriously, and I am speaking, of course, only from personal observation, that the average people that come here, usually couples at first, they are concerned with keeping up their grounds and their home.

Most of us have never had the opportunity to enjoy the climate here nor to grow the things that will grow here than won't grow elsewhere. And they would spend, I would say, perhaps 6 months in getting acquainted with that feature.

There are, however, in our area, and I say with great pride, that we have a recreational department provided by the developers here that keep people that wish to do so as occupied as much as an average person wants to. At our recreation center and yacht club and various other places around the community.

We have the garden club and the various political clubs, the American Legion and the Veterans of Foreign Wars. They are working all the time trying to improve the lot of all the people.

In contradistinction to what has been said here once today, I believe the people of this community, and I say this sincerely, are perhaps the most friendly people that I have ever encountered.

And they work together in a measure that is almost unthinkable elsewhere.

I even entertain Republicans in my home.

And I do believe speaking for the region, that a great many of the people have a lot of leisure time on their hands and I believe that it is used to great advantage.

Senator SMATHERS. Let me ask you this one other sort of personal question which again is a matter of curiosity to us.

How frequently do the people of this particular area get to take a vacation? How often do they take a trip to the place from which they came? Is that every year?

Colonel SHAW. I would say perhaps 50 percent of the people go back every year and certainly the first year.

There is, however, reluctance on the part of some to go back after they have been back a few times.

Senator SMATHERS. We are glad about that—they obviously like living here.

Those are the general questions that covered things I was interested in.

Colonel, may I wind this up by saying that I think we have had a very useful hearing this morning.

I think this will make an interesting part of the record and I think it will be read with great interest, because here is a typical retire-

ment community, the like of which we are going to see many more of, as the population of the United States and the percentage of elderly people increases.

So I think you are going to find and I believe this true of the Members of Congress that they are thinking of the same thing, to the time of retirement. Maybe Port Charlotte will receive a lot of ex-Senators before very long.

It will add to the discussion group which I can see is lively. I think we have learned a great deal with respect to your feelings about medical care. That is one of the most important problems with which the Congress is faced. Just how to do it, with sense and good reason and how to do it without bringing about talk of socialization is a problem which must be solved.

I think you put your finger on it, Colonel, earlier when you say you can almost blacken the name of anything today by calling it socialization because some people may say it is just one step away from communism, which of course is not the fact.

Now, we are going to try to bring about a solution to this medical care problem. It's not going to be easy, but the views that all of you have expressed will help us very much.

We particularly appreciate the testimony of those of you who have been willing to come here and tell us of your various problems.

I would say with respect to the tax program here locally, that the Federal Government has nothing to do with that. You better see your Senator Ed Price who is seated here and some of the distinguished members of the county government and the State government and the city government.

But with respect to the other problems of the retired Federal workers, veterans and hospital programs, we are hopeful and are expecting a sensible progress to be made in the accomplishment of these things which you people have talked about.

Obviously it cannot be done overnight, but progress will be made. Sensible progress will be made, because all of us realize we must have our elderly people, as Colonel Shaw has said, living in decency and dignity.

(The following communications were received for the record:)

131 AGRESS AVENUE, NORTH PORT CHARLOTTE, FLA.,

September 27, 1961.

DEAR MR. REIDY: As a retired employee of the city of Cincinnati, the wife and I came to Port Charlotte to make our home and find it is hard to do on what we receive from our pension check, which is \$173.87 a month. We did receive \$49.50 from social security. But this \$49.50 was taken away because they said I made more than \$1,200 allowance in 1960. But I was never notified that we were on social security until I had more than \$1,200 earned and I quit my job.

Hope to explain at your meeting at Port Charlotte on October 10.

\$51.50 for mortgage; \$20 utilities; \$12 insurance, life insurance; \$15, doctor and medicine; and \$80.60 food.

Respectfully,

Mr. and Mrs. J. S. JOHNSON.

474 N.E. 12TH STREET, BOCA RATON, FLA.,

August 31, 1961.

HON. GEORGE SMATHERS,
House of Senate, State of Florida, Tallahassee, Fla.

DEAR SENATOR SMATHERS: Regarding the enclosed clipping from today's Sun Sentinel.

I wish to enter my protest against the penalties imposed on persons who have reached the age of 65 years. I cannot see that anyone (but the employers) is benefited.

As an example, if I should make a salary of over \$100 a month I am penalized. I cannot begin to live on \$100 a month. Consequently, I keep dipping into my savings, my employer (and all others) knows my situation, and I do the work of a \$200-a-month job for which I can receive but \$100 a month. It is very discouraging to those beyond the age of 65, who are still alert and desperately need the money.

I simply cannot see the justice of it. It seems the accomplishment of the penalties is to so beat-down a person between the age of 65 and 72, so that by the time he reaches 72 he is thoroughly licked and broke. And it looks like that will be my situation by the time I reach that age. It costs an aged person just as much to live as a younger person.

The unfairness of the penalty of limited income is too far-reaching to go into. If I were allowed to make \$200 a month (and I am holding such a job for which I get but \$100) I could hold onto my savings for my old-old days.

Thank you for any influence you may exert to repeal the regulations regarding earned income.

Sincerely yours,

JESSIE B. SWOPE.

P.S.—I am a widow, receive no pension from my husband's lifetime employer (the Union Pacific Railroad) because their pension benefits did not go into effect until 8 months after my husband's retirement. On my own account I receive about \$109 a month.

Senator SMATHERS. Thank you very much for coming.

(Thereupon, at 12:15 p.m., November 7, 1961, the Subcommittee on Retirement Income of the Special Senate Committee on Aging adjourned.)

RETIREMENT INCOME OF THE AGING

WEDNESDAY, NOVEMBER 8, 1961

U.S. SENATE,
SUBCOMMITTEE ON RETIREMENT INCOME
OF THE SPECIAL COMMITTEE ON AGING,
Sarasota, Fla.

The subcommittee met at 10 a.m., pursuant to call, in the municipal auditorium, Sarasota, Fla., Senator George A. Smathers (chairman of the subcommittee) presiding.

Committee staff members present: Dr. Frank Atelsek, research director, Senate Special Committee on Aging; Mr. Joseph L. Weil, consultant to the Senate Special Committee on Aging; and Mr. Allen Lesser, executive assistant to Senator Jacob Javits, of New York, representing the minority.

Senator SMATHERS. The meeting will come to order.

I will start off by saying that this is the greatest Nation in the world. We can make most anything with our great industry complex.

We can send a rocket 400,000 miles into outer space. We are going to be able to put a man in orbit soon.

We can build things the like of which nobody has ever seen.

A missile comes from 60 feet below the water, and shoots 1,500 miles. But we have one dickens of a time to have somebody develop us a good public address system.

When we have accomplished that and get a clock in an automobile that will work, we will have really arrived.

We are delighted to be here with you this morning and I apologize for being late.

I had to go and get a little nonsocialized medical treatment. I was sorry that I needed it. But this has been a rather wearying and arduous trip. But I was taken very good care of by a very fine physician.

Now, ladies and gentlemen, this is an official hearing of the Subcommittee on Retirement Income of the Special Senate Committee on Aging.

Before we begin, let me tell you officially how very pleased we are to be here. First I would like to say that before they leave I am delighted to be here and to welcome in the audience with us this morning one of Florida's and one of the Nation's finest Congressman, your Congressman, Jim Hailey. Standing right beside him is a very vigorous and able young man of this State, a man about whom you are going to read a great deal in the future, he has a very bright future, State Senator Ed Price.

I wish you would give him a hand.

Also, before we officially get underway I would like to recognize the senior class of Riverview High School. If they are present I would like for them to stand up in a body.

We appreciate your being here to learn about your Federal Government in action.

I hope all of you make A's and all the husky fellows go to the University of Florida.

Now, we are very pleased to be here in Sarasota. I appreciate your presence here very much and your willingness to take part in what we consider a very important hearing.

This morning we are to hear from some very distinguished Floridians who have given a great deal of thought to the problem of retirement income.

It is obvious that the main concern of our growing population of retired elderly citizens is in the manner in which they can maintain a decent standard of living on their retirement income.

We are here in Sarasota this morning to get your ideas of how best we can accomplish this, and of course this hearing will go on into this afternoon.

As chairman of the Subcommittee on Retirement Income of the Senate, I am well aware that the question, what can be done about it, is much easier to ask than it is to answer.

It is hard to answer because there is no single simple solution. There are as many solutions as there are problems and there are many problems, we can assure you, not only from what we have learned from previous hearings, but certainly in this series of hearings that were held in St. Petersburg and yesterday in Port Charlotte and Punta Gorda. We know there are lots of problems.

Many times in the past Congress has asked the question, what can be done, and the Congress have come up with some answers over the years.

The social security system is gradually improving.

Some tax exemption for the elderly, with encouragement of private pension plans, provisions for the low-cost housing for the elderly, the cost-of-living increases for civil service and railroad retirees and several amendments at last year's session with respect to social security benefits and so on.

It is clear these answers of the past are not meeting all the retirement income problems of today. The increase in our aged population need only a quick review to point up how real those problems are and just how serious a job our subcommittee has taken on.

There are now about 17 million elderly citizens in our country. In the 10 years since 1950, the census shows that those people 65 and over have increased by 35 percent.

Florida now has well over half a million senior citizens, which is an increase of 133 percent over the number in 1950.

Here in Sarasota County about one out of every five people is 65 or older. This comes to more than 14,000 people. There are now four times as many elderly citizens in the county as there were in 1950.

But it is not just a question of numbers, it is primarily a matter of income.

For most retired workers and their families the largest part of their income comes from social security benefits.

At the end of 1960 here in Florida there were 280,000 retired workers receiving a benefit check that averaged only \$76. The wives and widows of these workers average much less than \$76 in benefits.

A national survey of social security beneficiaries shows that less than one in five retirees receives income from private pension plans. Fewer than one in three draws any income from earnings. And very few have adequate cash reserves to tide them over if any emergency arises. This is the national picture.

That many of our elderly are experiencing serious emergencies of income is well illustrated by the 2.3 million aged who today must depend on old-age assistance payments to get along on.

In Florida one out of every eight of our elderly requires such payments to subsist.

While I am aware that this is below the national average and that the rate of such need for old-age assistance in Florida has been decreasing over the years, it still remains a sign that improvement is very much in order, and certainly needed.

It is in this spirit that we are approaching these hearings. Something needs to be done and we are seeking first-hand information from the experts and from the elderly citizens themselves who know their problems better than anyone else.

Through this series of hearings we hope to set the stage for intelligent legislation designed to help our elderly citizens achieve a comfortable, secure retirement.

There is no question that our aged deserve a fair share of the future they helped to build during their working years.

With these thoughts in mind, I hope the hearing this morning will develop useful expert opinion and information on such questions as the following:

What can be done to assure our senior citizens a share in the economic growth of our country? We all know that retired people usually must live on fixed incomes which haven't kept up with rising living costs.

What kinds of needs are unmet as a result of inadequate retirement income and what kinds of programs are being or need to be established to meet these needs?

What are the prospects for private pension plans becoming a more substantial source of retirement income? Can we establish incentives to further encourage private pension plans in Florida and elsewhere?

To what extent can and do retired people depend on part-time work to supplement their other income? Is this a realistic approach? Can older folks get jobs in Florida? Is it desirable, and if so how can it be encouraged?

What about the aged person living in the rural farm areas of Florida? How does he make out in retirement? What are the special problems he must face?

These are the kinds of questions that need both answering and positive solutions for their remedy. I earnestly hope that the hearings here in Florida will mark a new step toward further progress in meeting the problems of our elderly. We are here seeking your counsel.

Our subject is of vital and direct concern to all of us. It is not only restricted to the 17 million who are now over 65.

As I am holding these hearings in Florida, my colleagues and my fellow Senators on the subcommittee and on other subcommittees of the Senate's Committee on Aging are planning similar hearings in their areas of the country.

In fact the committee has already scheduled hearings for more than 28 cities throughout the United States, all to be held between now and the reconvening of Congress in January.

Like this one, each of these will be a formal, official hearing of the U.S. Senate committee. Everything that we learn, everything that you say here will be recorded and printed.

Copies will be sent, not only to our committee members, but to every Member of the U.S. Senate and every Member of the House of Representatives who is interested.

Copies will also go to some 15,000 local legislators, press, radio, and television people, and expert consultants. When all the hearings have been held, the committee will carefully analyze the facts to find out which problems and situations seem to be local in nature and best handled at the local level and which seem to require action at the national level.

All of you here are actually taking part in the legislative process of our country.

I know the people of Sarasota and those who have joined us from other communities will demonstrate that they are intelligent, useful citizens in this particular proceeding.

This morning we will hear from some outstanding Floridians who have studied for years the problems associated with growing older. If time permits we will also hear from the representatives of organizations of older citizens who have asked for an opportunity to testify.

This afternoon we will have a town meeting of senior citizens where you who know the problems, not so much from study but from living them as well, can give us the benefit of your thinking. That, too, will be part of our official hearing and reported in full.

In the U.S. Senate there is no rule against time with respect to talking. A man can get up and get on the floor and he can speak so long as he is physically able to stand it. That is one of the curses as well as one of the blessings of this democratic system in the U.S. Senate. In the House of Representatives, however, where Jim Haley works, and where I used to work, you are limited to 3 minutes.

We ask the citizens who come to us in the form of the town meeting, who will be up here to testify later on this afternoon, that they limit themselves to 5 minutes; they being neither Members of the House nor Members of the Senate.

Our first witness this morning is Dr. William M. Howard, from the University of Florida. Dr. Howard is a professor of insurance and finance, and has had considerable experience in the development of private pension systems.

Now, Dr. Howard, if you will take the seat over there—but before we introduce you, turn you loose, I would like to introduce the people of the staff.

Mr. Frank Atelsek is a very able statistician on the staff.

Mr. John O'Keefe, who comes here from Connecticut, is also one of the ablest legislative men we have in Washington.

Mr. Lesser, who represents Senator Jack Javits, a member of this subcommittee who unfortunately could not be with us as they had a big election in New York City yesterday, which I am sure Mr. Javits didn't like and I liked very well. We are glad to have his representative here.

And then we have Mr. Joseph Weil who is a consultant to the committee.

Now, Dr. Howard, you may proceed. We are delighted to have you.

STATEMENT OF DR. WILLIAM M. HOWARD, PROFESSOR OF INSURANCE, UNIVERSITY OF FLORIDA, GAINESVILLE, FLA.

Dr. HOWARD. My name is William M. Howard. I am professor of insurance at the University of Florida. As an actuarial consultant I serve a number of Florida cities in the establishment and administration of pension plans and I also work with some large industrial firms. I appreciate the opportunity to present my views on certain aspects of retirement plans to this subcommittee.

Our Government encourages employers to establish and to maintain retirement plans of various types by granting very favorable income tax and estate tax treatment to retirement plans that meet certain specified conditions. Undoubtedly there are significant advantages to using the tax mechanism for this purpose. Millions of workers now participate in retirement plans that vastly increase their sense of security in the face of approaching old age and many thousands of retired workers now receive retirement income from various private pension plans. However, there are very serious disadvantages to using the tax mechanism for this purpose. I find myself becoming increasingly concerned with these disadvantages and feel that there is a strong probability that the disadvantages inherent in the preferential tax treatment granted to employers who establish various types of retirement plans outweigh the advantages.

There are three fundamental objections to using the tax system for this purpose. The most obvious is that it reduces the share of national income subject to Federal income and estate taxes. It also seriously impairs the equitable nature of the Federal tax system by allowing people in certain classifications to exclude a part of their current income (which would in many cases be subject to high surtax rates) from current earnings subject to the income tax while other taxpayers do not have this advantage, and by allowing some people to pass part of their assets to heirs free of estate taxes. Features of the tax law that have the effect of encouraging the establishment of various types of retirement plans negate the neutrality of the tax system. That is, the nature of the tax system interferes to a considerable extent with the free-market mechanism in directing resources to their optimum uses.

Three types of plans for providing retirement incomes are granted significant tax advantages under present law and are subject to the criticisms indicated in the preceding paragraphs: pension plans that qualify under section 401 of the Internal Revenue Code, deferred profit-sharing plans that qualify under section 401 of the Internal Revenue Code, and certain annuities for employees of tax-exempt

organizations meeting the requirements of section 501 of the Internal Revenue Code. There are a number of other preferential provisions of the Internal Revenue Code such as the exemption of interest income payable to beneficiaries of life insurance policies under certain conditions.

Pension plans and profit-sharing plans: Pension plans and profit-sharing plans that meet the requirements of section 401 of the Internal Revenue Code are treated in essentially the same manner with regard to taxation and may be considered together in this statement. The principle difference in the two types of plans is in the manner which benefits to participating employees are determined. Five aspects of the tax treatment of plans of this type are of particular significance: (1) Deposits to the plan are deductible from gross income of the employer in determining Federal income tax liability; (2) employees for whose benefits the deposits are made are not required to pay income tax on the deposits until the benefits are received (when, in many cases, their incomes are lower and subject to a lower surtax rate); (3) interest earnings on funds deposited are not subject to current income taxation; (4) under certain conditions the deposits accumulated on behalf of an employee may be received by the employee in one sum which is subject to taxation as a capital gain rather than as ordinary income; and (5) certain death benefits paid to beneficiaries under these plans may be received free of estate tax liability.

It is difficult to estimate the loss of revenue to the Government as a result of the tax treatment of these plans. However, it may be observed that the assets of corporate retirement plans came to \$24.6 billion in 1958 and they have continued to increase at an accelerating rate. A major part of this money was deposited by corporations that are subject to a 52-percent income tax rate. If it had been retained as profits they would presumably have been taxed at this rate. But, it may be argued, if the funds were not deposited to pension plans with their current favorable tax treatment, they would have been paid to employees and would not have been reported as profits. If this point is conceded, we must recognize that the funds would then have been subject to taxation as personal income presumably at a rate of at least 20 percent.

To some people the most disturbing aspect of the tax treatment of qualified pension plans and deferred profit-sharing plans is the degree to which they negate the equity of the income tax and estate tax system. If we grant the fundamental equity of our progressive income tax rates then we must recognize that the effect of the rates is negated to a very considerable extent. Employees who participate in qualified retirement plans have a tax advantage over those who do not. For the most part, these are employees of large corporations and employees who are represented by strong labor unions. There are many retirement plans covering only a small number of employees, however. The inequitable nature of the tax advantages to be realized through retirement plans may be most serious with regard to smaller corporations controlled largely by a single individual or by a few individuals. While the wording of Internal Revenue Service regulations relating to qualified pension plans and deferred profit-sharing plans specifically prohibit benefit formulas that result in discrimination in favor of officers, stockholders, and highly compensated executives of cor-

porations, several forms of discriminations are, in fact, possible. It is possible to have benefits proportional to earnings—which are likely to be higher to officers, stockholders, and highly compensated executives. Certain classification of employees, such as hourly paid employees and employees who have not completed specified periods of service, may be eliminated from participation. It is possible under some conditions to devise a pension plan under which fully 50 percent of the deposits may ultimately be used to provide benefits for 10 percent of the employees of a firm. Many plans that provide benefits primarily for only a few individuals are plans in which these few individuals are already in high income tax brackets and whose estates would be in high estate tax brackets. These people gain more proportionately through the tax advantages of the plan than do the other participants and, of course, far more than people who don't participate in any qualified retirement plan. When we observe that three-quarters or more of the funds that are accumulated to pay retirement benefits are contributed indirectly by the Federal Government (that is, money that would otherwise be paid in taxes) we cannot feel that the system is entirely equitable.¹

It may be argued that in view of the extremely high rates provided by our income tax and estate tax systems that it is no more than fair to provide a means for successful business and professional men to accumulate funds for their own retirement and that preferential tax treatment for funds so accumulated is desirable. It is true that surtax rates do reach extreme ranges. But if tax rates are too high the remedy should be a general reduction in rates rather than provision of loopholes through which they may be avoided.

The favorable tax treatment granted to qualified pension plans and retirement plans seriously dislocates the allocation of resources in our economy. Pension funds have become one of our major financial institutions and are growing in a faster rate than any other major financial institution. The resulting pool of capital deposited with insurance companies and trust departments of banks makes possible the extension of credit for worthwhile business and family enterprises. It provides equity capital which may have a favorable influence on the economy. It also places immense economic power in the hands of a relatively small number of people. Furthermore, there is no assurance that the allocation of funds by insurance companies and trustees is preferable to the uses to which they would be put if retained by corporations or distributed to employees and stockholders.

The tax treatment of qualified retirement plans produce such great advantages and the amounts of money involved are so vast that the planning and administration of these plans attracts some of the most talented and highly educated members of our society. Thousands of our most gifted attorneys, actuaries, accountants, trust officers, and salesmen devote a major part of their time to this field. Their efforts result only in transfer of purchasing power rather than the creation of economic goods.

¹ Deposits to a qualified plan are deductible in computing Federal income tax liability. The Federal Government "puts in" 52 cents out of each dollar for a firm in the 52-percent income tax bracket. About half of the funds that are expected to pay retirement benefits arise from interest earnings that are tax free. Thus the employer pays only about 25 percent of the cost of benefits. If interest earnings are good—above 3½ or 4 percent—the employer's cost may be well below 25 percent of benefit payments.

Tax advantages granted employers who establish qualified retirement plans have an extensive effect on forms of business organization. Since a sole proprietor or a partner cannot participate in a qualified retirement plan as an employee, there is a distinct increase in the formation of corporations. Several States, Florida among them, have recently passed legislation permitting the incorporation of professional groups—physicians, attorneys, and accountants. The purpose of the legislation is generally thought to be to enable professional people to realize the tax advantages of participation in qualified retirement plans. The corporate form of business organization may be appropriate for a growing number of business enterprises and it may be satisfactory for professional practice. But surely the promotion of corporations is not a social aim of our tax system. The tradition of conducting certain types of business and professional practice as sole proprietorships and partnerships has real value to society.

"Tax sheltered" annuities: Under the provisions of section 501 of the Internal Revenue Code annuities may be purchased by employees of certain religious, charitable, scientific, and educational institutions with resulting tax advantages. Within the past few days an insurance agent was in my office explaining a plan under which I could have as much as 20 percent of my salary diverted to the purchase of an annuity. I would have all of the incidents of ownership in the annuity. I could retain it to retirement and receive a life income, I could cash in the annuity before retirement, or I could designate a beneficiary to receive the accumulated values in the event of my premature death. I could pledge the annuity contract as collateral for a loan. The full 20 percent of my salary would be excluded from taxable income; the tax would be deferred until my retirement (or realization of cash values before retirement). If I were to die before retirement the accumulated values would not be subject to income taxation at all. Similar plans are available for employees of other educational, scientific, and charitable institutions. Probably the primary beneficiaries of such arrangements are physicians who receive salaries from hospitals and who also have an income from private practice. It may be argued that physicians cannot ordinarily realize the tax advantages of a qualified pension or profit-sharing plan and therefore should be given an advantage of this type. It may be that some provision should be made for retirement of physicians. But I doubt that preferential tax treatment is the best way to do it. Furthermore, there does not appear to be a compelling reason why other employees of various types of nonprofit organizations should be given such a liberal tax advantage.

Life insurance proceeds: Another example of preferential tax treatment of payments to elderly people is related to life insurance proceeds payable as an annuity to a widow. That portion of the annuity payment representing disbursement of the death benefit is not considered income to the widow. (Few people object to this rule.) In addition, that part of annuity payments representing interest earnings is excluded from taxable income to the extent of \$1,000 annually. Thus, a widow who is left \$50,000 of life insurance proceeds and receives this sum in the form of the life income need not pay an income tax on either that part of her annual income representing the payment

of the \$50,000 principle sum nor on the first \$1,000 of interest. She need pay income tax only on that part of the proceeds representing interest income in excess of \$1,000 per year. This provision seems to have no relation at all to equitable principles. Widows with a greater income, rather than smaller, receive greater benefits.

Perhaps it is true that pressure for various types of tax advantages are difficult to resist by Members of Congress largely because of the very high surtax rates in our present income tax law. I agree with those who feel that the Internal Revenue Code needs complete revision to eliminate its many inequities. However, I do not feel that it is necessary to wait for a complete revision before taking some forward steps. I suggested that serious consideration be given to the complete elimination over a period of years to the use of preferential tax treatment as a means of encouraging employers to establish and maintain retirement plans.

There are very few people who are able to view the matter objectively. Attorneys, actuaries, trust officers, accountants, life insurance executives, and salesmen all have a vested interest in the present complex system. It is said that Government employees in the Internal Revenue Service do not oppose legislation that complicates the Internal Revenue Code because complications create the need for a great and growing bureaucracy. Some of us in the teaching profession who have spent a good deal of time studying the effect of the tax laws on private pension plans may be inclined to resist change. Those who urge the adoption of specific modifications in the law favoring some group are frequently able to present their views with forceful persuasion. Each advantage granted to a particular group increases the burden that falls on other groups. Taxpayers as a whole are not organized to resist these pressures. We must rely on the wisdom and courage of our elected representatives.

Senator SMATHERS. Thank you very much, Dr. Howard. I would like to ask you a couple of questions.

Dr. HOWARD. Yes, sir.

Senator SMATHERS. Obviously you do not favor private pension programs such as that had by some of the major companies we have in the United States, that cover, of course, not just the president and vice president but also some 20 million employees. This started in 1941 with less than 2 million people covered. It now covers some 20 millions of people with a total in the pension programs of some 45 billions of dollars. Now we have encouraged it, frankly, because we believe that people need to be encouraged to put aside money for their declining years. That is the reason for laws like this which you call preferential tax treatment.

If we didn't have this system, what do you do about people that are 65 years old and older, how do they live, on what kind of a program do they live?

Dr. HOWARD. First of all I would like to correct a misimpression I may have given the group.

I don't oppose the large pension programs that are now in existence. And I am glad large corporations have them.

My father, for example, is retired on a pension from the American Telephone & Telegraph Co., and it means a great deal to him and to me, too, because it means so much to him. That particular pension

plan was established at least 60 years ago when the tax considerations were not so significant.

I think it is entirely possible that retirement plans will be established and continued without quite so liberal a tax treatment. I would say further that if they wouldn't be, they should be discontinued.

Senator SMATHERS. That is what we want you to address yourself to; what is the other way?

Dr. HOWARD. What is the other way?

Senator SMATHERS. That's right.

Dr. HOWARD. Well, we have a system that works very well. That is the social security system.

Senator SMATHERS. Do you think that the social security system is enough, if the average income is \$76 a month? Do you think people can live on \$76 a month?

Dr. HOWARD. Not very comfortably, Senator Smathers.

I don't say we feel that the social security income provides an adequate income for people generally. If it doesn't, then the solution is to increase the benefits under the social security system. This is a much more equitable and economical way to handle it.

The present system is just uneconomical.

It seems to me the only argument we can make in favor of the present system is that social security is inadequate. Now if we say that social security is inadequate, it seems to me we ought to increase it.

Senator SMATHERS. In other words, you recommend generally—and I am not trying to put words in your mouth—recommend generally first what you call the preferential treatment with respect to private pension programs with more emphasis on the social security approach?

Dr. HOWARD. I don't make a judgment myself, Senator, on how much retirement income people should have.

Senator SMATHERS. Well, I will tell you this; Professor, and I am a legislator, but these things we have got to judge, as to how much they have to have, how much they need to live on.

I heard a man testify yesterday that he and his wife can live on \$200 a month. But, of course, under the social security program they are getting \$120.

I saw a widow in St. Petersburg that was living on \$54 a month.

These are the things we have to be concerned with, how much money and where do we get the money to make it possible for people to live on some kind of a program of retirement; how do we provide for an adequate program for them to live in decency.

Dr. HOWARD. I think we ought to recognize we are talking about two different groups of people, largely.

We are talking, first of all, about people who are retired or near the age of retirement now; and we are also talking about people who are more nearly your age and mine, who will not retire for a number of years.

Senator SMATHERS. Thank you very much, Professor.

Dr. HOWARD. The people who are now retired or nearing retirement are not going to be affected very much by cutting the tax advantages. They have earned what they are going to get from their employers.

They could be helped, perhaps, by improving the social security system. I don't say that I advocate doing it that way, for those who have not contributed to the system during their working life. Perhaps through old-age assistance if they need it.

I would agree with what I think your point of view is, that we should not have many elderly people in want. Our economy is sufficiently prosperous so everybody should have a respectable and dignified living.

Senator SMATHERS. You would agree, would you not, we should as quickly as possible get people off the old-age assistance, where they have to go with hat in hand and say "Now you've got to help me, I'm broke and I wasn't as smart as I should have been when I was 30 or 20; I didn't save anything, but I am a life, I am not dead, and I like to eat and I want to live as long as I can, and therefore I stand hat in hand and I would like to get \$40 a month." That is a little undignified obviously, and it is the kind of thing we want to get away from, and the way we get away from it we think almost requires people to put aside savings during their productive years so that they will have something to live on when they do retire. That is why the Congress has encouraged private pension programs which you apparently don't like or you don't like the method by which we have encouraged this being done.

What I want to know is what do we put in its place? That is what I would like to hear from you about.

Dr. HOWARD. Well, now if we talk about the people who are not approaching retirement yet, then we have a group of people who are for the most part covered by social security which will provide an income to them of about \$127 a month for a single person. A man and woman who is now 40 years old and earning \$400 a month or more, under the present law will retire on an income of about \$190 a month.

Now I am not—

Senator SMATHERS. I would like to say there is nobody that I know of who gets \$190 a month from the social security program.

Dr. HOWARD. There is none right now.

That is why I say we are talking about two different groups of people; people retiring now, those approaching retirement, perhaps need some help.

People who are young have a number of years to go and will, under the present law, receive as much as \$190 a month if they are earning \$400 a month. If they are earning \$300 their social security benefit will be reduced, but not proportionately.

Really, Senator, I am not particularly concerned about someone who is going to receive \$190 a month at retirement. I don't say that is enough to live on or live on comfortably. I do say anyone that looks forward to retiring on \$190 a month, with 20 years to prepare, should get along all right.

Senator SMATHERS. That, of course, is presuming we don't have inflation, that the present sums will buy what \$190 a month will buy today or would have bought for the same amount in 1947.

We are not trying to talk about people who are 40 or 35 who have their productive lives still ahead of them. What we are talking about and what we are looking for answers for now are people who

do not have very much now and stand little or no chance to better their status in the next year or the next 2 years or next 3 years or 4 years.

What do we do about these people? What do we do about the lady who receives 50-some dollars a month to live on? What do we do about her? Do we just say we do nothing because she wasn't very smart in her earlier years? Do we practice this system?

I don't mean to act like I am demagoging. Do we forget the problem and push these people out like we do an old automobile into the heap and say you stay out there until you die because you made mistakes in your earning years?

What I am concerned about, what do we do about people immediately faced with a problem, either have it now or don't have it, and then people who have it now and have an income of \$120 a month or \$150.

What do we do when they get sick?

What if somebody here has got an income on social security of \$126 and a pension plan of \$100; \$226 and a man and wife, and when one of them needs an operation that costs \$500, what do they do?

These are the problems we are concerned with.

We've got a big population in these people.

Give us a little enlightenment on that, as that is our problem.

Dr. HOWARD. Well, I am glad you are concerned with that problem, Senator, but a question like that puts a person in the teaching profession in an embarrassing position. That is not my field, not my field of economics.

Senator SMATHERS. I don't want to embarrass you at all.

I think you have made a fine contribution to us, with respect to the tax treatment of private pension programs to which you addressed most of your testimony, and that is a highly debatable subject as you know.

I would think this, that if you don't like the program, and you obviously don't, and you have presented very good reasons and sound reasons for being against it, tell us, what is the answer?

Dr. HOWARD. I feel for people who are still quite a few years from retirement, the answer is largely already provided through the social security system.

In addition to that, a good income will be provided through private pension plans without the very generous tax advantages they now have.

In addition to that, people will provide for their retirement income through their individual savings.

After all, a very sizable percentage of our population right now is people who do not participate in private pension programs.

How do they receive retirement incomes? Well, most of them will participate in social security and in addition to that they will have their own savings.

I think these people who are 20 years or more from retirement, that that is a pretty good answer.

I mean a pretty good solution.

Senator SMATHERS. All right, thank you.

Does any of the staff have any questions?

Mr. O'KEEFE. Doctor, I gather it is your concept that all pension plans should be integrated into the social security system?

In other words, that would be your most favorable approach.

Dr. HOWARD. I am not sure I know what you mean by integrated.

Senator SMATHERS. He doesn't mean what a lot of us think he means.

Dr. HOWARD. No, Mr. O'Keefe, I am not at all for eliminating private pension plans.

I am eliminating or at least greatly reducing the tax advantages of them.

Mr. O'KEEFE. Would you keep those plans to supplement that which people receive under social security?

Dr. HOWARD. Yes. In Florida I do consulting work on pension programs and I am sure these plans would not terminate if there were no tax laws. I participate in a pension plan as a professor, and that would not terminate.

Mr. O'KEEFE. Do you favor broadening the scope of the social security to include, for example, medical care?

Dr. HOWARD. That is not the subject that I came prepared to—

Mr. O'KEEFE. I will withdraw the question.

Dr. HOWARD. Prepared to make a statement.

If you want my offhand opinion, again I think that is not a subject which I am particularly competent to answer. No more so than other people.

Mr. O'KEEFE. What tax advantages under the private pension plan do you think should be eliminated; Would you revise the Federal income tax structure entirely along that line?

Dr. HOWARD. Yes. As I say, I feel that Congress should give serious consideration to the complete elimination of the tax advantages granted to private pension programs.

Mr. O'KEEFE. Of course, these individuals do pay a tax on the amount when it is withdrawn.

Dr. HOWARD. When it is received; yes, sir.

Mr. O'KEEFE. And it is not considered income where the employer makes a contribution for the employees?

Dr. HOWARD. Yes. It is deferred, as I understand it.

Mr. O'KEEFE. That's right, but they do pay a tax when they receive the benefit.

Dr. HOWARD. Yes, when they receive it.

Of course, when they receive it most of the people are in a lower income tax bracket and over the 65-year age with the double exemption under the income tax law.

To a great extent the tax is simply forgiven.

Mr. O'KEEFE. Do you believe that contributions made to the private pension plans make a substantial contribution to the economy in many ways such as investments in real estate, insurance, and other programs?

Dr. HOWARD. Undoubtedly. They make very substantial contributions to the economy.

On the other hand, there is no assurance that the advantages of the economy realized from these funds is greater than it would be if the funds were retained in corporations or paid out in dividends to stockholders or paid out in wages to employees.

I feel this is a point that is not obvious.

Senator SMATHERS. Thank you very much, Dr. Howard.

We appreciate your testimony. You have been of great help.

Senator SMATHERS. Our next witness to appear before the committee is Mr. J. M. Buck, manager of the retirement department, Florida Redevelopment Commission, Tallahassee, Fla.

Mr. Buck, you can begin by telling us just what is the retirement development of the Florida Redevelopment Commission.

STATEMENT OF J. M. BUCK, MANAGER, RETIREMENT DEPARTMENT, FLORIDA REDEVELOPMENT COMMISSION, TALLAHASSEE, FLA.

Mr. BUCK. It is primarily a resource and referral State agency concerned with the problems of older people in all areas.

Senator SMATHERS. All right. Pull that microphone just over like, if you are not careful, you might bite off the end of it. That way people will be sure to hear you.

Mr. BUCK. I hope someone in the audience will raise a hand if I get too close or too far away from it.

Senator Smathers, it is indeed a privilege to be here today. I had a similar privilege 2 years ago when I testified on this same subject before two of your colleagues—Senator McNamara and Senator Randolph.

With your permission and in the hope of sharpening some of the issues which I think are facing us today, I would like to read part of my prepared statement and then comment on some of the testimony which was given in St. Petersburg.

Senator SMATHERS. I would like to say we will make your full statement a part of the record if there is no objection. Just give it to the court reporter and you can summarize it any way that you like.

Mr. BUCK. Thank you, sir.

Here are two points that were not advanced in St. Petersburg: We spoke of there being 553,129 people 65 and over in Florida. I think it should be noted that 58 percent of this group were living in urbanized areas; 25.5 percent were living in towns between 2,500 and 10,000; and 21.4 percent were living in rural communities and towns under 2,500.

If you will pardon a comment with some political implication, I would like to call attention to the fact that of Florida's 67 counties, 34 have more than 10 percent of their population 65 and over.

Senator SMATHERS. How many of those counties?

Mr. BUCK. There are 5 counties in Florida with more than 20 percent of their population 65 and over, and 24 counties with more than 10 percent of their population 65 years old and over. I think this is a related fact that too many of us lose sight of.

In 1960 there were 1,019,022 Floridians between the ages of 45 and 64. By 1966, 5 short years away, 203,904 in this age group will have reached 65.

Now after we deduct the number in each age group who will die between now and 1966, and then after we add the average immigration of social security recipients to Florida, Florida's population of 65 years old and over will exceed 650,000, as against the present 500,000.

It is significant to note that 7½ percent of the social security recipients in Florida had such low incomes they were able to qualify for old-age assistance.

Incidentally, as pointed out in my prepared statement, I would like to adopt as part of my testimony your own committee's Report No. 70,500, and your charter book 70,521, both of which I read. I believe the same conditions exist in Florida—perhaps on an expanded scale.

Health affects every aspect of the older person's life—his financial status, his personal welfare, his participation in society, and his use of leisure time.

Your very able staff has already developed that nationwide 55 percent of the aged persons not in institutions have less than \$1,000 annual income, that 23 percent have between \$1,000 and \$2,000, and 9 percent have between \$2,000 and \$3,000. I believe these national figures apply with equal force in Florida.

Now when these figures are set against the annual budget cost for an elderly couple, estimated by the Bureau of Labor Statistics, ranging between \$2,390 and \$3,110, no wonder your staff has found that only 46 percent of the aged have insurance against hospital costs.

If you will pardon a personal illustration, I would like to give you an illustration of what the older person is up against in terms of his capacity to insure himself against hospital and medical costs.

My monthly premiums on hospital insurance with a commercial company in Texas were increased 19 percent between 1953 and 1956; and another 15 percent increase became effective September 1, 1961. Additionally, my wife and I have group coverage with Blue Cross-Blue Shield. Our monthly premium of \$7.85 in 1955 was increased to \$8.80, September 1, 1959; to \$10.55 in April 1960; to \$11.70, January 1, 1961, and on November 1, 1961, it was increased to \$13.25.

I realize that the costs of health services have gone up, and these figures are not submitted in the form of a complaint, but to illustrate my studied conviction that group hospital and medical services, even if available, are beyond the reach of a majority of nonworking older people.

Blue Cross and Blue Shield organizations have made a real effort to maintain hospital coverage for the aged, but I fear the continuing efforts to cover a high-cost low-income group can conceivably force the abandonment of communitywide nonprofit services.

I think, too, it is significant that Blue Cross-Blue Shield policies do not cover nursing homes.

It is my personal conviction, although I am a staunch advocate of free enterprise, that the financing of health services must inevitably be tied to the social security system. But this, of course, is for the Congress to decide.

I am going to omit that part of my prepared statement with reference to the employment of older workers and move into another phase of my testimony.

Senator SMATHERS. Very well, sir, the reporter will make the statement a part of the record.

Mr. BUCK. In Florida certain gaps exist in housing suited for older people.

The lowest income group must of necessity depend on public housing which probably needs moderate expansion and extension in

Florida, particularly in areas like St. Petersburg, where public housing was rejected by referendum. It is very badly needed there. Except for design, builders of single family dwellings have more than kept pace with the needs of those who can afford this type of living arrangements. As against this, however, a large number of older people are not physically able to shoulder home maintenance and home management. A large number of this category have too much income or too many assets to qualify for public housing, but not enough income to afford suitable rental housing.

At this point, I would like again to digress from my prepared statement.

You had one lady testify, I believe in St. Petersburg, during the afternoon hearing, that she had an income slightly under \$2,000 a year.

Now by a strange parallel she is like Kipling's Tomlinson. She roams around between the worlds. She can't qualify for public housing and she can't find rental housing suited to her income.

There is a definite need, and I am quite sure your public housing administrators will confirm this, that there is a very definite need for rental housing for people with incomes from one and a half to two and a half steps above public housing.

There is where the great middle income group falls, just like this lady who lives in St. Petersburg.

In perhaps every State, and without exception, there is unanimity of opinion on one subject, Senator, and that is that older people should remain in their own homes as long as possible.

They are not only happier in their own homes, but it is less expensive to maintain these people in their own homes than in institutions or in hospitals—no matter who pays the bill.

From the taxpayer's standpoint, this is, I think, quite important.

But in order for people to remain in their own homes, certainly community services, including home medical care (which I am glad to see the Congress is emphasizing very strongly), visiting nurse services, friendly visiting services, and other ancillary services which can and should be provided by the communities themselves, are tremendously important.

Entering into this picture, too, is the need for architects and builders to recognize that homes should be built for the entire lifespan. The safety features—so desirable in homes for older people—are just as valuable for young people as for older people.

Too many of us, when we hear the radio and the television decry the slaughter on the highways, forget that while there were 900,000 automobile accidents in 1959, there were nearly 4 million accidents in homes. Many of these accidents happen because of tripping hazards, our lethal throw rugs and bathtubs. In 1959 100,000 older people suffered permanent impairment from home accidents. As a matter of fact, falls are the fifth cause of death in older populations.

I want to comment, Senator, on your statement in St. Petersburg about \$125 million being appropriated to FHA.

I have the feeling that administrative agencies sometimes do not literally carry out the intent of Congress.

For example, in Florida, some Federal money has been made available for church homes, but church projects do not even scratch the

surface. For example, we have a church-sponsored project in Bradenton but residents must pay a founder's fee of \$6,500 in addition to a monthly maintenance fee of \$160. There is one at East Ridge where the founder's fee runs from about \$6,500 to \$12,000.

Most people with assets of that amount are not the people we need to worry about or that Congress needs to worry about. They are in a position to take care of themselves. Frankly, I think some of the administrative agencies will have to revise their thinking on nonprofit sponsors.

There are many agencies, including municipalities, civic clubs, and so forth, which could do this housing job just as successfully as church groups. And this is not to decry in any way the efforts being made by church groups.

I would now like to come next, if I may, very briefly, on some of the other testimony adduced in St. Petersburg.

My very able friend Dr. Irving Webber came up with a fine paper. I regretted he did not give you the entire contents of his study. His study, joined in by Dr. H. W. Carter, asked these 2,500 older persons whether they had certain symptoms such as dizziness or hearing voices, and so forth, I am sorry he did not bring out in the St. Petersburg meeting that persons, who had five or more symptoms (untreated), were those at the bottom of the economic pyramid. They simply could not pay for the medical services that were necessary.

Mrs. Betty Phillips, the State's older worker specialist, has done a fine job in St. Petersburg. I share her viewpoint in the main, but I disagree with her theory that people 65 and over can find jobs.

Back in 1954 the Council of State Governments found out that only one out of three men at age 65 was really physically capable of working.

So I think it is unrealistic to expect any major results in finding employment for the 65-and-over group.

On the other hand, we have 1,019,000 people in Florida between 45 and 64 who within a few short years will be 65. I think the "older worker specialists" have demonstrated beyond peradventure that they can do a good placement job through retraining and job development and things like that for persons between 45 and 64.

I want to comment on what my friend Mr. Beckman had to say about the Kerr-Mills legislation.

It is my personal opinion that the Kerr-Mills bill is primarily a relief bill and in no way provides a contributory national health program. And I would like to say further that I seriously doubt that any Florida Legislature will ever implement the Kerr-Mills bill so long as such legislation requires the waiver of the 5-year residency requirement.

I think such step would be disastrous for Florida. Older people in Georgia, Alabama, Mississippi, and elsewhere would be foolish if they didn't come to Florida in event its residency requirement were repealed. Although our public assistance program is inadequate, it still is more liberal than several of our sister States.

Senator SMATHERS. Let me ask you a question.

You say you don't think the Kerr-Mills bill will do the job. Of course, you are aware of the Florida Medical Association; they think that it will do the job.

Mr. BUCK. Yes, sir; I am fully aware of their viewpoint and I respect their right to it.

Senator SMATHERS. Now, obviously we say the Kerr-Mills bill requires first that the Federal Government agree to give so much money, if the State matches it.

Is it your view that the State will not match this money?

Mr. BUCK. Yes, sir. If time permits I have a rundown here showing actually how unlikely it is that many States can and will match Federal funds.

Actually, only a few States have even attempted to.

Senator SMATHERS. The next question I want to ask, if, as you indicate from the testimony, we went to a program of social security, an extension of the social security to cover medical care, obviously people who are not under social care, whom we have many, where would they get their medical care?

Mr. BUCK. I know of no better way than the one suggested by your colleague, Senator McNamara, that the present crop of oldsters, which cannot be embraced in social security program, would have to be taken care of out of general funds.

Senator SMATHERS. In other words, separate the public assistance fund.

Mr. BUCK. Well, if you want to call it that, except that I do think that any kind of means test that tends to degrade the individual is quite bad.

I think it does a lot of things to the person.

Senator SMATHERS. Is it your view that people who have not made adequate provisions for their old age, even though they have not been sufficiently forewarned to do so, that they should not be abandoned? Is it your view they still should be taken care of?

Mr. BUCK. Yes, sir; I think whether we like it or not within reasonable limits we are our brother's keeper.

Senator SMATHERS. Now, then, as I get it, to sharpen it once again, your view is and your recommendation is from your experience that we should start moving into the aspect of broadening social security to include the financing of medical care.

Mr. BUCK. Yes, sir.

Senator SMATHERS. Do you think that would lead to the socialization of medicine?

Mr. BUCK. No, sir; I do not.

I think socialized medicine is a dirty word which is being widely used.

The King-Anderson bill, the administration bill, at no point says you must pick this kind of doctor or that kind of treatment.

It relates to the financing of health and medical services.

Senator SMATHERS. Does the King-Anderson bill require that you choose or that you give up your choice of doctors.

Mr. BUCK. No, sir.

Senator SMATHERS. Are you sure about that?

Mr. BUCK. Yes, sir.

At least it is in the chart here which your staff has prepared. I have the chart.

Incidentally, I would like to make this observation. I wish I knew of some other plan, because, as I have mentioned, I am basically an

entrepreneur. Thus far I have seen no plans advanced by the medical societies or any other groups that are as practical as the social security system.

I think the cost to taxpayers will be less, and I always look at the taxpayer, because he is the fellow who pays the freight.

I think it would also be less costly to administer prepaid health services through the social security system.

I do agree, Senator, that we must be realistic. We have to keep the social security kitty actuarially sound, so I think we should move the figure \$4,800 from which deductions are made to \$6,000 and conceivably as high as \$9,000. But I am not an economist.

Senator SMATHERS. Do you feel that there is anything socialistic about requiring people to set aside that which they earn in their productive years to take care of themselves when they get to be 65?

Mr. BUCK. We already have withholding taxes and deductions for social security. It is merely an extension of a tried and true system.

Senator SMATHERS. Do you think that infringes on the American right to make a choice and operate one's business the way one would wish to do it? If they wish to be poor and without anything when they are 65, to have to go on public assistance because they make no provisions for themselves. Do you think that the requirement that they make contributions to a social security to take care of them when they get to be 65, makes it socialism or anything like that?

Mr. BUCK. Not to me, it doesn't.

Senator SMATHERS. Do you think people can enjoy their liberties just as well under a system like this?

There is a lot of controversy among a lot of my friends, and I say that seriously, my good friends in the medical profession take the position this kind of thing is un-American and socialistic. I am asking what your views are on that?

Mr. BUCK. I don't think it is; no, sir.

I have a nephew who is a doctor and, frankly, I have many friends in the medical profession. But I can't in good conscience, subscribe to the theory that you can beat "something" with "nothing," which is what opponents of the social security system are attempting to do.

Senator SMATHERS. What do you think is most socialistic; a land where people have made no provision for declining years, or older years, and then become senior citizens and it is required then to reach into the Public Treasury and provide certain benefits for them, and that money that is gotten is everybody's money and because it is raised from general revenue, is that to be desired in your judgment, over a system where people are required, whether they like it or not, to put aside certain moneys during their productive years so at least when they get to be 65 there is money to take care of them, at least half of which is their own; which do you think is the better system?

Mr. BUCK. I favor the contributory system.

Senator SMATHERS. Even though it might be compulsory?

Mr. BUCK. Yes. I favor that system because I know of no other system that will accomplish the same end result.

Senator SMATHERS. All right, sir. Thank you very much, Mr. Buck. You have been a very helpful witness.

(Mr. Buck's prepared statement follows:)

PREPARED STATEMENT BY J. M. BUCK, MANAGER, RETIREMENT DEPARTMENT,
TALLAHASSEE, FLA.

Prior to suggesting ways to improve the lot of older people in our State, I wish to comment upon the magnitude of the aging situation in Florida.

In 1960, there were 553,129 people in Florida 65 and over; 224,479 were between 65 and 69; 164,810 between 70 and 74; 95,768 between 75 and 79; 43,984 between 80 and 84; and 24,088 were 85 and over. Of this total, 58.1 percent were living in urbanized areas; 25.5 percent in towns between 2,500 and 10,000; and 21.4 percent in rural communities and towns under 2,500.

Thirty-four Florida counties have more than 10 percent of their populations 65 and over. Five, including Pinellas, have 20 percent or more of their population 65 and over.

Three related facts are frequently overlooked—especially by those who pretend that only a small number of the aging have health problems, and that these problems will solve themselves in our time. In 1960, 1,019,022 Floridians were between 45 and 64. By 1966, 203,804 in this age group will have become 65 and over. After deducting those presently 65 and over who will die in each age group, Florida's 65-and-over group will rise to 594,653. After adding the social security recipients who will move to Florida in the next 5 years, Florida's 65-and-over population will considerably exceed 650,000.

As of December 31, 1959, the average OASDI benefit for 252,603 beneficiaries in Florida was \$74.93 per month. But almost half (48 percent) received less than \$75 a month. In June 1958, 7.5 percent of OASDI beneficiaries in Florida had qualified for old-age assistance supplements.

To keep my statement within the allotted time, I would like to adopt, as part of my testimony, your staff Report No. 70,500, titled "Basic Facts on the Health and Economic Status of Older Americans," and your chart book No. 70,521, title "Health and Economic Conditions of the American Aged." I believe these committee prints covering the Nation are applicable to Florida.

Since your committee is seeking suggestions for improving the lot of older people, I will address myself to certain income-related problems of the aged in Florida.

HEALTH

Health affects every aspect of the older person's life—his financial status, his personal welfare, his participation in society, and his use of leisure time.

Your very able staff has already developed that nationwide 55 percent of the aged persons, not in institutions, have less than a \$1,000 annual income; 23 percent have between \$1,000 and \$2,000; and 9 percent have between \$2,000 and \$3,000. I believe these national figures apply in Florida. When these income figures are set against the annual budget costs for an elderly couple, estimated by the Bureau of Labor Statistics to range from \$2,390 to \$3,110, no wonder your staff found only 46 percent of the aged have insurance against hospital costs.

A staunch advocate of free enterprise, I have come reluctantly to the personal conclusion that "voluntary health insurance" cannot possibly cover a high-risk, low-income group, at premiums within their reach. For example, my monthly premiums on hospital insurance with a commercial company in Texas were increased 19 percent between 1953 and 1956, and another 15 percent increase became effective in September 1961. Additionally, my wife and I have group coverage with Blue Cross-Blue Shield. Our monthly premium of \$7.85 in 1955 was increased to \$8.80 September 1, 1959; to \$10.55 on April 1, 1960; to \$11.70 January 1, 1961, with some extended coverage, and will be increased to \$13.25 November 1, 1961.

I realize that the cost of health services have gone up; and these figures are not submitted as a complaint, but to illustrate that group hospital and medical coverage, even if available, is beyond the reach of majority nonworking older people. Blue Cross-Blue Shield organizations have made a real effort to maintain hospital coverage for the aged, but continuing efforts to cover a high-cost-low-income group can conceivably force the abandonment of communitywide nonprofit service. Blue Cross-Blue Shield policies do not of course cover nursing homes.

SUGGESTION

It is my personal conviction that the financing of health services must inevitably be tied to the social security mechanism. But this is for the Congress to decide.

EMPLOYMENT AND PRIVATE PENSIONS

In May 1960, 32.2 percent of job applicants in the active files of Florida State employment offices were 45 years of age and over. Only 19.7 percent of this group could be placed in gainful employment. A random sample survey of Florida employers in 1960 showed only 50 percent would hire persons 55 years of age and over, thus underscoring the fact that age begins to operate as a barrier at 45. And another random survey of 2,320 Florida employers showed that only 4.6 percent offered private pension plans to employees.

SUGGESTION

Three steps might be taken in Florida to (a) broaden employment opportunities for older workers, and (b) to expand private pension plans, particularly with portable features, to supplement social security benefits over the long term.

(1) Controlled studies by the Department of Labor have shown full time "older worker specialists" in State employment offices can increase the placement of older workers from two to four times through group and individual counseling, job development, retraining programs, etc. Obviously, more full-time "older worker specialists" are needed. Florida, with a "specialist" in Miami and in St. Petersburg, could very well have six or eight additional specialists.

(2) Florida (and other States for that matter) could include with all unemployment tax returns, which are "franked" to employers each quarter, an educational piece designed to—

(a) Sell employers the social and economic advantages hiring and retaining qualified older workers, and;

(b) Illustrate the tax advantages to small business firms of setting up private pension plans with portable or even vested privileges.

These proposals are not offered as a panacea but rather as part of overall educational campaigns.

HOUSING

In Florida certain gaps exist in housing suited for older people. The lowest income group must depend upon public housing, which probably needs moderate expansion in Florida. Except for design, builders of single-family dwellings have more than kept pace with the needs of those who can afford this type of living arrangement. As against this, however, a large number of older people are not physically able to shoulder home maintenance and management. A large number in this category have too much income or assets to qualify for public housing, but not enough income to afford suitably designed rental housing.

All students of the problems of older people agree that it is desirable for individuals and for taxpayers that older persons remain in their own homes as long as possible instead of being institutionalized.

SUGGESTION

(1) HHFA, FHA, and PHA are now emphasizing the need for standard size doors, the elimination of tripping hazards, nonskid floors, better light, automatic heat, and the installation of safety devices in bathrooms in all housing for the elderly.

Since the housing features named are desirable for all age groups, educational campaigns stressing safer and better designed housing should be directed to architects, builders, building and loan associations, insurance companies and other lending agencies.

To enable older people to remain in their own homes as long as possible, community services, including home medical care, visiting nurse services, home-maker services, friendly visiting services, etc., must be greatly expanded—preferably by communities themselves, with leadership at the State and Federal levels.

Rental housing suited to the elderly should be expanded in Florida by non-profit groups on direct 50-year loans from HHFA to meet the housing needs of income groups from 1½ to 2½ steps above public housing.

I assume others have been asked by your committee to testify with respect to the unmet needs in Florida of acceptable nursing homes beds; and that other have been invited to testify about Florida's need for expanded social services.

Thank you, Mr. Chairman, for this opportunity to testify in behalf of the voiceless.

Senator SMATHERS. We have with us Mr. Dana T. Leitch. Mr. Leitch is chief of programs and methods, Florida Industrial Commission, in Tallahassee.

Mr. Leitch, we are delighted to have you.

**STATEMENT OF DANA T. LEITCH, CHIEF, PROGRAMS AND METHODS,
FLORIDA INDUSTRIAL COMMISSION, TALLAHASSEE, FLA.**

Mr. LEITCH. Thank you, Senator Smathers. I am with, as has been mentioned, the Florida State Employment Service.

This is a statewide organization affiliated with the U.S. Employment Service. We have 39 offices in Florida.

Mr. Ben Birdsong down here in the first row is the manager of our Sarasota office.

Now, in the employment service, we have been concerned with the problems of older workers for some time, and the Florida State Employment Service participated in 1956 in what was called a seven-city study of older workers.

We made many findings at that time. I think the most significant one was this: That when we took every other older worker and sent them to an individual counselor who dealt with them in a very individual way and helped them decide on what they wanted to do, and helped them locate job opportunities, using the telephone if necessary, and radio and other media, they were able to place 2½ times as many of those older workers in jobs as the other group of the alternate workers that just went through the routine.

Unfortunately, we can't always provide this kind of individualized service.

However, when I say older worker in that study, I am talking about workers 45 and over, and this committee is primarily concerned with 65 and over.

The 65-and-over worker who really wants to work, comes in for a job, needs a job or wants a job, either one, is a pretty small minority of the people that come into our offices. Actually only about 2 percent of our job applicants are over 65.

Some of our people who work closely with these applicants estimate that about a quarter of those really are hardship cases; that is, they really need work for the money.

Others can use the money, of course, but are interested either in supplementing their income or in staying busy, useful, and worthwhile. We believe this is a worthwhile aim too, and we would like to help those people who want to work even though they don't have to find work for financial reasons, but in order to make their lives more meaningful to themselves and others.

I think there is another solution to this problem but I will come to that later.

Here in Sarasota you may be interested to know that during the 10 months of this year so far only 89 persons 65 and over have applied for work through our local office, and the office has been able to place 33 of those, which of course is something less than half of them.

So there does not appear to be a very large number of people 65 and over anxious to work, and yet I think the problems of those who are anxious to work are very important.

Employment of many people 65 and over is complicated by their desire not to exceed \$100-a-month earnings and thereby lose any of their social security payments. The number of employers willing to accept this situation is not very great. In other words, there are not too many part-time jobs. There are in Florida quite a few seasonal jobs that provide better outlets than part-time jobs.

I think the real need of workers over 65 is generally part-time jobs.

Employers are not accustomed to this. We would need a great many activities in the public relations field to encourage employers to use more part-time workers in the older age brackets.

I think this is what the older worker wants in most cases and what is more suitable for him. The older worker, too, has many skills and much experience which the employer can profit from.

Now how do you go about getting employers to utilize the older worker more and provide these part-time and temporary and seasonal jobs for the older worker?

I feel that this requires some type of organization.

Now this could be a community organization. In Clearwater, for instance, under the leadership of Mr. Ormond Loomis, they have set up a Senior Citizens Services, Inc., a very worthwhile organization, which is trying to meet many of the needs of the older people, including part-time employment and many others.

I think it is very worthwhile and I hope that it will be possible for you people to hear Mr. Loomis describe this as he did recently in West Palm Beach.

Folks in West Palm Beach have formed a local counsel on aging and they are planning to set up similar services for people there. I understand that there is a group here in Sarasota interested in this.

This provides one good method of providing services, including development of job opportunities for older people, along with other activities for older people.

This could also be done theoretically by the Florida State Employment Service, and we have taken, in some places, some steps in this direction.

Unfortunately, it is extremely time-consuming work, and our staffing and budgetary process usually does not permit us to do a great deal of this.

So I would encourage community organizations, voluntary organizations. After having set up such an organization, and after having provided the publicity and encouraging employers, they would then by telephone and mail and otherwise solicit actual job openings on a part-time basis for older workers and select and refer these older workers to the jobs for which they were best suited.

I don't think that is quite enough, because many older people are not suited for the particular type of job that is available, and this calls for retraining.

Now, some very good things have been done in retraining. For example, in Miami at the vocational school they have a retraining course for older women who have been clerical workers but have been out of this work for years. They brush them up on their typing skills and filing and shorthand and get them back to work.

They also have set up courses there for older men as desk clerks in hotels. They have courses for waitresses. In St. Petersburg they have or have had courses for salad makers for women and for counter workers in cafeterias and that sort of thing.

This is the type of employment which is most prominent in Florida in which there are many job opportunities and not too many qualified workers.

I think there is a great possibility for improvement in retaining people for the type of job that actually exists here and that the employers are asking for.

I think there might be a possibility even beyond that for some type of workshop employment for older people, similar to what Goodwill Industries provide for the handicapped, where people have a particular setup provided for them, special working conditions, where people who may not be able to work competently with younger people in the general labor force can perform useful work and earn useful money.

Many of these activities might be done by voluntary workers, and I think that would provide an outlet for many of the older people who want to do something useful, something worthwhile, make a contribution. Many times these people are seeking employment as a way to do this, when they are adequately financed, and could do volunteer work and be most worthwhile as a voluntary worker in activities for older people.

I do think there would have to be a professional staff to get the thing going, to get the volunteers and direct their work.

I think there would be much less demand for work among older people if they had better pensions, and if they had other financial arrangements and more worthwhile community activities to do.

And I would like to say a few words about private pensions.

Dr. Howard pointed out that most of them are with large organizations.

In Florida we don't have too many large employers, with the result that as I understand it only 4.6 percent of employers in Florida have any private pension plan.

I think a great deal could be done by the Congress or the State legislature in encouraging small firms to provide pension plans which would be supplementary to social security.

This could be done by encouraging financial institutions to handle these plans.

I don't think a firm having 10 employees can have its own pension plan. It would be unsound. It wouldn't be stable. But they could join a financial group which would provide pension plans for a large number of firms.

I think this would be a very worthwhile activity, and I am not going to say it should be done by tax incentives, after what I have heard, but there might be other ways of providing corporations which could finance pension plans for small employers and make these small employers more competitive with big employers. People like to work for the big employer where they get pensions and other fringe benefits, and this would enable a small employer to offer this same benefit.

I also think that these pensions should be portable. That is, when a person leaves one employer and goes to another he should be able to take his pension rights with him and not lose them.

They say of the 20 million people now covered by private pension plans not more than half will ever get a private pension. That is because they will leave this employer and go to another employer or perhaps this employer will go out of business or this employer will change his product and won't need this worker any more; he will need a different type of worker. So these pension plans as they now exist are partly mirages and not a real benefit to half the people in them.

I think this means that if private pensions are ever to be a real answer they have to be either portable or vested or both. If you work for a given company 5 years and leave, at least you will get a small part of a pension from that company.

When these things are accomplished I don't believe the demand for employment over 65 will be as great.

Another factor that I think will help a great deal, and although a lot of people will laugh and in fact I laughed the first time I heard it, somebody said that preparation for retirement should start at the first grade, and I thought this was a very funny idea, and it is when you approach it just that way. But in school if we learned how to make investments, learned the facts about investments, if we learned worthwhile leisure activities, and if we learned community participation and being civic-minded citizens, participating in volunteer organizations, if we learned the problems of old age and health and housing problems and so on, then I think many more of us would come to retirement age fully prepared to meet the problems, and we would not have nearly as many older people with severe personal problems.

To summarize what the Government might do.

Well, I would like to make another negative recommendation.

Some people have said or suggested that the Government might provide tax incentives to firms to hire older people. I don't believe this would be good policy. But I don't want to take the time to elaborate on it.

I believe that the Government could be more helpful by providing older people with the services they need; retraining services for those that need help; counseling services for those that need it; health services to make them healthy and employable or at least have self-care. Then those older people who need to work and want to work would be really competitive and employers would hire them.

I believe that is the best approach from a Government angle.

Thank you.

Senator SMATHERS. Thank you very much, sir, for your testimony. It's been very helpful and useful.

I would say, ladies and gentlemen, when we reconvene this afternoon, we are going to ask you people if you would be willing to hold up your hands and give us some indication with respect to this question that he has been talking about as to how many of you believe that we should liberalize the present law and allow social security beneficiaries to receive their social security and still engage in part-time employment.

We do it now up to a scale of where you can earn from \$1,200 up to \$1,700 on a sliding scale.

Whether or not that should go up higher is a question we seek an answer to.

We would like to see how many of you think that ought to be done. Secondly, we would like to see and we will ask you this afternoon how many of you believe that the social security program itself should be broadened to include coverage for medical care.

That is a matter of great concern to us.

We are going to ask you another group of questions in the area of how much it takes to live, not just here in Sarasota, but where you might come from in the surrounding counties.

With that we are going to stand in recess until 2 o'clock.

We hope you will all be back.

Thank you very much.

(Thereupon, at 12:20 p.m., the subcommittee adjourned until 2 p.m.)

AFTERNOON SESSION

Senator SMATHERS. We have one more regularly scheduled witness.

We are going to ask all witnesses if they would mind giving their statement to the reporter. He will make it a part of the record.

We would ask them if they will summarize their remarks so we may move along very rapidly in order to hear from the large group of elderly citizens who are here, because we feel we can learn a great deal from them.

Our next witness is Prof. Dan Alleger, of the Department of Agricultural Economics, University of Florida, and he has made several studies of the economic circumstances of elderly citizens living in the farm areas.

All right, Professor Alleger, you may proceed.

STATEMENT OF PROF. DAN ALLEGER, DEPARTMENT OF AGRICULTURAL ECONOMICS, UNIVERSITY OF FLORIDA

Dr. ALLEGER. My remarks are very briefly summarized here.

My comments today deal with some retirement considerations of Florida's rural old people.

About 10 years ago the Florida Agricultural Experiment Station of the University of Florida initiated a research into what we call retirement farming.

This concerned the farming activities of retirees who wanted to supplement their incomes and who wanted some means for personal relaxation and self-regulated physical activity.

We found from our survey that the majority of the retirees had but one source of retirement income.

Approximately 44 percent received monthly retirement incomes from the State, largely in the form of old-age assistance, and slightly over 35 percent secured income from Federal sources.

Thus about 79 percent received retirement income from both Federal and State sources.

Two-fifths received more than one type of retirement income in addition to any farm income they realized. About 66 percent of the retired families received less than \$1,000 annual retirement income, and about 7 percent in excess of \$2,000. The remainder were in the inbetween bracket.

The degree of adequacy of the annual retirement income received by retirees was one of the most important factors influencing the amount of farming they attempted.

If a rural retiree had no retirement income or only a relatively small income he had to depend upon his farm for a total or major secondary income, and he demonstrated he was capable of producing it.

The reverse was true for an individual with a reasonably adequate income, to the extent that his retirement income was more than his need, that he could treat his farm enterprises as hobbies, and so he did.

It is significant that the retirement income situation we find in rural areas of north Florida, an area which extends all the way across the border from south of the Atlantic coast, and south of Georgia and Alabama to Florida's western extremity, is quite different from that of central and south Florida.

It should not be forgotten that many of the counties which are now classified as low-income farm counties cradled the expansion of Florida.

All the people who lived there ever sought from life was a small farm "free and clear" and a reasonably adequate living.

Today a large proportion of those people who remain on the farms are 55 years of age or older, and most of their sons and daughters have quit their home areas in their search for employment.

In view of the nature of this rapid and selective population change now taking place, many of the communities in these areas may become rural welfare slums unless positive and farsighted action is taken to prevent it.

Research in 1961 indicated that rural income, that is all family income in the low-income areas, remained quite inadequate in many instances.

Of the families interviewed the average family cash income was about \$30 per week, and many families received far less than the average.

Family heads estimated that \$38 per week should be ample for a family of four persons, yet many of these very same families were without household facilities or conveniences commonly thought of as essential. That additional funds were needed for clothing, medical expenses, and home repairs or improvements was frequently mentioned.

While recipients of old-age assistance appeared grateful for monthly payments received, and which in some instances exceeded previously earned average monthly income, they were often depressed as indicated from scale-test interviews.

A bleak outlook on life in rural areas may stem from loneliness, isolation, and the out-migration of children as well as from inadequate income.

Reluctance to move may be rooted in sentimental attachments to a farm or community, but more importantly Florida's liberal homestead exemption provisions and eligibility requirements for old-age assistance also appear to bind old people to the soil.

Many thousands of acres of farmland are thrown into disuse as a result.

When such acreages are contiguous, whole areas may become dependent upon public welfare for survival.

Such a situation would not contribute to economic growth. In fact it may retard it.

I do not know what the comparative cost is as between payments of \$100 is social security and \$100 in old-age assistance funds.

However, I should like to believe that the total social costs would be far less if all farmers became legally eligible for reasonable social security benefits upon reaching 65.

This would enable small farmowners to augment low cash incomes insofar as land needed by retirees is concerned.

Our retirement research shows that a tract of land ranging from a half acre to 2 acres in size is usually sufficient to meet the ordinary requirements for a home, gardening, a poultry flock, and physical exercise of a retiree.

Many rural retirees believe urban suburbs or small villages offer more desirable retirement possibilities than rural farms. Companion ship and public transportation are nearly always available in urban environments. And because ability to farm declines with increases in age, a retiree may find greater contentment off the farm than on it.

Thank you.

Senator SMATHERS. Thank you very much, Dr. Alleger. Are there any questions?

Thank you very much, sir. We certainly appreciate your statement.

Our next witness is Mr. Sydney Adler, of Trailer Estates, Sarasota, Fla.

Mr. Adler.

**STATEMENT OF SYDNEY ADLER, PRESIDENT, MOBILIFE CORP.,
TRAILER ESTATES, SARASOTA, FLA.**

Mr. ADLER. Senator, members of the committee, our experience comes about from 7 years in operating retirement communities now in Florida, Arizona, and California.

We find that many people are being legislated into retirement with fixed incomes.

We find that they find difficulty in adjusting to rising costs as has been previously stated, but we also find that a great deal of their problems comes about because of mental apprehension as to the future; particularly in the field of medical care.

Particularly in the field of medical catastrophe rather than day-to-day need.

Our economic group that our retirement developments serve are not the group that fall in the lower range of the latter, but nevertheless this group is faced with the same mental problems, mental readjustment, as other groups.

We also find where the Federal Government is making great strides in helping and assisting in the field of retirement that this has not come down to the State and local level.

We find that building codes, subdivision codes, and many ordinances that we have today are still stereotyped and do not provide adequate facilities to serve this growing segment of our population.

I think the FHA program 233, which permits experimental housing, is a step in the right direction to provide particular housing for this particular group of people.

I think, also, the communities on local levels have to be made to realize that the responsibility of the retired and aging in their com-

munity must, because of the changing age structure in the country, be on the same level as schoolchildren.

There is as much responsibility as seeing we have adequate schools to see we have adequate facilities for retired and aging.

However, on the local level we find this attitude has not developed, that the economies of taxes and operation of the government on our local level has become more important than the self-respect and standing of the retirees within the community.

It is our feeling from our experience that if the program that the current administration, particularly in medical care and experimental housing and in increasing social security benefits, were increased and continued to be provided, even though certain economic groups may not avail themselves of it, since they might be at the economic level where they need the mere mental security of knowing it is there, to be gotten when needed, in itself will be an important factor to further the enjoyment of old age and retirement.

I will submit my written statement.

Senator SMATHERS. Thank you, sir. Your statement will be made a part of the record.

(Mr. Adler's prepared statement follows:)

PREPARED STATEMENT OF SYDNEY ADLER, PRESIDENT OF MOBILIFE CORP.

Senator Smathers has mentioned earlier, maintaining a decent standard of living on a retirement income cannot always be measured in dollars and cents. Money alone will not solve all problems of the retired.

Aspects of living, such as belonging to something, independence, pride of ownership, pride of accomplishment, health happiness, purposeful activity, and, above all, friendship, cannot be based on a dollars-and-cents figure. These intangibles could not be purchased throughout the working life of today's retiree any more than they can be purchased after he has retired.

Let us face another fact. Not all retirees today need the assistance of welfare agencies for their main support, but are self-sufficient to a large degree.

So much testimony is heard today concerning the needy aged—and with good cause. However, this is not the complete picture of today's retiree. With a retirement lifespan of some 35 years, it is impossible to group all retirees in one category. It would almost be safe to say that there is as great a change in the individual taking place in the last 35 years of life as there is in the first 35—only in the opposite direction—and this again depending on the individual.

People today are being legislated into retirement at a much earlier age than ever before—people who are not old, not senile, not indigent, and still capable of self-support to a high degree. What are these people doing? How are they faring in their enforced early retirement? Do they need help? Are they received help? By whom?

These are the people with whom we work at Mobilife's four retirement communities in Florida and Arizona, and these are the questions we will attempt to answer in order to aid this committee in the outstanding work it is doing for our Nation's retirees.

By examining the progress and accomplishments of one public corporation dealing with retirement living arrangements, we hope to provide an insight into the "vacation" life of this type of retiree.

Let us first state that there is no such thing as an ideal retirement community. This is as it should be. A single type of retirement village for everyone would be as impractical as approaching the entire retired individual's housing problem by providing a nursing-home type of residence.

We realize that there are as many possible solutions to the problems of retirement as there are people. Our solution is but one of many. However, with almost 7 years of community experience with retirees, it has been proven that our particular type of retirement community is solving a definite need for this type of retiree, is practical, and is fast becoming accepted by the retirees themselves.

THE BEGINNINGS

Just over 6 years ago Mobilife Corp. pioneered the first complete community-type mobile home subdivision development called Trailer Estates at Bradenton, Fla. It was at this time that the mobile home industry was just starting to change its name from trailers to mobile homes. It was just before the 10-foot-wide mobile home became an important factor in the industry and the trend toward the immobility of the mobile home was becoming more and more apparent.

Trailer Estates was created in the belief that a large number of mobile-home owners in the United States would rather own their own mobile-home site than rent one. This belief has proven to be right, because, at present, Trailer Estates is a complete development with approximately 1,500 mobile-home spaces being occupied by over 1,000 mobile homes. It has its own sewer and water systems, central TV antenna system, an auditorium that will house 1,700 people, 32 shuffleboard courts, a 250-boat marina, bathing beach, picnic grounds, laundry, post office, newspaper, street lights, and paved streets—probably more improvements than provided in most cities, and with each resident owning his own site.

Due to the demand for more "trailer estates," Mobilife has, in the past year, opened a 1,200-lot subdivision in Sarasota, a 2,100-lot subdivision in Tucson, Ariz., and has purchased a 700-lot community in Ellenton, Fla., bringing the total of mobile-home lots to over 5,000.

THE TRAILER ESTATES RETIREE

Using mobile homes as dwelling units naturally places a limit on the number of retirees who are attracted to this type of community. Not only do the prospective residents have to agree that the mobile home is a suitable retirement living unit for their needs, but they must also be in a position to adopt this way of life—financially, physically, and emotionally.

Thus, we are not dealing with retirees who are financially deficient, senile, or indigent. To the contrary, the majority of the residents are in the prime of their maturity, financially independent, and capable of providing for themselves. They are fresh from their life's work and are ready and eager to enjoy their vacation years to the fullest.

It has also been discovered, during a 6-year span of working with retirees, that the basic problem people face when they retire is not a physical one. It is mental. It is one of learning to accept a new role in society—that of a non-worker. This is not always an easy adjustment to make, regardless of physical capacity or monetary worth.

Another important aspect is the fact that the residents are, possibly for the first time, on their own. They have given up familiar places, old friends, the old homestead, and above all, the pattern of life they had established during many productive years. They are actually pioneers of a new way of life—on the threshold of a new frontier—aging.

Also, due to the proximity of the dwelling units, residents of a mobile home subdivision must be gregarious—they must like to like and play with other people. This is the background that brings out the friendly, community atmosphere in mobile home parks and subdivisions.

And lastly, this is not a captive audience. These residents were not here originally—they chose to come here and are perfectly capable of choosing to go somewhere else. This is their right and privilege.

The average age of the residents is 67, for both men and women, with 59 percent of the total number in the age bracket from 60 to 69. The bulk of residents come principally from urban and suburban areas with heavy populations and 65 percent of them live in Trailer Estates the entire year.

Economically speaking, the monthly income of Trailer Estates residents is approximately \$300. Of the total population only 15 percent of the retirees are engaged in part-time work in order to supplement their incomes. This part-time work ranges from custodial services to consultant services, and is not always indulged in for economic reasons, but also for activity.

THE LIVING UNIT

In the development of retirement communities, mobile homes were selected as the best suited dwelling units for many reasons.

Mobile home living is especially appealing to the retired person because it is relatively small, easy to care for, and unusually economical. The low initial cost and the low cost of upkeep are also important factors for the average retiree.

Mobile homes have been designed to give residents all the comforts of home at a comfortable price—even for the limited budget of the retiree.

The typical mobile home in Trailer Estates is 10 feet wide and averages 47 feet in length—although a few residents have units that are 20 feet wide and 60 feet long. Most of the mobile homes have a living room, a kitchen-dinette, one or two bathrooms, and one to three bedrooms. All are fully equipped with sanitary facilities, storage cabinets, refrigerators—and even draperies, bedspreads, and lamps. Some also have year-round air conditioning, automatic dishwashers, garbage disposal units, and laundry facilities. Sturdy construction and effective insulation are standard.

The cost of a furnished unit averages \$5,000, though some models sell for as little as \$3,000. Luxury mobile homes cost from \$8,000 to \$10,000, a low price considering all it includes.

A fact sheet issued by the Mobile Home Manufacturers Association in March of 1961 lists the following figures as representatives of the mobile home industry:

1960 production of mobile homes and travel trailers

70 percent, mobile homes (permanent, semipermanent housing)-----	99,310
30 percent, travel trailers (vacation, weekend use)-----	41,780
Total production-----	141,090

Total 1960 retail sales of mobile homes and travel trailers

Mobile homes, current average price, \$5,000-----	\$496,600
Travel trailers, current average price, \$1,800-----	75,100
Total-----	571,700

Mobile homes and travel trailers in use today

It is estimated that there are 1,400,000 mobile homes and travel trailers in use at the present time.

Mobile-home owners

More than 3,500,000 people live in mobile homes, as of March 15, 1961. Approximately 1,200,000 mobile homes are in use today.

Residents:	Percent
Skilled workers-----	37
Military personnel-----	20
Professional people-----	18
Retired people-----	10
Students-----	3
Others—such as businessmen, laborers, semiskilled-----	12

Mobile homes are selected for economy, comfort, and convenience. The majority of 10-foot-wide mobile homes are towed by commercial companies. The average income of mobile home family is between \$5,200 and \$5,300; 93 percent of mobile-home owners say mobile home is satisfactory for their families. The average mobile-home owner stays 27 months and longer in one location.

Mobile home data

All of today's mobile homes come fully equipped with sanitary facilities; living room, dinette, bedroom furniture; kitchen ranges; work tables; storage cabinets; refrigerators; draperies; lamps. Some also have year-round air conditioning; automatic dishwashers; automatic garbage disposals.

A mobile home has a spacious living room; kitchen-dinette; one or two bathrooms; one, two, or three bedrooms.

Ten-wides account for 95 percent of the mobile homes produced.

Most mobile homes sell from \$3,000 to \$10,000.

From 70 to 80 percent of new mobile homes sold are financed.

THE LAND AND LIVING COSTS

In this type of mobile home community, the resident buys and owns his lot on which he places his mobile home. Current prices for lots start at \$1,195 and 65 percent are bought for cash. We have found that the majority of our residents were former homeowners and are able to pay cash for their lot and mobile home by selling their former home.

Once this initial purchase is made, their expenses are as follows :

Item :	Yearly cost ¹
Sewer and water-----	\$84
Maintenance fee-----	80
Taxes-----	25
Insurance (full coverage)-----	78
Electricity-----	66
Oil or gas-----	72
Total, excluding medical, clothing, and food purchases-----	405

¹These are approximate costs based on residents now residing at Tri-Par Estates in Sarasota, Fla.

THE COMMUNITY

In planning retirement communities, our proven theory has been to build our subdivision close-in to a city where the residents have all of the advantages of community resources and community contacts, and by limiting our residents to retirees, we are providing the opportunity for them to live and associate with people of their own age and interests. Thus we are combining the better aspects of a separate community of retirees within a total community of all ages and interests. In this way the residents have all of the advantages of both types of communities.

Within our communities the residents have the use of a 7½-acre recreation center, staffed by trained recreation personnel and supervised by a recreation director on the Mobilife Corp. staff. These recreational facilities include an auditorium, hobby rooms, community kitchen, swimming pool and dressing room, shuffleboard courts, horseshoe courts, croquet courts, and a picnic area.

The management of the communities also provides maintenance on property when the owner is away, maintenance of all company-owned property, night watchman service, messenger service, and all recreational events.

RECREATION

An important factor we have found in programing and planning our recreational activities is that, contrary to the accepted formula of most recreational directors, where the success of a recreational program is predicated upon the number of people participating, the average retiree of 60 or better is not going to be pushed into involvement. However, he is faced with a mental adjustment from being busy in his life's work and then going into retirement. It is difficult to tell the mind that you are now 65 and, therefore, are retired and you must stop thinking.

It's like the old story that, if you fish every day, you no longer fish for recreation and relaxation, but become a commercial fisherman. We, therefore, program our recreational activities on the theory that it is just as important to have a place to stay away from as it is to have a place to go.

THE FUTURE

The future life of this type of retiree and those who follow him has never looked better. For future retirees, Mobilife Corp. is presently planning additional mobile home retirement communities in California and Nevada. These newer communities, as Tucson Estates, will have their own par-three golf courses as well as the recreational facilities included in the present developments. The active retiree of today and tomorrow will have country club facilities at his disposal from one end of the country to the other.

This he has earned—the many happy years of active retirement that will make his retirement life the best part of his life.

CONCLUSIONS AND RECOMMENDATIONS

Prof. Alexander Kira, of the Cornell University Housing Research Center, said "Zoning discriminates against the aged. Our entire postwar housing boom has been child centered and so has our community planning. Subdivision regulations that provide for minimum lots, minimum house sizes and prices—that ban apartment houses and prevent remodeling large, old houses into smaller apartments—have prevented builders from building for retired people.

It just doesn't make sense to say that the minimum-size land that anyone can exist on is 7,500 square feet or that the minimum size house is 800 or 1,000 square feet. It doesn't make any sense to say that two people who are retired need the same amount of space as a family with four children. Mobilife Corp., through the use of mobile homes, is providing this important need for retirees.

The passage of the FHA title 233 bill will encourage private enterprise to experiment with new and better materials in housing for the aged, the outcome of which will eventually mean better, less expensive, and more suitable housing units—more adaptable for use by the aged.

Private enterprise should be encouraged to enter the retirement fields of housing, recreation, and community planning in as many ways as possible. In this way, tomorrow's retirees will be assured of even better and more plentiful facilities to enrich their vacation years.

Medical aid for the elderly, as it would apply to the type of retiree in a Mobilife community, would be necessary to establish the peace of mind so desirable among all elderly persons. Even to retirees who are self-supporting, medical emergencies loom large on their nearby horizon at all times and are ever present in their thinking and planning. Legislation that would provide for these unforeseen emergencies would do much to lighten the load placed on these people during such emergencies and help make their lives free from health worries.

Senator SMATHERS. Our next witness is Mr. Michael Sossin, who is the representative of Joint Council of Senior Citizens Clubs from Miami Beach.

STATEMENT OF MICHAEL SOSSIN, JOINT COUNCIL OF SENIOR CITIZENS CLUBS, MIAMI BEACH, FLA.

Mr. SOSSIN. Distinguished Senator—

Senator SMATHERS. If you are over 65 you are the youngest looking man over 65 I have seen.

Mr. SOSSIN. Thank you for the compliment. I am 49, and I am the executive director of Florida Living for the Retired, a pioneer in the development of retirement residences, and am engaged in the practice of social gerontology under practical conditions, providing living arrangements for older people with limited incomes, on a non-institutionalized basis. We recognize two specific factors that brought us all together today.

One, of course, is the change in the economic structure of our country over the past 10 years. Older people who planned their future security during the 1930's and 1940's, find that inflation has wrecked their carefully planned programs and has substituted human suffering for successful retirement. Conditions in my retirement residence gives us the true picture of the stark reality of the situation.

Persons who voluntarily allow themselves to be sent to a hospital because of some emergency condition find that unless they are financially solvent they are shuttled from hospital to hospital until in some cases death finally overtakes them in the ambulance.

Residents fall and fracture a hip or leg bone and deliberately refuse a doctor or hospitalization, fully aware that without money they have no choice but to give up.

They hope for the relief of a coma, under which they can hide their loss of dignity and feeling of futility.

Hypertensives, with legs swollen with fluids that are eating their very lives away, are forced to show a fortitude undemonstrated by those who are economically secure.

There are those who are fortunate enough to have some sort of insurance, but they find that bills at hospitals are equated to the amount of insurance they have, so those insureds who are in the low-income groups are still excluded from hospital care because they have not sufficient funds to provide the difference in hospital, doctor, and medication bills.

A true illustration, and one that is repeated thousands of times, is that of a resident who became acutely ill with a ruptured appendix, a condition that required immediate surgery.

Her bill for 30 days of hospitalization, with round-the-clock nurses, was approximately \$4,000. The maximum insurance benefit from her hospital plan was \$10 per day for 30 days, plus a \$100 allowance for surgery.

I have analyzed every hospitalization plan in this country and have not found one adequate to provide coverage for even minimum medical costs.

I honestly feel, based upon 7 years of living and working in a "living laboratory" of not less than 500 older people from every walk of life and in every financial bracket, that the only feasible method of bringing some kind of compromise to costs and ability to pay, is health care for the aged under the social security system.

This is my honest opinion, the result of 7 years of unique research and experimentation. I have listened to all theories, yet when it comes down to everyday living, the only answer I can come up with is the practical aspect of providing living arrangements including medical care.

Senator, we must have some provision, no matter what it might be, and it seems to me that the only method of controlling this situation is through governmental agencies. The social security system which has perhaps been the greatest hope on the American scene for the last century, has the opportunity of expanding its services to provide health care for the aged through its presently existing system.

I can perhaps go on to elaborate in many, many areas, Senator, and I will be very happy to have you ask me any questions you like.

Senator SMATHERS. Thank you. Do you have any questions of Mr. Sossin?

You made a fine statement. Thank you very much.

Our next witness is David R. Mosher, who is the president of the Florida Nursing Home Association from St. Petersburg.

Mr. Mosher, we are glad to have you, sir.

STATEMENT OF DAVID R. MOSHER, PRESIDENT, FLORIDA NURSING HOME ASSOCIATION, ST. PETERSBURG, FLA.

Mr. MOSHER. Thank you, Senator. With your permission, I will file with you the statement.

Senator SMATHERS. Yes, sir; we will make it a part of the record.

Mr. MOSHER. I will make some comments, ad libbing.

First of all, I represent the Florida Nursing Home Association which is dealing every day with the problems of one aspect of lack of retirement income. That is nursing home care, or medical care.

Personally I am a private owner of a private home which cares for both those who can pay their way and those on welfare. We have

both types in our association. We represent some nonprofit homes, and some of the proprietary homes, and some of the welfare homes.

I can speak from my experience, as we have much dealing with the aged sick. About many of the other areas of this problem, I have no particular knowledge.

The problem we have seen in our homes is lack of retirement income that has come about because of inflation on one hand, and the public demand for better medical care at all levels on the other.

Then even more important the mere fact that our older people are living longer exposes them to more illness of a more catastrophic nature, a more major medical nature, that runs into more money. I would suggest the possibility of four solutions, some of which have already been dealt with today.

First of all, in order to aid the people whom we deal with, we find that if we can keep them busy, even within the confines of an institution, and we can give them something to do, they are better off; and, therefore, I would agree with those who have said that we, in some way, should increase the allowable income which an older person may earn and still retain his social security. Even though this is before they come to a nursing home, this will tend to keep them independent and keep them a contributing part of society.

When they come into a nursing home or a hospital, we attempt to do the same thing although there is no longer compensation.

Second, the largest area of reducing retirement income that we see is the high cost of medical care, and we are the purveyors of one aspect of that medical care.

This, of course, has come about through the increase in wages and all the other many things that you already know about, including Government spending. This, however, I believe can be reduced through several methods.

The most important one of which, I believe, is the encouragement of private pension plans, private retirement plans, and private health insurance plans. We must in some way encourage the private companies and the Blue Cross-Blue Shield health care programs to include in their policies, written at the time of wage earnings, provisions which will extend into retirement years for health care.

Senator SMATHERS. Let me ask you a question right there. This may be a naive question. Don't Blue Cross and Blue Shield have policies which do that now?

Mr. MOSHER. They are just beginning. Now in the State of Florida, for instance, we have a Blue Cross-Blue Shield program, I understand, which has not yet been offered, which will include nursing-home care as one of its parts.

Senator SMATHERS. Well, the policies we see advertised by Blue Cross and Blue Shield now, are they limited only to the time that you are productive?

Mr. MOSHER. No, but they are limited in the type of care which they provide after you retire, and those are the things you need after you retire.

Senator SMATHERS. You mean they should be extended to include nursing homes. I don't know, but do they not now include this care? If I am 70 years old and have paid for Blue Cross and Blue Shield and still probably paying, would it not cover, theoretically speaking, my hospitalization?

Mr. MOSHER. That is correct.

Senator SMATHERS. What you are saying is they should be extended to include nursing home care and things of that character, without patient care.

Mr. MOSHER. That is correct. And especially the field of home care programs which are going to cut down these medical costs by getting the home-care type of thing into the program.

By and large private companies do not include any of these things at all, but there have been considerable strides made in the last 2 or 3 years in this direction. This, I think, is one area of, in effect, increasing retirement income by decreasing the cost, and medical care seems to be the largest single cost which hits our older people.

Now we have found, and I think this is honestly true, that most of our elderly people want to take care of themselves as long as they can. They don't want to go on charity.

But today we have a large group of people who are caught in a pinch, between increased costs and increased medical care which came about because they have lived as long as they have, if you look at it honestly. They wouldn't have this problem if they had died 20 years ago or 10 years ago.

Senator SMATHERS. Nobody would have any problems.

Mr. MOSHER. We simply have a problem which has come about because we have the best medical care in the world which allows people to live long enough to where they get catastrophic illness, and we do not have an answer or solution to this.

Now as a part of an offered solution—first of all, may I say as a person that believes entirely in private industry in the private approach to business, I have been almost reluctantly forced to the position that somehow we must take care of those people who do not plan and maybe cannot plan for themselves through some action to the social security program. But I want to qualify what I said now.

I do not mean by adding a health insurance program to the social security program that it is for those who are presently retired and have paid nothing for it. I believe this current problem in some way must be met through a charity or welfare program or some other type of thing to meet a current problem.

But I am sure you are interested in, as I am, the total overall picture over a long period of time, and I am reluctantly forced to add we should add to social security a health insurance benefit plan for those who are currently working, on a sound actuarial basis, and not anything other than that, but an actual insurance program.

I am going to point out an inequity which has arisen that I am sure the legislators did not intend. We have had the various Federal programs to allow additional nursing home construction, some of which have gone to the "nonprofit" home.

We have found, as one of the witnesses this morning said, that these funds are going to so-called nonprofit homes, that the so-called nonprofit home does not provide any place for the welfare patient. We in the proprietary industry are carrying the welfare cases in the State of Florida. Over 50 percent of our caseloads are those that come from State welfare in one way or another.

The very elaborate nonprofit homes which are being built charge rates in excess of what I charge at my own home to private people,

and at the same time we are caring—and paying taxes, which is right—for those who cannot take care of themselves.

There is something wrong in this and I will suggest, as our association has talked about it, an additional provision in these programs to require those to take funds from the Federal Government to include some percentage of welfare patients.

I don't know what formula might be worked out, but some way that a so-called nonprofit home—and I have a good example in Miami—a home whose director draws more money than anybody in the county of Pinellas makes in a nursing home. The director has a bigger salary than any of us in the private industry make and yet doesn't take one solitary welfare person, or pay real estate taxes, but is financed by the Federal Government guaranteed loan.

This home should be required in some way, if it uses Federal funds, to provide for the national problem we have, such as the older people that can't take care of themselves in a medical way.

Senator SMATHERS. Thank you very much, Mr. Mosher.

(Mr. Mosher's prepared statement follows:)

PREPARED STATEMENT OF DAVID R. MOSHER, PRESIDENT, FLORIDA NURSING HOME ASSOCIATION

As a witness for the committee's hearings on retirement income, I shall confine my remarks primarily to that aspect of retirement income which we see most frequently in the nursing homes of the State of Florida. That area is the area of the high cost of medical, surgical, hospital, and nursing home care.

The cause.—The increased costs of all forms of medical care have come about primarily through the problems of national inflation rates, on the one hand, and, second, by the public's demand for better and better medical care and all its phases which is increasingly more expensive. The second, and perhaps even more important, cause for the high cost for medical care to the retired aged is that our older people are living much longer than they did in years past or than they do in other countries of the world, because of our advanced general medical care. Because they live longer they then become subject to the type of catastrophic illnesses to which they were not formerly exposed. These major medical expenses often are more than their finances can handle, and we as a nation need to do something about this.

The solution.—This may be summarized in four areas, I believe. First, by allowing the older person to earn more money and thus increase his income. Second, by reducing the cost of medical care in all its aspects. Third, by controlling Government spending so as to minimize the effects of inflation. And, fourth, by developing a realistic program of welfare and charity to aid those who are unable to meet the medical problems that they find at the present time in their retirement. And to plan now for the future so as to eliminate this problem for most of present day workers.

To expand on these various possible solutions, let us look at them individually. First, we can eliminate part of the problem of lack of retirement income very easily by allowing industrious older workers to earn a higher amount of money in their retirement while still drawing full social security benefits up to a point and a sliding scale down from there on. A suggested figure has been \$2,400 per year.

Second, we can increase the effective retirement income by reducing the cost of medical, surgical, hospital, and nursing home treatment to the elderly person. This can be done in several ways. Perhaps the most direct way is by setting up insurance programs for today's workers so that they can fund in a true insurance way for the medical care which they will need when they are in retirement. This can be accomplished in several ways. First, by encouraging, in all ways possible, the insurance industry to write into the group health policies and pension plans of the Nation provisions which will carry into retirement years and fund these provisions during the working years, including all forms of medical care, including nursing home care. By including nursing home care in these programs a total cost of medical care can be effectively reduced because, generally, nurs-

ing home care costs from a half to a third what hospitalization care costs. This is the private enterprise system operating at its very best. Another method of reducing this care through insurance might also be done through the social security program, allowing a worker over his working life to have a portion of his social security deduction funded solely into a health insurance program for his retirement years against which he could not draw until after he had reached retirement age. This could parallel the present program, but keep it on a sound insurance basis. By this, I do not mean adding health insurance to the present program for presently retired workers who have not paid 1 cent toward health insurance, and who in fact in many cases have not even paid in a significant amount of money toward the regular retirement benefits which they are presently receiving from social security. This latter group of adults are really receiving charity from the present workers and are not benefiting from an insurance program at all.

Finally, for those presently retired people who are caught in the trap of inflation and increased medical costs, the Government at both State and Federal levels should continue its outright welfare programs and grants which are an outgrowth of our Christian civilization. These grants and various programs should meet the needs of catastrophic illness or major medical problems which overwhelm the present day retirement income. However, these programs should not be allowed, in my opinion, to grow and grow to where they take over all the worker's initiative and destroy the will, or the need, for personal planning and personal responsibility for oneself after he retires. I do not believe that the majority of our retired persons want something for nothing today, nor do they want to burden today's workers with additional taxes in the social security system, which is already running in red ink.

As to the third area of solution, that is the problem of continuing inflation and the minimizing of it, we would encourage you and your committee to fight for a balanced budget and a rein on Federal Government spending, which in large part has fostered the inflation which has eaten into the fixed incomes of many of our senior citizens and led directly to the present crisis in retirement income about which we are talking. If we as a nation cannot do this, we are going to continue to erode our retirement incomes and perhaps eventually lead ourselves into bankruptcy as Mr. Marx said we would many years ago.

A program of information about what retirement means.—Many of our senior citizens who reach retirement today do not understand either the opportunities of their retirement, nor the pitfalls which lie ahead of them. The biggest misunderstanding, without question, is that they will have medical expense, they will have extensive medical expense, and that they should be prepared for this. Many of the older adults simply do not believe that they will ever be sick, and a real educational program by the part of the Federal and State Governments and industry could lead them to realize that they will have major medical bills simply because they have reached an age where illness is often long and difficult and costly. If those who approach retirement could believe this, then they could be persuaded to make provisions for the possibility of illness. These provisions could be in any of the forms of insurance planning which are open to all of us. We, in our nursing homes, find the groups of patients which we have at the present time have simply not made any provision, even when it was open to them, for illness in their later years. Today, with Blue Cross-Blue Shield, and some of the other insurance programs opening up to senior citizens, this should not be true in the future, especially if they contain provisions for nursing home care which can greatly reduce the cost of overall medical expense, especially in the geriatric patient. A portion of this problem of retirement income will also be reduced as those who retire in future years will be more fully covered under the social security program and have higher benefits to meet the various costs of later living. This supplemented by the ever-increasing pension plans of all sized companies in the United States, and a realistic program of pensions for the self-employed coupled with personal savings and personal investments will, over the years, tend to eliminate the very problem which we are discussing today.

I do not personally believe that this problem, however, can ever be completely eliminated, nor should it be, for our Government no matter how good or great can never take over the total responsibility for the citizen. Our system was built on the individual's personal responsibility for himself, his family, and his Nation. If we as citizens ever allow our Government to begin to think that it must do everything for every man, we have indeed passed beyond concepts of our American way of life.

In conclusion may I say I will be happy to answer any questions in the area of my knowledge which you may care to ask. Again, may I thank the committee for this opportunity to appear before you.

Senator SMATHERS. Our next witness is Mr. Art Hallgren, who is the first vice president of the Florida State Federated Labor Council, AFL-CIO, from Miami.

STATEMENT OF ART HALLGREN, FIRST VICE PRESIDENT, FLORIDA STATE FEDERATED LABOR COUNCIL, AFL-CIO, MIAMI, FLA.

Mr. HALLGREN. Senator and committee members, I am not going to infringe on the citizens' time. I feel we are already over the time limit and they should have the right to speak.

However, I do want to point out that the things that have been said here today, some with great reluctance evidently, that we do have to have a program tied to the social security program in order to facilitate proper aid to the aged.

This is something we presented to you 2 years ago in Washington as part of the AFL-CIO legislative program.

It is not new to us. We still feel that it is the only approach.

We feel that people do need assistance and need immediate assistance.

The ones who contributed to the social security and the ones that didn't contribute to the social security also need this.

We stand ready to back any program that you outline. We will certainly fight and work with you toward the improvement of any program that you feel will do the job and do it now.

Thank you, Senator Smathers, for this opportunity to speak on behalf of this Florida State AFL-CIO.

Senator SMATHERS. All right, thank you very much, Mr. Hallgren, for what you had to say.

Now, let me ask you in the audience a few questions so we can get the picture here a little bit, statistically and geographically and so on.

I am curious to know whether all of you are from Sarasota County, residents of Sarasota County. Will you hold up your hands?

Most everyone.

Those of you from outside the county, adjoining counties?

There is a fine representation from all around.

I would like to know how many of you are native Floridians, if any. They are very difficult to find.

How many of you have lived in Florida longer than 10 years, will you hold up your hands?

Well, that is about, I would say for the record, about 10 percent.

How many of you lived here 5 years, approximately 5 years?

That seems to be just about half of the crowd.

How many of you have lived here 3 years or less?

That is about 15 percent.

Now, those of you who have just been here recently, how many of you spent your productive years, your working years in other States and came here to retire?

That is, I would say, a good 85 percent of the group.

Now, how many of you at this point without debating or argument, feel that the problem of medical care is the biggest problem which you are faced with as retirees?

That is what, about 95 percent of the group I would say. Maybe 90 percent of the group.

Now, how many of you believe that the way to meet this particular problem is through an extension of the social security program so that it would cover medical care? I would like to see the hands of those of you that think that.

Well, that is very good, about 90 percent.

Would you mind, I am sure you would not care, this is a free society and people can disagree with you and with respect, everyone has a right to disagree. How many of you think we should not extend the social security approach for medical care and attention, how many of you are opposed to it?

Well, that is, I would say, 4 or 5 percent.

Thank you, we wanted to get this on the record.

How many of you here are already receiving social security?

All right, that's about 90 percent, would you say.

How many of you are receiving no social security?

Well, it is a little more than 10 percent. You will have to adjust those figures.

Now, how many of you are on civil service retirement programs?

That is a goodly number; 4 percent.

How many of you are on railroad retirement?

That is a good 9 or 10 percent.

How many of you are receiving social security and in addition to that some other retirement program?

That is about 40 percent.

All right, how many of you are employed, have part-time employment, in addition to your social security benefits?

Nine people. That is not very many.

How many of you are interested or would be interested in the extension of the present law to authorize people to draw full social security and still work part time and receive outside income above the figure of \$1,500? Are there any of you that would be interested in that?

That is a good 75 percent.

How many are of the opinion that there should be no limitation on working, even though you are drawing social security?

This is where the labor groups sometimes disagree. Some feel that the theory of the social security was to get people to stop working and make more jobs available for the incoming labor force.

All right, now how many of you believe that if you extended the social security program to cover medical care that it would endanger the free enterprise system? All right, now hold up your hands just so we can say this is a free land and everybody is entitled to express himself.

I would say that is probably 3 percent; we will make it 3 percent.

And then I presume the balance of you—I will put the question in reverse. How many of you feel that it would not endanger the present enterprise system to extend social security to medical attention?

That is about 97 percent.

How many of you are 75 years old and older?

That is a surprisingly large number. I would say what, 20 percent? No; 15 percent.

All right, with that we are going into the town meeting part of the program where we hear from the various people whom we have never met before today who want to make some brief comment on the matters under discussion.

TOWN MEETING

Mr. Joseph Weil is in charge of that part of it. Mr. Weil, would you take over?

Mr. WEIL. This is Mrs. Elwood Teach, Senator, and she is going to make a few comments with regard to the medical bill.

Senator SMATHERS. All right, Mrs. Teach, we are delighted to have you.

STATEMENT OF MRS. ELWOOD TEACH

Mrs. TEACH. Mr. Senator, I am grateful to be here today because I believe definitely in this medical bill for the aged.

My husband passed away 3 weeks ago in a county hospital after we had spent all of our life savings of over \$5,000 under deplorable conditions.

Let's get together and let's put this bill over and get started on it.

I wouldn't want a dog that I didn't like to be put in a county hospital of the nature my husband was in.

I am younger than most of your people here, but I am under a doctor's care because of the anxiety that I have been through.

God has sent me here today—I believe that definitely—and if I can be the means of helping just one of you I want to do that.

I have had to face deplorable conditions.

I have been sent everywhere just to get my husband a drink of water, and I have proof, and the reason for this, one reason is because of a political situation in Tampa of the new administrator. He is not a doctor; he is an efficiency expert, and I have every data that has been printed.

I do not have any resources left me.

I am a young widow and do not have children. My children will help me and my neighbors are all retired people and they are the ones that are providing my food today.

And I mean to pay back all of this.

I am not asking for charity. That is what I want to get away from.

So get with it and I hope this has been of some value for you. I thank you.

Senator SMATHERS. Thank you very much, Mrs. Teach.

Mr. WEIL. Senator, the next witness is Irving Abrams from Sarasota, to speak on employment of senior citizens.

STATEMENT OF IRVING ABRAMS, SARASOTA, FLA.

Mr. ABRAMS. Senator Smathers and members of the committee and ladies and gentlemen, I retired in 1959 which makes me a youngster still in diapers, for years don't have too much to do about it.

I just returned from a little investigation or survey in degrees and would like to make a few observations that is more or less of a plan that I have been sort of harboring for some time.

I prepared for my retirement a few years before I actually retired and tried to develop some hobbies, like ceramics and civic work.

I found in total retirement hobbies are not quite sufficient to make me feel very useful. You get tired of them, golf and swimming and all that sort of thing.

So I followed the Workers Organization, interested in the problem of retirement for persons and also economic need.

I realize it is a very complex and involved problem that we have heard during the day, with no easy solution because of the many different situations involved.

It is very difficult, if not impossible, to get any kind of gainful employment in Florida.

Employers, generally, are not interested in hiring older people because of the short time of their usefulness and the unemployment insurance problem and so forth.

I have given considerable thought to the idea of what can Government do for us to help and what can we do for the Government.

There is an awful lot of talent among retired people that could and should be tapped.

That is really going to waste at this time, and it would give the people a great feeling of pride and usefulness if they felt that they were doing something in the proper direction.

I realize my plan will meet with many obstacles.

It will take a lot of doing by our legislators and labor leaders and the like, but they are accustomed to solving tough nuts and all that sort of thing.

I am not a statistician but I think it can be assumed that a very good percentage of the retired people would be able and willing to participate, including the handicapped.

The plan is that when a person reaches the age of 65 they would be eligible to volunteer their service in their respective fields.

In my case I can work in any of the food plants, the holdings of the Government plants, as an inspector or other capacity with the Inspection Service of the USA. There is always a great need for more inspectors.

I daresay every department of the Government is understaffed and these retired people could give the Government many years of experience, even professional and so forth.

They need not interfere with civil service, but it can be controlled through legislation.

For this the Government would pay a reasonable salary with advancement and increased pay if married.

It would be known as the U.S. Senior Reserve Organization.

It would have a great psychological effect by giving a great feeling of pride in the knowledge they are giving a service for their country and take away the stigma of begging for a job. Thank you.

Senator SMATHERS. Thank you very much for that statement, sir.

Mr. WEIL. Senator, the next speaker is Mrs. F. L. Babcock.

Senator SMATHERS. Mrs. Babcock.

STATEMENT OF MRS. F. L. BABCOCK

Mrs. BABCOCK. Senator Smathers and gentlemen, I believe that the single women and widows who have worked and paid into social

security are entitled to the increase the same as the wives and widows of men who are retired and who have never paid social security.

And I feel that we are really entitled to as much as others.

Senator SMATHERS. I think you are right. I agree with you.

Thank you very much.

Mr. WEIL. Senator, we have Mrs. Charles Mattocks from Sarasota.

Senator SMATHERS. Mrs. Mattocks, I might say that we congratulate you on your 37th wedding anniversary.

STATEMENT OF MRS. CHARLES MATTOCKS, SARASOTA, FLA.

Mrs. MATTOCKS. Thank you, gentlemen.

You know if I didn't really feel this was really important I wouldn't be here at this time like this.

Thirty-seven years ago I married my husband who at that time was a buck sergeant in Virginia. He is now a retired Army captain.

I have come to say a few words on behalf of the retired military, not the officers, not just the Army but all retired military.

I think they are a wonderful group of Americans and I think in some part they are a little forgotten group.

Now the public at large, particularly I would say here in Sarasota, have a mistaken conception that all retired officers are just loaded, that they are so wealthy, that they are all colonels.

There are some of them that were, you know, just Indians and not all chiefs, and some of them, like myself, that have some grown children and still have a 14-year-old to put through school.

We do not receive fabulous salaries. We pay income tax on what we do get.

My husband retired after 31 years, 10 months and 23 days of service, in 1950. At that time he was almost 50 years old.

I have been born and raised on an Army base my entire life except I have been retired and my life has been spent cleaning somebody's barracks and fixing them up.

When I was a child I was very healthy and I didn't need any medical attention other than an occasional vaccine or inoculation and maybe an occasional aspirin.

Now I am getting older and things are beginning to wear out. In my eyes, I have glaucoma, which is under control. My teeth need medical attention. We don't get that, we have to pay for that.

When we came to Sarasota it was necessary for my husband to try to obtain employment because we could not exist on our retired pay which is not as much as it is when we are in the service, as it is a certain percentage, and we still have this child, and at the time, in fact, we had two children and one since then is married.

Well, anyway, to make a long story more boring, probably, but I hope not, my husband tried all over to get employment and he was successful in getting occasional part-time jobs, but no one wants a man who has 31 years in the Army.

They either feel he is too smart or too good to work for a salary.

Finally he got a job at the post office. He worked harder, although he is now 61 years of age, than he did in his life. He is not complaining but it is very hard. He had to struggle quite a while until he got that job, and it seems to me industry or someone could certainly use the capabilities of my husband.

I am not 65, I am that limbo that is over 40 and not 65. In fact, not 60 even.

I might go further and put it down to the fearful fifties.

Senator SMATHERS. Don't make any confessions here.

Mrs. MATTOCKS. I am not going to let that go in the Congressional Record, believe me.

However, certain times in my life since I have been in Sarasota, since he couldn't get a job I thought perhaps I could, and once I applied for a position and I was told that he couldn't get a job because he was over 50 years old so I used the woman's prerogative and quickly sliced 15 years from my age and I was told I could have the job.

There are inequities in the retired pay. Some men that retired before 1958 did not receive the same amount of pay.

I personally know of one colonel who retired around 1939 when a loaf of bread was a nickel and is now 22 cents. He does not get any more pay now than then.

I have a couple of more brief comments.

I think in Florida you should be encouraged and not just by giving lip movement to this idea of hiring people who are a little bit over 35. I think they should actually buckle down and do that.

I have a few words of comment to retirees. I think they should get a hobby and help themselves in the affairs of the community and they will be happier and help them pass some of these times that are sort of mentally hard for them to take.

I came to Florida thinking I had reached the golden utopia, that I would spend all my life fishing and swimming.

I am allergic to the sun and I haven't time to fish, so I try to keep active in civic affairs and participate in the meetings and so forth, and I try to do my level best to be a good citizen and teach Americanism to all the people. Thank you.

Senator SMATHERS. Thank you, Mrs. Mattocks.

Mr. WEIL. On this microphone, Senator, we have Mr. P. J. Austin, who is the vice president of the National Association of Veteran Railroad Employees. I guess that should be Retired Railroad Employees. He is going to speak about the plight of the railroad retirees.

STATEMENT OF P. J. AUSTIN, VICE PRESIDENT, NATIONAL ASSOCIATION OF RETIRED AND VETERAN RAILROAD EMPLOYEES

Mr. AUSTIN. Senator Smathers and members of the committee, my name is J. P. Austin and I reside in Sarasota. I am vice president of the National Association of Retired and Veteran Railroad Employees, with a roster of 75 units throughout the United States, and in Florida we have 12 units.

We have over 800,000 railroad men, wives, and widows, and we have 3,000 each month taking their pension.

Our association believes in good government and good government should sponsor bills that should provide medical care and hospital care for the aged, out of the social security funds.

Also, adequate health service available to all of our senior citizens who are in need.

And also not the medical bill that we now have under the Kerr-Mills law, otherwise known as the paupers' law.

In Florida alone we have over 40,000 retired railroad men with an average of 35,000 to 40,000 each year taking their pension since 1956.

Now, this is the picture in statistics, and not a very bright picture for our retirees and for our employees.

Our association, which is a member of this advisory committee of the National Council of Senior Citizens for Health Care Through Social Security, instructed me that our 12 units in the State of Florida to support and participate in the hearings of these meetings, as we have many members, including wives and widows badly in need of medical care, but that are being deprived of this care because of their small pensions.

We also find that members of our association who visit Florida and who need medical care for hospital must first deposit \$110 before they can be admitted for such cases as heart attacks that need medical care at once.

Next, let us look at the Christian Homes sponsored by some of our churches for the senior citizens.

Before one can be admitted the terms are \$5,000 down, the down-payment, and then \$160 per month.

How many of the senior citizens could qualify for that Christian Home? And on our railroad income.

These are critical times for our senior citizens, living on small pensions.

This system of redtape and needless paperwork of our pensioners keeps our pensioners handcuffed to the limit.

How are we going to meet the high cost of hospitalization and medical expenses with the advance taxes on our trailers, homes, and property taxes?

These burdens are placed on your widows. Their benefits should be raised to the earnings of social security at 70 years of age and then can be lifted.

If these laws are amended these problems could be solved for our senior citizens.

I would like to cut the rest of it brief, Senator. We have a good number of our members here that are going to testify in regard to medical care.

Senator SMATHERS. Thank you very much.

Mr. WEIL. Apparently the secretary typed this up, as it said the next witness is going to talk about the maternity clause of medical insurance. I don't think he is going to talk about the maternity clause.

Senator SMATHERS. I was sitting here with great anticipation to hear this man talking about maternity clauses. I wanted to see him.

We are certainly glad to have you.

Mr. WEIL. This is William Snardy.

STATEMENT OF WILLIAM SNARDY

Mr. SNARDY. At our meetings this particular clause you are referring to often comes up for discussion by old people who come in and they want to know why at the age of 65 do I have to take a particular clause when there is no question about it, I am not going to have any more children, unless the insurance company is trying to bolster up the particular attitude of these people and make them feel there is still a chance.

But the fact is I still have to pay for it. They are paid for something that they don't get.

Now the only reason that I can give for the insurance company for this particular clause in there, they have to take care of some of the young people.

This is taking advantage of an old retired person.

That wasn't the main thing for my coming here to talk about.

I listened this morning to a certain gentleman who got up and said we have to train people when they are young to save their money and invest it properly. If we did this and everybody saved their money and invested properly, everybody would become a millionaire and nobody would have to work.

Another approach somebody else is referring to is about socialism and certain approaches to certain parts of this particular problem.

Now while you call it socialism or any other kind of ism, the fact is and the question is what are we going to do about these old people that can't support themselves, whose pensions don't give them enough to take care of them? And that is all there is to it.

The ism doesn't come into it. The training doesn't come in at all.

Now there is only two ways of attacking it; either on a local problem with the local manner or either on a nationwide basis.

Now, to attack it from the local problem and pass the hat around among the people who are here, then we are going back to the age of the poor take care of the poor and the rich get richer and all the things that come into that particular aspect.

Now, on the local problem you could see when we had the raising of the hands here that the State of Florida and that the State of Arizona and probably the States of Nevada and Colorado and California would now be burdened with the taking care of the aged from all over the United States, and it certainly would be very possible for the various States up North to give them a railroad ticket and say go down to Florida and they will take care of you.

So this is an impossible approach to the problem from this particular manner.

We could not handle it down here no matter how much money came through.

Now, therefore, the only approach is through the national approach. The fact that these people migrate to this section of Florida and various States that I mentioned come from all over the United States proves that it is the national problem.

Now, the greatest problem, of course, is the medical problem. Now, on a national basis we have an organization that is set up for that particular care and from what I can see there is only one approach, and that is either a Government agency or through the Social Security to handle this problem the way it should be handled. Otherwise, I can see no results outside of just keeping this going on, and we put ourselves like the squirrel in the cage, keep going around and around.

Now, also, we have to look at the effect this will have on our younger people, even though some of them may not realize that they are going to be old.

If we don't start some kind of a program to take care of the older people, they are going to feel when they get older they are going to be in the same boat, like John Doe who today is 60 and 65.

Now just how much this will open them up for foreign isms and foreign doctrines is questionable, but it might open them up in a little bit of a manner so they will be not so susceptible to this garbage that they are sending over from the other side. I think that's about all.

Mr. WELL. Senator, the gentleman over on the other microphone is Mr. W. O. Williams of Sarasota, who is going to speak on insurance.

STATEMENT OF W. O. WILLIAMS, SARASOTA, FLA.

Mr. Williams told me he doesn't need a microphone, that his voice can still carry, but he should use it since he is going to be looking at you and we want the audience to hear.

Mr. WILLIAMS. Senator Smathers, I wonder how many people here take the NARCE insurance, how many NARCE people do we have here?

Oh, I need the mike? All right. They always told me I ought to make a preacher because I can talk loud enough.

Well, this insurance problem isn't just what we thought it was going to be because I sent my insurance into the NARCE and this was what they sent me. Present members of the association are permitted to enroll in the NARCE insurance plan during open enrollment periods held about once a year. This time is not specified.

But it is announced through the Retirement Life magazine and by direct mail each year prior to the open enrollment.

What I wanted to bring up, Senator, was this, we thought we were getting insurance that we could take out at any time. I suppose that was true, although they did specify that we should send our applications in at a certain time.

I was carrying insurance and I was trying to find out if the companies that I was carrying insurance in were eligible to receive the Government benefits or contributions to the premium, and in the meantime the time expired and I sent my application in anyway and this is what I got back.

Now, I wanted to ask you and Jim Hailey, if he is around here anywhere, if you had in mind when you supported that legislation for this insurance to give us some help, that it would not be available to us only once a year or about that time or did you have in mind that it would be insurance that we could apply for any time, that we needed?

Now that is the point I wanted to make. We have insurance but we have got to be on a certain date at a certain time if we are to get it.

I was in hopes that if we got insurance that it would be available to us any time we wanted to take it out. Thank you, Senator.

Senator SMATHERS. Thank you, sir. I will say to you very briefly that of course the intention was that there would be an insurance program that retired civil service workers would be able to avail themselves of.

As to the details, when it was going to be written, where it was going to be written, how it was going to be written, we have to leave that administratively to others.

It is the intention of Congress that you people be permitted to get the insurance when you are ready to get it. That is what Congress intended, and we would hope that the Administrator would work that way.

If you want, we will get a letter off to them and tell them they are to keep some office open the year around.

Mr. WEIL. On my right, Senator, is a lady I am sure you know. I have known her here in Sarasota for a few years now. She is a tireless worker for the American Legion Auxiliary.

Mrs. Robert A. Hartman.

STATEMENT OF MRS. ROBERT A. HARTMAN, AMERICAN LEGION AUXILIARY POST, SARASOTA, FLA.

Mrs. HARTMAN. Senator Smathers and the committee, I represent the American Legion Auxiliary Post and Unit No. 30, as chairman of their legislative committee.

I also represent the past presidents of the auxiliary in this area.

We are indeed most gratified to you today for holding these hearings in our area and for your outstanding work in this particular field, and especially for the betterment of our community.

As you well know, George, this is one of the programs under the Veterans' Affairs, and that of the American Legion Auxiliary. We have always fought for the betterment of their community as well as pension plans for the citizens of the area in which it is involved and many many more programs.

We are very ready to help you in any plan that is for the betterment for the people, particularly of our county.

We of the Legion and its auxiliaries will aid and assist in the care of many citizens in their hour of need, even though they are not veterans.

In regard to the betterment of the county, the State and the Nation, we welcome you, and any assistance you and your committee can do for our citizens in this area as well as in the Veterans' Affairs.

In closing, Senator, you well know our programs under our veterans association, so I shall add these little lines that will mean so much to you.

Under the preamble of the American Legion and its Auxiliary, for God and country, we associate ourselves together.

So bless you in your efforts, George, and thank you, Senator, and your committee for being in our community.

Senator SMATHERS. Thank you so very much.

Mr. WEIL. Next, we have Mr. Marion David and he is going to talk about self-employment of the elderly.

STATEMENT OF MARION DAVID

Mr. DAVID. Senator Smathers, I have been a resident of Sarasota County since 1916. My father and mother brought me here.

My father was a retired city judge in Utah and resigned from his judgeship there and he was very much interested in the politics and development of this area, and he eventually moved to Englewood where he did quite a bit of development in that area.

I was, unfortunately, the victim of a drunken driver in 1936 and I am just trying to recover from the depression which wasn't well over with at that time.

I come out with 100-percent disability and have had very high medical bills and hospital bills, and I am still permanently disabled.

I was very much interested in the Poe bill. I got the club organized here in Sarasota.

What I am speaking about mostly is just through a hobby. On account of medical and transportation and inability to drive I have had to move to Sarasota and acquired a little property here at 1746 Tenth Way, because I like to be doing something. I started raising some plants and studied—took a little study about hydroponics, raising plants in wood shavings and sawdust.

I started a nice business there but, unfortunately, it was a little too much for me and I had to go to the hospital for an operation this year and I had to discontinue it.

But I feel that is one of the greatest things for elderly people, to keep busy, and the elderly disabled to use the table formula, to raise plants and vegetables for the table, and they can supplement their income.

I think any man, even though he desires social security, should be allowed to go ahead and work.

I found out several years ago that I was lying around and unable to work, and I was never so miserable in my life, and never felt better since I had this gastroectomy operation and got my stomach cleared up, and now I hope to get my plant business back together.

Thank you.

Senator SMATHERS. Thank you very much, sir.

Mr. WEIL. I am going to have to bend this microphone. The next lady said she is a little bit scared to come up here; I said I knew you would make her feel right at home. It is Mrs. Moon, who is going to have something very interesting to tell the committee in regard to disability in wives' benefits—not widows, but wives.

STATEMENT OF MRS. MOON

Mrs. MOON. Senator Smathers and the committee, I want to say a few words today on behalf of the women and wives of men under social security where the wife is under 62 years of age.

My husband retired about 6 years ago and we came to Florida for many reasons, and one of them was for my health.

I am reasonably certain any woman under 62 or 65 years of age would much prefer working if physically able to and capable of holding down a job or could obtain one.

The compensation would be much more satisfactory, I am sure.

However, I would like to see the committee consider paying the wives of the men who are on social security a satisfactory percentage of the pension check whether they are 62 or not.

Wives are their husbands' dependents, regardless of age, in every other phase of life, and the needs of those under 62 are just as great.

I worked for many years, until I was physically unable to, and yet I am not able to draw my disability. My claim was kept active for nearly 3 years and then denied.

When you live on just his social security so many necessities of life must be passed by. The necessary medical care cannot be had, and the cost of living goes up and up and your savings just dwindle away.

I am also in favor of some form of medical insurance, especially for those on social security. It must take care of them before complete hospitalization is necessary, such as office calls and house calls and prescription charges and so on.

Just for example, one such visit to the doctor last year when I had a cold cost me more than \$15 for just the treatment. Thank you.

Senator SMATHERS. Thank you, Mrs. Moon. You did a fine job.

Mr. WEIL. We have Mr. A. C. Kuhman, Senator, and he is going to speak with regard to medical care.

STATEMENT OF A. C. KUHMAN

Mr. KUHMAN. Senator and fellow citizens, I am a newcomer to this area, coming from the industrial Northeast of the country in which millions of people come under the medical care and private practice and Government agencies.

In commercial metropolitan areas of the Northeast most of our large companies provided medical assistance in emergencies during the hours which the people are employed.

Also, our Government agencies such as the Post Office and the Bureau of Internal Revenue and many of the offices up there, the public health agencies, the U.S. Public Health Service, have professional medical people, both doctors and nurses, that are paid directly by the Government for these services.

Yet many of our medical men say that if the Government pays for medical care for those over 65 who are unable to pay, that the Government would interfere with the practice and application of their service, and therefore they would not tolerate such a social medical program.

This attitude is inconsistent with the practice already accepted—that is in practice in the more thickly populated sections of the country.

The crux of such antagonism of the medical profession seems to involve the question of Government interference with the doctors, if they attempted to treat those over 65, yet being paid by the Federal Government.

Why is this the attitude of the medical profession?

Senator SMATHERS. Thank you very much, Mr. Kuhman.

Mr. WEIL. Senator, next we have Mr. E. J. Saymanski, and he is going to speak on two subjects. He is going to speak on medical care and also speak on something dear to his heart, as he is going to speak on aid to Dictator Tito.

STATEMENT OF E. J. SAYMANSKI

Mr. SAYMANSKI. Senator Smathers and ladies and gentlemen, I have condensed mine quite a bit.

Medical aid to the aged: We have a portable army of 16 million retirees over the age of 65 in the United States of whom receive less than \$1,000 a year. One in five receives more than \$2,000 and $1\frac{1}{10}$ receive no additional income whatsoever.

If this doesn't warrant passage of this bill, I don't know what bill is more worthy of consideration.

I understand there are two powerful lobbies in Washington against the passage of this bill—the American Medical Association and the insurance companies—and are putting it out that this is socialized medicine, which it is not.

Now, in relation to our aid to communistic countries. In relation to the aid to those countries behind the Iron Curtain, this stands out for us in the case of Tito, whose double dealing would seem to be

a still subject by now, but who has got away with almost 3 billion of our dollars and then proceeded as a Communist to help Moscow at every turn. This sure should be stopped. I thank you.

Mr. WEIL. The next speaker is Mr. W. H. Malick, of Tangelo Park, Bradenton, Fla., and he is going to speak to the committee with regard to income problems.

STATEMENT OF W. H. MALICK, BRADENTON, FLA.

Mr. MALICK. Mr. Smathers, I am 74 years old and I received a sum of \$56 a month to live on in my life.

I went on pension about 10 or 11 years ago and I have had to do something.

Now I don't feel that I can go much longer this way on \$56 a month, and I think if they are looking for money why don't they quit shooting the moon and pay us something.

Senator, I need my meals every day. Thank you, Senator.

Mr. WEIL. The next speaker is Mr. E. O. Roberts.

STATEMENT OF E. O. ROBERTS

Mr. ROBERTS. As you know, a man wrote the book that "Life Begins at 40." I regret to state that he was entirely wrong.

Life begins every morning when you wake up, whether you are an infant, child, teenager, a young person, or a middle ager or whether you belong to that great and growing army of American men and women who lie between the ages of 65 and 100.

This great group is a new phenomena in our American horizon.

They have only developed in the last 50 years and are developing at a faster rate statistically than what our population is increasing.

I happen to have been associated with the Public Housing Administration a number of years ago and in contact with many local housing authorities and mayors of cities that have come to know their problem of the underprivileged and the low-income group and the aged, and my observations and contacts have gotten to know some of their problems.

I do not believe in my opinion that one formula is going to solve this problem, because it is a very growing problem, but I think a succession of formulas, a formula for increasing social security, and a formula for medical aid, a formula for those who are not now under social security, and if these formulas are built one on top of another each will contribute in some measure toward the helping of a majority of that great group of elderly people.

One of the formulas that I have in mind and which I have heard a lot about but no action, is that of building of housing for the elderly.

As far as I know, on the west coast there is no such project that has been sponsored by the PHA, the Public Housing Administration through the local housing authority.

I know the Senator is thinking of this problem in terms of national scope, including the whole 49 States besides Florida.

There you have a multiplicity of authorities who are in a position to know what the local problems are, and if the PHA could be persuaded, or Congress emphasize in some measure that a majority or large portion of its funds be expended for this particular problem,

here then we would be helping in a small way to alleviate some of the things that the aged are going through.

In addition to that, it would help the cities.

Take a city here like Sarasota with the decaying Main Street. Such a project could be built right on Main Street and would probably improve that area.

It wouldn't help measurably the merchants because the elderly people haven't got a large purchasing power, but it would help in some way. Thank you very much.

Senator SMATHERS. Thank you, sir.

Mr. WEIL. Over on the other microphone we have Mr. A. B. Shogren, and Mr. Shogren is the director of the Sarasota Welfare Home, and he told me that he is going to endeavor to tender into evidence before this committee, if it is permissible, several brochures with regard to that home and its services at this time.

Senator SMATHERS. All right, sir.

STATEMENT OF A. B. SHOGREN, DIRECTOR, SARASOTA WELFARE HOME

Mr. SHOGREN. Senator Smathers and committee, we are talking about solutions. And I thought we should mention at least one small solution that has been developed in this area which we call the Sarasota Welfare Home.

All of the property of the welfare home is valued now at about \$300,000. It has been donated by local people of this area.

The operating expense is taken care of by whatever the residents of the home are able to pay, which is the greatest part of the cost.

Our budget runs about \$150,000 a year of which the residents pay in about \$130,000.

The difference of \$20,000 is made up by the United Appeal or community chest, and the point I want to make is that the residents of the home receive all the same care but their costs depend on what income they have. Everybody receives the same care, whether they are able to pay the minimum cost or whether they have nothing but their State aid.

About 30 percent of our people have social security and about 50 percent get aid from the State and between the two and pensions that they may have or contributions from relatives that are able, they pay the greater share of their own expenses.

We don't turn down anybody because of lack of money, but we try to get what we can.

We feel they should pay what they are able and that their relatives and children should contribute what they are able. So we have here one solution. We have about 85 residents at the home and are making plans now to add about 50 percent to the capacity, and we are taking care of those people locally.

This area is responsible for its own people and we are not asking any Government or State aid or county aid. It is an independent institution, nonprofit, charitable, and being taken care of entirely by the people in this area. I have given some brochures.

Senator SMATHERS. Thank you.

Mr. WEIL. We have one more witness, Mr. William Tenney.

STATEMENT OF WILLIAM TENNEY

Mr. TENNEY. Senator, I approach this with some deprecation because I think I have a different viewpoint. That is not because of any lack of sympathy of the aged, of which I am one, or lack of knowledge of hospital or medical costs because I just got out of the hospital and I am going back for therapy.

But I would like to say this, that it is my firm belief that it is more important to the welfare of our elderly citizens, at least for the future—I can sympathize with those who are presently in difficulties—that the Government make it possible for them to provide for themselves in sickness and in health rather than to do it by the expansion of the social security plan.

I believe there are two ways this might be done.

After listening to the things that have been said here, I have a little note in this prepared talk that says if there happens to be a man or a woman here around 85 who retired in 1940 on an income from fixed investments, he has already had the ability to care for himself.

In my opinion, inflation control is a must, and much more important than the extension of this.

I think people want to care for themselves.

The second one was thinking that taxes would definitely permit some provision for future need.

I made a computation recently on the last available figures of the total taxes, Federal, State, and local, which indicates that more than one-third of the total personal income, gross personal income, goes for taxes, leaving the individual only two-thirds of the average gross income for his discretionary use.

If we continue to add such things as this and other proposals, some of which have already been passed, I would estimate this would be increased to 40 percent by 1970, even if there were no other further general tax increases.

Now, I noticed as the hands were raised on your questions, that some 35 or 40 percent of the people here indicated that they received a private pension of some sort in addition to social security, which is my particular case. But I don't believe that it is generally recognized to what extent private industry has been liberalized for social benefits of all kinds in recent years and over the last 25 or 30 years, which the adoption of the additional medical and surgical care under social security would in some degree at least duplicate.

I would like to give an example with which I was associated during my working life. These are actual figures taken from the 1960 reports. They spent a total of \$1,209, or \$23.25 weekly per employee on social benefits, not having anything to do with wage or salary rates or production bonuses, overtime, or anything else. This is purely social benefit. It includes full hospitalization and major medical expense for active employees and their families, and half expense for retired employees and their wives or dependent children under 19, if they were there, and noncontributory pension plans for all employees which has been in effect since 1960.

Now, I believe that is a fair typical pension plan, what private enterprise is doing, and it obviates the necessity for social security doing it on across-the-board basis.

Now, inflation is a factor and it certainly has cut many of these people here who have been out for 10 or 20 years.

It also caused increased prices for medical care and so on.

I would like to point out these are figures issued by the Department of Labor in October 1960. In the past 13 years our paid laborer has increased his earnings more than double. It also released figures that the hourly paid laborers increased their purchasing power after allowance for a price rise, or allowance for inflation, by 43 percent. Obviously, if that continues, even the extension of medical care and so forth will never solve the problem, and the Government will always have to raise taxes if they have inflation.

Senator SMATHERS. What was your position in your company before you retired?

Mr. TENNEY. I was general manager of several plants and was for a time assistant to the president.

Senator SMATHERS. Thank you, sir.

Mr. WEIL. Senator, I think that was the last witness and we are finished with the presentation of the town meeting portion of the hearing.

Senator SMATHERS. Now, ladies and gentlemen, before we conclude and since my voice is a little under the weather I am going to ask my legislative counsel if he will read a few of the things that Congress has done this year for senior citizens. After that, I want to say something.

Mr. O'KEEFE. Thank you, Senator.

I believe this meeting has demonstrated that your Senator George Smathers cares about the problems of senior citizens here in Florida.

In this last session of the Congress much legislation was passed for elderly or senior citizens.

No. 1, the social security law was further liberalized by reducing the age of eligibility for men to age 62. It increased benefits for widows, widowers, and surviving parents, approximately 10 percent. It increased the minimum benefits under social security from \$33 to \$40.

In addition to that, Senator Smathers worked for the bills to increase the earning limitations. He was responsible for the \$900 limitation being increased to \$1,200.

In the category of housing for the elderly, eligibility was broadened to include public bodies and cooperatives with 100-percent loan guarantee.

It increased loan authorization for elderly housing from \$50 to \$125 million.

In addition, this past Congress passed a Community Health and Facilities Act expanding and improving community facilities for health care of the aged and the chronically ill. Fifty million dollars was authorized for this purpose.

One increased from \$10 to \$20 million the grants and aids to States for construction of public and other nonprofit nursing homes under the Hill-Burton program.

In addition, the Senator brought about the initiation of the present investigation of the drug industry to eliminate the high cost of drugs.

He was author of Public Law 555, civil service annuities, and supported all sound legislation granting cost-of-living increases in their behalf.

This is equally true of railroad retirees.

In connection with the Housing Act, this year he also increased the unit room construction for elderly citizens, introduced and had adopted legislation to increase room capacity for senior citizen housing believing they are entitled to more than one or two rooms to live in decency.

These and other measures were passed in the last session of Congress which he supported.

Senator SMATHERS. I didn't turn that over to John to brag on me.

But I do appreciate it. Anyway, many things were accomplished.

This is the only thing I wanted to say in conclusion, if my voice holds out. First, I think this has been a very useful hearing today.

I think we have learned much. I think all of you have heard about problems of other people other than your own problems, and I think all of us recognize that we don't exactly have the same problem.

I think it is rather evident that it is the medical problem which seems to be the biggest with respect to retired people, and not just in this area but in the areas we have visited since Monday in this field. It is a Damocles sword hanging over the head of people that don't have but \$200 a month or \$150 a month between them, and frequently, as we heard, as some gentleman says here, he has only got \$60 a month to live on. Obviously, a fellow who is limited in his income to that extent has to be frightened by the fact that at any time he might suffer a catastrophic illness which would take not only any savings he might have, but would also incapacitate him completely and force him to go on some form of charity, which, of course, nobody really wants to do. This is the big problem. The problem is how do we handle it?

I was impressed by what Mr. Roberts said over here, in that this is a big problem and he recognizes it is not going to be solved in just one step, it is not going to be solved in 1 week or 1 month. I doubt if it will be totally solved in a year. But we can make progress.

I think everybody will agree that we don't take elderly people who maybe because they have not been very wise in providing for themselves and forget about them. We had a very fine gentleman that got up here and talked to us last. Obviously a capable man who was wise enough to work for a company of which he was assistant to the president and was able to get a private pension program. The benefits that he gets from that program puts him in a completely different category than most of the people who have nothing but their social security or railroad retirement program or their Civil Service retirement program or things of that type; it would be wonderful if everybody did have a program like his, because if we did we wouldn't have any problem.

So what we have to do is worry about those people who, whether they were wise or whether they were judicious or energetic, or whatever the case may be, they don't have very much today and are living on a very limited income. They are caught in the inflation on one side and fixed income on the other. When something happens to those

people, what do we do with them? Do we take them out to the dump heap like an automobile and say, "Well, you are no longer any good to society"? Surely, we haven't come to that state of affairs in this Nation.

We don't lock them up in a cave and get radioactive material and say, "You people made mistakes, you are not bright enough to live; we are going to kill you." We don't believe in that.

We believe these people are human beings. They are entitled to some consideration and help, and the question is, How do we best give them help without destroying some of the things in which we believe?

And we think we can do this. We think sensible legislators, responsible legislators, that recognize this Government cannot finance everything, but nevertheless recognize this Government does have some obligation, and the representatives that you do have do have some obligations. It is just humanity of the people, if nothing else, to provide for those that are very much in need.

This is what we want to do: The members of this committee, as I said at the outset, are holding hearings throughout the Nation endeavoring to find a sensible and reasonable conclusion which will permit the elderly people, the mothers and fathers of those of us today who are productive—permit the mothers and fathers of the productive working force of American life today to live out their golden years in decency and dignity.

You people have contributed a lot to the solution of this problem, I think, today as you have given us many ideas.

We are grateful for your coming here, and we are grateful for radio station WSPB, and also we are grateful to the people of Sarasota who have provided us with this hall.

At this point I would like to insert in the record communications received by the committee.

(The following communications were submitted for the record:)

SARASOTA, FLA., *November 8, 1961.*

DEAR SENATOR SMATHERS: Medical care under social security is called socialistic, even communistic, by some individuals and organizations, especially the American Medical Association. If this be true, any subsidy granted to industry, commerce, agriculture, transportation, even medical research and practice, is socialistic. In other words, when you do not consider that material gain should be the religion of the individual and he moves toward a more humane attitude productive to public benefit, that is to embrace socialism. Thankfully, many of our politicians and legislators do not think so.

When we read in the press or hear criticism of social security law passed in 1936 we are not unmindful of the much more liberal act passed soon after by Congress to benefit only the Members thereof.

To all except those who oppose it, our social security system is prepaid insurance and not old-age assistance. It has been declared actuarially sound and can be kept so with medical care added to it.

Most social security recipients have no other income or savings. Those who do not are living at a subsistence level. Even those in the top bracket cannot afford necessary medical attention. We are told we should have a checkup every year or preferably every 6 months. However, most cannot see a doctor for minor illness and must wait until it develops into something lingering and incurable. As for nursing care or entry into a nursing home, one who heard the testimony of Mr. David R. Mosher before your committee should know how impossible that is.

There are other problems for the aged: boredom; loneliness; lack of transportation to shop, attend church, visit relatives and friends, etc.; space, equipment, and material to pursue hobbies.

Only a small percentage of the aged are fortunate enough to enjoy the close contact and activities provided in mobile home parks, much less nursing home occupancy.

A nationwide chain of combined nonprofit retirement hotels and nursing homes would go far to solve most of the problems for many of the aged.

Surely in a nation where prosperity exists on one hand and unemployment and unused capacity to meet human needs exists on the other, a solution to most of the problems of the aging can be worked out.

Since your committee meeting here in Sarasota I have heard pro and con discussions of the testimony and remarks made by you and members of the committee in summing it up. One of your statements, Mr. Chairman, I think has been considered more than any other. This was the statement to the effect that possibly the need of social security for many is because of supposed mismanagement of their financial affairs before retirement. Now, Mr. Chairman, most of us on social security today went through the wringer in the thirties. Many lost bank accounts, stocks, and had to cash in their insurance, and, in addition, lost their jobs too at a time and age when another good job was very hard to come by.

Just how do you manage a situation like that or the inflation which has taken place since the social security law was passed in 1936? Some managed it by jumping from windows in tall buildings, but I'm sure that is not what you had in mind.

I await with very much interest the report of your committee.

JOHN L. MCGLOTHLEN.

8311 FLORIDA AVENUE, SARASOTA, FLA.

DEAR SENATOR SMATHERS: In regard to medical aid for our elders I do believe it is very urgent—not in the future—right now. It is a disgrace for a wealthy nation that is spending billions of dollars for all people on the face of this earth and doing nothing for the folks that are paying the bills. I do not know of any retirement that we the people do not pay for, regardless the work one is or was in. Through some kind of tax or increase on commodities we the people do buy.

Those billions of dollars you servants of the people are spending on foreign soil, that money belongs to the people of these United States of America. But when it comes time to do some good for health and the preservation of health for our wonderful Nation what a pittance the powers that be seems to freeze up. But how liberal the Federal Government gets to outsiders, for instance, in West Virginia last winter—those poor souls needed help—not one penny. But these Cubans, they get help in minutes, as I understand, something like \$1¼ million a week and increasing.

Oh yes now. Who said, "My country first right or wrong"? Nathan Hale, "I am sorry I have but one life to give for my country." Patrick Henry, "Give me life or give me death"; and that gracious old lady, "Shoot this old gray head if you must but spare your countries flag"; and that man who was a prisoner of war (Key) that had written our national anthem, "Ramparts red glare, bombs bursting in the air, gave proof that the flag was still there." Now is it that kind of Americans who are forsaking those that need help now? I cannot believe that you will stand by or the majority of the legislatures and not give these old people that have been paying all of these bills all their life, give us a decent medical law, tie it in with the social security law with no strings tied to it. We want the doctor of our own choice, dentist, chiropractor, plan that is adequate. Senator Smathers, Who is running this grand country of ours? The people or self-centered interests like AMA. These doctors bills, hospitals, drugs. One sick spell and a workingmans life savings is eat up. It is a disgrace to leave countries like Germany, Sweden, Denmark, Holland, England, even China do more for their elders than the United States of America with all of its wealth I do not consider this law is any way charity as we have paid as well as those who will follow us. I know you Senators are not going to let these old folks down.

I am,

Yours truly,

CHARLES HILL.

SARASOTA, FLA., November 8, 1961.

DEAR SENATOR SMATHERS: As in the instance of so many others, I am a retiree, age 67, receiving a small pension check (\$67.09) and social security. My wife will not be eligible for social security benefits for some years to come. We are fortunate enough to owe but \$2,800 on our home, but the payment, plus ever-increasing living costs prohibit us from receiving proper medical attention.

Most of the older people have certain pride, and will go without proper medical treatments, rather than disclose their true financial condition, therefore retarding three important things necessary to a happy older age: (1) General physical condition. (2) Wrong mental outlook. (3) Very limited, or no social life.

I sincerely believe that the one thing necessary for the welfare and happiness of the older citizens would be free medical care, hospitalization, surgery, and medicine, and that the remedy to be successfully carried out should come under the social security plan. Very few of the older people can afford to pay for the necessary hospitalization, surgical, and medical benefits provided for in the many insurance company policies.

Concluding, may I say, Senator Smathers, please take good care of your own health for we need a man of your type in our corner.

WILLIAM F. PICKARD.

ROUTE 6, BOX 63, TAMPA, FLA.

Senator SMATHERS.

DEAR SIR: I wish to tell you how Mr. Berridge and I feel in regard to the "old age" program. He has been receiving \$110 per month, the total sum of our income for 3 years. He is 86 years old and I am only 60 years old. He is unable to get any work and I am not able to work and am not old enough to collect social security. I need medical attention and cannot afford it. If I do go to the doctor at \$5 per visit, I cannot afford the \$7.50 for the medicine. So why bother to go to a doctor at all?

I am in hopes something can be done to help us all. If only the law could be changed so that persons could collect social security in cases such as ours.

Respectfully yours,

MARION G. BERRIDGE.

DEERFIELD BEACH, FLA., *November 8, 1961.*

DEAR SENATOR: I read a lot in the Fort Lauderdale paper about a founder of North Broward Senior Citizens Club. People like him and others are asking for nothing but socialism. I am also 69 years old and living on a moderate income, no social security, as I retired at the age of 48, when they had no social security for self-employed. I feel that older people should pay their own insurance for hospitalization. The only trouble is that so many insurance companies misrepresent, through their local agents, who are only anxious to make a commission. I had two companies who both returned my premiums when I was recently in the hospital in Fort Lauderdale. I would like to insure myself through an agency of the Federal Government and pay for it myself and not have younger people who work, pay for me. This is what former President Eisenhower once recommended.

Insurance companies have no right to victimize the older people.

Thank you for your kind consideration.

Sincerely,

PAUL NASSAU.

2145 HILLVIEW STREET, SARASOTA, FLA.,
November 8, 1961.

DEAR SENATOR SMATHERS: Believe that my situation is similar to that of many others, my wife and I having the financial help of a moderate pension check, plus social security. With the ever-increasing costs of living commodities our greatest problem is the high costs of medical care and medicines.

My wife has a severe arthritic condition, requiring constant medical attention, the costs working a weighty drain on our income.

The solution to our problem is relief from the medical and medicine costs, and we believe that the most satisfactory plan would be through the social security plan.

We wish to express our thanks to you for your interest in the welfare of the older citizens.

MATHEW RUSSELL.

222 EAST 21ST STREET, NEW YORK, N.Y.,
November 13, 1961.

Senator GEORGE A. SMATHERS,
Special Committee on Aging,
House Office Building, Washington, D.C.

SIR: Knowing that you are a busy man I'll make a short request: Help pass the medical/social security bill for oldsters, please.

Very truly yours,

JOACHIM LITWER.

SARASOTA, FLA., November 8, 1961.

Subject: Life insurance for retired postal employees.

DEAR SENATOR SMATHERS: Regarding testimony taken at public hearing at Sarasota, Fla., November 8, 1961, it is my belief that I have a very solid complaint to make. I retired from the Postal Transportation Service in June 1952, at which time I carried insurance with four mutual companies covering these employees. A few years later the U.S. Government offered a plan for the active employees at a much more attractive price, thereby causing the mutual companies from getting new business, but not covering employees previously retired. A large number of employees took advantage of the Government insurance, dropping out of mutual coverage causing several mutual companies to cease business. I being one of the former retirees have lost two policies through no fault of my own and because of the Government policy. I also stand to lose the balance (two). I feel the Government should make provisions for coverage of these retirees, the same as of retirees of a later date. Since retiring there has been granted only a small percentage of increase in retirement pay, compared to active employees' pay and along with my age, any new life insurance is prohibitive in price.

I feel the Government should institute some plan whereby the retirees of previous years should and could be covered as retirees of today are.

Thank you for the privilege of my being able to register my complaint.

Sincerely,

GEORGE E. CROTINGER.

SARASOTA, FLA., November 8, 1961.

Subject: Hospitalization insurance for Federal employees.

DEAR SENATOR SMATHERS: The Federal Government introduced a plan of hospitalization insurance for retired Federal employees effective July 1, 1961, providing help in payment of premiums for same. The instructions were that a retiree must carry his insurance with specified companies. I do not believe this was the intention of Congress when this bill was passed. I have carried family hospitalization insurance for several years, with a company which is not recognized in the Government plan, therefore I am ineligible for Government assistance. To change to a Government-recognized insurance company, even with Federal assistance, it would cost me almost double my present premium for about the same coverage, at my age. The company that carries my hospital insurance apparently is subject to Federal regulations and permitted to do business in the United States. If so why should they, or me, be penalized by not meeting Federal regulations?

I suggest a plan be arranged whereby all retirees may receive Federal assistance which I presume was the intentions of the Congress at the time the law was passed.

Thanking you for the privilege of my being able to register my complaint.

Sincerely,

GEORGE E. CROTINGER.

1100 DESOTO ROAD, SARASOTA, FLA.,
November 8, 1961.

DEAR SENATOR SMATHERS: As the law now reads a veteran cannot get the veterans' disability pension if his income exceeds \$2,700 per year. Many social security annuitants also receive small company pensions or have additional income from savings accounts or bonds. Sometimes this puts them over the limit of income and therefore cannot obtain the disability pension which would be a great help to many retired veterans. In my case I am just over the limit and I could sure use the additional income to pay for huge medical expense bills.

I believe the law should be changed so that social security does not count as income.

I also am very much in favor of Senator Kefauver's drive to lower the cost of drugs. This would be a big help to retired folks. In my case, drugs cost me about \$200 per year. One of the drugs I use is Orinase and it costs me \$6.50 per bottle and I use two bottles each month. Half that price should be enough.

RUBEN E. LINN.

514 W. DAYTON CIRCLE, FORT LAUDERDALE, FLA.,

October 7, 1961.

HON. GEORGE A. SMATHERS,
Washington, D.C.

DEAR SENATOR: While you are holding hearings regarding medical care for senior citizens, I beg to call to your attention what appears to be a serious oversight in the amount of social security payments to those who retired prior to January 1, 1951, or those who were unable to work after January 1, 1951, but whose earnings were accomplished before that date.

In such cases the average earnings are totaled and divided by the number of months from January 1, 1937, to the date of retirement (minus 5 of the leanest years) to give the average monthly earnings. In certain cases a worker may have 24 or more quarters of coverage taxed on earnings of \$3,000 per year but due to illness (not total disability) is unable to work resulting in an average wage of \$115 to \$120 per month for the period January 1, 1937, to date of retirement in year 1955. At present this gives the worker about \$69 per month annuity.

If this same worker had been able to work but 6 to 10 quarters after January 1, 1951, at \$300 per month his annuity would be \$105 per month. In this last example no work whatever prior to January 1, 1951, would be necessary.

It seems that the worker who was unable to work after January 1, 1951, has been badly dealt with and it would be most helpful to those in this category to be treated the same or at least as good as those who retired after January 1, 1951, and who draw full benefits for the few years they paid the tax.

I want to thank you for the previous help you have given us and trust that something may be done for those who haven't been able to work after January 1, 1951, and enjoy the privileges provided by the new law.

Thank you very much.

Respectfully yours,

HARRY R. ABRAHART.

6320 14TH STREET WEST, BRADENTON, FLA.

DEAR SENATOR SMATHERS: Since attending your meeting at Sarasota, obtaining as much of the facts as possible, I have made a close study of "Statement Prepared for the U.S. Senate Special Committee on the Aged, Retirement Department," and in it I found many answers to conditions that I felt were not being really "dug" into by our U.S. Government.

I felt and feel that if something is not done in our social security, pension, and health plans that the time will come where we will have two distinct classes of our citizens, as to finance. Living here in Florida for 5 years right among retired people I have learned so much of their monthly retirement fund. It surprised me. I have several in mind who are getting four checks. Now, in contrast, something that worried me in our system, what are they going to do with the citizens who draw total of either \$40 or \$50 a month and even less for their monthly income. And your records say less than \$1,000 per year by 55 percent of our people. I hate to think of the future under this condition.

My past was given to college, professional baseball, and 30 years to retirement in which I was closely in touch with people so that I have assisted for betterment in living conditions. I have given a lot of thought to the retired citizens, so this is what I mean, in my opening paragraph.

Going on right now will only cite three cases, a sample of what is going on all around us:

(1) Party 80 years old, sold a fine business and retired to a small town in Michigan, due to wife's health, just before social security. As a widower he has no income. Tried to get social security, no result; but fortunately his son is taking care of him.

(2) This man suffered a stroke. In no time every penny was spent for doctors and hospital. After extreme efforts by others, enough was obtained for airplane to a daughter in Ohio with wife while the daughter drove his car. I am pretty sure his total income was near to \$1,000.

(3) Couple: He passed away 4 years ago in the county poor farm. Half his life a farmer and a worker. Balance employed in a factory, missing work only when none or sick. Living conditions paid up promptly.

She: A number of years taught school and always was very bright and constant worker. Worked farm, also in dress factory. As of today her total income \$57 per month. All her money is gone, hospitalization, doctors, plus. I just received letters this week relative to her condition and can find no answer.

Under what I have mentioned on finances and according to the records quoted to us as prepared for U.S. Senate Special Committee on the Aged, I am convinced that "voluntary health insurance cannot cover a high-risk, low-income group, at premiums they can afford. In fact, cannot see where any of this 1,000 group could do so at any price.

Should it be decided to take care of health conditions as of hospitalization and doctor, it would go a long way to cheer up and help to make the last years more pleasant and not one of constant worry.

HENRY T. OLMSTED.

3144 IRVING STREET, SARASOTA, FLA.,
November 9, 1961.

DEAR SENATOR SMATHERS: What provisions will be made in Federal medical aid for widows who are not presently under social security? I am a widow whose husband was in business for himself all his life in a small tailoring establishment and therefore did not come under social security until too late to help me. Now in failing health with advancing age, I'm sure there must be many other widows in my same predicament.

Mrs. ANNA ABRAMSON.

1574 2D STREET, SARASOTA, FLA.,
November 8, 1961.

DEAR SENATOR SMATHERS: I would have suggested that quarters required (six) be reduced to four after one reaches 75 years, to be eligible for social security. I lack two quarters the officer tells me. I was a farmer all my life and the farmer was not eligible for social security until 1955. At that time I was 75 years of age. That year I sold the farm to a man who had the cash, and at my age thought best to sell when I had a buyer. Therefore I have no benefits from any source except my savings, and they are melting away fast.

I lost my wife (deceased) in December 1951. And the next year I had an operation and wasn't able to give a good day's work for anyone since. I was born April 10, 1880. I feel I am too old to work now. In fact I feel some younger one should have the job so as to help relieve the unemployment situation we have now in this our wonderful country, the best on earth. I too feel that the aged should have some help financially for making this country through their years what it is. Hoping I can find a way to get some benefits at my age before my savings are all gone. I thank you for this privilege of writing you my thoughts. I remain,

Yours respectfully,

DANIEL E. KILTS.

218 EAST AVENUE NORTH, SARASOTA, FLA.,
November 8, 1961.

DEAR SENATOR SMATHERS: I appreciated attending the meeting and comments and feel you have a real interest in the affairs of the older people.

I feel the greatest problem facing older people, retired people with limited fixed incomes, is the high costs of medical care. Doctors' costs, dental costs, hospitalization costs, and medicines are much too high. Some curbs must be effected.

Hospitalization insurances are inadequate, also insurances for medical care and costs are high. And many of us now cannot get such insurance coverage due to some past damage to our health.

I feel the only solution is for the Government to provide such care under an agency of social security. I would be willing to pay up to \$10 per month for good coverage that I could depend on, and know I would have insurance to take care of me no matter what the illness or the length of time. Most of us can plan our

living and have food, shelter, and clothing, etc., come within our income, but these medical costs are unknown and unpredictable and usually the most expensive thing we have to contend with.

The AMA is a most powerful lobby and have been having their way in Washington. Medicine has made much progress in the past, but most doctors have forgotten the humane side of it. Most of them seem to want to see how quick they can get rich. Unless they are sure of getting the money and their price, they're not interested in treating you or care about your health. And the present price of drugs is outrageous. This branch of medicine hinges on a racket.

Maybe we do need a little socialized medicine.

L. F. DREWES.

P.O. Box 8106, SARASOTA, FLA.,
November 8, 1961.

DEAR SENATOR SMATHERS: Some people are of the opinion that the world in general and the Government in particular owes them a living. I was disgusted with those people and walked out, to think that our representatives have to spend their valuable time listening to them while I observe here, in the city mobile home park, that these people never lived as well as they do now. And if there should ever be a law passed and socialized medicine or special allowances for the needy, these cases should be carefully screened, because those in dire need are usually too timid to admit it.

My husband died September 1948, when there was no social security for self-employed and I was left with an old homestead amidst 1 acre of lawn and garden, no modern equipment as a money-earning possibility. Without hesitation I went to work, not as a secretary or saleslady for which I was trained and had many years practice, but the next best thing to use my ability as a good homemaker with a wealthy family, supervising several servants, lasting for 10 years, in which I earned for my social security benefits. I was 70 years old when I applied for the benefits, because I had to undergo surgery, which put me out of circulation. I receive \$84 and benefits and am grateful, though I have to lean back on my savings every month. Four years ago I came to Florida and eventually bought a trailer home, while I offered my services to the church (and they are manifold).

Born in Germany I came to this country after losing my first husband as war casualty. I was trained by my parents to systematical savings; this is one important thing that is even today lacking among many Americans, but most of the now senior citizens. I am getting along real well, but last month I had to learn something of hospital costs, when an emergency surgery was necessary and for the 16 days received a bill of \$850. The surgeon's fee was extremely mild at \$300. My AARP insurance paid only \$352 and the bill, which made me realize that another occurrence would break my bank. In order to play safe I bought at once a Mutual of Omaha insurance to cover every item, which cost me \$150 a year. But what would I do, if I had not the foresight to save for old age? I am holding some 3,000 Government bonds but these are the last straw to be used. I am 74 December 1 and hope to do without outside help of any kind.

U.S. citizen. Thank you, sir.

Faithfully,

PAULA S. DUBOIS.

2118 SOUTH TUTTLE AVENUE, SARASOTA, FLA.,
November 8, 1961.

DEAR SENATOR SMATHERS: Regarding medical care for retirees (including those on disability retirement) which is my classification, I feel this should be handled through social security and in all fairness to those employed and paying into social security we should be privileged also to pay toward medical care as follows: People now retired and others to retire prior to a given date to contribute to the overall fund to include medical care.

	<i>Per month per (man and wife) couple</i>
Income less than \$1,000.....	\$1. 00
\$1,000 to \$2,000.....	1. 50
\$2,000 to \$3,000.....	2. 00
Over \$3,000.....	3. 00

By such payments in line with income, would exempt the feeling of something for nothing without working a hardship of more than the individual could bear.

Private enterprise medical insurance charges are rocketing skyward in we are told to meet increased costs. A study should be made to at least act as a challenge and to possibly find ways and means to slow down these yearly increases.

STANLEY BENNETT.

SARASOTA, FLA., November 8, 1961.

DEAR SENATOR SMATHERS: You are to be commended for your work in behalf of senior citizens and will receive my note.

In 1952-54 I was in Brazil on contract for Brazilian National Steel Co. at Volta Redonda, Brazil. Was operated while there for hernia, the surgeon cost to me was Cr.\$200, or at that time \$3.50 American money. The same operation here at Saratoga for me in 1957 was over \$2,300, surgeon and hospital, or all the money I had. So if a poor country like Brazil can have medical care, why not the United States of America?

M. C. WALKER.

Box 84, BUSHNELL, FLA.,
September 21, 1961.

HON. SENATOR SMATHERS:

I would like to be heard at the meeting at Port Charlotte, but I cannot afford the expenses.

If this letter will be of any good I would like if it could be read at this time. Here are some of the items I have to pay out of a social security check of \$123 per month: Blue Cross, insurance, interest, regular monthly bills, church, etc. I have been able to pay them all so far.

Medicine bill runs about \$32 per month this last year; doctor bills, about \$240; hospital bills, \$47; clothing, about \$25. I do not favor these bills being taking through social security as that puts a heavy burden on the younger generations. Raise social security checks where necessary and that will be better.

Everything goes up but my check and we are left stranded up the creek without a paddle.

Now, I do not owe anyone anything at this time, so I am not begging to Washington for anything.

Yours truly,

H. A. HOUCK.

2928 18TH STREET NORTH, BRADENTON, FLA.,
September 30, 1961.

WILLIAM G. REIDY,
Professional Staff Member.

DEAR SIR: Your letter received and, as we will not be able to be present at meeting would appreciate my letter in the report. As I told you, we get \$135 a month. We do get free insulin from the health department, but owe for a leg brace at Happiness House. I fell in Grand Union store over 2 years ago and tore open an incision for hernia that I cannot get any help, not any money for surgeon or hospital, so I just suffer every night with inward convulsions. I am glad we have people like you and the Senator to try and help us old people. Guess all we need is a little help till God takes us to be with Him in glory, for we came into this world without anything and we certainly cannot take anything out with us. Today I talked with Senator Ed Price here. He could not give me much information.

May God bless you all is my prayer.

MARGARET BRYAN MATTHEWS.

2024 MINERVA AVENUE, JACKSONVILLE, FLA.,
October 10, 1961.

HON. GEORGE A. SMATHERS,
Member of Congress, Miami, Fla.

MY DEAR SENATOR: I have noted with interest that you are soon to hold a meeting regarding old-age employment, etc.

I hope that you will be able to do something to liberalize the present laws regarding earning capacity of those on social security.

For example, I am over 70 years of age (not yet 72); therefore I can earn only \$1,200 per annum without losing my social security; \$1,500 and lose only 50 cents per dollar for the amount of \$300.

My social security pay is \$162 per month (with wife). Therefore the most I can earn would be approximately \$12 above that amount, which would make a total of approximately \$3,100 per annum.

For the past 10 months of this year my medical expense, both physician and drugs, has run \$344. With payments on home, living expense, together with insurance and medical bills, this does not leave me much money.

I can get a position paying me \$250 per month, but that would mean that I would lose my social security pay.

Why can't laws be changed to allow us to earn graduated amounts after 65 years of age; increasing the \$1,200 each succeeding year and removing the limit after 70 years? I don't expect the social security to provide me with a high living, but I do hope that this will be liberalized. Naturally, income tax would be paid on amount earned, thus increasing the income of the Government.

I have followed with interest your stand on Cuba. You are so right. Put a total embargo on them, etc.

Very sincerely yours,

H. E. WICKHAM.

1114 16TH STREET, BRADENTON, FLA.,

November 8, 1961.

DEAR SENATOR SMATHERS: We send money to the needy in almost all the nations of the world but fail to appropriate money for the elderly people who are in need of medical aid and hospitalization in the United States.

So I am for helping those in need now with appropriations from the U.S. Treasury and then a tax on the ones that are working now. Let it be administered within the social security setup.

Mrs. MARY COY.

SARASOTA, FLA., November 8, 1961.

DEAR SENATOR SMATHERS: I attended your subcommittee hearing held at Sarasota, Fla., on "Aging" and gained considerable firsthand knowledge of the problems involved.

My personal opinion is that there was not enough emphasis placed on the "feeling of insecurity" of most older people, should they become sick or injured and require medical or hospital care on their usually small and fixed incomes.

This is the all-important problem facing the older generation and we sincerely trust that the matter will be given serious consideration early in the next session of Congress.

We thank you very much and your committee as well for your time and interest and the opportunity to voice our opinion on the matter.

G. WARD YOUNG.

P.O. BOX 5292, BRADENTON, FLA.,

November 8, 1961.

DEAR SENATOR SMATHERS: Thank you so much for the Sarasota meeting and all you have done for Narce and all Senior citizens.

As for Dr. _____, he was very definitely in wrong church and positively in wrong pew. His thinking is understandable, since he deals with citizens 21 to 30 years of age and not Senior citizens. However he should be completely ignored since he like so many others condemned measures already taken, but he on three different requests by you Senator at Sarasota, refused or failed to come up with one single construction course of action.

The thinking of Mr. J. M. Buck is very much in line of my thinking and his suggestion in paragraph one, page 4 of his prepared statement of October 9, 1961 is completely in accord with my thinking.

I very definitely think that all deserved Senior citizens should be given medical care, regardless they are not lucky enough to have social security, civil service, railroad retirement or other retirement benefits. After all, are we not our brothers' keeper. To do otherwise would be just as asinine to refuse any civil service or retiree benefits, because he did not start paying into the civil service retirement fund, 1920.

Perhaps a 1 percent Federal sales tax for 10 years would be a way of financing such a plan.

Sincerely yours,

HOMER S. PIGOTT.

1887 VAMO WAY, SARASOTA, FLA.,
November 8, 1961.

DEAR SENATOR SMATHERS: We appreciated your coming to Sarasota, Fla., and giving our elder citizens an opportunity to voice their needs.

The last few years I worked, I made good money and saved enough, I thought, to take care of my retirement years.

Due to illnesses of my wife and myself, which incurred doctor bills, hospital bills, and the death of my wife, my savings began to dwindle.

Then, I married again, with enough money left to carry us through until my wife would receive her social security. But, sicknesses again, doctor bills, hospital and operation and medicines has now reduced us financially, until we don't know how we will live for the next 2 years. My wife has just turned 60 and cannot receive her social security for 2 more years.

I have a small home, consisting of trailer, cabana, and Florida room. I also, have a 1954 car which is a vital necessity, as we live 10 miles outside of Sarasota, and a car is our only means of shopping or transportation.

I need medical care badly right now, but do not have the money for doctors and medicine.

I was 74 in October, and it is a terrible thing after working hard all your life and then come to old age, not knowing how you can meet the bare necessities of life and unable to have a doctor in your illnesses. The doctors, hospital, and medicine prices are all out of proportion, and uncalled for.

It is a disgrace to America the prices they charge for medicine. Pills costing from 30 cents to \$1 a pill.

Up until January 1962, we will have had an extra income of \$50 a month which will be ended at that time. We will then be forced to live on \$79 a month; the amount of my social security check. My wife has hospitalization that would cover her as far as hospitalization goes, but how to keep up the premium, we do not know.

Sincerely hope you can use all your influence to help us older citizens to live a respectable life, free from charity.

Most sincerely,

CHARLES W. GRIBBEN.

P.S.—My wife tried 6 months to get work, (bookkeeping) but to no avail. As soon as she told them her age they didn't want her.

1733 CHERRY LANE, SARASOTA, FLA.,
November 9, 1961.

Senator GEORGE SMATHERS,
Senate Office Building, Washington, D.C.

HONORABLE SIR: After reading the papers about the hearings you are conducting on problems of the aged, I decided to write you about the inequities in the railroad retirement pension. I would like to have this put in the record.

As the wife of a retired railroad employee, who was compelled to retire because of illness and had to take a reduced pension, I was compelled to go to work to help out. I worked long enough to earn a social security pension in my own right, but when I reached 65 years of age I did not become eligible to railroad pension because of my social security pension. If I had not worked, I would have received one-half the amount of my husband's pension as other wives do. I am not the only one who has been treated in the same way. I cannot see why I should be penalized because of having had to go to work on account of my husband's illness. We are told that the railroad retirement pension and social security pension are entirely separate, but it doesn't work that way.

I sincerely urge you to do what you can to correct this inequity. Thank you.

Sincerely,

Mrs. BRUCE BOSIER.

2200 N BOULEVARD, TAMPA, FLA.,
November 13, 1961.

Senator SMATHERS,
Washington, D.C.

DEAR SIR: I noticed in the Tampa Tribune you are appointed chairman to help pass legislation favoring us older citizens of Florida with cheaper medicine, doctor bills, and probable larger allowance monthly checks, or to increase social security pension of persons of 65 years of age.

We sure appreciate your effort by helping us out and do hope your committee will present to the U.S. Senate recommendations favoring the bill.

Me and Mrs. Fondiam receive only \$65.50 social security, and you understand that the way cost of living is at present is hard to get along.

Will you please advise me how far your approach is coming along in the legislature.

Thanking you and may God bless you.

Sincerely yours,

LOUIS FONDIAM.

725 JACKSON STREET SOUTH, ST. PETERSBURG, FLA.,
November 8, 1961.

GEORGE E. SMATHERS,
U.S. Senator.

DEAR SIR: I was sorry I could not attend meeting for aged here. Mrs. Allen has bursitis and nerve shock; also had a doctor to visit. I agree with editorial. The best informed speaker was and is Burt Garnett. This is not a playboy proposition. I know a poor woman who works for pay from Good Will Industries. Another rents rooms. Another scrubs floors. My and Mrs. insurance cost \$50 a month from railroad pension.

In 2 years I have spent nearly \$4,000 for medicine and doctor bills. That is more than the Africans, Asians, South Americans, Puerto Ricans, Cubans, and Congolese spend. Money should be spent here for aged, not thrown away to educate Congolese on American or religious way of life. I hope Mr. Garnett and I may meet someday soon to plan on organizing the elderly. As a team they could easily get their just rights from those who have it in their hands to give us a decent retirement allowance. If I could get \$40 at least, and Mrs. Allen (now 66; I, 79) \$20 more a month, we could pay bus fare, eat out, perhaps be healthier, and pay our doctors' bills, now \$155, and still being treated.

Mr. and Mrs. FRANK C. ALLEN.

141 EAST 30TH STREET, NEW YORK, N.Y.,
November 16, 1961.

Hon. Senator GEORGE A. SMATHERS,
Senate Committee on Aging.

DEAR SIR: Hereby I kindly request your support of the medical bill for the aged under the social security.

Thankfully,

Yours truly,

GEORGE BECK.

1927 ROBINHOOD STREET, SARASOTA, FLA.

DEAR SENATOR: Recently you were in Sarasota, Fla., to get the views of the older people on the subject of social security and the plight of the older class of people. I did not attend because, first, I did not expect to be called upon to present my own problems and, second, it probably would have taken too much time, and, last but not least, I have never spoken before an audience, so I decided to put it in writing, for reference, in case you decide to introduce a bill in Congress, for the solution of the problems of the people over 65, and besides a written statement is not so easily forgotten, so my problem and possible solution, is as follows:

Our entire savings went for hospital, doctors, and medical supplies, but in spite of the best the doctors could do, she passed away on March 5, 1959, leaving me penniless and in debt of over \$500. All I had was my VA pension of \$78.75 and social security of \$71—not enough to support myself, so I married a widow from Sarasota, Fla., and moved here. I, or we, tried living on my income but kept going further into debt steadily.

I tried to get work to supplement my income, but the answer is always the same, too old, we want younger men, and am at my wits end trying to figure

some way of earning money, have registered with the Florida State and U.S. Employment Service, but to no avail, in the meantime, we are obliged to get along on bread and gravy for about a week or 10 days of each month. True that my present wife receives \$60 a month social security benefits, but the mortgage on our home amounts to \$85 a month, that and other household expenses bring the expenses to about \$125 per month, leaving us approximately \$75 for food, clothing, and with the coming of winter, heat. Have tried to get a temporary job for over the holidays, but the answer is the same, "too old," so you can imagine the Christmas I have to look forward to. We will consider ourselves fortunate if we can have hamburger for Christmas dinner.

One possible solution would be to open a repair shop, and employ only people over 65, with all veterans given preference, that is World War I veterans, or any other veteran over 65, but it takes money for equipment and materials for such a project. If I could only get some financial backing for such a project, I am sure it would solve the problem of many, in fact the biggest majority of our older people, as we do not want charity, all we ask is a chance to earn our own way. In my estimation, I have quite a few years of usefulness left, and all I want is the chance to prove it.

Now the Government has financed and equipped many a defense plant during the last war, and most likely has quite a supply of machine tools stored away and deteriorating. Now, would it not be wise to set up just such a defense plant for older people, and put some of that machinery to use, in making the United States the strongest Nation in the world, as I know quite a few men, well experienced in the making of war materials, who would welcome the chance to go to work, but get the same answer as I do, "too old."

Hoping that you can do something for the older people, not only in Sarasota, but all over the entire Nation, I am,

Sincerely yours,

GEORGE TODACK.

29410 MAINE ROAD, LEISURE CITY, FLA.,
November 14, 1961.

DEAR SENATOR SMATHERS: The newspapers reported your recent hearings about medical aid for the aged.

Today I received my quarterly bill for Blue Shield and Blue Cross and, as you may suspect, there is another increase of \$4.80 per quarter.

Since I came down here over 6 years ago premiums have increased 59.4 percent nor is there any reason to believe that it will stop here. We thought that we were providing for our medical requirements but it has gotten out of hand.

It seems to me to be imperative that the Government do something to remedy this bad situation. As it usually takes a year to a year and a half for social legislation to become effective, it seems to me that remedial legislation should be the first order of business in the coming Congress.

Yours truly,

WILLIAM G. KENNEDY.
620 NW 3D STREET, FORT LAUDERDALE, FLA.,

October 3, 1961.

Memo to Senator Smathers:

Responding to the published invitation to "present brief statements of their income difficulties":

I have "income difficulties." Who hasn't?

I'll solve them. I'll get along on what I have—or earn more

I see some "senior citizen" advocates of "medicare" riding around in Cadillacs. I suspect there may be some TV's or other luxuries among them. So what? Is the Federal Government to provide everything that everybody yearns for free of charge?

If "medicare," why not "food care," "clothes care," "housing care," "auto care." Then watch prices rise as inflation ensues and taxes go up.

Then we'll all find it more difficult to "get along"; we'll even have to raise your pay.

No, no; it's no proper function of the Federal Government. Leave State problems to the States. The Federal Government hasn't done too well with its problems.

NORMAN LOMBARD.

5171 NE 3D AVENUE, FORT LAUDERDALE, FLA.,
October 4, 1961.

Smathers Group To Hear Senior Citizens.

DEAR ASSOCIATES ON THE COMMITTEE: The enclosed will show partly the writer's interest, in keeping the wolf from the door, not only in the State of Florida, but for many years in New York State and Pennsylvania.

This letter I will not try to cover, again, some of the items which are typed on the enclosed. It is going to take a lot of pressure to soften the load on the senior citizen. It is like a cold war, the quicker it is closed the better. Thousands in the States are short of the bare necessities, and too proud to ask for welfare.

The writer, is 81 years young, and was a resident of New York State until 10 years ago, moved to Florida, and has talked to retired individuals, widows, widowers, and very old retired couples, who started out with cash—paid cash for their homes. Others paid subject to mortgage. Through no fault of their own, where death, and illness, plus medication, brought them down to want, some receive help from their offspring and good neighbors. It is a sad state for a country that is trying to help the Old World, with plenty of cash for overseas.

The great minds handling the interest of the present senior citizen have never faced facts, with no money to purchase heat, or an empty cupboard, the way the detail is carried out proves same. Many of the individuals helped to make the United States what it is today. These 65's to 75's would prefer death than face the breadline.

There are many families of the above age, that have not had a pound of real butter or a good steak in years. That's how close the senior citizen is looked after.

I do not know how you can straighten out or soften this blow because the heads of these boards are in politics or civil service, know where their three meals are coming from, and when the day is over, the other fellow is forgotten.

With all due respect to our present social security picture, it was way out of line at the start. No one looked ahead 20 years and it sure is a mess, for individual equality, on a flat basis that would last until death for the aged. The war pensions were far better.

The cost of social security would be far less costly to operate if all individuals, above 65 years, received a flat rate, of \$150 per month, and this must be consumed, before the next check. With this money consumed, our industries would employ more workers and reduce the unemployment.

My copy of March 28 (A) in red, the figure is 35, but to date it has a sliding scale which will reach as high as \$58. There are thousands in the United States have nothing left, let any one of our representatives, who at heart with the aged, take this showing in his own home, and break it down for a few months and see how close it is to a bread and milk diet.

Please pardon any typographical errors, and trust the committee will take time to break down this matter.

I have copies of these sheets, and if it would do any good, try to have same in the U.S. free press.

The writer's long experience, as an employer and employee, and 15 years retired, has made a deep study of the aged situation. I have been through bankruptcy to a bank account.

These novices, on many a committee, need many years of experience to face a movement as colossal as care of our senior citizens.

Wishing you the best of luck.

Sincerely yours, a senior citizen,

A. P. KINGSTON.

3100 HAWTHORNE STREET, SARASOTA, FLA.,
October 9, 1961.

Hon. Senator GEORGE SMATHERS,
Washington, D.C.

DEAR SENATOR: Having been a voter in the State of Florida since 1940 and knowing you to be a champion of all good causes, I'm presenting my problem to you in hopes that you will study it and get it before the public.

Recently I was turned down by my insurance company for a raise in my hospitalization policy. When I took out the policy about 15 years ago, a \$10-a-day policy was ample to cover normal hospital costs. For years I paid the premiums without calling on the company for help; then 4 years ago I had to

go to the hospital. The company paid off well but I found the policy to be insufficient coverage. I tried to get the amount of the coverage raised, but was told I'd have to wait for a period of time. Again a year later I had to have more surgery and then was told I would have a waiting period before the policy could be increased. This has happened four times in as many years. Now I am told I'm a bad risk and cannot increase the policy at any time.

I am the wife of a disabled veteran and can get no help from the VA for myself. My husband has the privilege of going to the veterans' hospital for his service-connected disability but other needs so far have had to be paid for by me when I am able to work. His income is not sufficient to take care of our normal bills and have enough left over for doctor and hospital bills.

I have been working as a maker of draperies and the like, for a decorator, using my home (a trailer and cabana) as a workroom. When I am ill the extra income stops and the medical expenses mount.

If private insurance companies do not want to insure us, what are we to do? We do not want charity but want to pay as long as we are able to work.

Why can't the Government issue an insurance to cover those of us who want to pay for insurance and yet cannot get it from private companies? My doctor says, now that I have had the previous surgery, I am in good health and he can see no reason for my rejection.

I hope that when you consider the problems of the aged of our State and city you will include the needs of our group. As you know, there are many disabled veterans and their wives living in this State. This situation can become much worse as costs of medical care and drugs increase.

Thank you for listening.

Very sincerely yours,

Mrs. SUZANNE J. LINDSEY.

3128 GRAFTON STREET, SARASOTA, FLA.

DEAR SIR: I see by the paper you are trying to find out how everyone is making out. I am not so good myself, do not know if I should contact you or not, but I have had to have doctors and I can only get \$51 a month social security. I did not get anything more. I might live if I could get my doctor bills paid. I am 80 years and I cannot work anymore. If I am not entitled to any more guess you will have to disregard this letter. 80 years Oct. 9, 1961.

JULIA LARTIZ.

Account No. 152-16-6397.

(Attached to Mrs. Laritz' letter were the names of two physicians to whom she owes \$66.50 and \$25 respectively.)

SARASOTA, FLA., November 10, 1961.

DEAR SENATOR SMATHERS: (1) I feel that a reduction in property tax used for education would be in order for the citizen over 65 years of age—today there is too much emphasis put on "sports" and not enough in teaching the young the three R's, morals, and decent behavior. In 1961 here in Sarasota County the school tax was 52.76 percent of the total tax, too high?

(2) The homestead exemption of \$5,000 tax exemption on the assessed value of a home is a good idea—but it should be levied on the second \$5,000 and not the first as it stands at present. It means that only the householders who have an assessment of over \$5,000 pay a property tax—this is unfair taxation.

Hoping that you have recovered from your illness and feel well again. Thank you for holding the town meeting in our town.

DOUGLAS G. MOFFITT.

DEBARY, FLA., September 4, 1961.

Re Incomes after retirement; hearings, St. Petersburg, October 9, 1961; hearings, Sarasota, October 11, 1961.

Senator GEORGE A. SMATHERS,
Chairman, Subcommittee on Retirement Income,
U.S. Senate,
Washington, D.C.

DEAR SENATOR SMATHERS: This letter is prompted by a Washington Associated Press report that you have invited comments from "senior citizens" on the above subject.

In addition to the extremely difficult problem of the expense of adequate medical and hospital insurance, two provisions of the IRA cause real hardships to retirees over 65 years of age. I will point out how seriously my wife (who is not yet 62) and I are affected.

In anticipation of the possibility of the first hardship, I discussed, or had correspondence on the subject in 1957 with Senators Irving Ives, Ed Martin, and Joe Clark. Kindly note and return the following enclosures.

- (1) Copy my July 11, 1957, letter to Senator Irving M. Ives.
- (2) Original July 15, 1957, letter from Senator Irving M. Ives.
- (3) Original July 16, 1957, letter from Senator Joseph S. Clark.
- (4) Copy July 29, 1957, letter from Colin F. Stam, Chief of Staff, Joint Committee Internal Revenue Taxation.

SUMMARY OF SITUATION

(1) Retired at age 65, in 1958, after 32 years with corporation that has fair but conservative retirement plan.

(2) After paying for college education of children, and so forth, reach retirement age with principal capital savings represented by large home paid for in full, plus insurance, plus small amount of securities.

(3) If capital savings had been in securities, alone, there would have been no problem, regardless of capital gain. (Just hold securities and continue to receive income.) But, as retiree, I cannot afford to maintain the "big house" in an expensive living area. We decide to sell and move to Florida.

(4) Sold "big house" that was bought in 1939 at end of depression. Received small downpayment and 20-year mortgage in order to spread out tax on capital gains, and to augment annuity income.

(5) Suddenly, this calendar year, 1961, buyer pays for our residence in full. We are confronted with complete tax on full capital gains and necessity of reinvesting balance of capital, after tax, at current market "historical highs" and minimum yields.

(6) Furthermore, capital gain on sale of residence comes before the end of our final year of "earned income" which kicks our tax into a still higher bracket.

(7) To cap the climax my wife has been almost continuously under dental or medical care through the year, including one hospitalization. I have just been discharged from the Seminole Memorial Hospital at Sanford, Fla., following a heart attack.

In conclusion, Senator Smathers, it seems to me that—

(a) The capital gains tax on a home in which the owner has resided continuously for many years (say 10, or 12, or 15) sold after retirement, or incident to retirement and after age 64, is absolutely ruthless in its severity, and eventually contributes to our care-of-the-aged problems. (The IRS would eventually get the tax, spread out over a period of years.)

(b) All substantiated costs of medicine, medical supplies, medical care, and so forth, together with travel costs for same should be entirely deductible without regard to any "over X percent of adjusted gross," and so forth.

(c) (This paragraph is included because of specific cases that came to my notice while in the hospital.) Finally, in view of the amazing number of Florida retirees who own their modest homes and not very much else, there should be some provision whereby extremely low-interest loans, with their homes as collateral, should be available to aged retirees for medical or hospitalization to mature upon death or sale of home.

I await with interest your comments. Of course you will keep my name anonymous.

Sincerely yours,

(Name withheld by request.)

(Age 69 nearest birthday.)

FORT LAUDERDALE, FLA., October 3, 1961.

Mr. WILLIAM G. REIDY,
St. Petersburg, Fla.

DEAR SIR: For your information, here is one individual senior citizen's private report.

My social security check is \$54.40. My rent \$64: prorated payment, \$5 a month (last month rent for lease); utilities, \$6; food; necessities; extras.

Used up all savings put away when working.

My age, not helping me, and not physically able to accept all work, and accepting some help from a very good son-in-law who has his own problems.

Am anxious for and striving for independence, want it desperately—but how? Can you—will you please advise me?

I am proud and do not wish my name published, or made known publicly, but am hoping this record may be of some help in your purpose and great desire to help us.

Sincerely,

(Name withheld by request.)

P. O. Box 723, DAYTONA BEACH, FLA.,
November 8, 1961.

Hon. GEORGE A. SMATHERS,
U.S. Senator, Washington, D.C.

HONORABLE SIR: Noting in the paper that you are holding meetings in several Florida cities to discuss the problems of elderly people living in this State, I am taking the liberty of offering a few comments on the subject, as I will be unable to attend any of the meetings.

As long as the majority of businesses will not hire people over 65, it seems only fair that if a person is able to obtain employment after that age he should be allowed to keep all his earnings, instead of having to wait until he is 72 to be free of penalties. It is bad enough to have one's income practically cut in half due to forced retirement, but to be prevented by law from earning a decent living is, to say the least, un-American.

Another inequity has to do with the fact that if a wife is able to obtain a position paying \$100 a month, and the husband has a position paying the same amount, no social security benefits are lost, or any penalties attached thereto, yet the husband alone is not allowed to earn \$200 a month without losing a large part of his and his wife's benefits. It just doesn't make sense to compel a woman to go to work because her husband is not allowed to earn, by himself, and without penalty, an amount equal to what he and his wife separately are allowed to earn without penalty. It is not only unjust, but also tends to defeat the purpose of the Social Security Act as the wife, by going to work, takes employment away from some younger person who would undoubtedly be paid quite a bit more than \$100 a month. This setup is a bonanza for a lot of employers and don't think for one minute that they aren't taking advantage of it. I know of more than one case right here in Daytona Beach.

On the other hand, I know of another case where an employer pays a man on social security \$100 a month, and has the man's wife on the payroll for a like amount, but she never goes near the place. The Government isn't losing any income tax money on this deal, and the Social Security Administration is being paid their tax take, but I say things have come to a pretty rotten state when stunts such as this have to be employed in order for a family to live half-way decently. I grant you, however, that only about one out of a hundred employers would be willing to do this.

Why aren't checks mailed on time? To date I have not received the November check; last month it came on the 5th, in September on the 7th, and in August on the 18th. They are not mailed alphabetically, and the superintendent of mails here informed me he gets several batches between the third and the tenth not in alphabetical sequence.

I hope you may be able to do something in the next congressional session toward correcting the above situations.

Sincerely yours,

R. B. WHITE.

3041 BAHIA VISTA, SARASOTA, FLA.,
November 12, 1961.

DEAR SENATOR SMATHERS: Where is the money coming from if the senior citizens receive more benefits from social security, medical care, hospitalization, etc.?

When is the name of the social security program going to be changed to "welfare" program? These people have not contributed enough to pay for 1 full year of social security benefits and where do they get the idea that they are entitled to all of these things? Is it not charity to ask for increased monthly benefits and medical benefits from social security without having to pay for it, as it is to ask for welfare under any other name?

Why don't you ask them how many have extra income from dividends, as well as from pensions? There are many who are receiving checks from the railroad retirement, social security, the veterans, and even civil service, as well as living on dividends from stocks.

Have the Representatives in Congress forgotten they also represent the young, the middle-aged, and even the unborn children, as well as senior citizens? I wonder that our senior citizens can be so unfeeling, so selfish, even so uninformed as to want to burden their own children and grandchildren with debts which can only lead to disaster.

There must be a better solution than just handing out benefits to every one of the 15 million people on social security. Why don't we try to help only those who need help and not give to rich and poor alike?

Do you think all the people who come here after retirement can afford to live here on the social security pension? They must have extra incomes or they could not migrate here from the North and live in \$20,000 homes and even more costly ones. They also could not retire at 50, 55, and 60 and wait until they are eligible to receive checks if they were dependent upon social security. There are plenty who have retired that early and they are living in Florida, in a most expensive manner. Should we kill the golden goose (the taxpayers) to see that these people should have hospitalization and increased social security benefits?

I am quite aware that there are many people who live on a very small pension and I am quite concerned that these people receive help but why help those who do not need it? If you need help, can't it be through a welfare department rather than a social security office? From what I have seen of the welfare officials in Sarasota, I am sure anyone needing help would be treated kindly and well. They are most interested in helping wherever it is needed.

I feel a little desperate when I think of what could happen if they receive any more benefits under social security. You have to stop the outgo somewhere and it should be right now. So many people are now receiving benefits who have worked for such a few years, that they are practically receiving a form of welfare.

I would suggest that our Representatives in Congress read the law in regard to the original social security. They will find that it was intended as a supplement to any private pension or income people would have on retirement, not as a total means of livelihood. At present it would seem that people and the representatives of the Government think it is meant as a total retirement income. If that is true, the law should be changed to so indicate.

GRACE I. AMON.

5510 IROQUOIS AVENUE, SARASOTA, FLA.,
November 9, 1961

Senator. GEORGE SMATHERS,
Subcommittee on Retirement Income,
Senate Office Building., Washington, D.C.

MY DEAR SENATOR SMATHERS: This morning I have read the newspaper story on the hearing by your subcommittee in Sarasota on November 8. I am over 70, do not receive Federal social security payments, never will, and do not want such. I wish to speak in behalf of older people who want to be self-reliant, but feel that Government policies have caused a depreciation in dollar values which has unfairly robbed them of the savings of a life of thrift.

I am greatly disappointed that the Federal Government has sent out people to encourage the security-minded citizens to ask more handouts. Apparently that type were the ones who attended the meeting. But I desire to associate myself with the remarks suggesting inflation curbs and lower tax levels, made by Mr. H. W. Tenny, 2441 Tangerine Drive.

Specifically, I suggest the following policies:

Maintenance of dollar stability, now gravely threatened by the recent admission of borrowing of Swiss francs to stabilize it. World economic chaos would follow our leaving the gold standard.

Legislation or enforcement of present legislation to end the monopoly in drug sales.

Stricter enforcement of Sherman Antitrust Act and Clayton Act and any other acts against monopoly.

Destruction of the monopolistic power of labor leaders through abolition of union shop, agency shop, etc.

Stopping of special favors to some farmers which elderly consumers pay for in taxes and again in higher prices for farm products. I am farm born.

Ceasing to allow immoral women to live on their illegitimate children, at our expense.

Freedom of world trade, lowering our price level so that we may export grain and goods, and get more for our dollar.

"Equal rights to all, special privileges to none."

Respectfully yours,

SHERMAN M. SMITH.

BELLAIRE, TEX., October 10, 1961.

Senator GEORGE A. SMATHERS,
Senate Office Building, Washington, D.C.

DEAR SENATOR: I was in Florida last month, a week prior to your hearings on social security, in St. Petersburg. I presume that you are still interested in views of the subject of which I have several:

(1) If people can retire at age 62 with lesser benefits it is only fitting and proper that people who work until age 68 or 70 should be able to retire at greater benefits.

(2) If people are not entitled to greater benefits by working past age 65 they should no longer be required to pay social security payments out of their wages, after their 65th birthday.

(3) Students under 21 years of age, working their way through school, should not be required to pay social security out of their wages.

(4) As long as we have the present income tax system there should be no other limitations on a man's earnings while he is receiving social security benefits. The argument that a person over age 65 by working is putting someone else out of work is pure nonsense. How can a working dentist put a carpenter out of work?

I would appreciate your views on the above subjects as I feel that if the system is to be workable, it should be fair to all.

Sincerely yours,

SAMUEL M. MCKEE.

1929 FLOYD STREET, SARASOTA, FLA.,
November 23, 1961.

DEAR SENATOR SMATHERS: I am a retired Federal civil service employee, retired in 1951 for disability, and live on a fixed income. I heard the hearings at St. Petersburg and Sarasota, Fla., affecting our senior citizens.

I agree that inflation and fear of high medical costs are high on the problems facing all our senior citizens. Most speakers seem to favor some kind of medical care financed from social security funds.

Since costs of social security benefits are added to the costs of production and are finally paid by the consumer, it therefore affects all our senior citizens as well as those retired on social security benefits.

We senior citizens who are not covered by social security (retired civil service employees, retired military, disable veterans, World War I, and all other senior citizens who for various reasons were unable to earn social security benefits and pay the minimum social security tax of \$24 (6 percent at \$4 or \$24) also have the same problems as those who are retired under social security benefits. Those persons already retired under social security have not paid one cent for hospitalization benefits any more than the rest of us senior citizens.

The biggest problem is inflation. Some effort should be made to hold the line. Freeze wages and prices, if necessary.

If any hospitalization plan is set up for senior citizens, then it should include all senior citizens and not just the people retired on social security. Consideration for financing the plan should include general taxation, social security funds, or some other national hospitalization plan.

All senior citizens have done their part in the past to make this the greatest Nation on earth. Therefore consideration should be given to help all our senior citizens on inflation and high medical costs.

Respectfully yours,

DEAN R. CLIFFORD.

SARASOTA, FLA., *November 8, 1961.*

DEAR SENATOR SMATHERS: Your interest in the many problems of the aging is greatly appreciated.

It seems to me that inflation is the biggest problem for all people on fixed incomes.

I agree wholeheartedly that we must help those who need help. However, to finance health care for the aged by social security as proposed by the King-Anderson bill would place an undue burden on the small businessman and younger workers, who would by their social security taxes pay for medical care for all social security recipients, whether they need help or not. At the same time they must pay for their own medical care and meet the demands of growing families.

After your committee hearings on problems of aging, will there be hearings to learn what is being done at local and State level to meet needs?

I would greatly appreciate a copy of hearings.

JANET R. BUTCHER.

Box 923, NOKOMIS, FLA.,
November 13, 1961.

DEAR SENATOR SMATHERS: Did you, Senator Smathers, believe that the meeting in Sarasota on the problems of the aging was truly representative? I did not.

When you asked for a show of hands in answer to your questions, the picture was very clear that those in attendance were almost entirely made up of that group which consistently wait for more Government help, and not by those citizens who have to bear the tax burden, but were out working to pay these taxes.

Why should people who are able and willing to pay their own medical bills be required to accept this type of contribution from an already overburdened Government?

Only those who need help should get it.

Did you notice that no comment whatever was made on good old-fashioned "saving for a rainy day"? Is that taboo in these days? And why are those citizens penalized who have sacrificed through their earning years in order to pay for an annuity insurance policy and then have even their annuity support for old age taxed by the Federal Government? This type of tax defeats all purpose in saving.

Some method of taking care of the medical needs of indigents should be provided, but certainly those who are in a financial position not to need Government help should not be forced to accept it.

Yours very truly,

Mrs. GLYDE B. BIERCE.

1725 CUNLIFF LANE, SARASOTA, FLA.,
November 8, 1961.

DEAR SENATOR SMATHERS: Since I am a retired educator (35 years in Sarasota County), I have never been under the social security system and I certainly object to having my pension cut by increased taxation and inflationary measures. As you perhaps know, teachers in Florida have always looked out for themselves. We have an excellent retirement system and hospitalization plans, both State and National.

I tried to have sympathy for and understand the people whom I heard yesterday, but it was quite difficult at times. The rudeness shown to your last "witness" was unspeakable.

Sincerely,

ELIZABETH OAKES.

SARASOTA CHAPTER NO. 242,
NATIONAL ASSOCIATION OF RETIRED CIVIL EMPLOYEES,
Sarasota, Fla., October 25, 1961.

*Members of the Senate Subcommittee on Retirement Income,
Hon. George Smathers, U.S. Senate, Washington, D.C.*

(Attention Mr. William Reidy, executive secretary, U.S. Senate Committee on the Aged and Aging).

GENTLEMEN: Sarasota Chapter 242, National Association of Retired Civil Employees (NARCE), extends a cordial welcome to Sarasota to the members of the Senate Subcommittee on Retirement Income.

The services of the chapter, officers, and individual members are offered to the members in any manner in which assistance can be rendered.

It is understood experts will confer with the subcommittee, furnishing figures, charts, and comparisons.

However, it is the desire of the chapter to invite to the attention of the members the well-known fact of a static retirement income from the Federal Government versus the continuous increases in costs of living caused by—

Real estate taxes and charges for municipal services. (Only this month the city of Sarasota is increasing charges for refuse collections 100 percent, from \$1 to \$2 per month. Although this increase dollarwise is not great, it indicates the trend. A 9-percent increase for this same service occurred about 3 years ago.)

Water rates in the city of Sarasota are about the highest for any city in the United States, yet a surcharge of 75 percent is applied to the base rate to finance interest, carrying charges, and amortization of a bond issue for sanitary sewers.

As each member of the subcommittee knows from personal observation, costs are mounting steadily for food, clothing, medicines, drugs, medical and hospital care, health and hospitalization insurance, utilities (electricity, gas, and fuel oil), home repairs and maintenance, and transportation (personal, freight and express).

It is the trust and hope of the membership of the chapter that the information gathered by the subcommittee during the hearings conducted in Sarasota will enable the Congress to liberalize increases in retirement benefits.

Respectfully,

C. B. PEAKE, *President.*

2833 WOOD STREET, SARASOTA, FLA.,
November 8, 1961.

DEAR SENATOR SMATHERS: I was 68 years of age last February 12, a World War I veteran with 1 year's service in France as first sergeant of Ambulance Company No. 39. I was also in Mexico with the 5th Cavalry in 1916. My retirement at 65 was necessitated because of my age and a heart condition as well as rheumatism. I received social security amounting to \$116 per month and \$40.98 per month from my former employer. My wife and I might be able to live on this income if it were not for medical costs and the constant increase in living costs.

My wife suffers from high blood pressure and arthritis. She has to take medicine every day and go to the doctor every 2 weeks. This costs \$6 per visit and about \$8 per month for medications.

I also pay \$21.30 every 3 months for Blue Cross insurance, which is all the hospital insurance we carry.

My wife worked for the Boston & Maine Railroad for 15 years, but in 1956 she was injured in an automobile accident. She tried to work in 1957, but was unable to do so. She applied for a disability pension in 1958, but the Railroad Retirement Board refused her claim. Their doctor claims that she could do some other kind of work, but four doctors that treated her in the last 3 years say she cannot work at all.

I think our legislators should realize we need medical care for the aged under social security without our becoming paupers. The money we now spend for Blue Cross and other very inadequate medical care insurances would probably be enough, under social security, to pay for proper comprehensive medical care.

Very truly yours,

HAROLD VANDERCAR.

SOME RETIREMENT CONSIDERATIONS OF FLORIDA'S RURAL AGED

(By Daniel E. Alleger¹)

More than a half million people of 65 years of age or over are living in the rural areas and urban centers of Florida, according to the 1960 census. This was about double the number as reported for 1950. It bespeaks of the drawing power of Florida as a place for retirement. We all recognize that retirement is now commonplace, and many retirees locate in rural areas to find economic security and personal adjustment. Generally speaking, few gainful employment opportunities are open to retirees, particularly of types permitting individual choice as to the tempo and duration of daily employment, whether they live in the country or in the city. To many people, particularly for those with rural backgrounds, the possibilities for self-regulated physical exercise seem most likely of attainment through retirement farming.²

A decade ago the Florida Agricultural Experiment Station initiated research into this area of human activity. It was stimulated by the fact that over 95,000 oldsters had migrated to Florida during the 1940-50 decade. Many of them had selected rural areas for their homes and were constantly seeking farming advice from county agricultural agents and other specialists. The first comprehensive rural retirement study included selected areas in Marion and Putnam Counties of northern Florida, Hillsborough and Pinellas Counties of central Florida, and Lee County of the southern area.³

Table 1 exhibits amounts and sources of retirement incomes received by 165 rural retirees interviewed in the initial survey. While these data are now old, they are, nevertheless, illustrative of income sources. A glance at them will show that the majority of the retirees had but one source of retirement income. Approximately 44 percent received monthly retirement income from the State, largely in the form of old-age assistance, and slightly over 35 percent secured incomes from Federal sources. Thus, about 79 percent received retirement incomes from Federal and State sources. Two-fifths (38 percent) received more than one type of retirement income, in addition to any farm income they realized. Sixty-six percent of the retired families received less than \$1,000 of annual retirement incomes; 27 percent from \$1,000 to \$1,900; and the remainder, or 7 percent, received \$2,000 or over (table 2).

¹ Associate agricultural economist, University of Florida Agricultural Experiment Station, Gainesville, Fla.

² The use of any rural land for agricultural purposes by a retiree who resides on the land he operates.

³ Fred R. Marti, "Retirement Farming in Hillsborough County, Fla.," a doctoral dissertation, University of Florida, Gainesville, Fla., August 1954.

Daniel E. Alleger, "Agricultural Activities of Industrial Workers and Retirees," Bull. 528, Florida Agricultural Experiment Station, October 1953.

Daniel E. Alleger, "Rural Farm Retirement," Bull. 583, Florida Agricultural Experiment Station, February 1957.

TABLE 1.—Distribution of retirees by principal type of income and number of income sources, together with average annual income of those getting their principal income from each source, 5 Florida counties, 1951-53

[Income refers here to "retirement income" and excludes income from farming]

Type of income	Retirees getting principal income from each source ¹		Average annual income of each group	Retirees having specified numbers of income sources in addition to principal one ¹			
	Number	Percent		None	1	2	3
State government payments.....	72	43.6	\$739	45	19	7	1
Old-age assistance.....	64	38.8	703	43	15	6	1
Welfare, except old age.....	7	4.2	1,063	1	4	1	1
Teachers' retirement.....	1	.6	804	1	—	—	—
Federal Government payments.....	58	35.2	1,276	32	22	4	—
Social security.....	26	15.8	926	13	11	2	—
Armed services:							
Pensions.....	12	7.3	2,309	5	5	2	—
Disability.....	8	4.9	809	6	2	—	—
Unclassified.....	4	2.4	877	2	2	—	—
U. S. civil service.....	4	2.4	1,269	3	1	—	—
Railroad retirement ²	3	1.8	1,623	3	—	—	—
Armed services, insurance.....	1	.6	2,304	—	1	—	—
Investments.....	12	7.3	944	7	4	1	—
Rents and royalties.....	8	4.9	1,053	5	3	—	—
Interest and dividends.....	3	1.8	867	1	1	1	—
Not specified.....	1	.6	300	—	—	—	—
Part-time employment.....	7	4.2	1,345	4	1	2	—
Wife of family head.....	3	1.8	1,991	2	—	1	—
Family head.....	2	1.2	172	1	1	—	—
Keeping roomers, etc.....	2	1.2	1,549	1	—	1	—
No retirement income.....	7	4.2	7	—	—	—	—
Miscellaneous income.....	9	5.5	1,411	7	2	—	—
Gifts from relatives.....	4	2.4	915	4	—	—	—
Municipal pensions.....	2	1.2	1,685	1	1	—	—
Corporation pensions.....	2	1.2	1,685	1	1	—	—
Unclassified disability.....	1	.6	2,300	1	—	—	—
All.....	165	100.0	974	102	48	14	1

¹ 10 retirees with unknown income excluded.

² Employment records transferred from Railroad Retirement Board to Social Security Board at death or retirement of employee, subject to exceptions.

TABLE 2.—Distribution of 165 retirement farmers by annual retirement income classes, 5 selected counties, Florida ¹

Annual retirement income classes	Distribution	
	Number	Percent
None.....	7	4.2
\$11 to \$499.....	22	13.3
\$500 to \$749.....	46	27.9
\$750 to \$999.....	34	20.6
\$1,000 to \$1,249.....	25	15.2
\$1,250 to \$1,499.....	5	3.0
\$1,500 to \$1,749.....	10	6.1
\$1,750 to \$1,999.....	4	2.4
\$2,000 and over.....	12	7.3
Total.....	165	100.0

¹ Range: None to \$6,000.

When the study was initiated, it was assumed that when retirement incomes were too low for an adequate standard of living, levels of living could be supplemented through retirement farming. The research findings supported this hypothesis. Retirement farming can in fact contribute to the welfare of retired people, if only to a modest degree. Average net farm earnings per family, in the Florida study, approximated \$200, but were higher for low income retirees and lower for high income retirees (table 3). Retirees farming primarily for subjective reasons netted about \$85 per year as compared to \$250 for those farming for economic reasons.

TABLE 3.—Comparison of annual retirement incomes, cash living needs, and net farm earnings for 3 retirement income classes, 165 retirement farm families, Florida

Item	Annual retirement income classes ¹			
	All	High	Medium	Low
A. Number of retirees.....	165	54	55	56
B. Annual retirement income.....	\$974	\$1,720	\$821	\$404
C. Annual estimated cash living needs.....	\$1,158	\$1,586	\$1,053	\$849
D. Income less needs (B-C).....	-\$184	\$134	-\$232	-\$445
E. Net farm earnings.....	\$195	\$114	\$170	\$298
F. Adequacy of total income (D+E).....	\$11	\$248	-\$62	-\$147

¹ High, \$1,001 to \$6,000; medium, \$651 to \$1,000; low, none to \$650.

The degree of adequacy of the annual retirement income received by a retiree was one of the most important factors influencing the amount of net farm earnings obtained. If a rural retiree had no retirement income, or only a relatively small income, he had to depend upon his farm for either total or major secondary income. The reverse was true for an individual with a reasonably adequate income. To the extent that his retirement income was more than his needs he could treat his farm enterprises as hobbies. He would thus place more emphasis on intangible values and less on economic returns.

The retirement income situation in low-income farm areas presents quite a different picture than the retirement farm illustration just given. Most low-income areas are devoid of those characteristics commonly associated with retirement areas. Many counties in northern Florida are disadvantaged economically as measured by numerous criteria.⁴ In short, personal per capita incomes are far below the State and National average.⁵ In some areas the population is wholly white, or nearly so, and largely of Celtic origin. In others nonwhites are also found.

It should not be forgotten that many of the counties which are now classified as "low income" cradled the expansion of Florida.⁶ When 40 acres and one mule and 80 acres and two mules were adequate to produce food and fiber to economic advantage, these counties supplied material and human resources to help build the State. In the process, the institution of property rights became firmly established and deeply cherished. A small farm "free and clear" and a reasonably adequate living were all the people asked. In a world which became highly competitive, because of sweeping technological progress in agriculture and industry small farms could no longer prosper, yet they survived. Today many of them are occupied by the aged or aging. Most of the young people and large proportions of young adults have quit the areas in their search for employment. In view of the nature of the rapid changes now taking place, many of the communities in these areas may become rural welfare slums unless positive and farsighted action is taken to prevent it.

⁴ (a) Average annual residual farm income is less than \$1,000; (b) the level of living index falls in the lowest fifth of the Nation; and (c) 50 percent or more of the commercial farms are classified as "low production" farms.

⁵ The 1959 State average was \$1,937, and ranged from a low of \$749 in Calhoun County to \$2,858 in Hendry County.

⁶ In 1930, when the first U.S. population census of Florida was taken, only 34,000 inhabitants were enumerated for Florida and 7 out of 10 then lived in Jefferson County or westward, a section of the State now classified as a "low income" farm area.

In one low-income area studied nearly 20 percent of the farm operators were retired.⁷ Their major source of income was public welfare, largely as old-age assistance. In many instances welfare recipients had given up farming completely, for to produce income would have placed their OAA payments in jeopardy. For the very same reason, farms were not rented out or sold to younger farmers who wanted to expand and consolidate their holding. In 1956 Gilbraith and Reuss found that old-age assistance accounted for approximately 43 percent of all nonemployment income received by heads of rural households in low-income areas.⁸ Regardless of farm classification the importance of old-age assistance was readily apparent (table 4).

TABLE 4.—*Nonemployment sources of cash income by type of household and major source, 394 rural households, north and west Florida, 1956*

Type of household and major income source	Households reporting an indicated source		
	Households	Percent of total	Average income
Residential farms:			
Property income.....	12	26	\$322
Unemployment insurance.....			
Old-age assistance.....	28	60	854
Social security.....	7	15	921
Military benefits.....	8	17	1,334
Other.....	5	11	263
Part-time farms:			
Property income.....	7	19	297
Unemployment insurance.....	2	5	184
Old-age assistance.....	16	43	805
Social security.....	3	8	1,100
Military benefits.....	12	32	1,134
Other.....	4	11	496
Commercial farms:			
Property income.....	43	46	1,287
Unemployment insurance.....	3	3	208
Old-age assistance.....	35	37	567
Social security.....	9	10	620
Military benefits.....	10	11	1,486
Other.....	9	10	745
Nonfarm households:			
Property income.....	34	16	377
Unemployment insurance.....	6	3	318
Old-age assistance.....	138	64	721
Social security.....	34	16	771
Military benefits.....	34	16	935
Other.....	23	11	367

Table 5 exhibits total rural family income for 171 families of north Florida in 1956. Area 1 (Holmes and Walton Counties) is rural with no industrial expansion and area 2 (Escambia and Santa Rosa Counties) is a former rural area with recent industrial expansion. The data show that average rural family incomes are higher where industrial employment prevails. To the contrary, for persons not in the labor force differences in family incomes between areas are small. Research in 1961 indicated that rural family incomes remain quite inadequate in many instances. Of the families interviewed, average family cash income was about \$30 per week, and many families received far less than the average. Family heads estimated that \$38 per week should be ample for a family of four persons, yet many of these very same families were without household facilities or conveniences commonly thought of as essential. Additional funds were needed for clothing, medical expenses, and home repairs or

⁷ A study of the impact of off-farm employment on the use of agricultural and human resources now underway in northwestern Florida by the Florida Agricultural Experiment Station.

⁸ K. M. Gilbraith and L. A. Reuss, "Sources and Levels of Income, Rural Households of North and West Florida," 1956, Agricultural Economic Mimeograph Report No. 59-4, Florida Agricultural Experiment Station and U.S. Department of Agriculture cooperating, Gainesville, Fla.

improvement. While recipients of old-age assistance appeared grateful for the monthly payments received, and which in some instances exceeded previously earned monthly incomes, they were often depressed as scaled from interviews.⁹

TABLE 5.—Average family income by area and by source of income, 171 open country families, northwest Florida, 1956¹

	Total families reporting	Average income per family	
		Area 1	Area 2
Average, all families.....	171	\$1,905	\$3,260
Employment status:			
In labor force.....	121	2,174	3,865
Not in labor force.....	48	1,457	1,365
Unclassified.....	2	163	
Source of income:			
Farming (net cash).....	82	218	180
Paid farmworker.....	26	45	76
Nonfarm employment.....	103	1,123	2,640
Nonemployment.....	90	519	364

¹ Compiled from survey data on file at the Florida Agricultural Experiment Station: Area 1, Holmes and Walton Counties; area 2, Escambia and Santa Rosa Counties.

A bleak outlook on life may stem from loneliness, isolation, and the outmigration of children as well as from inadequate incomes. Reluctance to move may be rooted in sentimental attachments to a farm or community, but Florida's liberal homestead exemption provisions and eligibility requirements of old-age assistance also appear to bind old people to the soil. Many thousands of acres of farmland are thrown into disuse as a result. When such acreages are contiguous, whole areas may become dependent upon public welfare for survival. If this comes to pass, the communities so blighted experience institutional decay and contribute little or nothing toward national economic growth.

Solutions may not be simple. I do not know what the comparative cost is as between payments of \$100 in social security and \$100 in OAA funds. However, I should like to believe the total social cost would be far less if all farmers became legally eligible for reasonable social security benefits upon reaching 65. This would provide one way to thaw the freeze on use and transfer of farmland inadvertently caused by OAA policies. Insofar as land needed by retirees is concerned, our retirement research shows that a tract of land ranging from a half acre to 2 acres in size is usually sufficient to meet the ordinary requirements for a home, gardening, poultry flock, and physical exercise of a retiree. Many rural retirees believe urban suburbs or small villages offer more desirable retirement possibilities than rural farms. Companionship and public transportation are nearly always available in urban environments. And because ability to farm declines with increases in age, a retiree may find greater contentment off the farm than on it.

Senator SMATHERS. Thank you very much.

(Thereupon, at 4 p.m., November 8, 1961, the Subcommittee on Retirement Income adjourned.)

⁹ The technique used to scale respondents for anomaly was based upon the findings of Leo Strole, "Social Integration and Certain Corollaries: An Exploratory Study," *American Sociological Review*, XXI (December 1956), pp. 709-716.