

dustry and those who so urgently are in need of homes. We cannot do that.

Mr. WHERRY. That is correct. Possibly it is the way to do it, but what I should like to have if I can get it, is the assurance of the Senator from South Carolina that there will be no unnecessary delay through postponement of the main legislation. From some of the contacts I have had, there is an indication at least that some of those desiring to build their own homes, who have been waiting for the passage of legislation, will be again delayed. Their plans have been made, they have the land, but they are waiting to get the benefits of the act. If it is delayed until March, I am wondering whether it will hold up any building, as I have already indicated, and whether we can expect from the distinguished Senator early consideration of the legislation next year, so it can be passed in some form, and so they will know what they can get, and can proceed to build their own homes privately.

Mr. MAYBANK. I may say to the distinguished Senator, of course, that would be a question for the majority leader to determine, as to what bills will be brought up at the next session. But insofar as I am concerned, as chairman of the Banking and Currency Committee, and so far as the Subcommittee on Housing is concerned, it would be their very firm desire to bring it up and settle it, once and for all, as soon as possible. I assume that the majority leader, as one who is so anxious to provide good housing for our citizens, would welcome any action to provide homes for our people; but, of course, I cannot guarantee anything.

Mr. WHERRY. I am not asking a guaranty and I am not asking the majority leader to set the matter for hearing, but since I have received so many requests, as I have stated, I think it would certainly be advantageous for those who would like to build homes privately to know what they can expect. I hope that it will not go beyond March 1 of next year.

The VICE PRESIDENT. The question is on the engrossment and third reading of the joint resolution.

The joint resolution (S. J. Res. 134) was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF UNITED NATIONS PARTICIPATION ACT OF 1945

Mr. LUCAS. Mr. President, it is now 10 minutes of 6, and the Senate will proceed to recess until tomorrow. On yesterday I think I made the announcement that the Senate would take up Calendar 505, Senate bill 2093, to amend the United Nations Participation Act of 1945.

The VICE PRESIDENT. There is a similar House bill on the calendar also.

Mr. LUCAS. Calendar No. 739, House bill 4708, is a similar bill.

The Senator from Texas [Mr. CONNALLY] suggests that we take up the House bill; and I move that the Senate proceed to the consideration of House bill 4708.

The VICE PRESIDENT. The bill will be read by title.

XCV—876

The LEGISLATIVE CLERK. A bill (H. R. 4708) to amend the United Nations Participation Act of 1945.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Illinois.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 4708) to amend the United Nations Participation Act of 1945.

Mr. LUCAS. I will say, Mr. President, that following the disposition of the bill just made the unfinished business the Senate will take up a bill introduced by the Senator from Wyoming [Mr. O'MAHONEY] and other Senators, and following that we hope to take up the cigarette-tax bill.

LEAVES OF ABSENCE

On request of Mr. WHERRY, and by unanimous consent, Mr. CAIN was excused from attendance on the sessions of the Senate on Thursday, October 6, and Friday, October 7.

Mr. CAPEHART asked and obtained consent to be absent from the Senate on Thursday, October 6, and Friday, October 7.

RECESS

Mr. LUCAS. I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 53 minutes p. m.) the Senate took a recess until tomorrow, Thursday, October 6, 1949, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate October 5 (legislative day of September 3), 1949:

COAST AND GEODETIC SURVEY

The following-named officer of the Coast and Geodetic Survey to the position indicated below:

To be Assistant Director

Kenneth T. Adams

POSTMASTER

Raymond A. Thomas to be postmaster at Philadelphia, Pa., in place of J. F. Gallagher, retired.

HOUSE OF REPRESENTATIVES

WEDNESDAY, OCTOBER 5, 1949

The House met at 10 o'clock a. m.

PRAYER

The SPEAKER. Will the membership rise for a moment in silent prayer?

The Journal of the proceedings of yesterday was read and approved.

COMMITTEE ON BANKING AND CURRENCY

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency be permitted to sit today during general debate on the bill H. R. 6000.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

EXTENSION OF REMARKS

Mr. RANKIN. Mr. Speaker, the other day I received permission to extend my remarks in the RECORD and include a list of the war casualties of the Navy, Marine Corps, and Coast Guard of the State of Mississippi in the recent war. The list included also the names of the nearest kin. I am informed by the Public Printer that this will exceed two pages of the RECORD and will cost \$1,394, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

Mr. YOUNG asked and was given permission to extend his remarks in the RECORD and include a letter from a constituent.

Mr. RICH asked and was given permission to extend his remarks in the RECORD and include an editorial appearing in the Altoona Tribune entitled "Let's Know What We Pay."

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the RECORD in three instances and include excerpts.

Mr. COTTON asked and was given permission to extend his remarks in the RECORD and include an editorial appearing in the New Hampshire Morning Union.

REVENUE-PRODUCING ACTIVITIES

Mr. KARSTEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

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

There was no objection.

Mr. KARSTEN. Mr. Speaker, there have come to my attention, as a member of the Committee on Expenditures in the Executive Departments, many lucrative revenue-producing activities existing in the Government today which give no accounting for the funds they receive and disburse.

These revenue-producing activities include restaurants, snack bars, cafeterias, soda fountains, newsstands, beauty parlors, barber shops, shoe repair parlors, vending machines, and numerous other types of business operations maintained and operated in Federal buildings at the Government's expense. The operation of these concessions is maintained for the convenience and comfort of persons in the service of the Government and is deemed essential to their efficient performance of assigned duties.

Considering the large number of these business concessions which operate daily within our Federal buildings, it is most obvious that substantial sums of money flow into the hands of Federal employees who are engaged in these operations; and yet, under existing statutes, there is no adequate accounting made therefor.

In order that the Government's interest will be fully protected in this regard and the revenue received from these business concessions will not be diverted

to unauthorized purposes, I am today introducing a bill providing for the financial control and operation of all Federal income-producing activities.

EXTENSION OF REMARKS

Mr. MILLER of Nebraska asked and was given permission to extend his remarks in the RECORD and include a letter to the Secretary of State, with some other material.

Mr. JENKINS asked and was given permission to extend his remarks in the RECORD, and further was given permission to include some tables in the remarks he expects to make later today in connection with H. R. 6000.

Mr. SECREST asked and was given permission to extend his remarks in the RECORD and include an article written by John W. Love, published in the Cleveland Press of September 29, 1949.

Mr. DINGELL (at the request of Mr. COOPER) was given permission to extend his remarks in the RECORD following the remarks to be made later today by Mr. COOPER on the social-security bill.

Mr. CUNNINGHAM asked and was given permission to extend his remarks in the RECORD and include an editorial by Don L. Berry of the Indianola Record-Herald, of Indianola, Iowa.

Mr. BLATNIK (at the request of Mr. PERKINS) was given permission to extend his remarks in the RECORD and include an editorial.

CALL OF THE HOUSE

Mr. RICH. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. PRIEST. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 216]

Abbt	Feighan	McSweeney
Allen, Ill.	Fellows	Mack, Ill.
Baring	Flood	Macy
Barrett, Pa.	Fogarty	Mansfield
Beckworth	Furcolo	Marrow
Bennett, Mich.	Garnatz	Miller, Calif.
Bentsen	Gary	Miller, Md.
Bland	Gathings	Morrison
Blatnik	Gavin	Morton
Bolton, Md.	Gilmer	Multer
Bolton, Ohio	Granahan	Murphy
Bonner	Grant	Murray, Tenn.
Bramblett	Green	Norblad
Brehm	Gregory	Norton
Buckley, N. Y.	Harvey	O'Neill
Bulwinkle	Hays, Ohio	Patten
Burdick	Hébert	Pfeiffer
Burnside	Heffernan	William L.
Byrne, N. Y.	Herlong	Philbin
Carlyle	Hoffman, Mich.	Phillips, Calif.
Celler	Horan	Poage
Chatham	Huber	Powell
Chiperfield	Irving	Rains
Cole, N. Y.	Jackson, Calif.	Reed, Ill.
Cooley	Jonas	Reed, N. Y.
Corbett	Kearney	Rees
Coudert	Kearns	Rhodes
Cox	Keating	Ribicoff
Crosser	Kee	Richards
Davenport	Keefe	Riehlman
Davis, N. Y.	Kelley	Rivers
Davis, Tenn.	Keogh	Roosevelt
Dawson	Kilburn	Sabath
Deane	Klein	Sadowski
Dingell	Kunkel	St. George
Dollinger	Larcade	Scott, Hardie
Donohue	LeCompte	Scott
Douglas	Lovre	Hugh D., Jr.
Elston	McDonough	Shafer
Engle, Calif.	McMillan, S. C.	Short

Smith, Ohio	Towe	Wigglesworth
Smith, Va.	Vinson	Willis
Staggers	Wadsworth	Withrow
Stanley	Walter	Wood
Stockman	Whitaker	Woodhouse
Taurillo	White, Calif.	Worley
Taylor	White, Idaho	
Thomas, N. J.	Whitten	

The SPEAKER. On this roll call 283 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

SOCIAL SECURITY ACT AMENDMENTS OF 1949

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes.

The motion was agreed to.

Accordingly the Committee resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 6000, with Mr. KILDAY in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the gentleman from North Carolina [Mr. DOUGHTON] had consumed 1 hour and 21 minutes and the gentleman from Ohio [Mr. JENKINS] had consumed 1 hour and 44 minutes.

Mr. DOUGHTON. Mr. Chairman, I yield 25 minutes to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Chairman, I have spoken three times on this bill already, once before the Rules Committee, once in the Democratic conference, and then on the rule, so I shall not ask your indulgence very long at this time.

The pending bill, H. R. 6000, comes before the House by a favorable vote of 22 to 3 of the Ways and Means Committee. In my experiences as a member of that committee I have never known any measure to receive more thorough and careful consideration than the pending bill.

The social-security program for this country was established under the act of 1935. That measure was the greatest piece of legislation of that type ever enacted in the history of this or any other country of the world. Many other countries had some phases or some parts of the social-security program, but the great President Franklin D. Roosevelt was the first man with the vision and the courage to give to the country a rounded-out and completed recommendation for a social-security program.

The act of 1935 provided among other things for old-age assistance, commonly called old-age pensions. It provided for old-age insurance benefits, commonly called old-age annuities. It provided for unemployment compensation, aid to dependent children, child welfare, aid to the blind, and included other provisions.

The old-age insurance provisions of the act became effective in 1937. After 3 years of experience under this act, it was found that certain improvements were

desirable, so the act of 1939, embracing quite a number of far-reaching amendments to the Social Security Act of 1935, was enacted. In fact, the act of 1939 provided a program much broader and more extensive than the original act. The original act provided only for old-age retirement benefits. The 1939 act provided for old-age and survivors insurance benefits.

Now, after 10 years of experience under the 1939 act, it is found desirable to extend this program further, so in its far-reaching consequences to the future happiness and welfare of the people of this country this bill, H. R. 6000, is perhaps the most important legislation receiving the attention and consideration of this Congress.

Many improvements are provided for this program. Among other things, the program for old-age assistance, or what is commonly referred to as old-age pensions, is extended and improved. A new formula is provided in this bill which will result in all of the States of the Union receiving some additional Federal funds for old-age assistance, and the States paying the lowest amount of benefits for this purpose will receive greater benefits.

Then for the first time we embrace in this program a provision for total and permanent disability benefits for the needy people of the country.

Bear in mind that under the present program only people who have reached the age of 65 can receive the benefits of old-age assistance. We add a new category in this bill and provide not only for old-age assistance and aid to dependent children and the other provisions now included in the program, but we also provide for total and permanent disability benefits regardless of age. That means if some person becomes totally and permanently disabled and is in need, but has not yet reached the age of 65, he is eligible for benefits under this program under the same formula of State and Federal matching as is provided for old-age assistance, or old-age pensions.

Then very important amendments are included with respect to the program for old-age and survivors insurance. Bear in mind that old-age assistance, or commonly called, old-age pensions, is all paid for by the Federal and State Governments. The individual recipient may not have contributed any part to that program. But under title II of the old-age and survivors insurance program the people themselves make contributions during the working period of their lives to build up benefits to which they become entitled as a matter of right when they reach retirement age.

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

Mr. COOPER. I yield.

Mr. KEEFE. The gentleman is making a very splendid exposition of this bill. He has just discussed some of the old-age-pension provisions of the bill. Up to now the gentleman, as I have followed his statement, perhaps he intends to do so later, has not discussed this new provision in the bill which relates to the receipt or payment of old-age assistance to beneficiaries who are occupants of

public institutions. I would like to get a very definite statement. As the gentleman knows, I appeared before his committee in support of a proposal which would permit the continuation of old-age-assistance payments even though the people were in a public institution. As I understand, what you have done—and the gentleman can correct me if I am mistaken—you do not permit the continuation of payments in the event a person is either a voluntary or involuntary patient in a tuberculosis sanatorium or a mental institution, but if the county or local organization provides a place where they may receive medical care or subsistence care on a medical basis they will not lose their old-age pensions, is that correct?

Mr. COOPER. The gentleman is correct. Persons in medical institutions other than tubercular or mental institutions would be eligible. The gentleman will find on page 42 of the report a very clear explanation of that provision of the bill. I am glad to say the distinguished gentleman from Wisconsin has evidenced an intense interest for many years in this particular phase of the program. But the Committee on Ways and Means was most favorably impressed by his appearance before the committee. We have endeavored to take care of the situation which he so ably presented to the committee.

Mr. KEEFE. I thank the gentleman.

Mr. COOPER. Mr. Chairman, the pending bill provides for an expansion and improvement of the old-age and survivors insurance program. It also includes, for the first time, a new category for total and permanent disability benefits.

About 11,000,000 people not now covered under the social-security program are covered under this bill. Those 11,000,000 people include the following groups:

(a) Certain self-employed persons other than farmers are included under the bill, about 4,500,000 people. They are covered when their net earnings from self-employment amount to \$400 or more per year.

We have had this situation presented to us from time to time. I am sure the experience of every Member of this House has been similar to mine. We meet people in our districts at home who say to us, in effect, "I am operating a barber shop, or a garage, or some other business. I am paying my employer's share of social-security tax for the benefit of the other people who work in my business, but I am not making any provision for my own retirement benefits. It may well be that when I reach 65 I may need retirement benefits as much as any of the men I am now employing and for whom I am paying my share of the tax."

So the committee has included in this bill certain self-employed, on the basis I have just mentioned. Of course, a self-employed person is both employer and employee. It may be thought advisable for him to pay the employer's tax and the employee's tax, both, because he occupies both relationships. But under the provisions of this bill, after consultation with the actuaries and those who are in the

best position to give us expert advice and assistance, it was found that the tax rate is $1\frac{1}{2}$ times the amount of the employee's tax rate would be generally sufficient to take care of those self-employed people. So, instead of paying under the present rate of 2 percent, 1 percent for employer and 1 percent for employee, those self-employed people are required to pay $1\frac{1}{2}$ percent.

Next, employees of nonprofit institutions, other than ministers, which will include about 600,000 people: The employer is not compulsorily taxed, but may voluntarily elect to participate. If an employer does not participate, the employee receives one-half the wage credit. We know, of course, the long-standing question about taxation of certain institutions in this country—religious, educational, and other institutions of that type. So it is provided in this bill that they may voluntarily pay this tax for the benefit of their employees, and the information given the Committee on Ways and Means, by representatives of those institutions, is that perhaps 98 percent of them will be glad and willing to voluntarily pay this tax. But it is provided that in such instances as the employer does not pay it, then the employee receives one-half the wage credit, because he is paying the employee's tax, but the employer's part of the tax has not been paid for him.

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

Mr. COOPER. I yield.

Mr. JONAS. Does this provision that the gentleman has just discussed apply to hospitals that are organized not for profit?

Mr. COOPER. That is correct.

Mr. JONAS. It is up to the hospital management to determine whether they wish to become parties?

Mr. COOPER. It applies to all those so-called nonprofit institutions—educational institutions, religious institutions, hospital institutions, and so forth.

Mr. JONAS. And charitable institutions?

Mr. COOPER. Charitable institutions. But it is on a voluntary basis so far as payment of the employer's part of the tax is concerned.

Mr. JONAS. If an employer does not pay, then the employee would only draw one-half what he would draw if the employer had paid?

Mr. COOPER. That is right. The estimated number of nonprofit employers, with the type of organization, is as follows: Total of all nonprofit employers, 287,000. Churches, 254,000; hospitals, 3,000; hospitals, church operated, 1,000; other nonprofit hospitals, 2,000; or a total under employment of 12,000. Schools—universities, colleges, or professional schools, 1,000; elementary and secondary schools, 11,000, or a total of 12,000 employers; other religious institutions, 3,000; miscellaneous service and welfare agencies, foundations, and associations, 15,000 employers.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. MILLER of Nebraska. When these nonprofit groups once go in voluntarily, do I understand that they may

also withdraw of their own volition, after they have once gone into the program?

Mr. COOPER. After 5 years, if 2 years advance notice is given.

Mr. MILLER of Nebraska. Do the disability provisions go only to those who pay in under the old-age and survivors' feature, or do they go to those receiving old-age assistance?

Mr. COOPER. It goes to both.

We had added a new category for the assistance program and also for the old-age and survivors insurance program.

Mr. MILLER of Nebraska. Does the question of need enter into the picture, as to whether or not they are in need?

Mr. COOPER. The question of need applies for assistance for disability, just as it does in the case of old-age assistance. But the question of need does not apply for disability insurance, just as it does not apply in the case of old-age and survivors insurance for people past 65, because the insurance is something they have bought and paid for and are entitled to as a matter of right, but on the assistance program need must be shown.

Mr. MILLER of Nebraska. In the assistance program who sets up the standard of need? Or does it vary in the several States?

Mr. COOPER. There are certain broad standards provided under the Federal act, but in the main each State through its welfare department or such agency as administers the program in the State determines those questions and fixes the degree of need and any other requirements that must be met by recipients.

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

Mr. COOPER. I yield.

Mr. HARRIS. In the case of a person entitled to old-age assistance who draws a check under the old-age-pension program and then becomes disabled, would he be entitled to draw checks under the total and permanent disability program?

Mr. COOPER. They, of course, are separate programs.

Mr. HARRIS. That is the reason I asked the gentleman the question.

Mr. COOPER. Let us assume the case of a man who is 65 years of age and in need; he is entitled to old-age assistance. The bill expressly provides that no aid will be furnished to any individual for assistance for disability for any period with respect to which he is receiving old-age assistance or aid to the blind, or aid to dependent children is furnished him.

Mr. HARRIS. If the gentleman will yield further, I understood from the explanation given that the total- and permanent-disability clause would apply to the established disability of the individual.

Mr. COOPER. I do not know that our minds are exactly meeting. A person who is not 65 years of age but who is totally and permanently disabled, regardless of his age, if he is in need, is entitled to qualify under this program.

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

Mr. COOPER. I yield.

Mr. DONDERO. While home I was visited by a delegation of policemen and firemen from the city of Detroit requesting that their organization be exempted

from the provisions of this bill because they had their own retirement plan. Is that possible under the provisions of the bill now under consideration?

Mr. COOPER. Yes; that is entirely possible, and I will try to touch on that provision in just a moment.

Mr. DONDERO. But a vote is required to exempt them; I understand they have to make the election.

Mr. COOPER. That is right; they have to vote by a two-thirds majority to come under the program, or they cannot be covered.

Mr. DONDERO. Would that apply to school teachers' retirement funds also?

Mr. COOPER. Yes, both of them.

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

Mr. COOPER. I yield to the gentleman from New York.

Mr. LYNCH. In reply to the inquiry that was made in respect to the non-profit institutions, is it not a fact that when an institution has been in for 5 years it may withdraw only upon 2 years' additional notice; so that before any institution may withdraw it must be in the system or its employees must be in the system for 7 years and once it has withdrawn the institution cannot get back?

Mr. COOPER. The gentleman is correct. Allow me to say that the gentleman from New York [Mr. LYNCH] has made an outstanding contribution to this provision of the bill as well as to many others. He served on the subcommittee last year and has been very diligent in his efforts this year and has made an outstanding contribution to the provisions of this bill, especially with respect to these nonprofit institution employees.

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

Mr. COOPER. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. As I understand the gentleman, under the terms of this bill the matter of employers coming under it is wholly optional with the employer, all employers, whether barber shop operators or not?

Mr. COOPER. It is voluntary whether they come under or not?

Mr. WHITTINGTON. Yes.

Mr. COOPER. No.

Mr. WHITTINGTON. The matter of an employer coming under the provisions of the bill is not voluntary?

Mr. COOPER. The statement with reference to an employer coming under the terms of the bill voluntarily was with respect to nonprofit institutions.

Mr. WHITTINGTON. I know about that. I am talking about self-employed generally.

Mr. COOPER. The gentleman is talking about self-employed people?

Mr. WHITTINGTON. Yes.

Mr. COOPER. No. They are not covered on a voluntary basis.

Mr. WHITTINGTON. How many self-employed are brought under the terms of the bill outside of exceptions named in the bill?

Mr. COOPER. There about 4,500,000 self-employed people other than farmers who are brought under the provisions of the bill.

Mr. WHITTINGTON. Automatically, whether they desire to be brought under it or not?

Mr. COOPER. Yes. I might state on that point that originally I favored bringing all self-employed people in on a voluntary basis, but it was pointed out that such a program would be very expensive and would probably seriously affect the trust fund for the simple reason that people would wait until they began to advance in years or their health became impaired before they would elect to come in, therefore there would be an unusual burden on the program. They would not have paid in during their active and most productive period of their lives thereby strengthening the fund. So, from the actuarial advice we were able to secure, it was found it was not desirable to bring these people in on a voluntary basis.

Mr. WHITTINGTON. So that the compulsory part is confined to all self-employed?

Mr. COOPER. That applies to everybody under the program now. It is not an optional one.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Florida.

Mr. ROGERS of Florida. If we adopt this program is it not a precedent for adopting a policy of socialized medicine?

Mr. COOPER. No. It has no relation to that at all. It has nothing in the world to do with it. Socialized medicine cannot come unless the gentleman's own committee favorably reports legislation on that point. That is under the jurisdiction of his committee, not the Committee on Ways and Means.

Mr. ROGERS of Florida. Is it the gentleman's idea that if we require a self-employed man who does not want to come under this program to come in that would not be a policy looking toward requiring a man to take out insurance?

Mr. COOPER. I do not see any relationship at all between the two.

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

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 15 additional minutes.

Mr. MACK of Washington. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Washington.

Mr. MACK of Washington. On page 54 of this bill it is provided that newspaper publishers shall be excluded from the benefits of this legislation. Could the gentleman tell me why newspaper publishers are excluded?

Mr. COOPER. Well, about the only answer I can give the gentleman is that the committee had no evidence that they wanted to be included.

Mr. MACK of Washington. One further question. The publishers of newspapers which are incorporated are included as employees. Will this section bar them from inclusion?

Mr. COOPER. No, sir; it does not affect them. In other words, employees of incorporated businesses continue in the future as they have in the past.

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

Mr. COOPER. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. I notice the gentleman is very much disturbed about the exclusion of editors and publishers of newspapers. The committee, when it was considering that subject, felt that editors and publishers of newspapers seldom retired when they were 65 years of age, and that was an additional reason for their exclusion.

Mr. COOPER. The gentleman is correct.

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

Mr. COOPER. I yield to the gentleman from Ohio.

Mr. SECREST. Does the gentleman see a future possibility of farmers voluntarily being included in the social security program?

Mr. COOPER. Well, of course, it is difficult to tell now. Farmers were not included under this bill because the committee did not receive sufficient evidence that they wanted to be included, and the further fact as indicated by the contribution made by the gentleman from Pennsylvania. As a matter of practice, many farmers ordinarily do not retire at 65 years of age. If a man owns his farm, although he may not plow and hoe and work as much as he did in his younger days, he still operates his farm, supervises it, and does not want to retire as many other people do.

I would like to refer now to certain other provisions of the pending bill. Domestic servants, not in farm homes, are included; about 950,000. They are covered when regularly employed; that is, if they are regularly employed for as much as 26 days out of the quarter and have earnings of as much as \$25 during the quarter, from a single employer.

State and local government employees; about 4,000,000 people are included. They are covered if the State enters into a compact with the Federal Security Agency, with the condition that employees already under retirement systems are covered only if by two-thirds majority they vote to come under the program.

Also included are certain Federal employees not under a retirement program; about 100,000. They are covered, with certain exceptions, such as persons under temporary appointment to fill a permanent position, and very short-time employees, such as post-office clerks during the Christmas rush.

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

Mr. COOPER. I yield to the gentleman from Michigan.

Mr. FORD. As to local institutions that have their own programs for retirement, the gentleman says that it takes two-thirds majority. Is that two-thirds majority of all who are covered under the local plan or two-thirds majority of those voting?

Mr. COOPER. It provides for two-thirds both of all employees and adult beneficiaries of a retirement system.

Mr. FORD. There must be an affirmative vote of two-thirds of those who are eligible and covered in order to bring

the local employees under the coverage of this act?

Mr. COOPER. The gentleman is correct.

The bill also provides coverage for certain groups, about half a million people, which includes agricultural processing workers off the farm, nonprofit agricultural and horticultural organizations, voluntary employees benefit associations, farm-loan and farm-credit institutions, employment of United States citizens outside the United States by American employers, and the inclusion of tips as wages.

Under this bill, benefits for existing beneficiaries are increased from 50 percent to as much as 150 percent for the lowest benefit group, with the average increase being about 70 percent. The new benefit formula is 50 percent of the first \$100 of average monthly wage, plus 10 percent of the next \$200, the average wage being the average over-all years of social security coverage, that is, the years in which there was \$200 or more of wages after 1936 (or \$400 after 1949), whichever is more favorable. This amount would be increased by one-half percent for each year of social-security coverage. Thus, the longer the worker is in the system the larger will be the benefits.

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

Mr. COOPER. I yield to the gentleman from Massachusetts.

Mr. MCCORMACK. I think the RECORD should show that in connection with the allowance for increased annuity the average payment of noncontributory old-age assistance throughout the country, as I remember, is about \$35, and the earned annuity is only \$24, considerably less than the noncontributory.

Mr. COOPER. I think the correct figures are about \$45 and \$26.

Mr. MCCORMACK. In any event, there is a great disparity there, and that is a very important element for consideration by the committee.

Mr. COOPER. The gentleman is correct.

One other word or two about this so-called increment here, this one-half percent a year that a person receives for the number of years he is in the program. Bear in mind that that is in the interest of people who have sustained and supported the program. The longer the person is under the program, the more his benefits are, and he is entitled to this increment.

The minimum primary benefit is increased from the present \$10 a month to \$25 a month.

Maximum family benefits are increased from the present \$85 a month to \$150 per month.

Then there are very important provisions with respect to the qualifications for benefits. In addition to existing eligibility requirements, that is, quarters of coverage in one-half the quarters since 1936 and before age 65, or 40 quarters of coverage, another alternative condition is introduced so that newly covered groups may qualify sooner, that is, 20 quarters of coverage out of the 40-quarter period ending at 65 or at a later date. That is of special importance to this newly covered group, the self-employed.

The retirement age of 65 as provided under the present program is continued in the pending bill.

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

Mr. COOPER. I yield to the gentleman from South Carolina.

Mr. BRYSON. Did the committee give any serious thought to the reduction of that maximum age of 65 to 62, as in the case of Members of Congress?

Mr. COOPER. Yes; the committee did give very serious and lengthy consideration to that phase of it. There was considerable testimony presented to the committee, especially in favor of reducing the age for women. At one time the committee tentatively agreed to reduce the age for women to 63, I believe. Later, when we were considering the rate of tax and the various phases of the matter, and considering the additional benefits that had been provided and all the various problems in connection with it, it was finally decided to leave the age at 65 as at present. It is a matter of judgment. Of course, there are many desirable reasons for reducing the age, especially in the case of women. But after all, this entire program has to be paid for, and we have to consider every item that goes into the cost of the program and bear that in mind when we are fixing the tax rate necessary to provide the revenue to pay for the program.

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

Mr. COOPER. I yield.

Mr. HEDRICK. In my section we have many farmers who are also coal miners. They live on 10 or 15 acres of land which they farm some, and go to the mines to work some. What effect would this have on them?

Mr. COOPER. I do not see that this bill would have any effect on that situation, because farmers are still exempt. I do not see that there would be any material difference from the present program in that respect.

The bill provides for lump-sum death payments to be made available for all insured deaths. At present these payments are made only for deaths where immediate monthly survivor benefits are not payable.

Then, as I have indicated before, the bill includes a new category for the old-age and survivors insurance part of the social-security program, which is similar to the new category included for the assistance program; that is, we include those who are permanently and totally disabled. We had brought to our attention many instances of persons who have been under the social-security program from the very beginning. They have been paying in their taxes. The employer has been paying the proper tax for their benefits; but they might have a stroke of paralysis or a serious heart ailment might develop, or for some reason they become totally and permanently disabled. As a result they are removed from the labor market. They are forced into retirement because of their physical condition. But they have not yet reached the age of 65. Under the present program they can receive nothing, although they have been paying in all during that time.

This provision of the pending bill adds a new category and provides that where a person is found to be totally and permanently disabled by the Government physician and meets the requirements and provisions contained in the bill he may qualify for retirement benefits, whatever he may be entitled to, when he becomes totally and permanently disabled, just the same as if he had reached 65 years of age and had been retired by reason of age.

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

Mr. COOPER. I yield.

Mr. REES. Does that follow the general pattern prescribed under the civil service?

Mr. COOPER. May I say to the distinguished gentleman from Kansas that we tried the best we could to follow the general pattern of the civil-service retirement program as well as the veterans' program with respect to total and permanent disability payments, as well as the retirement program under the Railroad Retirement Act. We tried to pattern this along the lines of these programs which have been in effect for a number of years and have worked rather successfully.

Mr. REES. In fact, this is very much like the program under the Railroad Retirement Act, is it not; that is, this particular feature of it?

Mr. COOPER. It is very similar.

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

Mr. COOPER. I yield.

Mr. MILLS. The program for railroad men has been in effect since 1937, has it not?

Mr. COOPER. Yes; we have had over 10 years of experience under that act, and we have tried to pattern this somewhat along that line.

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

Mr. COOPER. I yield.

Mr. LYNCH. It is true, is it not, that in the case of a man who might be disabled, let us say at the age of 52; that is, totally and permanently disabled, he would not become eligible for social-security benefits under the present law until he reached the age of 65? But the fact that he was out of covered employment from the age of 52 to the age of 65 would cause a lessening of the benefits which he ordinarily would receive under the present law; is that not correct?

Mr. COOPER. The gentleman is correct.

Mr. LYNCH. We have corrected that situation.

Mr. COOPER. That is true.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. MILLER of Nebraska. If a veteran who was 50 years of age and comes under the Veterans' Administration as far as disability is concerned, and is also under the old-age and survivors insurance benefit, and he becomes totally and permanently disabled, does he draw from both funds?

Mr. COOPER. Yes. He would draw under both funds. As I endeavored to

point out earlier, the old-age and survivors and the total and permanent disability insurance is something that the person has bought and paid for, and he is entitled to it as a matter of right, regardless of any other benefits that he may receive under a pension or other retirement system, or regardless of how much income he may have. He is buying and paying for insurance and is entitled to it.

Mr. MILLER of Nebraska. At 65 years of age he would get old-age assistance and come under the survivors clause of this bill and also under the Veterans' Administration? And the congressional retirement if he is a Congressman?

Mr. COOPER. The gentleman will bear in mind the old-age-assistance program or the commonly called old-age pensions, and the total and permanent disability assistance, is based on need. A person must be in need. He is receiving something there that is paid for by the Federal and State governments, but he has made no contribution at all to it. On the other hand, the old-age and survivors insurance and the new category, total and permanent disability insurance, is something that he has bought and paid for himself during the productive period of his life, and he is entitled to those benefits as a matter of right.

Mr. MILLER of Nebraska. I think I understand. Of course, there is some misconception about what he has bought and paid for. If he has been in the program only 8 or 10 years he could not possibly have paid in more than a thousand or twelve hundred dollars, and he might start drawing \$100 a month, which would take out everything he had paid in in 1 year's time.

Mr. COOPER. Well, it is the best system we have been able to work out to meet those conditions.

Mr. MILLER of Nebraska. But he has not really bought and paid for it.

Mr. COOPER. Of course, there may be some question about that, but there may be some question about whether a man buys and pays for other insurance that he carries.

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

Mr. COOPER. I yield.

Mr. CLEMENTE. Are all the categories under the present law fully covered in this bill?

Mr. COOPER. Yes, they are.

Mr. CLEMENTE. Some of the payments for death have not been made. There are circumstances where a man has been fully insured, but after he is fully insured he becomes ill and is sick for 3 or 4 years and then dies. The Social Security Agency says you are not entitled to any benefits because you have not worked the last six quarterly periods. Has that been corrected?

Mr. COOPER. Of course, under this new category, total and permanent disability insurance would be helpful in such a situation.

Mr. CLEMENTE. Is there a time limit on total disability?

Mr. COOPER. There is a 6 months' waiting period. That is for this reason. A man becomes ill or something may happen to him today, and it is extremely difficult to determine right then whether

he is going to be permanently disabled or not, or even whether he is going to be totally disabled or not, but we figure that by requiring a 6 months' waiting period competent physicians may then be able to determine whether he is going to be permanently disabled and whether his disability is total.

Mr. CLEMENTE. If he is decided to be totally disabled at this time, and he dies, does his family receive the death benefits?

Mr. COOPER. Yes. That is correct.

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

Mr. COOPER. I yield.

Mr. FORAND. Insofar as the waiting period of 6 months is concerned, I think the States could well take care of that period like the State of Rhode Island does under its sick-benefit insurance set-up, that would give the beneficiary an opportunity to at least have some help during the first 6 months of his disability, and then the social-security program pick him up.

Mr. COOPER. That is correct.

Now, one other point I would like to mention, and I shall not take more time. We include a very important provision in the interest of our veterans. We provide that a permanent wage credit, at the assumed rate of \$160 per month, shall be allowed for the time spent in the military service. We have thousands and thousands of veterans of World War II, men who were in covered employment before they went into the service and went back into covered employment after they came out of the service. But for the length of time they were in the military service there is a gap in their social-security coverage; that is 1, 2, 3, 4, or 5 years that they spent in the service—that much time is taken out under their social-security coverage. This bill provides that we will allow at the rate of \$160 a month the time that the man spent in the military service in order that there may not be a break or a gap in his social-security coverage.

Mr. CLEMENTE. Take the case of the boy who goes into the service at 17 years of age but who is now under covered employment; would he be given credit at that rate for the time spent in the military service?

Mr. COOPER. Yes.

Just a word in conclusion. Your committee has given 6 months of diligent effort to this bill. We present to you what we consider and honestly believe to be a sound, workable, and constructive bill, and request your earnest consideration and support of it.

THE PROPOSED LEGISLATION IS GOOD BUT DOES NOT GO FAR ENOUGH

Mr. DINGELL. Mr. Chairman, let me start off by saying that I am 100 percent in favor of H. R. 6000 and want to do everything in my power to see that it is enacted. The Committee on Ways and Means has worked hard and diligently on this bill and has produced a very significant measure. There has been splendid cooperation between all the members of the committee, and I am very gratified that the bill accomplishes as much as it does considering that in this democratic Nation of ours the wishes of the

minority are not to be completely ignored. However, I do want to state at this time my personal views that the bill should have gone further than it does and thus provided a greater measure of security for the people of this country. Many of the features of H. R. 4303, which I introduced in the Eightieth Congress might well have been included in the current legislation.

As I have stated, the social-security amendments contained in H. R. 6000 are not all that I hoped for. As all Members of the House know, I have consistently in the past been in favor of liberalizing and expanding the social-security system so as to cover all gainful employment in the country. This action is long overdue and we should not delay any longer for more study and deliberation. The subject of social security has been widely considered both within and without the Government over the past decade and there is almost universal agreement that expansion and liberalization are needed and needed now.

Although the bill is deficient in that it does not go as far as I should like to have it go in the direction of liberality of benefits and expansion of coverage, considering the tremendous problems involved, the bill, H. R. 6000, is a definite step forward. Not only has it removed the drastic restriction of coverage brought about by the Gearhart resolution of the Eightieth Congress, but moving in the other direction it has added 11,000,000 more people to the coverage of the program. When a private life-insurance company contemplates a change in the type of policy that is to be sold to the public it requires a thorough actuarial study and research by experts, all involving a tremendous amount of time and energy. Thus, the social-security system, covering the employment of 35,000,000 people during an average week, or 50,000,000 people during the course of a year, and over 80,000,000 people since its inauguration, less than 15 years ago, also requires a tremendous amount of work, both by policy makers and by technical experts.

First, and perhaps foremost, I believe that coverage could feasibly have been extended to more persons than the bill covers. The important groups still not covered, but greatly in need thereof, are farmers, farm laborers, intermittent domestic services, members of the armed forces, and perhaps supplemental or coordinated protection for railroad workers and civil-service workers, who have their own systems. Also some provision should be made for national-bank employees who were inadvertently omitted from coverage during 1937-39, many of whom have suffered as a result.

I am especially concerned about the coverage of farmers and farm laborers. I have always contended that farmers and farm laborers, just like all other workers, suffer from heat and cold, want and privation, and all the other risks of humankind in our complex economy. I believe that the spokesmen for the farmers actually failed their responsibility in that they did not press more strongly for the cause of covering farmers under the social-security system.

I think that the farmers and farm laborers, as well as the various other classes which are not included under H. R. 6000, will ultimately be included. In the meantime the bill, H. R. 6000, provides a fairly adequate start toward a good, liberal social-security system for the workers of this country, and I hope it will not be too long before the benefits of coverage will be available to all workers.

The benefit amounts have on the whole been increased very materially, but I feel that an even further increase would have been desirable. The maximum creditable wage was increased from \$3,000 to \$3,600, but this is far too little and should have gone to at least \$4,800 when it is considered how much wages have risen since 1935, when the \$3,000 maximum was first inaugurated. For instance, among male automobile and steel workers employed throughout the entire year over 40 percent received at least \$3,000 in wages in 1945, and since that time this proportion has undoubtedly risen considerably, probably to at least 60 percent. Moreover, the majority of these are earning well above the \$3,600 limit established by H. R. 6000. A higher wage limit would, of course, have resulted in higher benefits. Then, too, in the matter of liberalization of benefits, I feel that we have not done adequately by those who are already on the roll. These persons will receive an increase of about 70 percent, which it is true will be most helpful, but they will still not be treated as fairly as those who came on shortly after the enactment date, who will, in effect, receive an increase of about 100 percent.

Considering the eligibility conditions for benefits, I feel that the bill is a little too strict in regard to both those in the newly covered groups and even for those now covered, and I would very much prefer to have seen more liberal eligibility provisions included. Also it is unfortunate that the retirement age for women, both workers and dependents, such as wives and widows, was not lowered to age 60.

The bill has made a great forward step in including permanent and total disability insurance, but I feel that too conservative a program has been set forth because there are no supplementary benefits available for dependents. Certainly a young worker who is disabled and who had a number of children is in great need of more than the moderate benefit which will be payable to him, and it would seem only logical that if his dependents are to receive benefits after his death they should certainly be paid while he is living. After all, it will be a very peculiar situation for less to be paid to the worker's family while he is alive and disabled than after he dies, and I certainly hope that dependents' benefits for disabled workers will be introduced in the not too far distant future. Also it would be desirable to include benefits for disabled dependents of retired workers and disabled survivors of deceased workers without regard to the age limitation now prevailing.

H. R. 6000 is of great importance in encouraging persons beyond the retirement age to engage in some form of gainful employment because it permits pay-

ment of full benefits when wages are \$50 or less per month. However, if administrative problems could be solved, it would be desirable to go further and eliminate an inequitable situation which will arise. A man earning \$55 will lose all of his benefit, whereas if he earned \$5 less, he would have received all of his benefit. Certainly, in such a case he should only forfeit \$5 of his benefit. After a retired person reaches 75, the bill will permit him to earn any amount he can without loss of benefits.

In the field of public assistance, I am heartily in favor of the increased grants for States with low average payments, although I think that we are perhaps tackling this problem in the wrong manner. I believe that it would be much better if Federal participation varied with the economic capacity of the State, as determined by its per capita income, rather than on the basis of the average payment in the State.

Finally, let me refer just a moment to the historic Republican opposition to social security. In general this opposition has not vanished, but is unfortunately still present among the undercurrents.

The Republican Party on the whole is still rigidly conservative and has throughout the years tried to hold back the inevitable progress of social security. The time was ripe just after the war, and after thorough studies had been made available, for the Republican Party while it had control of the Eightieth Congress to sponsor legislation which could have been on a nonpartisan basis, but as you all know virtually no action was taken and even such action as there was at that time was of a negative character, removing from coverage thousands of people under the so-called Gearhart resolution. The cause of social security is so popular among the people of this country that the Republican Party does not dare to come out in opposition and defeat the will of the people. But the Republican Party does attempt to hinder and delay any progressive, liberalizing moves. There is need to be truly conservative in setting up a broad insurance program such as this, and the Committee on Ways and Means has had competent actuarial advice on this matter. The benefits provided in H. R. 6000 will be met without any question from the contribution income to the program. However, there is a very clear distinction between conservatism in the plan of financing and the ultraconservative attitude of the Republican Party which has tried to block any progressive legislation toward liberalizing the program.

In closing, however, let me reiterate that I have discussed here only the features of the bill which I felt could be improved and liberalized, and I have not taken the time of this House to go over the many sound and desirable features of the bill. If I had done so I would have taken up far more time than I have. This bill has my wholehearted support and I urge its passage.

Mr. WOODRUFF. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. SIMPSON].

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I wish to suggest to the committee in connection with this bill that

there are two parts to it, the one being that which we are very happy to give to those who qualify as eligible for benefits under the social-security laws; the other is that applying to taxes and the effect of the taxes upon both the individual and his employer. Little has been said about that phase of this legislation. Frankly, if there is any windfall involved in this piece of legislation for anyone it is for the United States Government.

Can you imagine what this committee would have done had the Ways and Means Committee, carried out the President's request earlier this year and come before you with a new tax bill imposing new levies upon the income-tax payers of the country and in particular upon the corporations? We thought of that earlier in the year as the President requested. But, Mr. Chairman, regardless of the White House request that we pass a new tax bill this year, the chairmen of our respective Finance Committees threw up their hands in holy horror and said there should be in effect no new tax bill this year. That tax, as I suggested earlier, as contemplated, would have applied largely to the corporations; yet here we are today under a closed rule imposing an income tax upon the very poorest people of our Nation, the man with the smallest income, the man who under our general income-tax laws is exempted; yet here we are imposing that tax upon him; and, worse, we are spending it, as we see. So I repeat that the Treasury of the United States will receive the windfall, if there is any, under this bill because it will, over the next 5 years, collect at least one-half of all the taxes levied under the social-security laws from the lower-income group of our Nation in an amount of \$2,500,000,000 per year in excess of expenditures. Putting it another way, our reserves for the social-security fund will increase by about \$11,000,000,000 over the next 5 years. All of that is money that will be taken from the individual and his employer and spent for regular governmental expenses. Certainly, Mr. Chairman, one can readily understand why those charged with the administration of our Government today would like to have this bill passed.

In effect, the Congress has said "You cannot take that money from the businessman, you cannot take that money from the usual income-tax payers, you cannot take that money from corporations, but we will go out and apply an income tax without any exemption to the lowest income group. We will take nothing off regardless of the size of their family, we will take nothing off for medical expenses, nothing whatever. We will levy the tax against whatever they may earn."

Someone may rise and say that that is not exactly true because there is an exemption of four or five hundred dollars a year below which the individual does not pay a social-security tax, but I point out that that group has no chance whatever for benefits under these social-security laws, the very group that actually needs it the most.

There has been considerable talk about the fact that this bill has come to

the committee with a substantial majority in favor of it. That is true. I suggest that had the committee believed that anything other than the usual practice of the House would be followed in considering the bill that it would not have come out with much more than a bare majority. However, the bill is here. The gentleman from New Jersey [Mr. KEAN] has introduced a bill which will be the basis for a motion to recommit. In that bill are a number of items, about nine of which were at one time or another either actually written by the committee into the bill H. R. 6000 or they were voted down by a few votes. They were highly controversial items. When one realizes that our committee is divided respectively, 15 Democrats and 10 Republicans, and I tell you that a number of these factors in Mr. KEAN's bill under the nine items found in our report on page 51 were actually in the bill, you will appreciate that a number of Democrats supported the position taken by the author of the amendment.

They are highly meritorious amendments and, in my opinion, they deserve at the very least the consideration of this body for they do express a policy that the entire Congress should have passed upon.

With respect to one of them dealing with the \$3,000 wage base, you should keep in mind that social security is intended to solve a social problem. It is not intended to compete with insurance and it is not intended to provide insurance. It is to solve a social problem. Raising the base from \$3,000 to \$3,600 immediately gives a windfall to every man earning \$3,600, not at his own expense, not because of something he bought and paid for, but it is paid out of the social security fund which has been taken from the workmen in years past, who paid their tax on a \$3,000 income and less. Thus by increasing this to \$3,600 we immediately help the man who needs it from the social standpoint more at the expense of employees who need it worse.

Mr. Chairman, adding one-half percent a year for every year a man is under the social-security law is not right. There are two provisions in the bill providing for extra credit because of continuous membership in the fund. One is the continuous factor which in effect means that the longer you are in the more you get. After having given that to the individuals, we then add this increment of one-half percent a year. We did that in the face of the recommendation of the advisory committee, which is accepted generally as authority on social security law, because what we are saying to future generations to come is that we in 1949 are levying an obligation upon you about which we cannot even guess as to its cost. We do not know how many people will be in how long under the social security law and, starting today and looking ahead 20 to 30 years, that employee has no idea what his actual work will be each year unless he assumes he will work regularly. The generations in the future will be just as puzzled as we are today, in just as much confusion about social security, if our record is any precedent.

When this social security program

started 10 years ago, we all were led to believe, though I was not in Congress at that time, that the problems of the workman would be solved. Here we are a few years later with our fund over \$8,000,000,000 in the red, and with the payments, to which any worker is eligible, wholly inadequate, so much so that I believe I am correct in saying that about one-sixth of all those receiving benefits under this law are also receiving old-age assistance. We have benefits so inadequate that we are here today increasing them by an average of 70 to 80 percent, an increase, members of the committee, which every recipient needs upon which to live. That is something that the Congresses back in the thirties had no right, if you please, to promise those individuals, and then to depend upon a future Congress to make good.

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

Mr. SIMPSON of Pennsylvania. I yield to the gentleman from Ohio.

Mr. JENKINS. Did the gentleman give the approximate cost of this increment to which he has been referring?

Mr. SIMPSON of Pennsylvania. One-half of 1 percent a year for each year the individual is in the retirement fund.

Mr. JENKINS. The total aggregate would be about \$1,000,000,000 a year, additional cost.

Mr. SIMPSON of Pennsylvania. Yes. I would like to add at this point that that will be one of the items excluded under the Kean bill so that we can save \$1,000,000,000 each year right there by accepting the Kean bill. And, please get this point, there is not a man eligible under H. R. 6000 for benefits under social security who will not get exactly the same amount of benefits under the Kean bill.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. I am concerned about the gentleman's statement that the old-age and survivors insurance fund is \$8,000,000,000 in the red. How does the gentleman explain that, and what is the situation in relation to the moneys paid by the employer and the employee to take care of his needs in his old age?

Mr. SIMPSON of Pennsylvania. It is explained by simply stating that there has not been sufficient money collected from the employer and the employee to meet the accumulated obligations if the fund were called upon to liquidate. An insurance company, privately operated, for example, would be required to hold in its reserve sufficient money to provide for liquidation. This fund does not do so.

Mr. MILLER of Nebraska. Do I understand then that the money paid in by the employer and the employee is sometimes used to meet the current needs of government?

Mr. SIMPSON of Pennsylvania. Well, we are talking of two things. The answer to the gentleman's last question, namely, that the dollars actually collected go into the Treasury and are actually spent, is true. The other refers to the fact that we have not collected

sufficient money to take care of the obligations as they accumulated under the social-security law, and in that respect there is a deficit of about \$8,000,000,000.

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

Mr. SIMPSON of Pennsylvania. I yield to the gentleman from Rhode Island.

Mr. FORAND. Is it not a fact that the answer to the gentleman's first question is that because of the Republican sponsorship of freezing the tax, that the fund has a deficit of that amount?

Mr. SIMPSON of Pennsylvania. If there is one thing we have learned in the last few days in this body, it is that the Democratic Party is in control. I simply point out that every year this freezing of the tax passed the Congress, the Democratic Party controlled both the House and the Senate, with one single exception, and that was in that very fine Eightieth Congress.

Mr. FORAND. But the movement was sponsored by the Republicans, and a few Democrats got on the band wagon.

Mr. SIMPSON of Pennsylvania. I have yet to know of any major legislation passing under Republican sponsorship without Democratic support.

Mr. MILLER of Nebraska. Is it not true also that the two previous Democratic Congresses froze the tax?

Mr. SIMPSON of Pennsylvania. It was their idea in the first place.

Mr. JENNINGS. If the gentleman will yield, I am surprised that my good friend from Rhode Island would undertake to imply for 1 minute that any Democrat would get on the band wagon because it is popular to do so.

Mr. SIMPSON of Pennsylvania. I have one other matter about which I want to talk. I think it will strike an interesting chord in the mind of each of you, at least from my viewpoint. I feel that this provision in the bill providing for permanent-disability benefits is one that will lead inevitably to what each of us thinks of as socialized medicine. I have told many a doctor and civilian in my district that I am opposed to socialized medicine, and I do not want to support legislation which in my opinion may lead to it. You look surprised, perhaps, because it is very true that this bill is written most carefully to insure as far as possible that the benefits which a man who is totally and permanently disabled may receive will not be received until these safeguards have all been surmounted, and they are considerable. It must be a 6-month period within which the man is disabled, and there must be a finding by competent doctors.

The experience of the Veterans' Administration and what should be the experience under this bill would seem to me to direct that when the doctors say a man is not totally and permanently disabled but he is almost permanently and totally disabled, the common sense of those in charge of the administration of this fund, and after all, that is the Congress, would direct that they make an effort to save that man from becoming a liability upon the fund. It would not only be common sense, it would be our duty to do that. Consequently we would find ourselves called upon to provide

treatment for an individual nearing total disability. We would find ourselves called upon to provide hospitalization for such an individual. Then, after a man whose health has been insured by this body has been found to be totally and permanently disabled, common sense would direct that we provide the hospitalization in the hope that he might recover sufficiently to be no longer totally and permanently disabled. Thus, I believe we will have entered into a field that this Congress should not enter. Certainly we should not enter into that field without recognizing what we are doing.

I envisage the time when a man approaching 60 years of age says he is totally and permanently disabled because he has an actual or fancied ailment. The Veterans' Administration have gone almost as far as to recognize that any veteran who has reached age 60 has a prima facie case that he is totally and permanently disabled. They have regulations out that approach that point. Certainly under these social-security laws insuring the workers of our country against health and accident disabilities, we should, I believe, protect ourselves on that point and protect this fund, remembering that the money that goes to pay these men their claims comes out of the taxpayers.

Mr. Chairman, I urge the adoption of the Kean bill by the recommitment of H. R. 6000.

Mr. DOUGHTON. Mr. Chairman, I yield 40 minutes to the gentleman from Arkansas [Mr. MILLS].

Mr. MILLS. Mr. Chairman, in view of the action of the House on yesterday adopting the rule providing for the consideration of the bill H. R. 6000, it appears to me the Membership of the House might well be interested in the differences that exist between the bill H. R. 6000 and the bill H. R. 6297, which was introduced by the gentleman from New Jersey [Mr. KEAN] on October 3, and which we are informed will be the subject of a motion to recommit to be offered from the minority side.

Before proceeding to that matter, however, let me give you my considered judgment regarding the statement which was made yesterday during consideration of the rule by the gentleman from Nebraska [Mr. CURTIS].

As I remember his statement he found fault with the action of the committee in reporting the bill H. R. 6000 because the bill now before you, in his opinion, is a step in the direction of a welfare state. We have heard an awful lot in recent months about the development of a welfare state. It is significant that we hear that charge every time any legislation is presented to the Congress which has to do with the welfare of an individual. I challenge the statement that the creation of machinery providing security against need in old age constitutes a welfare state or is in the direction of a welfare state.

If we should adopt some of these grandiose schemes which have been submitted to the House in the form of a bill providing for the payment of pensions to individuals who have reached the age of 65, whether they need those benefits

or not, as some of our colleagues have signed a discharge petition to do, we might be proceeding in the direction of a welfare state. But when we call upon the individual during his productive years to lay aside, in the form of a contribution, out of his wages and earnings an amount of money which will enable an agency of the Government to provide him with benefits after he becomes 65 years of age, or when he becomes disabled at less than 65 years of age, how can it be said that we are doing something for that individual for nothing?

Certainly he is at least entitled to say he is buying and paying for that security against need in his old age.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. BYRNES of Wisconsin. I do not believe the gentleman intends to convey that impression that those people who are presently making contributions at the present rate are paying the cost of the benefits they are receiving as long as they are paying a tax under 6.15 percent.

Mr. MILLS. The gentleman calls the attention of the House to a very important matter. It is true that the existing social-security program is estimated to cost on a net level-premium basis about 4.45 percent of pay roll. I am guilty myself, as is the gentleman, and as are most of his colleagues on the left of the present speaker, and some on the right, of doing what now appears to be a very ill-advised thing over the years, not permitting the original tax rate provided in the 1935 and 1939 acts to go into effect, but continuing to agree with the Senate that it should be frozen at 1 percent of pay roll each on employer and employee. This bill reestablishes a rate of taxation which makes this program as sound as actuaries can estimate soundness to be, because the rate of taxation under the bill would eventually go in excess of the level premium cost of the program of 6.15 percent of pay roll. The present program is not sound, and the present rate of taxation provided to maintain that program is not sound, and the gentleman understands that it is not sound. As evidence of the fact that it is not sound, the Congress adopted the so-called Murray amendment a few years ago. In lieu of permitting the tax rate to go up, we adopted the Murray amendment providing that, in the event there were not sufficient funds in this trust fund to pay these insurance benefits, we take such amounts as are needed out of the Federal Treasury and supplement the funds of the trust fund. The gentleman realizes completely that this bill, H. R. 6000, now before you repeals that provision, so that now the benefits earned and due under the program, after this bill is adopted, will be paid exclusively out of the trust fund.

Mr. BYRNES of Wisconsin. The gentleman is not contending that the program is actuarially sound?

Mr. MILLS. The present program is not actuarially sound.

Mr. BYRNES of Wisconsin. But even the program contemplated by H. R. 6000 is not actuarially sound?

Mr. MILLS. The gentleman is contending just exactly that, that it is actuarially sound. The gentleman will admit that the program provided in the motion to recommit is likewise as sound as actuaries can estimate a program to be, in that it provides an over-all rate of tax which will go into effect in the future, equivalent to the level-premium cost of the program as estimated by actuaries. But let me proceed.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield for a question?

Mr. MILLS. I yield.

Mr. ROGERS of Florida. You say that this program for old-age and survivors insurance is continued. Is there any additional cost to the Treasury of the United States on that account?

Mr. MILLS. The bill does not contemplate any cost out of the Federal Treasury for the operation of old-age, survivors, and disability insurance.

Mr. ROGERS of Florida. Also this new phase of taking care of men permanently disabled does not come out of the Treasury of the United States?

Mr. MILLS. As far as the provision in title II of the Social Security Act is concerned, it does not. The gentleman may rest assured, if he votes for H. R. 6000 on final passage, that he is not entering upon a program, as far as the bill itself is concerned and the action of the Congress today is concerned, that will cost the Federal Treasury one penny in support of these benefits.

Mr. ROGERS of Florida. The gentleman is certainly making a good statement.

One other question. What will be the additional cost of the program under this bill over what it is costing at the present time?

Mr. MILLS. Does the gentleman mean the present program under old-age and survivors insurance or the public-assistance program?

Mr. ROGERS of Florida. Public assistance.

Mr. MILLS. The public-assistance program right now is costing, for the aged, dependent children, and blind of the country, approximately \$1,000,000,000 of Federal money annually. That is public assistance paid by the States and the Federal Government.

Mr. ROGERS of Florida. Then the additional coverage of the 11,000,000 people that was mentioned?

Mr. MILLS. That has nothing to do with public assistance. The 11,000,000 people are people who are covered under old-age and survivors insurance. They are the 11,000,000 additional people who will make contributions to this fund. They are buying protection and paying money for it. They are the people against whom this tax will be levied.

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

Mr. MILLS. I yield.

Mr. COOPER. I think what the gentleman from Florida has in mind is the additional cost there may be to the Federal Government outside of old-age and survivors insurance.

Mr. MILLS. That would be \$256,000,000 annually. That is the additional cost in the bill, under public assistance.

I call the gentleman's attention, however, to this point at this time: The motion to recommit will also include a cost of \$256,000,000 for public assistance out of the general funds of the Treasury. We had in mind, however, I may say to the gentleman from Florida, that this action, as stated in my question to the gentleman from New Jersey, of taking additional people into the old-age and survivors insurance program is calculated in the long run to safeguard against larger expenditure out of the general fund—that is, for old-age assistance. I share the view expressed by the gentleman from New Jersey that in time you and I may see the situation where we shall no longer be paying funds out of the general Treasury under the public-assistance program; this will occur because of these retirement benefits and disability payments that we are now talking about which will be paid out of this fund into which workers are making contributions in the form of a tax.

That is the hope of the committee. If it were not the hope of the committee, the committee would not have spent these hours, days, weeks, and months in sifting these people that are now outside the program and deciding which should come in; we would have provided one program for \$60 a month or \$30 a month for everybody and pay for it out of the general funds if we had not had the hope that this program we are talking about now would avoid the necessity of continuing public assistance in the future. We will never, of course, do away with public assistance, but we at least hope that maybe the recipients in the future who would otherwise have been eligible for public assistance, under this program will have established enough credit that benefits will be paid out of the insurance plan.

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

Mr. MILLS. I yield.

Mr. JONAS. I am not much concerned about the argument as to whether we have to dip into the Treasury to make good some of these benefits, because I think under the present bill that it is much more profitable for this Government to spend the money on the aged and decrepit and those who are indigent here presently even if we run short of income, rather than to spend it the way we are doing now in some foreign jurisdictions.

The point I am concerned with primarily now is one that perhaps the gentleman from Arkansas can answer: In the original bill there was a provision that these funds were to be considered trust funds regardless of how they were allocated; is there any change in this bill to which the gentleman has just referred by number, with reference to the allocation of those funds that takes them out of the trust-fund category regardless of these different features to which the gentleman has alluded in the program? Is there any difference in the status of these funds? In other words, will the Secretary of the Treasury be the trustee of the funds and will they be considered trust funds, and will they be invested as trust funds?

Mr. MILLS. No change is made of any existing law regarding the care of these funds. The gentleman understands that these funds are under a board of trustees, and he knows that the Secretary of the Treasury is one of the trustees under existing law. There is no change with respect to the trustees of the fund. They invest the proceeds of the trust fund in Government bonds, just as any insurance company today may invest its assets in Government bonds. We make no change in that.

Mr. JONAS. Will that apply to the total and permanent disability fund?

Mr. MILLS. Yes; to all moneys paid into this program; they will all be handled in the same manner.

Now let me proceed to a discussion of the bill H. R. 6297, which will be the motion to recommit. If the Members will turn to page 158 of the report they will find a summary of the recommendations of the minority members of the Ways and Means Committee. These recommendations are included in the bill introduced by the gentleman from New Jersey [Mr. KEAN], H. R. 6297. Let us see what the differences are between the positions of the majority and minority on the committee.

The very first suggestion of the minority has to do with the wage base, that is the amount that an individual earns, whether he is an employee or a self-employed individual, that will be subject to the tax and benefit provisions in the bill. In 1935 and during the intervening years, the Congress has seen fit to maintain that tax base of \$3,000 of earnings. That is to say, if an individual under covered employment makes \$4,200 a year, only \$3,000 of that income will be taxed for social security purposes. In 1935 when that action was taken by the Congress 97 percent of the people covered under social security had less than \$3,000 a year of earnings. Today, if we had followed the minority recommendation to maintain the tax base at \$3,000, only 76 percent of the employed individuals covered will be earning less than \$3,000.

I need not dwell upon the reason for that, Mr. Chairman. The membership of this committee realizes full well the great increase that has occurred in wages in the past few years and the reason why these statistics are correct. If we increase this tax base from \$3,000 to \$3,600, as the majority has suggested in H. R. 6000, then 86 percent of the workers covered under title II will be making less than \$3,600. There will still be 14 percent of the employed individuals covered by title II of the Social Security Act who earn wages in excess of \$3,600. You can see that if we created the same situation today that existed in 1935 and had 97 percent of the workers of the country covered by title II earning less than the tax base provided in the bill, the base would have to be approximately \$4,800.

We had the urgent request from the administration for increasing the wage base to \$4,800, and this was embodied in the bill introduced by the chairman of our committee for study and consideration of our committee. We had the Advisory Council on Social Security to the

Senate Finance Committee, staffed by some of the most eminent men in the country outside of the Government, eminent in the field of social security, business, labor, and farming, a cross-section of the various occupations in the United States, recommending and urging that the tax base be raised to \$4,200. In the interest of establishing harmony within the committee and in an effort to bring out a bill against which no one could have objection, the committee compromised the viewpoint of the minority. A majority of the members of our committee, a great majority of the members of our committee, desired that we increase this tax base to \$4,200. But we went along with the urgings of others on the committee that it be increased only to \$3,600.

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

Mr. MILLS. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I may say that the leadership expressed a strong hope that it be increased to \$4,200.

Mr. MILLS. I can agree with my distinguished leader. I know of the many times he talked to me about the matter. But if we maintain our tax base at \$3,000 the program would cost two-tenths of 1 percent more of pay-roll money. One percent of pay roll means \$1,250,000,000 per year on a level-premium basis.

Two-tenths of 1 percent of pay roll is not a small amount.

Let us pass then to the next matter in dispute between the majority and the minority, and that has to do, if you are reading on page 158, with this matter of automatic yearly increase in the benefit. We call it increment. Under existing law, we provided that a man shall have his benefit, after it has been determined under the formula, increased by 1 percent for each year he is under covered employment; that means, under existing law, if a man is under covered employment for 20 years and his benefit is figured out at \$40 under the formula, you give him an extra 20 percent of that benefit, or \$8, making his benefit \$48 instead of \$40. The bill H. R. 6000, by the way, reduces that increment, and this is another compromise made, from 1 percent for each year in covered employment to one-half percent for each year in covered employment.

Let me point out to the committee why, in my opinion, that is necessary. First of all, we have adopted a formula for determining benefits which is extremely weighted for the benefit of those with low incomes. For example, a man who has \$100 a month average wage, we give him a monthly basic benefit of \$50, but if that man's wage is \$150 we only increase his benefit by \$5, or to \$55. Under the bill, if a man has made \$3,600 a year over all of these years as against the other fellow's \$1,200 over all of these years, he only gets \$70 benefit as against \$50. There is only a spread of \$20 of benefit there based upon \$2,400 of additional earnings. So you can see that under the bill we have heavily weighted that formula for the benefit of this individual who makes the least on down through the future in average wage.

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

Mr. MILLS. I yield to the gentleman from New Jersey.

Mr. KEAN. The gentleman placed much stock in discussing the \$3,000 item on the opinion of the Senate Advisory Committee. Would the gentleman advise the House what the Senate Advisory Committee advised with reference to the increment?

Mr. MILLS. Yes. The Senate Advisory Committee advised that we eliminate increment, as did all the spokesmen who appeared before the committee representing the big insurance companies of the United States. I will tell you why in a minute, but I think the gentleman well knows. If we do not continue this matter of increment on the basis of the committee's recommendation, here is what you come to—and this involves also the third suggestion by the minority: Say that this individual began work in 1941 in a defense plant; he had not worked any place else before that; he received high wages in the gentleman's State of California; he will be permitted to hold that job until 1951 on those high wages; many of those years he was being paid overtime and double time for working on Sundays. So that he built up a tremendously high rate of earnings over those 10 years compared to the earnings prior to that and after that. But so long as he remains in covered employment earning \$400 a year, under the minority's recommendation, all in the world he ever has to keep in mind is those 10 years of earnings, because his average wage will be based upon the 10 highest consecutive years of employment. That costs more money than what the committee wants to do.

They charge us with trying to fix this bill for the benefit of an individual who is fully and regularly employed at a high wage, but I charge them with eliminating the increment because they could not have increment in this bill and maintain this 10 highest years for the benefit of these people who have worked in these war plants and who may not enjoy their high wage in the future.

Yes, we need this increment for this reason, that that very individual who worked during those 10 years may build up the maximum wage base during that 10 years, but he may never pay again in the future because he may retire in 1951. He may never pay in the future into the fund, but we are going to give him the same benefit for 10 years of coverage that we are going to give under the minority recommendation to the individual who had paid into the fund for 40 years at the maximum rate.

How in the world can you go out to workmen throughout the country and tell them to continue to pay this tax into this trust fund even though it does not accrue to their benefit after 10 years of payment? Why, the entire program will break down. You will find untold resistance in the future to any automatic increase in the tax rate provided by this bill. Certainly you will. If you want to destroy the social-security program, in my humble opinion, you vote for the minority's motion to recommit this bill to eliminate increment.

The gentleman from New Jersey points out that it saves eight-tenths of 1 percent of pay roll in the future to eliminate increment. That is true. It reduces the cost of the program. But the important thing is to maintain a willingness on the part of the people covered by this program to accept these automatic tax-rate increases. Otherwise, the program will be destroyed. Whatever difference there is between the amount of money in the fund and the benefits then due will certainly have to be paid for out of the Federal Treasury of the United States, and that may well amount to more than \$1,250,000,000 a year.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. BYRNES of Wisconsin. I wonder if the gentleman would be fair enough to the Members particularly on his side to advise them what the administration recommendation was in this regard.

Mr. MILLS. I will be glad to. I am trying to be as fair as I can. The administration desired an entirely different formula from that which the committee adopted.

Mr. BYRNES of Wisconsin. They recommended the five best years, did they not?

Mr. MILLS. The Social Security Administration recommended the five best years. You have something like that in civil-service retirement. We thought the sounder approach, because it cost less money to the fund, was to relate the man's benefit more directly to the amount of the tax that he had paid into the fund. Under the bill, you take a man's average wage, all of his earnings over all of the years of his covered employment, and then offer him the alternative of considering that wage from 1937 or 1950, whichever is more favorable, but you relate the benefit directly to the number of years of coverage and the amount of wages he has paid tax on, and you do not pass out these great gratuities because an individual had an extremely high wage rate for a 10-year period.

Mr. BYRNES of Wisconsin. The gentleman talks about the extremely high wages. Of course he appreciates that the highest we can go, even under the bill H. R. 6000, is \$3,600. That is the highest wage we recognize as an average wage. Under the bill of the minority it would be a \$3,000 base. That is the highest rate that would be recognized.

Mr. MILLS. The gentleman from Arkansas understands quite well that this provision of 10 consecutive years was put in here to catch somebody who would not go along on the other provisions of the motion to recommit.

The gentleman from Arkansas knows that the labor unions of the country prefer to have a 10-year average as compared to the provision in the House bill.

Mr. BYRNES of Wisconsin. They would prefer to have a 5-year provision, too, would they not?

Mr. MILLS. Yes.

Mr. BYRNES of Wisconsin. Then this bill is the administration policy, is it not?

Mr. MILLS. The gentleman from Wisconsin knows, as well as I do that this is not a bill drawn up by the Social Security Administration. This is not the President's bill. This is not a CIO or an A. F. of L. bill. This was a bill on which every member on the Committee on Ways and Means has made his contribution. The gentleman from Wisconsin worked and served diligently on the committee and made many contributions. The gentleman from Nebraska—all the other members of the minority—worked hard. They made contributions to this bill and as evidence of that fact when the time comes to vote on the final passage of the bill, I still believe that the 22 members who voted to report the bill out, out of the 25 on the committee, will vote for final passage.

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

Mr. MILLS. I yield.

Mr. EBERHARTER. One of the considerations which weighed very heavily with the committee in arriving at the decision it did was the situation of the veterans.

Mr. MILLS. Absolutely.

Mr. EBERHARTER. We have veterans who were in the war for 5, 7, or 10 years. We allowed them a credit of \$160 a month. If you were to adopt this 10-year formula you would be discriminating against the veterans who served in the war, because the boys who stayed at home and worked in war plants would get a credit of perhaps \$250 a month for the wages that they earned during that time. So that is a consideration which entered into the decision which was made.

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

Mr. MILLS. I yield.

Mr. SABATH. I am really amazed that both of you gentlemen, the gentleman from Pennsylvania and the able gentleman who now has the floor, should waste so much time on the gentleman from Wisconsin. The gentleman from Wisconsin is against the bill and it matters not what kind of a bill you bring in—he is against social security. There is none so blind as he who will not see, and he will see nothing. He does not care. He will pay no attention to your explanations. He is against the principle and against the bill as I understand and as he stated before the Committee on Rules.

Mr. MILLS. The gentleman from Arkansas has such a deep feeling for the gentleman from Wisconsin that I am trying to get him straight and get him to go along on the bill.

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

Mr. MILLS. I yield.

Mr. JENKINS. I do not like to hear the distinguished gentleman from Illinois castigate my good young friend, the gentleman from Wisconsin [Mr. BYRNES]. I want to say to him that he is one of the most intelligent young men who has come to the House of Representatives in the last 10 years. He is one of the outstanding authorities on this subject, regardless of what anybody else might have to say.

Mr. MILLS. I certainly agree with the gentleman from Ohio regarding the fine character and outstanding ability of the gentleman from Wisconsin. I still have hopes, however, of getting him straightened out on this bill.

Mr. SABATH. Nevertheless a man with the intelligence of the gentleman from Wisconsin does not seem to have enough intelligence to vote for this bill which his party and the country and the people generally demand and urge and plead for.

Mr. MILLS. I think the trouble with the gentleman from Wisconsin is that he has not been fully apprised of the fact that the great majority of the American people really want this bill H. R. 6000.

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

Mr. MILLS. I yield.

Mr. JENKINS. The gentleman from Wisconsin votes for what he believes and what he knows and what he thinks and not what somebody tells him.

Mr. MILLS. Yes, that is correct.

Mr. SABATH. That shows that he does not know what the people want.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. SIMPSON of Pennsylvania. If I heard correctly, I understood the gentleman to say a little while ago that this matter of increment was placed in the bill in order to attract a certain vote; is that correct?

Mr. MILLS. No, no; the gentleman misunderstood me entirely. I had in mind the suspicion that this provision for the 10 best years as to average wage was placed here to attract the attention of certain people.

Mr. SIMPSON of Pennsylvania. I know nothing about that. But I do know I heard the gentleman from Arkansas argue most effectively and successfully at one time in the committee and persuaded the committee that the increment provision should be removed from the bill.

Mr. MILLS. The gentleman from Arkansas is doing something which I had hoped the gentleman from Pennsylvania would do. After the gentleman from Arkansas was licked in the committee on so many occasions he made up his mind that the majority opinion of the committee—not the majority opinion of the committee as expressed on a party basis, but simply the majority opinion, was certainly superior to any individual opinion that the gentleman from Arkansas might have.

In a spirit of compromise, the gentleman from Arkansas went along with many things about the bill that he did not particularly like, but none of these things were of sufficient importance for the gentleman from Arkansas, after having succeeded in getting one or two things over, to fall out with the majority because he did not get everything he wanted. The gentleman from Pennsylvania argued as strongly as anybody could argue, and the committee placed in the bill a provision permitting the State of Pennsylvania, because of the influence of the gentleman from Pennsylvania [Mr. EBERHARTER] and the gentleman from Pennsylvania [Mr. SIMPSON] in the com-

mittee, requiring the Federal Government to pay to the State of Pennsylvania funds for the blind, even though the State of Pennsylvania does not confine its own payments to needy blind. We did that because we felt it was fair and justified. I certainly hope that the gentleman from Pennsylvania [Mr. SIMPSON], before he votes for the motion to recommit, will ascertain that the gentleman from New Jersey [Mr. KEAN] has included that provision in his bill, because I would not want him to do something that would not be in the interest of the people of Pennsylvania.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. SIMPSON of Pennsylvania. I think the gentleman from Arkansas is extremely fair, and I am pleased to have him admit that he is not in accord with this matter of increment, other than as a matter of compromise.

Mr. MILLS. No. The gentleman from Arkansas has not said that. He said there were certain things about the bill that he did not like.

Mr. SIMPSON of Pennsylvania. Do you believe in the matter of increment as a matter of policy?

Mr. MILLS. I believe in the one-half percent increment contained in this bill as a matter of policy, yes. And I have explained why I think it is absolutely essential to the perpetuation of this program.

Now let me go to this matter of Puerto Rico, which seems to concern some people.

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

Mr. MILLS. I yield.

Mr. WHITTINGTON. Will you discuss the matter of the definition contained in this motion to recommit?

Mr. MILLS. Yes. I will be glad to go to that right now.

The bill offered by the gentleman from New Jersey [Mr. KEAN] provides a definition for the term "employee," which includes the first three paragraphs of the committee bill. However, it leaves out the fourth paragraph of the committee bill.

If the gentleman from Mississippi will turn to that definition on page 49, he will find in the third paragraph the language which is written in Mr. KEAN's bill, beginning on line 13, page 49 of the committee bill. It would be interesting for the gentleman from Mississippi to consider those 500,000 to 750,000 cases in the borderline or twilight zone, which would have come under Social Security had the Treasury, during the Eightieth Congress, been permitted to institute the regulations that it had promulgated, following the Silk case in the Supreme Court. These are not common-law employees, because you could not bring them in under any limited technical definition applied under common law. This provision in Mr. KEAN's bill gives us the additive approach to include more than just common law, and it is our information, given to the committee in executive session, that 90 percent of those 500,000 to 750,000 people who would be brought in under the third and fourth paragraphs of the committee definition would still

be brought in under the third paragraph in Mr. KEAN's bill. You are squabbling over this definition of the term "employee" when there are only 50,000 to 75,000 people involved in the difference between the two definitions.

Now, why did we decide that we needed more than the Gearhart resolution? Let me plead guilty to the charge that will be made that I supported the Gearhart resolution in the committee last year; that I urged its adoption by the House; that I voted to over-ride the veto of the President when the bill came back here; and if I had it to do over again I would do it again under the circumstances. I took that approach at that time because of the fact that I resented as much as I could the constant effort to take people under social security by regulation instead of by law. I felt that under that definition of employee under the law as it stood at that time where the term was not defined, when the Supreme Court put into the Silk case all the dicta about basing employment upon economic reality, and the Treasury was about to promulgate these regulations, there would have been great confusion.

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

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman from Arkansas five additional minutes.

Mr. MILLS. I would not have reversed my position had I had that opportunity in that particular instance. We do not have that situation involved in this definition of employee in H. R. 6000. We are not, however, talking about taking people under title II by using this definition; that is not what is involved here at all. If an individual is not an employee, if he is, on the other hand, a self-employed individual, he will come in under other provisions of the bill. All in the world that is involved here in this definition is whether or not some person who has a relationship with another individual will pay the social security tax on that individual's pay, or whether he will be permitted to avoid that tax payment that is being paid by other individuals when the factual situation is the same. The gentleman is a lawyer and he knows that in the various Federal jurisdictions the courts have proceeded to adopt different basic principles of the common-law rule. Some of them, the State of New York, for instance, and my own State of Arkansas have been very liberal in applying the common-law rule. They have in their jurisdictions gone under the common law to some extent and disagreed with the Supreme Court in the Silk case; but in other jurisdictions courts have not been liberal; they had adopted a very conservative viewpoint. We had one case where under a contract even—there was no question about the common-law rule applying and the individual being an employee—the court looked beyond the contract, was not willing to base a tax upon a contract, but looked beyond the contract and found that even though there was a right of control it was not exercised, therefore, the man was not an employee. Now, we are taking care of the situation. We do not feel that it is incumbent upon the Treasury Department in collecting

taxes to have to look beyond the contract. If a man wants to enter into a contract that makes someone else his employee he should have to meet the consequence of that action tax wise. There are only between 50,000 and 70,000 individuals involved in this proposition between the minority position and the majority position; and I will contend with the gentleman from Mississippi or anyone else that this fourth paragraph of this definition is as understandable to any lawyer who wants to advise a client as the common law rule which has been followed heretofore in the various jurisdictions, because that lawyer does not know until he goes into court whether he is going to apply the common-law rule of the State of Michigan or the State of Arkansas where it may be liberal or where it may be conservative. What we are trying to do in paragraph 4, I may say to the gentleman from Mississippi, [Mr. WHITTINGTON], is to get away from the legal technicality as to whether an employee is an employee or not and base it upon the factual relationship between the individuals.

We have written the bill and the committee report so those people who are to administer the program in the Treasury Department may well know this is not a blank check we are giving to the Treasury to let social security cover any individual whom they may desire to do so. This is a tax matter and tax laws should not be based upon the common-law rule. Taxes should be uniform and applied to all alike in the same fashion regardless of what Federal jurisdiction they live in. I trust I have answered the gentleman's inquiry.

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

Mr. MILLS. I yield to the gentleman from Ohio.

Mr. JENKINS. Does not the gentleman believe that this being a legal matter and the Constitution placing all legal disputes in the courts for decision it would be safer for the courts to decide this than a few bureaucrats?

Mr. MILLS. The gentleman from Ohio made that contention yesterday and in committee. With all due respect to the gentleman, for whom I have the deepest affection, he is trying to convey the impression to this House that this is a tax matter of some other type than the normal-tax proposition where any taxpayer who is aggrieved over the levying of a tax may go to the Federal court. The gentleman knows that under this definition anybody who wants to go to court and fight the levying of this excise tax on him as an employer may do so. The gentleman from Pennsylvania wants to say that the poor man cannot do it; however, the gentleman from Pennsylvania knows that that poor taxpayer has the same right under this that he has when the internal revenue agent comes around and tells him he owes \$50 more in taxes.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Pennsylvania.

Mr. SIMPSON of Pennsylvania. The gentleman does not know the thought I had in mind. I did not ask what the

poor man was going to do who cannot go into court. To all practical intents and purposes what the gentleman is saying is that not the courts but Mr. Altmeyer will tell the little man in my district whether or not he is an employer or an employee and the little man then cannot go into court because he does not have the money.

Mr. MILLS. The gentleman knows full well that is not what I am saying. The gentleman from Pennsylvania who worked for 6 months very diligently in committee on this matter knows that is not the situation. He knows that under this bill we are not conferring on the Social Security Administration the collection of this tax. The gentleman who participated in the minority report recognizes that the tax will be collected by the Treasury Department just as any other tax will be collected by that Department and that the Social Security Administration will not have a thing in the world to do under this program except to pay the beneficiaries under this definition.

Mr. SIMPSON of Pennsylvania. With respect to the present law there were some 750,000 people who Mr. Altmeyer said were under social security, the Treasury Department said they were not, but finally said they were.

Mr. MILLS. The issue involved here is entirely different from the issue involved in the Gearhart resolution because then it was a matter of coverage. The court was passing on the term and bringing in as many people as possible. That is not necessary on the court's part today. If we did not have this definition, it would not be necessary because this bill and your motion to recommit takes in all these people under the law. The court does not have anything more to do with it.

Mr. Chairman, let me pass on to Puerto Rico and the Virgin Islands. I have heard a lot here about this being a bad bill because it extends the provisions of title II to the Virgin Islands and to Puerto Rico—250,000 covered persons in Puerto Rico might be eligible some time in the future when they comply with the requirements of this bill for some type of benefit to be paid out of the trust fund established by title II of this act. There might be as many as 5,000 people in the Virgin Islands who would become eligible for similar treatment. There are about 2,000,000 people altogether in Puerto Rico, and about 30,000 or 35,000 people on the three islands that constitute the Virgin Islands. The gentlemen on my left over here in their motion to recommit want to be generous. They want to take care of Puerto Rico; yes, they want to take care of the Virgin Islands. They want to leave to the Virgin Islands and to Puerto Rico the administration of the needs of the people on those islands only under public assistance, and let the Federal Government pay one-half of those needs out of the Federal Treasury. That is what they want to do.

What do we propose to do? We propose to treat these people who are American citizens as American citizens. They are not foreigners. When we bought the Virgin Islands, and when we took over

Puerto Rico, we took the responsibility of at least treating them with some degree of equality. We took that responsibility when we took possession of their homes. Now they say that even though these islands pay nothing into the Federal Treasury, we are going to dip into the Federal Treasury and take care of all of these demands through public assistance; just as many of these citizens are going to be disabled and just as many are going to be 65 years of age, whether or not we have an insurance program. We took the position that I thought those interested in economy would take. We say that instead of building up a staggering load of public assistance to be funneled out of the Federal Treasury, we are going to require those who are working in occupations covered by this bill to make a contribution out of their wages into this trust fund and be treated as any other American citizen when the benefits are handed out. If the wages are low in Puerto Rico, they will not get a high benefit; they will get an extremely low benefit, maybe the \$25 minimum will be what they will get, but if they make \$100 a month in Puerto Rico and they retire, they will get just the same amount that an individual making \$100 and retiring in the United States would get.

The committee bill in that respect is much superior to that of the bill in the motion to recommit. The motion to recommit will also eliminate from the bill the total and permanent disability benefit provisions under the insurance system. Yet they do not eliminate that provision from the committee bill in regard to public assistance.

Ah, my friends, sometimes I wonder where in the world the milk of human kindness has flown to. Why, why do you want to force this individual who has worked a lifetime, to an age of 55 or 60 years, a substantial citizen in his community, who paid into this trust fund over those years—why, why, my friends, I say, do you desire to call upon that individual to go to the Federal Treasury to get assistance in the method of a dole? Now, can you justify by any argument that your position is more favorable than the position of the committee when the committee says, "Not out of the general funds will we pay that disability benefit to an individual, but we will pay him out of the very funds into which he has made his contribution"? You cannot get by if you say that we have to preserve this fund for the benefit of those who want to retire and for the benefit of the survivors of deceased workers. You cannot make that argument because the committee bill provides specifically that this total and permanent disability will not go into effect until January 1, 1951. At the same time an increase in the rate of taxation of one-half of 1 percent will occur for that specific purpose. We are levying that tax for that purpose.

We have made our bill sound. These few differences between us are only nine out of the thousands of differences that arose in the bill. They are entirely too small and too inconsequential to justify the membership of this House going along with these 10 Republicans who filed this minority report. Yes; the bill

should be passed. I hope that it will be passed so that that great deliberative body at the other end of the Capitol may have full and complete opportunity to pass it between now and next June.

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

Mr. BRYSON. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

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

There was no objection.

Mr. BRYSON. Mr. Chairman, with almost a decade and a half's practical experience it cannot now be successfully contended that social-security legislation, like that now on the statute books and to which extensions are proposed in the pending bill (H. R. 6000), is not practicable. When this legislation was first proposed in 1935, many doubted the wisdom of the venture. Now there is scarcely a person who will not admit that social security is essential.

To be sure, this measure is not perfect. In fact, few pieces of legislation, if any, could be considered perfect and thoroughly acceptable in every detail. You will recall that there was serious opposition to the adoption of the United States Constitution. Turn back, if you will, to the debates at the Constitutional Convention and read the accounts of the clash of minds in that august assembly. That matchless orator of all times, Patrick Henry, in speaking against the adoption of the Constitution, described its destructive power so realistically that the people unconsciously felt of their wrists and ankles for the shackles Henry said would be applied to them in the event the Constitution should be adopted. Through the years 21 amendments have been adopted to the Constitution, and still it is by no means perfect.

In voting for this bill, as I intend to do, I by no means indicate that I agree with all of its provisions. We must be realistic and practical. Should each Member of Congress vie for his or her own individual views, no legislation would ever be enacted.

An amazing thing about H. R. 6000 is the fact that of the 25 members of the Ways and Means Committee, 22 of them voted to report the measure to the House. Scarcely has there been another instance where major legislation as controversial as this has been approved by so substantial a majority.

As others have done, I, too, would pay a word of tribute to the members of the Ways and Means Committee. For the sake of brevity, I shall not attempt to name the members individually, although much could be said about each of them. I feel, however, that I must give special commendation to that outstanding sage and statesman the gentleman from North Carolina the Honorable ROBERT L. DOUGHTON, native son of my own State by birth, whose long and useful life has made many outstanding contributions to our country's good. Chairman DOUGHTON is a man of more than four-score years of age. Chairman DOUGHTON is a man of wisdom and sagacity, increasing in power with the passing of each year. Our committee gave

more than 6 months' study to this measure. The record of its deliberations covers some 2,500 pages, wherein appears the testimony of 250 witnesses. The report on the bill consists of 200 pages. Thus it cannot be contended that full and complete hearings have not been available.

Mr. Chairman, as I have observed, if I were writing the bill, I would not have included some of the provisions contained therein; and I would have included other provisions not appearing in the present draft.

I have heretofore introduced amendments to the Social Security Act, reducing the minimum age at which old-age benefits would be payable from 65 years to 62 years of age. While I know that many such as our chairman and even the chairman of the Rules Committee remain quite active long after they are passed the age of 65, many others, especially those in industry and particularly women, wear out or lose their strength by the time they are 62. There is a precedent for this age in the law which provides for Members of Congress to receive benefits after 62 years of age. The committee in its wisdom did not attempt any change in this regard, but met the problem at least in part by providing for total and permanent disability benefits. This is a helpful provision and should be written into the law.

There has been great need to increase the benefits accruing to the beneficiaries. I am glad that this measure does increase the sums payable.

The most pitiful person of all is one who in old age has no security whatever. While I by no means favor compulsory insurance, this type of legislation lends every encouragement to an individual to provide for that day when he can no longer provide for himself.

As I have stated, the bill is not perfect. Subject matter as complicated as this, dealing with such a large number of individuals under so many different circumstances, could not be perfect. I sincerely hope, however, that the House passes this measure by a substantial margin, and that without delay.

Mr. MILLS. Mr. Chairman, I ask unanimous consent that the gentleman from New York [Mr. MARCANTONIO] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. MARCANTONIO. Mr. Chairman, today, millions of American workers are living with fear in their hearts.

These men and women fear the economic insecurity that is the constant companion of every man who works in the mines, the mills, and the factories of this, the wealthiest land in the world today. And they fear the future—the prospect of being thrown on the dump heap some day like a worn-out piece of machinery, when younger and stronger men come along to replace them at their jobs.

It is this fear that is behind the crises that have developed in the steel-making and coal-mining industries.

Because their Government has not seen fit to establish an adequate system of old-age pensions and health insurance, workers, through their trade-unions, have been trying to obtain some kind of partial security on a company- or industry-wide basis.

That the initial responsibility for this crisis lies with the Congress, and primarily with the majority party, is clear beyond doubt. The Social Security Act has not been altered, except for the relatively minor amendments adopted in 1939, since its inception 13 years ago and except for the better-than-nothing bill before us today. As a matter of fact, when the steady shrinkage in the purchasing power of the dollar is considered, current benefits being provided, low as they are, are considerably less than even originally agreed to. But the leaders of the major parties seem too concerned about other problems to worry about the aged and the sick in our own land.

Although the House Ways and Means Committee has held hearings over an 8-month period in this session, it has reported this bill before us, recommending amendments to the Social Security Act. The recommendations are far below any adequate minimum program.

I am not optimistic as to what we can hope for. The dismal record already made by the Eighty-first Congress on legislation for the benefit of the people speaks for itself. But we shall see.

Meanwhile, what about steel and coal?

The steelworkers' union demanded of the industry a 30-cents-per-hour-package increase, made up of three parts; about 12½ cents for wages, 11¼ cents for pensions, and 6¼ cents for insurance and health and welfare.

The Presidential fact-finding board recommended absolutely nothing in wages; 4 cents for insurance, and 6 cents for pensions were recommended, to be paid for solely by the employers.

According to my reading of the report of the steel board, the insurance recommendation is less the cost of whatever insurance plans are already in operation. Probably the 4-cents-per-hour recommendation will average out to between 2 and 3 cents for the steel industry as a whole. Moreover, the pension provisions—6 cents per hour—if agreed to in collective bargaining will not go into effect until next spring. This is the total recommendation of the President's board; and this the steelworkers' union leaders accepted.

The men that work in the steel mills of America are among the hardest working in America. Their youth and their strength are drained away by the blast furnaces and the rolling mills of this industry. There is no question that these men should have an adequate pension and welfare program and a substantial wage increase as well.

But their union leaders have already renounced their wage demand and I deem this surrender tragic. As for the insurance and pension plans, about which real differences have since developed between the employers and the union, it would be well for the Members of this body to be informed in some detail.

Let us look at these demands once more. The steelworkers asked that the

industry contribute 11¼ cents per hour toward a pension scheme. This would provide for a pension of \$125 per month, independent of the Federal old-age benefits, at the age of 65.

The steel board recommended 6 cents. And this would provide a pension of approximately \$70 per month, which—increased by the Federal program—would provide \$100 per month.

It is this pension scheme—noncontributory, the employers bearing the full cost—about which big steel is making such loud protests. "Revolutionary" was the word Benjamin Fairless, the head of United States Steel, used to describe this part of the board's proposal.

On insurance the union would have established a system of death benefits, sickness and disability insurance, costing 6¼ cents per hour. The board proposed that 4 cents be paid out for this, sharply cutting the coverage and benefits of this program as originally proposed.

That is what is involved in this dispute between the steelworkers and the tycoons who own and operate the industry.

The steel board said explicitly that it was about time the steel industry began paying as much attention to its workers as it did to its plant and machines. The responsibility of such employers to the men who work for them extends beyond the payment of the hourly or daily wage. The board said:

We think that all industry, in the absence of adequate Government programs, owes an obligation to workers to provide for maintenance of the human body in the form of medical and similar benefits and full depreciation in the form of old-age retirement—in the same way that it now does for plant and machinery.

There is much that any unbiased person would object to in the report of the steel board. For example, it is completely objectionable for this board, in dismissing completely the union's demand for a wage increase, to use the occasion to generalize to the effect that wage increases for other American workers are equally undesirable at this time as a national policy. This is the kind of obiter dicta which can have no other effect than to make it more difficult for other unions to win any kind of a wage increase in their collective bargaining.

Another departure by this board was the inclusion of Federal old-age insurance in computing the steelworkers' pension. The pensions due these men are due them from the industry in which they have sweated for many years; whatever other benefits they get from the Federal Government, they receive as all American citizens do. No one can defend this kind of an approach to a pension plan which would shift the cost from the steel companies to the Government.

The coal-miners' welfare fund provides substantially more than the program recommended for the steelworkers by the presidential board. The coal-miners' fund is also noncontributory; it was set up in 1946 and actually went into operation when the same Ben Fairless, who is refusing to agree to the fund for the steelworkers, signed an agreement with John L. Lewis in 1947.

The coal miners receive a pension of \$100 per month, exclusive of Federal old-age insurance. This is about \$30 a month more than the steelworkers would receive if the board's recommendations were put into effect. The coal program also provides disability payments, insurance, and other benefits on a more comprehensive scale than is contemplated under the steel plan.

The same fat, sleek men of big business who are balking at agreeing to even the admittedly inadequate pension and insurance program recommended for the steelworkers are among the dominant figures in the coal industry as well. We would be naive to ignore this dual role of these tycoons and not to see in the present situation a coordinated drive to dole out the smallest pensions possible in both industries and even wreck the miners' welfare plan by nonpayment, if possible.

The cynicism and hypocrisy of these men of big business has never been more completely exposed than by their reaction to the noncontributory pension and insurance proposals.

These have been described as socialistic and revolutionary. Editorials have been written blaring forth that American initiative will be destroyed if American workers receive a piddling pension of \$25 per week toward which they make no contributions. Such a program would mean loss of freedom for the worker. Freedom for what—to die in the poorhouse?

But let us look at the record. This same Ben Fairless who recoils from the un-American proposal for a noncontributory pension, himself has a little pension program as an executive officer of United States Steel.

At the age of 65 Mr. Fairless will receive a pension of \$50,000 per year toward which he has contributed not 1 cent. He also participates in a contributory plan under which he paid in \$6,000 last year and the company \$10,000. Last year Mr. Fairless received a \$20,000 wage increase, more than three times his annual contribution to his second pension plan.

Bethlehem Steel also has a completely noncontributory-pension plan for executives. Pensions are the average compensation 10 years prior to retirement. A. B. Homer, president of Bethlehem, will be 65 in 1961. At his 1948 compensation of \$263,280 a year he will receive a pension of \$110,460 per year toward which he contributes not 1 cent. Three former officials of Bethlehem are now receiving pensions toward which they contributed not 1 cent—these are pensions of \$25,668; \$27,168; and \$76,968 per year.

Need I add that Bethlehem joins United States Steel in opposing on principle noncontributory pensions for the men who work at the blast furnaces and in the mills?

Ben Moreell is the chairman and president of Jones & Laughlin Steel. If he retires in 1953, he will receive an annual pension of \$25,000; if he continues to work until 1958, his pension will be \$35,000 per year—all paid by the company. And Mr. Moreell, a former Navy admiral, I believe, has been with the company only 2 years.

The record goes on and on. And the case is clear.

Noncontributory-pension plans are fine for executives. They are revolutionary for workers.

The steel industry certainly understood and accepted without any reservations the rejection by the board of any wage increase for the steelworkers. And Philip Murray, president of the steelworkers' union, was acclaimed in the press as a labor statesman for acceding to the wage rejection.

But the steel industry claims it cannot understand and rejects the recommendation for noncontributory pension and social insurance plans.

Can there be any question upon whose shoulders the blame rests for the strike in steel? Can there be any question as to the motives behind the refusal of the individual coal miners to return to the pits until their welfare fund has been rehabilitated? Can there be any question that millions of workers in every other industry in the Nation will support the just demands of the coal and steel workers? They know that their pensions and future security are bound up with the strikes in coal and steel. Every worker in America stands behind them and will demand that this administration and Congress support them.

Mr. CLEMENTE. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

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

There was no objection.

Mr. CLEMENTE. Mr. Chairman, I have been deeply interested in old-age and disability security since the first day I became a Member of Congress.

I am going to vote for H. R. 6000 because the present coverage of social-security laws is altogether inadequate and the benefits payable thereunder are so low—the average of which is \$25 a month—as to leave the recipients thereof with insufficient means to survive. I am going to vote for this measure for the reason that under the present social-security laws almost one-third of our workers are not covered, and for the additional reason that the physically disabled have not been taken care of under the present regulations.

History shows the great majority of the persons on the pay rolls of this atomic age is the young and vigorous, and the elderly citizens are shunted aside. As a result of this unfortunate situation we find increasing in numbers the aged, the unemployed; and so we must face the problem of surrounding the needs for livelihood of this large group with some measure of security. This is forced upon us by the ever-growing number of people over the age of 65 who are not protected by social security. Of 5,200,000 men now 65 or over—one-third are insured under the present program. Of 5,500,000 women 65 or over—one-fourth are insured, either individually or as the wives of insured workers.

The scale of monthly benefits under the old-age and survivors insurance system in effect today was set up over 10 years ago. Over 10 years of experience

now show that that scale was wholly inadequate. This experience has fully assessed the strength and weakness of the social-security system with relation to its place in our present economy. During this time many developments have occurred which showed a need for resurvey of the principles and objectives of the program as they relate to the current economic conditions. It also proved the reaffirmance of the basic principle that a contributory system in which both contributions and benefits are directly related to the individual's efforts prevents dependency.

It therefore becomes necessary, by reason of the fact that this social-security system is firmly established, to strengthen this system at once. It has been found that by reason of having paid into the system the member gains as a matter of right upon ceasing covered employment his benefits, and at the same time the worker's dignity and independence are preserved.

We should expand our social-security program in the size of benefits and the extent of coverage, so that the economic hardships due to unemployment, old age, sickness, and disability can be combated more forcibly. A very extensive study, evaluation, and correction of the old-age and survivors insurance provisions have been carefully considered with a pressing relationship to the problems of economic security and dependency.

In the hearings before the Committee on Ways and Means the overwhelming weight of testimony was for the broad proposition that the Social Security Act framework is solid ground upon which we can widen the scope and increase the protection afforded by both the old-age and survivors insurance and public-assistance program.

The Congress is now confronted with the tremendous decision of combating the serious threatening of our economic well-being. There is an immediate necessity to strengthen the foundation of the social-security system before it is undermined by the lack of proper protection and coverage.

Revision of the social-security law so that increased payments may be paid to beneficiaries is a matter of prime importance. It should be done without delay. The necessities of those who come with the law is immediate. Therefore, Congress should act immediately to relieve them. There is no good and sufficient reason to justify further delay. If it is not acted upon by Congress before it takes a recess, then this will mean that probably a year will elapse before any additional help will become available, assuming that the bill is passed, and I certainly hope it will be.

The correspondence which I receive leaves no doubt of the necessity of increasing benefits to the aged and other beneficiaries coming within the provisions of the present law. It is impossible for them to exist on any proper standard of living, with the meager benefits now being paid.

It has now been 10 years since there was any general overhauling of the law. Since that time the cost of living has reached unparalleled heights. The pay-

ments of the act now in force do not meet the need that exists. Furthermore, the limited amount the present law permits beneficiaries to earn to add to the insufficient amounts they receive is not sufficient. Certainly, we do not wish our aged to be required to live on a sub-standard basis. Our national wealth and resources have been literally poured out to aid those in less-favored countries who have experienced the ravages of war.

It is well that we should help them, but there is no reason that we should neglect or overlook the needy in our own land. It is our bounden duty to care for them in a way that will remove the actual distress they now experience.

The problems of old age are as old as the human race. Man lives by work and when his capacity for work decreases, or when profitable employment cannot be found, many individuals cannot purchase the bare necessities of life.

In ancient times when man wandered from place to place in search of game and other foods he had little time to care for the aged. He had less inclination to share his meager food supply with those no longer able to join in the chase. Old people were left to die alone by the side of the trail.

Under the influence of the Christian admonition to "Honor thy father and thy mother that thy days may be long upon the land which the Lord thy God giveth thee," the peoples of much of the world developed a new appreciation of older people.

The depression made our people conscious of the needs of older people. Widespread unemployment decreased wages, shrinkage of local taxes made it impossible for either individuals or local governments to support the older unemployed. State after State adopted laws to provide old-age pensions.

Finally, the Social Security Act was passed by Congress, and for the first time, the Federal Government had a plan whereby a portion of our people could lay up a reserve to be paid them in old age. Everyone realized that this act was only a step toward a full solution of the problem.

The House Ways and Means Committee voted out a major revision of the Social Security Act, H. R. 6000, boosting maximum family benefits from \$85 to \$150 a month and extending coverage to 11,000,000 new workers.

The bill was combined with one granting an additional \$256,000,000 a year to help the needy. Under the bill the 2,600,000 persons now receiving old-age and survivors insurance benefits would get an average monthly increase in benefits of 70 percent.

The average primary benefit of about \$26 a month would be increased to nearly \$45.

The social-security tax would be raised from 1 to 1½ percent each for workers and employers during 1950, 2 percent from 1951 through 1959, and 3¼ percent by 1970.

The part of the worker's annual income subject to the tax would be raised from \$3,000 to \$3,600. This would raise the annual maximum tax for individuals next year from \$30 to \$54; and to \$72 in 1951.

The number of persons covered by the social security would rise from the present 35,000,000 to 46,000,000.

Benefits in the revised plan are increased 150 percent for the lowest benefit groups and 50 percent for the highest. Persons now getting the minimum of \$10 a month would get \$25. A person now eligible to get \$45 would get \$64.

Lump-sum death payments would be made for all insured deaths. Such payments are now limited.

A new formula is provided for computing retirement benefits, almost doubling the average of benefits payable now.

Disability insurance would be extended to all persons covered by old-age and survivors insurance. Workers permanently and totally disabled would have their benefits computed on the same basis as for old-age benefits, but no payments would be made to dependents of such workers.

It would seem academic to me that this great country which has one-sixteenth of the world's population, one-sixth of its territory, enjoys seven-tenths of the world's trade, owns 85 percent of the world's automobiles, has 60 percent of the world's life insurance, has 59 percent of the steel capacity, owns 54 percent of all the telephones, 48 percent of all radios, 46 percent of the electric power, with the most schools and churches and the best health record in the world, should be willing to provide meager subsistence for the millions of aged.

Statistics will never present the mass of human tragedies among those men and women who have worked to make our country a great, wealthy nation, and who must now face the prospect of poverty in old age. Certainly this country can devise a realistic system to provide self-respecting security to those whose productive effort has contributed so much to our well-being.

The passage of H. R. 6000 will be one of the great forward steps taken to give financial security to the countless number of people that have made America possible.

Under the provisions of this measure veterans of World War II would be given wage credits under the old-age, survivors and disability insurance program of \$160 per month for the time spent in military service between September 16, 1940, and July 24, 1947.

Under this new bill persons who establish their own businesses following a period of covered employment will continue to receive the same protection they formerly enjoyed, i. e., the garage mechanic who opens his own place of business following a period of time during which he was employed by someone else will still be covered by the Social Security Act. Under present regulations his coverage would be terminated at the time he established his own business.

About 3,800,000 employees of State and local governments will be afforded social-security coverage, if the State enters into a voluntary compact with the Federal Security Agency, provided that such employees who are under an existing retirement system shall be covered only if such employees and adult beneficiaries of the

retirement system shall so elect by a two-thirds majority.

I therefore earnestly plead with this House to give a moral lift to the people of the United States by passing H. R. 6000.

Mr. JENKINS. Mr. Chairman, I yield 10 minutes to the gentleman from Washington [Mr. HOLMES].

Mr. HOLMES. Mr. Chairman, the population of our country is growing older, and this increase in proportion of older people to our over-all population is one of the most important problems this country is facing.

From a more than casual study of this problem some startling facts come to the surface. Some 150 years ago one-half of our population was less than 16 years of age. Now the average age of our population is 30. By good authority, it is estimated the average age of our population by 1975 will be 35.

In 1900 3,000,000 of our population were 65 years of age or older. Today it is estimated there are 11,000,000 people 65 and over, and in 1975 it is estimated there will be 18,000,000. In other words, by 1975 the old will have become 5 or 6 times as numerous as they were in 1900.

Let us look at some of the reasons afforded by vital statistics why the average age of Americans is rising. In 1800 there were 1,342 children under 5 years of age per 1,000 women aged between the years of 20 and 44. By 1940 the number was only 419.

Again, Americans live longer. With the great improvement in sanitary conditions and the findings of medical science, our longevity has been increased. In 1900 life expectancy at best was approximately 50 years. By 1940 it was 62 years, and at present it is estimated to be a few years higher.

Again, the tenfold rise in the standard of living in the past 150 years has made possible advances in education, science, and medicine, which directly affect the length of life and in turn raise living standards.

These facts present us with a real problem, and it appears wise and necessary to meet the real problem realistically.

The bill before us, H. R. 6000, was a combination of the two bills H. R. 2892 and H. R. 2893, which were originally introduced as separate bills. They are now combined in one bill, H. R. 6000. H. R. 2892 took care of the public assistance program, namely, the public assistance to the aged, to dependent children, to the blind and to a new category, those permanently and totally disabled and in need. The original bill H. R. 2893 took care of the old-age and survivors insurance program.

I voted to report the bill H. R. 6000 out of the Ways and Means Committee and I shall vote for the final passage of the bill. I do believe, however, there are some defects in the bill that could be greatly improved by suggestions made in the minority report and by the Kean bill, namely, H. R. 6297. These are my reasons. The Kean bill contains the same increase in benefits for those now retired under old-age and survivors insurance as does the administration bill. It contains the same increase in benefits for those on the assistance program as does the administration bill.

It does, however, maintain a lower tax rate for the American people over a longer period of time, and hence I think, as an adjusted tax rate, it is more nearly in relation to reality. It is one thing to raise a tax and assume that this will get the necessary revenue. It is another thing to have a tax rate that will bring in that revenue to keep the trust fund in such condition and in such a financial position as to be able to meet the obligation of the benefits.

If this system gets to the point where it is not on a sound financial basis the benefits will be just paper values. The Kean bill would provide for higher benefits for those who are occasionally laid off by basing the amount of benefits on the best 10 consecutive years of their employment. This would provide for higher benefits for those occasionally laid off and for those who need it most. And in the face of fluctuating employment and unemployment I think it is an extremely important point.

H. R. 6297 would correct the provisions in the administration bill which gives to the Treasury Department and the Federal Security Administration the right to determine what rate of social security tax a person should pay by giving those agencies authority to determine who is self-employed and who is an employee. This is an important point, for employee and self-employed do not pay the same tax rate. This problem, I believe, can best be handled by using the approach of going over the various groups in the twilight zone where there can be arguments on both sides to determine specifically and clearly whether those groups are self-employed or employees.

I believe we should study the specific groups in the twilight zone and determine through normal parliamentary and committee procedure whether those specific groups should be classified as employees or employers. That is my interpretation of the additive approach and that is the interpretation I put on the approach undertaken in the Kean bill. I think this procedure would more clearly define the areas of disagreement and not leave it entirely to administrative regulation.

In other words, experts in social security use the additive approach just as much as experts in social security use the administrative approach. I think that the additive approach is a more clearly defined approach to the handling of this problem. I give you these reasons as one who is strongly in favor of broadening our social-security insurance program and increasing the benefits, for I believe it is the sound way of picking up savings during the earning power of a person's life to help to pay for adequate benefits at the retirement age of 65 or over. I also believe to go into permanent and total disability insurance is something that we should be extremely cautious about. The Advisory Council which has been given great weight by the people on the administrative side of the bill working with the Senate Finance Committee—not Senators, but experts in the field or social insurance—are very cautious about recommending total and permanent disability insurance first because of its history and because no one knows how much it will actually cost. It

may be of such tremendous cost that it would jeopardize the entire program of social insurance.

The Kean bill does not disregard those totally and permanently disabled and in need, but handles them through the public-assistance provisions of the bill. I think it would be well to see how more conclusively the total- and permanent-disability program for those in need works out through the public-assistance approach than to go headlong into total and permanent disability insurance, in the face of its history and in the face of the cautious recommendations of the Advisory Council.

The CHAIRMAN. The time of the gentleman from Washington [Mr. HOLMES] has expired.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. HAND].

IMPROVEMENTS IN OUR SOCIAL INSURANCE PROGRAM

Mr. HAND. Mr. Chairman, during the 5 years that I have been in Congress, and even before, I have consistently and constantly advocated that our social-security system be broadened to cover millions not now protected, and that the payments under it be increased to meet the greatly increased costs of living.

In 1946 I spoke in the House in an attempt to get the Seventy-ninth Congress to act. I said then, in part:

Mr. Speaker, sometimes it seems to me that there has developed an attitude that we can afford everything else except the care of our own people. Hundreds of millions, yes, billions, of American dollars have been spent in an attempt to bring some measure of health and security to peoples all over the world, but we hesitate about bringing a measure of health and security to our own people. If we can spend * * * for the necessities of life for foreign people, including our late enemies, we certainly should not quibble over adequate social security for loyal citizens here at home who have helped materially to bring this country to the great and strong position it now occupies.

For a long time Congress did little, or nothing, about the problem. The Democratic Seventy-ninth Congress passed one or two amendments of small consequence, and it must be confessed that the Eightieth Congress, while making some substantial improvements, did not really come to grips with the problem.

At last, we are given the opportunity to make some much-needed improvements in the system, and the bill before us does that.

Certainly, I do not approve of every provision in the pending legislation. In some respects it may go too far; in others it may not go far enough—but it is seldom possible that any bill before us meets with the complete approval of each of the 435 Members of the House.

Mr. Chairman, it is to be regretted that legislation of such great importance must be considered under a gag rule. It is true that 4 days of debate have been allowed, but it is equally true that there is no sense in providing all that time for debate when Members are precluded from offering any amendments. There is nothing sacred about this particular bill which is reported by the committee, and it is wrong in principle that the

Members of the House are prevented from offering their own ideas on this subject. It was for this reason, of course, that I voted against the gag rule, but since it was adopted by the majority controlled by the administration, we have no real alternative than to take this bill as it is, or reject it entirely. I prefer to take the bill.

It includes many provisions of the utmost importance. Very briefly, it does this:

First. It extends coverage to approximately 11,000,000 new persons not now covered. It brings under the protection of the act self-employed persons other than certain professional groups, who did not wish to be included. It covers employees of State and local governments, but only if the State enters into an agreement with the Federal Government, and then only if the employees vote to be included by two-thirds majority. It covers domestic servants, and altogether, as I have indicated, it extends the protection of this important social insurance to about 11,000,000 additional Americans.

The act does include certain salesmen and independent activities which are not employment. I think this is a mistake, which I trust may be cured before the final law is adopted.

Second. It liberalizes payments. About 2,500,000 persons will have their payments increased 70 percent on an average. In the lowest benefit groups, payments are increased by 150 percent.

Third. It removes the limitation of \$14.99 on earnings. This is, perhaps, one of the most important features of the bill. Heretofore, if a beneficiary earned as much as \$15 per month, he was excluded from the benefits of coverage. Now, one may earn up to \$50 per month without losing the benefits.

Fourth. It protects veterans. Prior to this bill, World War II veterans were not given wage credits for their time necessarily spent in the service. Under this bill, World War II veterans are given an arbitrary wage credit of \$160 per month for all time spent in military service from September 16, 1940, to July 24, 1947.

Mr. Chairman, I hope I can take some measure of personal pride in this provision because it is an incorporation of my own bill introduced in the Seventy-ninth Congress some 4 years ago, and I have been working on it ever since. Veterans, without this provision, were discriminated against, because the interruption of their employment due to the war was certainly no fault of theirs. The bill cures this discrimination.

Fifth. Permanent disability benefits. The bill provides for the first time that all persons covered by this insurance program will be protected against the hazard of enforced retirement by reason of permanent and total disability.

All in all the bill presents us with a notable broadening and improvement of the social-security system, and is the end of a long fight for this purpose.

I again express my regret that we are obliged to consider the measure under a gag rule and on a take-it-or-leave-it basis. I regret that the membership has not had the opportunity of presenting amendments or other plans as an alternative to the pending legislation. Never-

theless, I am wholly unwilling to reject the improvements that are offered, and I shall certainly support the bill.

Mr. LYNCH. Mr. Chairman, I yield such time as he may desire to the gentleman from Minnesota [Mr. McCARTHY].

Mr. McCARTHY. Mr. Chairman, in his social-security message to the Eightieth Congress, President Truman asked that Congress increase benefits under the old-age and survivors insurance program by at least 50 percent. The President asked that the insurance system be extended "as rapidly as possible" to the 20,000,000 persons then excluded from coverage under the act. He recommended that our social-insurance system be broadened to include insurance against loss of earnings due to disability. He asked that the wage base for contributions and benefits be raised from the first \$3,000 to the first \$4,800 of the worker's total annual earnings. He urged that the date for increasing the tax rate from 1 percent to 1½ percent should be moved forward from January 1, 1950, to January 1, 1949.

And which of you, if he ask his father bread, will he give him a stone? (Luke 11: 11.)

President Truman asked the Eightieth Congress for bread. Bread for those who under the law were receiving an average of about \$25 per month under old-age and survivors insurance. What was he given by the Eightieth Congress? The Eightieth Congress answered by passing two bills over the President's veto. Public Law 492 excluded certain newspaper vendors from the coverage of the program.

Public Law 642 amended the definition of employee so as to take out from under the coverage of the law those who were not employees under the old common-law rules—approximately 750,000 persons were affected.

Or a fish, will he for a fish give him a scorpion? (Luke 11: 11.)

Instead of broadening social security as the President requested, coverage was cut back. Instead of increasing the percentage payments, as the President recommended, and as the original Social Security Act of 1935 provided, the contribution rate was again frozen at 1 percent through 1949. No provision was made for disability insurance, for increase of benefits under the old-age and survivors insurance program, nor was the wage base for contributions raised.

On January 5, 1949, the President spoke again, this time to the Eighty-first Congress. He asked for an extension of social-security coverage. He asked for increased benefits and for aid to the disabled. H. R. 6000 is the answer of the House of Representatives. The President has asked for bread and we are giving him bread. Perhaps not a whole loaf, but in the measure that is practicable and possible at this time. By this bill coverage is extended over approximately 11,000,000 more American people. Benefits are raised by about 70 percent from an average monthly payment of approximately \$26 to an average monthly payment of about \$44. The permanently and totally disabled are provided for. The income allowed before deduction is increased from \$15 per

month to \$50 per month. The financial base of the whole program is greatly strengthened first by increasing the taxable base from \$3,000 to \$3,600 and by providing for an increase in the rate of social-security tax.

The passage of this act will mark a very definite step forward in the movement to provide a minimum of economic security for the aged and disabled. It will further reduce the danger of economic insecurity and reduce the force of the threat of poverty.

Mr. LYNCH. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. McGRATH].

Mr. McGRATH. Mr. Chairman, today the hopes of the American men and women are raised higher. Today the fears for the future are allayed. H. R. 6000 continues the constant and steady march of legislation to make happy and pleasant the days of the working men and women that were once fraught with fear.

Nothing is so unwise as hasty and rash legislation. Nothing is more conducive to a sound America than a gradual and persistent program to aid those whom unemployment, ill health, or disability has touched.

Contrast the features in H. R. 6000 with the concept of legislative duty that was accepted about 25 years ago. When the first measure for old-age security was introduced in the State legislature at Albany, the sponsor, recognizing that he could receive practically no support from the floor and only ridicule from his colleagues, elected to sing "Over the Hill to the Poorhouse." This action brought down the wrath of the Speaker, but it did dramatize that the only place for American citizens who had labored long and faithfully in the industrial vineyards was the road to the poorhouse. Our social concepts have since been awakened. Today the almshouses that spelled doom and disaster and in many instances meant the separation of husband and wife, are today, thank God, almost extinct. Families are kept together in the twilight of their lives because of the benefits of social security. The individual States blazoned the way in many instances and in 1935 our Federal Government enacted a system of old-age insurance for persons working in industry as a safeguard against the occurrences of old-age dependency. In 1939 Congress broadened considerably the protection given to our citizens and in the following years gradually the act was extended. But today we march forward and with H. R. 6000 bring the act up to date, correct some of its difficulties, strengthen it, and present the most comprehensive and sound social program that thus far has been written in our Nation's annals.

Social or general justice is recognized and put into dynamic action. This measure adds over 11,000,000 people to its coverage. In almost every State and Territory when this bill is enacted into law, these 11,000,000 people will no longer have the fear and the dread that has hung over them during the years in which they wondered what would become of them if an economic emergency arose.

In many homesteads people have been complaining that they could not live

upon the receipts of social security. The increase under this act gives to these American citizens faith in our American system.

But no piece of legislation, no matter how carefully drawn, executes itself. Into the hands of those to whom this program is entrusted Congress will expect and demand a sympathetic understanding of the problems of the people for whom this legislation was enacted.

This bill is not perfect but it does approximate the very best that can be written at this time. Subsequent amendments should keep our social-security program up to date and alive to the wishes of the electorate. Many who are always ready to point out the isolated errors in democracy must now recognize in the growth and development of social legislation that democracy does work.

During the fall of last year, many in this Chamber pledged their solemn word that Congress would pass a comprehensive social-security act. Those of us in the House of Representatives have kept our word. The administration has lived up to its promises and we all look forward to the enactment of H. R. 6000 into the law of our land.

Mr. LYNCH. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. CAMP].

PERMANENT AND TOTAL DISABILITY INSURANCE

Mr. CAMP. Mr. Chairman, loss of earnings from permanent and total disability is a major economic hazard to which all gainful workers are exposed. On an average day, 2,000,000 persons are unable to work because of disabilities which have continued for more than 6 months. These persons not only suffer loss of earnings, but they must also meet the additional costs of medical care, with the resulting economic hardship to themselves and their families often being greater than that from old age and death. Yet, no protection is now afforded to the permanently and totally disabled under our social-security system. In fact, the system today actually penalizes the disabled worker by reducing, or extinguishing, his right to old-age and survivor benefits.

Under existing law, if a worker in covered employment becomes permanently and totally disabled even for a brief period of time, his average wage is reduced and in turn his old-age benefit is decreased. Serious as such a result may be for a worker and his dependents, the extreme hardship cases occur, however, when workers become permanently and totally disabled before they have obtained sufficient quarters of coverage to acquire a permanently insured status. Under these circumstances, a worker not only suffers the loss of income because of his disability but also the loss of his old-age benefits at age 65 and survivor protection for his dependents, as well as the contributions he has made to the system over the years. Such is the gross injustice that now results for the average worker if he has less than 10 years of coverage under the system.

H. R. 6000 would not only protect the old-age and survivor benefit rights of the average worker, if he becomes perma-

nently and totally disabled, but would also provide him disability benefit payments. In general, a person who works for wages or is self-employed and has contributed to the system continuously for 5 years prior to his disablement would be eligible for monthly benefit payments. Thus, protection would be afforded to most of the workers covered by the system who through no fault of their own are unable to continue as members of the labor force. Benefits would be paid, when a worker needs them most, to supplement his savings or other assets, in meeting the extraordinary expenses that are always present when serious illness strikes or a major accident occurs.

I firmly believe that a social insurance system should provide for the payment of cash benefits to workers who are permanently and totally disabled as well as to those who suffer income loss because of old age, premature death, or unemployment. For the average worker and his family, a disability which permanently excludes him from the labor market is a catastrophic event. State workmen's compensation laws provide protection against the loss of income from work-connected disabilities, but only about 5 percent of all permanent and total disability cases are of work-connected origin. Diseases of the heart and arteries, cancer, rheumatism, arthritis, kidney diseases, and other chronic ailments have become the major causes of permanent disability and death. Little or no protection is available to the ordinary workingman against income loss due to these and other serious illnesses. When a worker becomes permanently disabled he must exhaust his own resources, borrow from relatives and friends, and in a high percentage of cases out of necessity he finally, as a last resort, must turn to public assistance.

The common man who earns his living as an employee or who has a small business has not and cannot provide his own protection against permanent and total disability. Who is able to accumulate sufficient savings to meet the total cost of the basic necessities of life over a period of disablement that may extend 10, or 20, or 30 years, or longer? Few persons are able to purchase private insurance to protect themselves against the loss of income from prolonged disability. The cost of such insurance is high and the terms on which it is sold are restrictive.

The minority members of the Committee on Ways and Means and the spokesmen for the insurance companies who testified at the hearings held by the committee oppose a social insurance program covering permanent and total disability. They cite the experience of the insurance companies during the depression of the thirties in support of their opposition to the permanent and total disability provisions of the bill. None of them, however, has contended that the loss of income due to prolonged disability is adequately protected today by private insurance policies held by the workers of America. They acknowledge that private insurance contracts are not available to the average workingman at a cost which would enable him to obtain his own protection against this major economic hazard. Regardless of this fact,

they offer public assistance, based on the means test approach, as the only method of providing payments to permanently and totally disabled individuals.

The Committee on Ways and Means has been fully cognizant of the importance of the experience of the insurance companies in this field and has given careful consideration to such experience in formulating the permanent and total disability program provided for in H. R. 6000. There are many differences, however, between private and social insurance and the experience under one is not always applicable to the other. Let us take the time to examine the experience of the insurance companies in writing disability policies and see what some of these differences are.

First, a considerable portion of the insurance companies' difficulties arose from over-insurance or, in other words, the granting of so much potential disability income, such as \$300 to \$5000 a month, that the insured individual could well afford to retire on the payments available to him. Under the program proposed in the bill, only a basic floor of protection would be provided, ranging from \$25 to less than \$70 per month in the early years of the system. Even after 40 years of operation, a worker who had earned \$3,600 or more per year in covered employment for this period of time would receive only \$84 per month. Certainly these amounts will not serve as incentives for people to leave their jobs and to seek early retirement.

Second, the eligibility conditions under insurance contracts were far more liberal than those proposed in H. R. 6000. Many policies provided benefits payable 3 months after the date of disability and none had a longer period than 6 months. The average waiting period under H. R. 6000 would be 7½ months and in no instance could the waiting period be less than 7 months. Moreover, some policies provided retroactive benefit payments for the entire period of disability, and in other instances provided increased payments after an insured individual had been on the benefit rolls for a specified period of time. Both of these factors tended to encourage claims presentation by insured individuals.

Third, private insurance had a much less strict definition of disability than is contained in the bill. In general, the policies covered presumptive disability so that once an individual was disabled for the waiting period, he was presumed to be totally and permanently disabled. Under the definition in H. R. 6000 an insured individual must not only be disabled for the entire waiting period but at the end of that time he must be permanently and totally disabled. He would not be eligible for disability benefits if the medical prognosis showed that within a short period of time he would be able to engage in substantially gainful activity. For instance, an individual with a broken leg might be disabled for 10 months and under an insurance policy draw disability benefits for 4 months after a 6 months' waiting period. Under the provisions of the bill, however, no disability benefits would be paid, as it

would be obvious that this individual was not permanently disabled.

Fourth, the insurance companies did not have administrative machinery comparable to that which is now available to the Federal Government, to ascertain the activities of claimants of disability benefits. It was relatively easy for beneficiaries of private disability insurance to conceal employment while receiving benefits. Such would not be the case under the social-insurance system proposed in the bill. Wage reports and self-employment income reports would have to be furnished the Federal Government and even if an insured individual might be classified as permanently and totally disabled from a medical standpoint, no benefits would be paid if he had significant earnings.

Fifth, many of the difficulties that insurance companies encountered when they were writing liberal disability insurance policies arose because of the high-pressure tactics employed by the agents selling this type of insurance and the competitive practices engaged in by the companies themselves. During the boom period of the 1920's, insurance companies liberalized their contracts so as to meet competition, and as a result many unsound provisions and overly liberal practices developed.

Because of the differences in private insurance methods and those of a properly administered social-insurance system, it is the opinion of the majority of the Committee on Ways and Means that the unfavorable experience of insurance companies in writing disability insurance in the 1920's, although important, is not conclusive evidence that a contributory social-insurance system cannot function satisfactorily. The members of the committee who signed the majority report accompanying the bill are aware of the problems that will arise in administering a permanent and total disability program. We know that the determination of disability is not as simple as the determination of death and the attainment of age 65 and, because of this, safeguards to restrict the costs of the program are provided for in the bill.

Although from a social point of view it would be desirable to pay higher benefits to disabled persons who have dependents, the committee did not recommend payments for dependents of workers in order to keep the cost of the system low. This provision was also recommended by the Advisory Council on Social Security to the Senate Committee on Finance when it proposed a permanent and total disability insurance program in 1948. (See Senate Document No. 208, Eightieth Congress, second session, for this and other recommendations of the council relating to permanent and total disability insurance.) Moreover, under the bill the insured status requirements for disability benefits would be more stringent than for benefits payable upon retirement or death. To be eligible for disability benefits a worker would have to have at least 20 quarters of coverage out of the 40 calendar quarter period ending with the quarter of disablement and, for the purpose of testing recent attachment to

the labor market, he would be required to have 6 quarters of coverage out of the 13-quarter period ending with the quarter of disablement. This latter provision will exclude persons such as voluntarily retired housewives and other workers, who become disabled after they withdraw from the labor force and are no longer dependent upon their own earning capacity.

The level premium cost of the permanent and total disability provisions of the bill is estimated by the committee's actuary as one-half of 1 percent of pay roll. The minority members of the committee do not directly attack this estimate, but they set forth in the minority report what they term to be a fair estimate of the maturing cost of the program. This so-called fair estimate does not exceed eight-tenths of 1 percent of pay roll even in the year 2000. In my opinion, the estimate of the committee's actuary is the more accurate but even if we assume that the minority's estimate is correct, surely there does not exist a formidable enough difference, measured in terms of covered pay roll, to deter the Congress from providing protection to the workers of America against the loss of income from the major economic hazard of permanent and total disability.

The opposition of the minority to permanent and total disability insurance is reminiscent of 1935 when a contributory social-insurance system for payment of benefits to aged retired workers was first enacted into law. The efforts exerted then to withhold protection against want in old age failed. I am confident that the attempts to prevent the establishment of a permanent and total disability program will also fail. No one can fairly deny the American worker protection against the economic hazard of permanent and total disability through social insurance.

Mr. Chairman, allow me to read from a sample of letters received by Members of Congress to show concretely the necessity for disability protection.

—, TEX., February 16, 1949.

As you probably know, I have a personal interest in this bill, because I have paid social security for a period of 12 years in the past and had a heart attack on November 27, 1947, since which time I have not been able to do any work at all, and the best of doctors have advised me that I will be unable to work again. I am 50 years of age. This leaves me without any source of income whatever, and, frankly, it seems very unfair to me that I have paid social security this long and can't draw any.

* * * Under my condition, it is not likely that I will ever be able to draw any of this money that I have paid in and if this condition will be of any benefit to you to encourage the passage of such bill, I will be more than happy for you to use it, not just for my benefit, but for the benefit of others who suffer such similar misfortunes.

I want to commend you for your action in connection with this matter because no one knows any better than I do how a person personally feels about such situation. I urge you to do everything you can to secure the passage of the bill, and if I can be of any service in that connection, I will be happy to do so.

With best wishes and kindest personal regards, I am,
Sincerely,

—, N. J., January 3, 1949.

I am writing to ask you to support a change in the social-security laws.

At the age of 55 I became handicapped by blindness after paying social-security benefits from the time the law went into effect.

My contention now is that a person handicapped by blindness should receive social-security benefits at that time instead of having to wait until they become 65 years old.

I have been handicapped almost 6 years and shall have 4 years before I am 65 and then heaven only knows whether I will be entitled to any benefits as it will have been 10 years that I did not have deductions made from my pay envelope.

I think you can readily see what such a change in the law would mean to those becoming handicapped by blindness in the future.

Thanking you for taking time to read this letter and that you may see your way to advise and support such a change.

Very truly,

—, CHICAGO, ILL.

Being citizens of this country, I, as a citizen, would express my opinion on benefits of the Social Security Act. Due to an illness of almost a period of 1½ years, I find myself in a State where I cannot collect anything. My illness of a stroke permits me never to work again for the rest of my life. I am now at an age where I cannot collect old-age pension for another 6 years. Now, Mr. President, couldn't there be a law passed where people could collect disability pension? In case of illness I believe it's highly necessary in this country to pass a law which would help people support themselves in one way or another.

It would be greatly appreciated if some law like that could be passed. Under this Social Security Act, I might find myself in a state where I could never collect that, in case of death. Don't you think it would be greatly appreciated by me as a citizen, and in a case like mine, to collect while I am living? I worked for over a period of 20 years in this wonderful country of ours, and now I find myself, not being able to work, ever, paying for this social security and not being able to get anything out of it, Mr. President. It would be greatly appreciated if you could pass such a law where you could collect disability pension for people who are so willing to support their families and cannot because of illness. I thank you, Mr. President.

Sincerely yours,

—, GA., February 4, 1949.

Mr. — is my father, and is suffering with a severe heart ailment; as a matter of fact there is a grissel growing through his heart and though it grows slow, he isn't able to work and cannot draw his social security because he isn't 65. Dad is only 58 and looks 80; he has had social security taken out on him since social security came in effect.

* * * We don't want charity. When he worked for the money, the social-security organization has got of his, and he needs it now; you see we children have done everything we could to support dad, mother, and sister, and now that my husband is laid off from his job, and my youngest brother, something has got to be done, and we don't want charity if we can help it.

With all the children married and having heavy overhead expenses, dad feels like he is a burden and grieves himself sick. With his heart trouble he is likely to pass out sooner than he would if he was independent.

Knowing he has social security that is rightfully owing to him (which they didn't hesitate to take out), he feels like there

should be someone somewhere who could help him get it. My dad has pride even though his health is gone.

Sincerely,

—, OREG., October 12, 1948.

The social-security laws are at present on the list for expansion. As one who feels the present laws are inadequate, I hope by writing to you that with your assistance some change may be made that will make it possible to give aid to a great many deserving persons.

The experience I am about to tell you of has probably happened to many and I feel it is unjust. My husband who was employed for all but 15 months of the 10-year period paid into social security from an average \$180-a-month salary. In 1945 because of a series of strokes suffered from high blood pressure, he was totally disabled. This was only 5 quarters away from security coverage. As we understand the law there is no security benefits because he was forced to lose this employment. My husband is only 54 years old at present, unable to ever be employed again and in need of my constant assistance, which prevents me from being employed. Now even if he is permitted to live until he is 65 he can claim no benefits from the premiums deducted from his salary. Yet many men and women 65 who are strong and well have retired and are receiving assistance from the fund which many of the disabled have helped to build. A friend of ours now 65 was totally disabled from a serious heart ailment only a short time before he would have completed his 40 quarters. He is not entitled to any security assistance for which he paid.

There are probably thousands of these individuals, some near 65, others who have only been under the system for a very short time.

I do so hope that by mentioning this to you that you may have something to offer the security committee when they begin expansion. It does seem that some system of percentage assistance could be worked out to benefit those who are totally disabled regardless of their age if they have had deductions made from their pay.

Sincerely yours,

—, WASH., January 4, 1949.

The matter I have in mind in connection with the social security law is this: What happens to the man who becomes totally disabled before he reaches the age of 65 years.

For example we have here in the hospital a man 48 years of age, who has been employed in an industry subject to the law since its inception up to the present time. It looks very much as though this man may be declared permanently disabled and not be able to return to his work. He has three dependents besides himself with very little income for future use. Under the present social-security law as I understand it he will have to reach age 65 years before he can receive any benefits.

It may not be possible under the present social-security law to provide for cases as stated above but it certainly would be a wonderful addition to the present law if such a provision could be added to the law.

Respectfully yours,

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

Mr. CAMP. I yield to the gentleman from Michigan.

Mr. CRAWFORD. The gentleman is from a great farming State and I am also interested in farmers. Would he give us for the purpose of the record the reason why the committee did not cover farmers as such and farm labor?

Mr. CAMP. We considered that subject perhaps as long as any other question that came before us. There were two or three compelling reasons. One is the fact that there is no demand by the farmers for it.

Mr. CRAWFORD. In my district I have had every indication that there is greater demand for this social-security coverage from people out in the farming districts than in any other part of my district.

Mr. CAMP. I mean by that, sir, nobody representing the farmers came before our committee during the hearings and expressed their unequivocal desire for compulsory coverage.

Another reason was the difficulty of collecting the taxes, not only from the farmer himself but from farm labor. The farmer nowadays does not keep such a good record of his business as other businesses. I hope in the future they will. Another reason was that farm labor to a large extent is transient. A man may hire a bunch of fruit pickers or cotton pickers and never see them again, and that was one of the reasons why farmers were left out. I think farmers should be included. I think that the farmers, when they understand this program, will want to be included.

Mr. CRAWFORD. I join with the gentleman in that, and I think eventually conditions will force them to come in. There will not be a question whether they want to come in; they will have to come in.

Mr. CAMP. Yes; I think so.

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

Mr. CAMP. I yield to the gentleman from New Jersey.

Mr. EATON. Newspapers have temporary correspondents scattered throughout the agricultural sections who write in a little story every so often. Are they described under this bill as employees and the employers subject to the tax?

Mr. CAMP. No. That was discussed in committee, and they are not included in the bill.

Mr. EATON. They are not included as employees under the definition in this bill.

Mr. CAMP. They are not employees; that is right.

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

Mr. CAMP. I yield to the gentleman from Georgia.

Mr. PRESTON. I, like some other Members, have received a good many letters from doctors about this bill, and I wonder how they became confused. I was informed from various sources that the doctors were not affected; that they were certainly exempted as professional people. I would like to ask the gentleman this question. Does the bill in any way affect the practice of medicine or affect doctors?

Mr. CAMP. In no way whatsoever. Doctors are exempt as other professional men are from social security. That was done because we found that doctors do not retire when they reach the age of 65. I would like to state that the average age of retirement for all workers now is 69 rather than 65. Many of them continue on and work after they are 65.

But, we found that doctors, like lawyers and some other professional men, are not used to retiring at the age of 65, and that is why they were left out. I have already stated that there is nothing in this bill that has to do with the practice of medicine or with doctors or with what they call socialized medicine, and this is not the bill to which they are referring.

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

Mr. CAMP. I yield to the gentleman from Arkansas.

Mr. MILLS. Is it not also true that one of the compelling reasons why the committee left out this recommendation in regard to medical care under public assistance was the argument made by the various State medical societies that they did not want it in the bill?

Mr. CAMP. That is right.

Mr. MILLS. I certainly agree with my distinguished friend from Georgia that there is nothing in this bill that would justify any opposition from doctors.

Mr. LANHAM. Mr. Chairman, if the gentleman will yield, have they not confused that with compulsory health insurance?

Mr. MILLS. If the gentleman will yield, I do not believe that doctors have confused this issue with compulsory health insurance. I think they were concerned about inclusion under title II and also the medical-care provisions of the public-assistance program as in H. R. 2893 introduced by the gentleman from North Carolina [Mr. DOUGHTON] by request.

Mr. CRAWFORD. Mr. Chairman, if the gentleman will yield further, I think the gentleman said something to the effect that at some future date we could raise these rates, if necessary. It appears that Mr. Altmeyer testified before the committee in February that there is an actuarial deficit of something like \$7,000,000,000 at the present time under the 1 percent payment.

Mr. CAMP. That is right.

Mr. CRAWFORD. What is to happen insofar as H. R. 6000 is concerned on this question of raising rates? Are we raising the rates?

Mr. CAMP. We are raising the rates in this bill to an amount sufficient, according to the best advice we could obtain, to take care of the program in the future.

Mr. CRAWFORD. And those rates now will be what?

Mr. CAMP. They are stated in section 201 of the bill.

Mr. JENKINS. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. MURRAY].

Mr. MURRAY of Wisconsin. Mr. Chairman, I should like to get back to this matter of including the rural people in social security. As I understand, the National Grange and the Farmers Union went on record in favor of social security for farmers. May I ask the gentleman from Arkansas [Mr. MILLS] if that is not correct?

Mr. MILLS. During the course of the hearings both the Farmers Union and the National Grange were represented and recommended that farmers be included under title II, as well as farm labor. In fact, the Farm Bureau adopted

a resolution at a national convention recommending coverage for farm laborers when a workable program for this type of labor can be formulated, but did not take action on any recommendation with respect to farmers.

Mr. MURRAY of Wisconsin. The reason I bring that up is that on yesterday a colleague from New Jersey, from a more or less industrialized region, brought out the fact that the farmer is paying the freight, and I guess he is, because that is an old saying that is heard in the countryside. The farmer buys 40 percent of the manufactured goods of this country. As a matter of fact, he now has to pay a transportation tax on water. He has to pay it on his milk, and that is pretty nearly 90-percent water, so he is even paying a tax on water.

The thing I wish to have in the record is that this story that the farmers do not want social security just does not stand up. It does not stand up right here, because we have just heard that the National Grange and the Farmers Union both have asked that the farmers be included under the Social Security Act.

This is the picture, and I say this with no particular criticism of any individual or group. Out of one pocket we are promoting the family-sized farm through the Farm Home Administration, and over the years it has done a splendid piece of work, especially when you realize that in this country we are down to less than 20 percent of the people living on the farms of the United States. Yet out of the other pocket we are putting out funds to promote the commercial type farms that are putting the other type farms out of business. One large wheat grower has had a \$250,000 subsidy and one large certain outfit has had over \$800,000 in subsidies. If we are going to have \$7,000,000 farms such as Clayton & Co. bought out in California within the last few weeks, and if we are going to have million dollar farms, and expect the family-sized farmer to compete with them, I should like to know how he is going to do it if he is not going to have any minimum wage nor any social security.

You notice they left the farmers out of that minimum wage bill. To be factual about it, we have a minimum wage in the Sugar Act, and that is fixed at such a low amount that it really does not amount to much. Under the Sugar Act, even though a member of the President's Cabinet has the authority to fix the minimum wage, he fixes it at 25 cents and at 29 cents and at 32 cents in Louisiana and 60 and 65 cents in Colorado and California.

American agriculture has to face two things. First is the situation where they do not have any minimum wage. A minimum wage in operation for agriculture would protect the man on the family-sized farm, because his time is worth somewhere near what the minimum wage is. Secondly, he is not going to be included under social security. It is just putting one more insult upon another.

I think the time has come when one class of people that should have been in this bill is the rural people, because not half the people in a lot of those rural

districts come under social security. We have many districts like that in the United States. What do they have to look forward to? They can look forward to the time when they get old, and believe me, when you get to be 65 years old you are not going to do too much farming. All they have to look forward to is that they might have someone point a finger at them and call them a relief, and yet it all comes out of the same pot, more or less. There is no reason why rural people, not only the farmers, but the rural areas everywhere should not be included under the social-security program.

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

Mr. MURRAY of Wisconsin. I yield.

Mr. MILLS. I desire to congratulate the gentleman on the position he has taken. I recognize the gentleman from Wisconsin as being as well informed as anybody in the House of Representatives on the desires of the farm people and what is best for farm people as far as legislation is concerned. I congratulate the gentleman. I trust the gentleman has made some investigation in his district and that he knows the people of his district are for coverage.

Mr. MURRAY of Wisconsin. I received but one letter that was opposed to social security for farmers. Of course, I do not know the man. I do not understand the circumstances, but I can see why no one wants to pay taxes. You realize that human nature is human nature. A man who has many people working for him probably does not like to put in his share of it. But that has nothing to do with it. I recognize that the rural people should be included and I hope the other body will include them.

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

Mr. MURRAY of Wisconsin. I yield.

Mr. CRAWFORD. We are faced with what I think is a positively terrible situation, I mean economically speaking. The steel board has come out and unconditionally recommended that the employer pay the total amount for the employee. It says in substance "You people who have lived simply and exercised thrift and invested your savings in buildings, machinery, and tools, so that the employees might have a job, shall in addition be responsible for the employees' social welfare."

Industry is accepting that proposition, as cockeyed as it is, because industrial management knows that it will add that cost to the price of the goods to be sold to the farm people. It is not a simple thing to administer the collection of a tax for social security and make the rules and regulations apply to the farm labor and the farm people. I know that. But here is a group of people on the farms in this country where the top level men in this administration say "you must not be too much interested in protecting their wage, I mean the farm wage, because if you do you will overload the budget."

Everywhere you look the scheme is running contrary to the economic interest and protection of farm wages, the farm workers and the farm operators and the farm hired men. We are not on sound

ground when we kick out 25 to 30,000,000 farm people and leave them hanging on a string which depends strictly on the whims of Congress so far as appropriations are concerned. I think we should assume the responsibility. I certainly would be a great deal friendlier to H. R. 6000 or the other bill if there was something in them which would give the farm people a chance to have a little security.

Mr. MURRAY of Wisconsin. I thank the gentleman. I am in hopes, I will say to my colleague from Michigan, knowing the interest he has in this problem, that the other body—I know we cannot do it here because this comes to us under a closed rule where we cannot amend the bill—I am in hopes that there will be enough interest there and that farm organizations who have appeared before our committee will also appear before the committee of the other body and will be able to have their position prevail.

I just believe that the great majority of the people will agree that that should be done in the other body.

Mr. HAYS of Arkansas. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Wisconsin. I yield.

Mr. HAYS of Arkansas. There is so much good in this bill that I expect to vote for it. But I do want to endorse what the gentleman from Wisconsin has just said about the gap that still remains in our social security program. Unless that gap is ultimately filled a great injustice is going to be done to the farm people of this country.

Mr. MURRAY of Wisconsin. Before we become a party to furnishing company pensions and Federal old-age security under the social-security laws we should at least be interested enough to put all our American people under the social security program.

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

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, I am happy that we in the House will pass the social-security bill before we adjourn. The sentiment of the country is so overwhelmingly behind the broadening of social security and the extension of its benefits that only 3 of the 10 members of the opposition party on the Ways and Means Committee saw proper to defy the popular will by voting against the reporting out of this measure.

Republican leadership yesterday sought to scuttle the broadening and extension of social security, not by a direct attack on social security, but by opening the door for a thousand amendments, which could not possibly be considered in the time of this session remaining, and thus the bill would die. I think the people of this country—the decent and honest men and women in the ordinary walks of life everywhere—by this time thoroughly understand the reactionary strategy of keeping the face of a friend while administering the poison of legislative paralysis.

In the two roll calls of yesterday the people of America—these men and women back home whom we represent—won a great and heartening victory. Had the

reactionary strategy succeeded, had the result of the roll calls been different, social-security legislation would have been as dead as death itself, and those responsible for its death would have filled the front pews at the funeral still wearing the faces of friends.

No fair-minded person can say that this bill is not a vast improvement on the present social-security law. Is there a man or woman anywhere in America who would say that a worker stricken, say, at 50 or 55, by an illness completely and permanently disabling him must struggle on penniless and neglected until he is 65 before he can receive 1 cent of the social-security benefit for which he paid regularly during all his working years prior to his disabling illness? I am happy that the bill we will pass today, when enacted by the Senate, will serve to pencil some sunshine into the dreary life of the worker stricken down in his prime. It is a human bill, and yet thoroughly and conservatively sound. The provision that I have mentioned—minor, considering that the number of persons stricken in their prime and permanently disabled is relatively small—reflects the spirit of the bill.

The distinguished chairman and the members of the Ways and Means Committee have rendered a great service to the Congress and to the country. We know how diligently they have worked—weeks and weeks, month after month, often their sessions lasting into the late hours of the night. I think the country should know a little better how much real hard, grinding work goes into a bill of the complicated and expansive nature of the one before us. Congressmen, I have found in my brief service here, are without exception hard workers, putting in long hours and getting practically no rest, even on week ends. We all will agree, I know, that the Members who have been called upon to do the hardest work in the Eighty-first Congress have been the chairman and the members of the committee which, as the result of its long months of public hearings and deep study, has brought to us for our approval the bill which today we will pass.

I have an especial pride in the accomplishment of this committee because one of its members is a great son of Illinois, my warm friend of many years and our distinguished colleague, the Honorable THOMAS J. O'BRIEN, whose long years of public service, always with an ear open to the voice of the common people, have endeared him to the people of Chicago and of Illinois.

As to the bill before us, I would have it go much further than it does go, but when I consider that it extends coverage to an excess of 11,000,000 of my countrymen, that it much broadens the benefits and that it is not forgetful even of the girl in domestic employment or the worker suffering a stroke in his prime, I am filled with happy satisfaction that I am here to give it my vote. When later the Senate has acted, and the bill has gone to conference, other provisions which I should like to see included I hope may receive favorable consideration.

I do hope the day will come, and I believe it will come as certainly as the dawn follows the night, when every man

and woman in America reaching the age of 60 can retire with a sufficient compensation to provide for a comfortable existence for the remainder of their earthly years. I have never regretted that in the days of the original Townsend plan I gave it encouragement and support as being sound economically and as providing the answer to a plaguing question raised by an industrial order which consumed the youth and prime of the workers and left little opportunity for the aging. When a human being has worked hard during all the years doing a job to be done there is a better provision to be made for him than just putting him in a corner.

I am happy that in the broadening and extension of social security we are making progress, and I shall continue to support with all my heart the social-security program. I shall also continue in every way to help advance the day when every man and woman in America on reaching the age of 60 can retire with the assurance that the compensation to be received will be sufficient comfortably to meet all the requirements of the remaining days.

Mr. JENKINS. Mr. Chairman, I yield 5 minutes to the gentleman from Washington [Mr. MACK].

Mr. MACK of Washington. Mr. Chairman, old-age and survivors insurance, which is now before the Congress, is probably as complex and complicated as any legislative subject which will be considered by the Congress during the present session. Furthermore, its proper solution is as important as anything which will come before the Congress, with the exception of the matter of preserving world peace.

I became interested 2 years ago in social security when a group of public power district workers approached me in my home city and informed me that they previously had been employed for a period of 7 years by a private power company. Throughout that 7-year period they had paid old-age and survivors insurance withholding taxes. At the end of this 7 years this private utility was purchased by a public power company. Thereafter these people, because they now were public employees, were unable to pay any social-security taxes. Because they were prohibited from paying the withholding taxes, they could never acquire the additional credits they needed to qualify for an old-age pension at age 65. Their case appealed to me as constituting an injustice.

Then a man approached me who had been employed as a clerk in a shoe store for a period of 9 years and 9 months, 39 quarters. At the end of that time he was made a partner in the business. He became a self-employed person. This disqualified him from paying old-age and survivors withholding taxes. A young man must have 40 quarters, or 10 years, of withholding-tax payments before he can get a pension. This man could not pay withholding taxes, for the self-employed are barred under the present law from participation. Therefore, this man, who had paid taxes for 9 years and 9 months, was denied a chance to get a pension. The Government, furthermore, was going to keep all the premiums he

had paid in, amounting to \$570. That was not fair.

Then I was approached by a group of foreign wars veterans, who called my attention to the fact that World War II veterans are not given any credit for the period they served in the armed services during World War II. Since they were given no credit for that period, they might not accumulate the necessary 40 quarters of credits necessary to secure a pension.

These three problems engrossed my attention, and in seeking to find a remedy for these three injustices to these three groups, I started some research with the social-security department and the Library of Congress. Then, in the spring of 1948 during the Eightieth Congress, after considerable research, I introduced a social-security bill, four provisions of which, or ones very similar to them, are contained in the bill now under consideration. I reintroduced that bill on the first day of the present session of the Eighty-first Congress. My bill was given the number H. R. 258. That bill provides for coverage almost identical to that provided in the committee bill. It provides for pensions but on a slightly different formula to that contained in the committee bill. The formula for pension grants in my bill is so close to that of the committee bill that under my bill a \$250-a-month worker, at the end of 40 continuous years of coverage, would receive \$77 a month, whereas under the committee bill he would receive \$78. The difference is only \$1 or a difference of less than 2 percent. My bill provided that the \$14.99 limit on what a pensioner may earn in covered employment without forfeiting his pension for that month be increased to \$50. There is an identical provision in the committee bill.

My bill also provided that World War II veterans shall have \$160 a month credit for the period they were in the armed services during World War II, which is practically the same as a provision contained in the committee bill.

While some are prone to criticize the committee, I am inclined to believe that, on the whole, it has done a pretty good job with a most intricate and complicated piece of legislation.

I do not mean to infer that I agree with everything that is in the committee bill. I do not. There are provisions in the committee bill which I do not believe should be contained in it.

The definitions as to who are employees and who are employers are not spelled out very carefully or satisfactorily in the committee bill. I hope the committee bill, when it goes to the Senate, will be corrected in this respect. On this point the Kean bill is much clearer and much more satisfactory in my opinion.

I think the provisions in this bill, as they relate to disability protection, should be carefully and searchingly studied particularly as to costs. Before any bill is finally adopted by both bodies it should be determined that the revenues to be derived from withholding taxes will be adequate to meet the costs of all provisions the legislation contains.

I am very much disappointed that a majority of this House voted to bring this

bill out under a "gag" rule that prohibits any amendments being made to this bill.

This "gag" rule prohibits and prevents taking out of this bill some provisions that are unfair, unjust, and defective.

For example, one provision of this bill excludes the publishers of 20,000 small weekly newspapers from enjoying the benefits of this legislation.

The publishers of daily newspapers are given the protection of the old-age and survivors insurance provided by this bill. The weekly publishers are not.

The butcher, the baker, the grocer, the laundry owner, the garage operator, and every other small-business man is brought under the benefits of this bill but the small weekly newspaper publisher is not. That is not right. This section ought to be stricken from the bill by the Senate so that weekly newspaper publishers who, in nearly all cases are small-business men, can enjoy the benefits of this legislation.

The daily newspaper publisher is covered because in most cases his business is incorporated. The owners of incorporated businesses are regarded under the law as employees, and as employees, are covered.

Few weekly newspaper operations are incorporated. The publishers, therefore, are self-employed persons and this bill specifically, on page 54, says, they are barred from participating in this insurance protection. This is a gross injustice to the 20,000 weekly publishers of the Nation. I am sure that if I offered an amendment to allow weekly publishers this insurance it would be overwhelmingly adopted. I cannot, however, offer such an amendment because the "gag" rule which has been adopted prevents me or anyone else from offering any amendment.

RAILROAD WORKER INJUSTICE

This injustice to the 20,000 weekly newspaper publishers of America is not the only inadequacy in this bill. There are many others and, except for this "gag" rule, we could offer amendments and correct these injustices.

One of my constituents worked as a locomotive engineer 4 years for a private logging railroad. For those 4 years he was under social security and paid withholding taxes into the old-age and survivors insurance fund. For the next 4 years he worked as a locomotive engineer on the main line of the Northern Pacific Railroad. During those 4 years he paid withholding taxes into the railroad retirement fund which is also administered by the Federal Government. Then, for 4 years, he worked as a post office janitor and for those 4 years paid withholding taxes into the Federal employees' retirement fund, which, like the other two funds, is administered by the Federal Government.

Now, this worker finds, that although he has paid withholding taxes for 12 years into three different Government pension funds, all federally administered, that he is not entitled to any pension under any of these funds because he has not been under any one of these systems long enough to qualify under any of them.

This bill does not correct the injustice done this man and it ought to. We could have corrected that injustice, which undoubtedly has been done to thousands like him, if this bill had not come out under a "gag" rule that prohibits amendments.

APPLE PACKER INJUSTICE

I know of a man who has worked in a fruit packing plant for many years. He has worked in the same plant, in the same town and for the same employer all of these years. He spends half his time making up apple boxes and half of it putting apples into the boxes.

Under the present law the time he spent putting apples into the box is defined as agricultural work and is not covered by social security. The time he spent making apple boxes is classified as factory labor and does come under social security. As a result of this strange inconsistency this worker has been given 5 years of coverage and denied 5 years of other coverage on the ground that half of the time as an apple packer he was an agricultural worker and not eligible for coverage during that period. This was an injustice that could have been corrected, I feel, had the House been given an opportunity to amend this bill.

These are but a few examples of injustices and inadequacies that could and would be amended except for the "gag" rule which prohibits amendments.

INCREASED BENEFITS NEEDED

I favor increased benefits for those who are covered by social security. I favor them because the old folk need them. I favor increased benefits also because old-age pensions are here, and here to stay, and we must develop a sound and enduring system, which I believe old-age and survivors insurance is.

Under old-age and survivors insurance the beneficiary, in the earning years of his youth, must pay withholding taxes—these might be called premiums on an insurance policy—every pay day. In return for these payments of withholding taxes, he will in his old age receive a monthly pension. In short, everyone will be paying for his own pension. They will not be getting something for nothing.

This is sound. It is sound because it provides for raising the money to pay the insurance benefits. Any old-age system that does not have a contributing feature, in my opinion, cannot and will not endure.

Old-age assistance administered by the States in the year that started last July 1 will cost the taxpayers, State and Federal, of this Nation, \$1,930,000,000, or in round figures \$2,000,000,000.

The number of persons attaining the age of 65 is increasing and, furthermore, thanks to our best-in-the-world American medical science, these oldsters are living long after 65. It is not unlikely that within the foreseeable future the cost of old-age assistance which is administered by the States, may become four, six, or eight billion dollars a year.

If we are going to keep our State and Federal Governments solvent we must develop on sound principles an old-age pension system under which everyone,

or nearly everyone, will pay each pay day in the productive, earning years of his youth into a fund from which he will derive his pension in old age when his earning power declines or vanishes. Any other type of system is apt to fail and for old-age pensions to fail after having been so well established in this country would wreak great social, economic, and political harm on the country.

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

Mr. JENKINS. Mr. Chairman, I yield to the gentleman from Ohio [Mr. McGREGOR] such time as he may desire.

Mr. McGREGOR. Mr. Chairman, social security is a much-needed program as it provides financial independence for old folks no longer able to work. Properly administered, it would do just that. The social-security objective is excellent—the plan for financing it is deceptive.

Social-security taxes are paid to insure security in old age. Uncle Sam has collected \$15,000,000,000 for that purpose, but he has spent every cent collected for current needs. It was spent as fast as it was collected. Instead of setting aside this money for future use to pay benefits when they come due, Uncle Sam spent it and put his I O U's in the vault where the cash collected should be. In other words, there is no cash reserve funds in the agency for social-security benefits.

The Federal Government's operating costs as of June 30, 1949, were \$1,500,000,000 in the red for the first quarter of 1949. Congress and the people said "No" to President Truman's request for higher income taxes. Increasing the old-age security-insurance taxes will bring extra billions for current expenses. So, since President Truman refuses to cut Government expenses to balance the budget, he proposes to soak the poor to balance the budget through increased old-age security-insurance taxes.

I voted to bring this bill, H. R. 6000, on the floor of the House of Representatives for consideration under an open rule so that the bill could be amended, and the philosophy of financing could be corrected, as well as many other phases of the social-security law. However, by great pressure from the majority-party leadership, we find the "gag" rule governing our consideration of this legislation, and we have no chance whatsoever by way of amendments to make any changes. We have to take a lot of bad along with the good.

I am going to vote for H. R. 6000 because I believe in the principles involved, but I am very glad that I voted in opposition to the "gag" rule as I feel that we should have had the opportunity to correct the many injustices that are included in this legislation.

Mr. JENKINS. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. EDWIN ARTHUR HALL].

Mr. EDWIN ARTHUR HALL. Mr. Chairman, the fact that the Angell bill, H. R. 2136, is not presented here at this time sustains the 10-year frustration I have had ever since I have been in Congress by being unable to vote for the

type of pension legislation that I would like to.

The labor strife that is presently rampant throughout the country is caused by the very course we are following here today. The subject is old-age pensions, but organized labor is calling for it in piecemeal fashion just as the Congress is attempting to legislate now. I think it is a mistake. I think that old-age pensions should be universal and should include everybody, not just a few.

Why should a hundred thousand miners up in Scranton and elsewhere, because they are strong enough to have leaders like John L. Lewis and other men, be able to get what they want in Washington while they leave the rest of us out in the cold? Why should a million steelworkers, or two or three million Government workers, because they happen to be able to have a sympathetic ear either in the Congress or in the NLRB, or wherever their differences are threshed out, be able to obtain big pensions at the expense of the rest of us? I say the subject of old-age pensions should apply to every American citizen regardless of his race, creed, color, or his station in life. That is the position I have always maintained. It is a sincere position; it is an honest position.

We fail in our duty if we continue the piecemeal method; that is, by legislating into social security each year a few hundred thousand here or a million there until finally, after a century of progress, we get pensions for the whole body politic. For that reason I should like to see legislation passed today to include all citizens of the United States in a universal old-age, pay-as-you-go, reasonable pension. It certainly is less than fair to exclude the millions who are not yet taken in.

If you are one of the 9 out of every 10 you will not be able to make a living after you reach the unemployable age. Therefore you have three recourses: First, when you reach the age of 60, to retire to the poorhouse; second, to live on your children; and, third, to take a pauper's oath and sign over everything you have in the world to the public charity for what little you are able to get back. This is wrong, and we should certainly correct it.

Neither bill before us today will remedy such a deplorable situation.

Only by passing a pension measure to apply to everybody over 60 years of age can we be fair to the American people. Anything short of this will fail to meet the most challenging issue of our day, security in the lateness of life.

Why not prepare our older people for happiness in their declining years? Why not give them comfort and satisfaction in their remaining days?

Adequate old-age pensions for all will help our senior citizens to anticipate and to yearn for complete realization of the immortal words of Rabbi Ben Ezra in the lines of Browning's poem of that name:

Grow old along with me,
The best is yet to be,
The last of life
For which the first was made.

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. LYNCH].

Mr. LYNCH. Mr. Chairman, I would feel remiss in my duty if I did not take this occasion to express my high regard for the patience, perseverance, and the persuasiveness of our distinguished chairman, the gentleman from North Carolina [Mr. DOUGHTON], in finally bringing this bill, H. R. 6000, to the floor of the House. That it is a good bill is evidenced by the fact that after 6 months of intensive study, after hearing scores of witnesses, after taking hundreds of pages of testimony and after long hours of deliberation in executive session, the committee reported out this bill by a vote of 22 to 3.

I say it is also a good bill as I look at the clock, because this bill has kept me here to try to help its passage through when the world's series is going on right in my district and I have two tickets for the game this afternoon. I cannot use them, but must be content with the radio reports and the hope that the Yankees, the team from my district, will win the game. Meanwhile I must content myself with trying to get them and the Dodgers old-age insurance.

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

Mr. LYNCH. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. I wish the gentleman would have let me know. I would have taken them.

Mr. LYNCH. I will give the gentleman my ticket for today.

Mr. Chairman, this is a bill which in my judgment merits the support of every Member of the House and I make so bold as to predict that there will be very few votes in opposition to it on final passage. I was very well pleased to hear the distinguished gentleman from Washington [Mr. MACK] appraise the bill in the manner in which he did. We shall look forward to his joining us in the passage of the bill. Insofar as the editors and publishers of country newspapers are concerned, may I say to the gentleman from Washington I am sure that if we knew they were desirous of being covered by this bill we certainly would have had them in. Perhaps we can get them in on the other side of the Capitol when the bill goes over, if they are really anxious to be included.

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

Mr. LYNCH. I yield to the gentleman from Michigan.

Mr. MICHENER. Did the gentleman's committee give consideration to the administration of the bill if farmers were included? I voted for the original bill and I voted for every amendment. My understanding has always been the only reason farmers were not included was a matter of administration, that administration would be almost impossible.

Mr. LYNCH. In answer to the inquiry of the gentleman from Michigan my understanding is that the problem of administration in the opinion of the Social Security Administration has been solved. For one, I am thoroughly in accord with

the remarks made by the gentleman from Wisconsin [Mr. MURRAY], that farmers and farm labor should be covered. But our information was, and it is my distinct recollection, that originally the Grange came in and advocated coverage only on the theory of voluntary admission on the part of the farmer. Voluntary admission as such is not sound administratively. But if all farmers and farm laborers were brought in or if farm laborers only were brought in, this bill, in my opinion, would still be a better bill than it is today because I am convinced personally that just as the self-employed now are most desirous of being covered by social security so, too, would the farm operators be desirous of being covered by social security once their farm laborers were covered and they understood the benefits of social security perhaps a little better than I am told they understand it at this time.

The real reason they are not covered in this bill is that there was no great demand from the farmers, according to our understanding, or from the farm laborers. We had men on the committee who came from rural communities and who are familiar with the situation. We bowed to the better judgment of those members.

My distinguished friend and colleague on the committee the gentleman from Pennsylvania complained about the tax that was being imposed. He called it an income tax. Of course, it is an income tax to a certain extent on the employees and insofar as the employer is concerned I suppose it could be called an excise tax. But, in any event, we must have a tax to cover this social security, and the thing that amazes me so much is that our distinguished friend from Pennsylvania was one of those who helped most in getting the bill out. So, I would be inclined to ask him whether or not he is actually in favor of social security, and if he is in favor of social security is he actually in favor of increased benefits and increased coverage? We give increased benefits and we give increased coverage under this bill, and in the year 1950, next year, we do not raise the tax. The tax was raised by the Eightieth Congress, if you will recall, when they fixed the tax for 1950 at 1½ percent. Insofar as the Kean bill is concerned, both the Kean bill and our bill impose a 2-percent tax in 1951. We do not differ in the amount of the tax until we get to 1960, and H. R. 6000 goes up to 2½ percent, and a few years later the Kean bill goes up to 2½ percent. So it goes until we reach 3¼ percent in 1970 and the Kean bill reaches 3 percent in 1980.

From the debate that has previously ensued one might conclude that labor was not in favor of this bill because it does not cover the five best wage years of an employee to determine his average wage. So that there may be no misunderstanding of the position of labor on this bill, let me read a telegram that was received only a few hours ago by the gentleman from North Carolina [Mr. DOUGHTON], chairman of our committee, from William Green, president of the American Federation of Labor,

who is at the annual convention of his organization held this year in St. Paul, Minn.:

HON. ROBERT L. DOUGHTON,
Chairman Committee on
Ways and Means,
House of Representatives,
Washington, D. C.:

The convention of the American Federation of Labor in session in St. Paul, Minn., departing from the regular order of business this afternoon considered the proposals for liberalizing social security contained in H. R. 6000. The convention, representing 8,000,000 workers and their families, unanimously endorsed this bill and in response to the convention action I am asking you to urge the United States House of Representatives to act favorably on this important measure. The millions of elderly retired workers and workers' survivors look to Congress to act on their behalf. Many more millions of working people look to Congress to remove the constant fear of dependent old age and physical disability. The passage of H. R. 6000 will be a long step in that direction.

WILLIAM GREEN,
President, American Federation of Labor.

That should settle all doubt as to how labor stands on this bill.

Those are the points that I desire to make with respect to the contrast between this bill and the bill which will be offered in the motion to recommit. There is no doubt in my mind that H. R. 6000 is the bill that is most desired by the people.

In order to speed the day when contributory social insurance will replace public assistance as the primary method of providing basic protection against the economic hazards of old age, disability, and death, it is essential that the coverage of the insurance system be broadened without further delay.

Too large a part of the labor force of America must work in employment not covered by social insurance. Of the 80,000,000 individuals with old-age and survivors insurance wage credits, only 43,000,000 are fully or currently insured. Thirty-seven million individuals with wage credits do not have an insured status in spite of the fact that to be currently insured a worker need have only six calendar quarters of coverage out of the last 12 quarters.

Some workers make no contributions to the system and, of course, never become eligible for benefits. Many others, as indicated by these figures, shift between covered and noncovered jobs, and although they pay taxes on their wages from covered employment, they often not only fail to obtain sufficient quarters of coverage for benefit purposes but also suffer the loss of their contributions. Moreover, time spent in noncovered employment reduces the amount of the benefits paid a worker and his dependents when he has been in covered employment for the necessary period of time to obtain an insured status.

COVERAGE PROVISIONS OF H. R. 6000

H. R. 6000 would extend the Federal social-insurance system to about 11,000,000 jobs now excluded. This would eliminate many of the inequities and anomalies which arise when workers shift between covered and noncovered employment, and would bring millions of workers under the system for the first

time so that they would be afforded an opportunity to obtain the basic protection that it provides.

The bill would extend coverage to eight groups of workers and also make the Federal social-insurance system available to Puerto Rico and the Virgin Islands. These groups are (1) self-employed persons other than farmers and certain professional groups, (2) employees of State and local governments, (3) employees of nonprofit organizations, (4) domestic servants employed on a regular basis in other than farm homes, (5) employees performing borderline agricultural services that are essentially commercial and industrial, (6) certain Federal employees not covered under any other retirement system, (7) American citizens employed outside the United States by American employers, and (8) salesmen, industrial home workers, driver-lessees of taxicabs, and other persons who are technically not employees at common law.

The individuals who make up these eight groups are dependent upon income from work and they need the basic protection that would be afforded them under the bill as much as, and in some instances more than, those already covered. Failure to provide social insurance coverage for these individuals would mean that many of them would be forced to rely on public assistance to meet their needs in old age or in case they become permanently and totally disabled.

THE NONFARM SELF-EMPLOYED

About 4,500,000 nonfarm self-employed would be covered during an average week. Between 35 and 40 percent of this number are storekeepers and other retailers, including, for example, proprietors of unincorporated shoe stores, clothing stores, grocery stores, restaurants, and filling stations. Approximately 20 to 25 percent are proprietors of such service establishments as hotels, boarding houses, garages, laundries, barber shops, and places of amusement. From 12 to 15 percent are engaged in the construction industry, including small-scale plumbing, painting, and electrical contractors. The remaining 25 to 30 percent is made up of wholesale merchants, agents and brokers, small-scale manufacturers, independent taxicab owners, and proprietors of real-estate and insurance enterprises. The following professional groups, which represent about 400,000 individuals, would continue to be excluded; that is, doctors, dentists, osteopaths, chiropractors, Christian Scientist practitioners, optometrists, veterinarians, lawyers, publishers, and aeronautical, chemical, civil, electrical, mechanical, metallurgical, and mining engineers.

It is because those people had employees for whom they were paying the tax that they became acquainted with the benefits of social security. When they see the benefits of social security they desire to be covered likewise. In further answer to the gentleman from Michigan [Mr. MICHENER], I think that once farm labor is covered the farmers themselves will understand what social security is and will desire to have further protection for themselves.

The desirability of extending old-age and survivors coverage to the urban self-employed, as provided in the bill, has long been generally acknowledged. Many operators of small-business establishments have requested that they be brought under the system. Many of you have been told by storekeepers, barbers, plumbers, and others in business for themselves of the injustice they suffer under the existing system which requires them to contribute to social-security protection for their employees while being denied the same protection for themselves. We must remember that many small businesses are run by the owner with the aid of his family or by employing one or two other persons to assist him. Often the operator of a small business is just as much in need of social-insurance protection as is his employee, and many times in later life more entitled to coverage. Moreover, we must remember that the mechanic working in a garage, or the clerk in a retail store, or the barber working for wages, all of whom are covered by the system, frequently become operators of their own business establishments in true American fashion. Without extension of coverage to the self-employed, wage earners are penalized when they leave covered employment to start businesses of their own for they either lose the insured status they obtained as employees or retain eligibility for small benefits only.

Under H. R. 6000 we try to keep them covered by this provision for coverage of the self-employed, so that if a man has been employed in a garage for a period of say 5 or 7 years, and has secured wage credits during that period of time, and then goes out and opens his own garage, he will not in the future, as he does under present law, forfeit his benefits or have his benefits diminished by reason of the fact that he has left covered employment to go into business for himself.

The exclusion of the urban self-employed from the old-age and survivors insurance system by the past Congresses was based primarily on the expectation that there would be administrative difficulties in collecting contributions and in obtaining wage reports. The administrative agencies have had 13 years of successful experience with coverage of employees in industry and commerce. This experience, coupled with the fact that most self-employed persons now have to file income-tax returns, makes the original reason for withholding coverage inapplicable to the extension of coverage as proposed in H. R. 6000. A self-employed individual would report his income for social-security purposes by transferring information from his income-tax return to a simple supplementary form, or an additional item might be provided on the income-tax return. Unless his net earnings from self-employment amount to \$400 or more a year, he pays no self-employment tax, thereby eliminating the collection of inconsequential amounts.

Under H. R. 6000 we intend to cover the employees of State and local governments, who number about 3,800,000, who are not now in any established pension fund or pension system.

Except for certain workers who formerly were employed by privately owned transit companies, coverage of State and local government employees would be effected by voluntary compacts between the States and the Federal Government.

I believe that these workers need the basic protection afforded by the Federal social-security system. Their average earnings are less than those in private industry. The average monthly salary during October 1948 was \$185 for non-school employees and \$225 for school employees as compared with an average wage of \$235 in manufacturing industries.

Only about 65 percent of State and local workers are under a retirement system and these systems are designed primarily for employees who remain with the employing unit of government until retirement. Employees who leave government jobs before attaining retirement age usually must forfeit their rights to retirement benefits. A large number of workers are affected by this provision in State and local retirement plans because many of them shift between one governmental unit to another, or between government and private industry. The extent of the shift in employment by State and local workers is indicated by these figures—in 1948 there was a total of 5,000,000 persons employed by State and local units of government while the average number employed in the year was less than 4,000,000.

The bill would not permit the extension of the Federal social-security system to State and local workers covered by another retirement system unless these employees and the beneficiaries of such a system elected coverage by a two-thirds majority vote in a written referendum. This provision would enable those who have a direct interest in an adequate retirement system to safeguard their rights. The decision as to whether or not the protection afforded by the Federal program is desirable is left to them. Many employees in private industry have the protection of both the Federal system and private pension plans and a similar arrangement may benefit State and local employees. The Federal program may provide types of protection not available under a State or local plan and, in all instances, can serve as a basic protection to employees who shift between public and private employment.

PUBLIC TRANSPORTATION WORKERS

The bill includes special provisions for extending coverage to employees of public transportation systems if these employees were employed by a privately owned transportation system taken over by a political unit of a State. These provisions are designed to correct the unfairness of the present law which penalizes the employees of a privately owned transportation system which becomes a publicly owned system.

Wages earned by employees of the private companies are subject to the old-age and survivors insurance pay-roll tax. When the private system becomes a publicly owned system, of course, these same workers no longer are under social security. The result is that they either suf-

fer the loss of all rights to old-age and survivors insurance benefits or a reduction in the amount of benefits they would receive if they had remained in covered employment.

It is gross injustice to take away or decrease a worker's old-age and survivors insurance protection solely because he works for a new employer that happens to be a political unit or instrumentality of a State. The worker usually performs the same daily tasks for the public transportation system that he performed for the private company. For him, nothing may be changed except that his pay check is signed by an officer of another corporation. He may continue to drive the same bus, travel the same route, use the same schedule, and report to the same supervisor.

The bill would distinguish between employees of a transportation system that was taken over by a governmental unit after 1936 but before 1950, and the employees of a system acquired after 1949. In the first case—where the transportation system was acquired between 1936 and 1950—coverage would be extended to the workers that were employed by the private company on the date it was taken over, unless the employing governmental unit elects against such coverage. In the case where the transportation company is acquired by the governmental unit after 1949, coverage of the employees taken over from the private employer would continue to be compulsory.

This distinction between employees of private transportation companies taken over by a governmental unit prior to 1950 and those taken over subsequently is made because where the private company has been acquired by a governmental unit in the past, arrangements may have been made for coverage of the employees under an existing retirement plan.

We have seen instances in New York, Boston, Chicago, and other large cities where men have for years been working for private transportation companies. These companies have subsequently been taken over by the city or State and the men have found themselves deprived of their social security and compelled to enter municipal or State pension systems at an age which gives them extremely small pensions when they reach retirement.

I have hundreds of such workers in my own district. In New York City today we have certain private bus transportation lines. The tendency is, in New York City at least, and I believe elsewhere, to have all the transportation city-owned and operated. I have no doubt that within a short time all our local transportation lines will be owned and operated by New York City. As the years go on the position of the employees of these private lines, insofar as retirement is concerned, will become more precarious because they will have more money paid into social security, and the benefits which they would receive, will either be lost or substantially reduced, if the private lines for which they work are taken over by New York City. This situation cannot longer be tolerated. These men must be protected in their

retirement. It is not sufficient that at their advanced years they be given the opportunity of entering a city-pension fund, to which they must pay a higher percent of their earnings and receive less in benefits.

This bill would protect their retirement in the event that the transportation lines are taken over by the city by compelling the city to continue them in social security if the city takes over the transportation line after December 31, 1949.

EMPLOYEES OF NONPROFIT ORGANIZATIONS

The bill would extend coverage to employees of religious, charitable, and other nonprofit organizations except members of the clergy and religious orders. About 600,000 such employees would be covered in the course of an average week.

There is almost unanimous agreement among leaders of religious, charitable, scientific, and educational agencies as to the desirability of providing social security protection to employees of these institutions. Major disagreement has arisen in the past, however, over the method of affording this protection. Some have advocated compulsory coverage of these employees on the same basis as if they worked for a private employer engaged in business for profit. Others have advocated that coverage should be on a voluntary basis so the institution desiring coverage for its employees could enter into an agreement with the Federal Government to obtain such coverage.

In my opinion, neither of these proposals is as satisfactory as the one contained in the bill. The first infringes on the traditionally tax-exempt status of these nonprofit institutions. The second gives no basic social-security protection to employees of institutions that fail to elect to come under the system. The bill would not only safeguard the tax-exempt status of all religious, charitable, and other nonprofit organizations but would afford basic protection to all employees of such institutions except members of the clergy and religious orders.

The result would be accomplished under the provisions of the bill by continuing the exemption from the employer tax, unless an organization elects to pay the employer tax by waiving the exemption, although the regular compulsory contribution would be imposed on the employees. If an organization elects to pay the employers' tax, the employees receive full credit toward benefits on their wages. Otherwise only one-half of their wages would be credited for benefit purposes.

Although employees of a nonprofit institution that does not elect to pay the employers' tax would receive a reduction in benefits they would still be afforded substantial protection under the old-age disability and survivors insurance program. Even though the employees' wage credits would be reduced by one-half, the amount of benefits payable to them or their dependents would not be decreased a like amount. The benefit formula in the bill is weighted in favor of low-paid employees and this weighting would also help the employees of a nonprofit institution that did not assume the

employees' share of the tax. For example, the base benefit amount for a retired worker with wage credits of \$300 per month would be \$70 but if the worker's wage credits were only \$150 per month the base benefit amount would be \$55.

I believe that practically all nonprofit agencies will elect to give their employees the full benefits under the social-security system and that the payment of benefits based on one-half wage credits will be rare. Nonetheless, even in the few instances in which a nonprofit agency may not waive its tax-exempt status, it is important to have the benefit level sufficiently high to provide these workers with a basic floor of protection. Many employees of nonprofit institutions are nonprofessional workers, such as janitors, charwomen, and clerks, for whom a reasonable level of benefits is necessary to avoid dependency upon public assistance in their old age or in case they become totally and permanently disabled.

I think the bill provides the best method that can be devised for extending coverage to employees of religious, charitable, and other nonprofit organizations. Neither the rights of the employer nor the rights of the employees are violated.

DOMESTIC SERVANTS

The bill would extend coverage to nearly 1,000,000 domestic workers employed on a regular basis. Domestic workers employed on farms operated for profit would continue to be excluded from coverage.

In order for domestic workers in private homes to be classified as regularly employed they must be employed by one employer for at least 26 days in a calendar quarter and be paid \$25 or more in cash wages during the quarter period. Under this definition most domestic workers who are employed on a weekly or monthly basis would be afforded the protection of the program, but most part-time workers, and all casual or intermittent workers would be excluded from coverage.

Practically everyone has recognized that domestic servants need social insurance protection fully as much as any group covered by the program. The overwhelming majority of household workers are women. A relatively large number of them are widowed or divorced or separated from their husbands and are more dependent upon their own earnings than women workers in general. Nonetheless domestic servants in private homes have been excluded from coverage in the past, because of the special administrative problems created by many of the characteristics of their employment.

The provisions of H. R. 6000 are designed to reduce administrative procedures to a minimum. Intermittent and casual domestic service would be excluded from coverage in order to simplify procedures for collecting contributions and the reporting of wages.

I regret the continued exclusion of these intermittent and casual workers. I recognize, as did the majority of members of the Committee on Ways and Means, that it is difficult for them to lay aside sufficient funds from their earnings to avoid want in their old age or in case they become permanently and totally

disabled. Moreover, their dependents are in need of the survivorship protection afforded by the social-security system. Before attempting to cover all domestic workers, however, I think the practical thing to do is to begin by extending coverage to those domestic servants who are regularly employed as defined by the bill. Social insurance coverage of household workers introduces new problems for the administrative agencies. Housewives generally do not keep records of expenditures for wages. Limited extension of coverage as proposed in the bill would assure the success of bringing social-insurance protection to nearly 1,000,000 workers. On the other hand, broader extension of coverage at this time may jeopardize continuous protection for this group. For this reason, I say let us proceed with caution and cover only the regularly employed domestic workers and thus afford the Treasury Department and the Social Security Administration actual administrative experience in this new coverage field. I am certain that this experience will prove invaluable in developing satisfactory methods for extending coverage to additional domestic workers within the next few years.

Before leaving the subject of coverage of domestic workers, I wish to point out that the bill would also extend coverage to nonstudent domestic workers of college clubs, fraternities, and sororities, whose remuneration is at least \$100 in a calendar quarter. The coverage of this group of workers, of course, does not create any new administrative problems as the characteristics of their employment are similar to those of workers in industry or commerce. Students performing domestic work for such employers would continue to be excluded from coverage.

EMPLOYEES PERFORMING BORDER-LINE AGRICULTURAL SERVICES

Coverage would also be extended to 200,000 persons engaged in services now excluded as agricultural, whereas in reality they are essentially commercial and industrial. By redefining the term "agricultural labor" the bill would extend coverage to services performed off the farm in connection with the raising or harvesting of mushrooms, the hatching of poultry, and the operation or maintenance of irrigation ditches, and to services performed in the processing of maple sap into maple sirup or maple sugar—as distinguished from the gathering of maple sap. The persons performing these services do not consider that they are doing agricultural work. Moreover, there is neither justice nor logic in the present provisions of law that exclude a bookkeeper from coverage under social insurance when he leaves his job in a retail store and accepts work in a hatchery across the street. The bill would eliminate the inequities and anomalies which now occur in cases of this type.

Coverage would also be extended to individuals performing post-harvesting services in the employ of commercial handlers of fruit and vegetables, or in the employ of farmers' cooperatives, irrespective of the agricultural commodities in connection with which the services are performed.

If these services are performed for an operator of a farm or a group of operators of farms—other than a cooperative organization they would continue to be excluded from coverage. Thus, if the services are actually performed as a part of farming operations, they would be concluded to be such; otherwise they would be classified to be what they really are—commercial—and, therefore, covered by the social-insurance system.

FEDERAL EMPLOYEES NOT COVERED BY A RETIREMENT SYSTEM

The bill would extend coverage to about 100,000 civilian employees of the Federal Government and its instrumentalities. Employees who are under a federally established retirement system, employees of the legislative branch and elected officials in the executive branch of the Government would not be included. Certain other Federal employees would also continue to be excluded from social-security coverage even though they are not under a retirement system. These are, in general, (1) employees who work for short periods of time, such as, those engaged by the Department of Commerce in taking a census or by the Post Office Department during the holiday season, and (2) employees who are in positions that will eventually be covered under some other Federal retirement system. By their exclusions the nuisance of reporting inconsequential amounts would be avoided and contributions would not be collected from those who have or are likely to obtain protection under another Federal retirement system.

The limited coverage of Federal employees that would be provided by the bill meets an apparent need without interfering with other Federal retirement systems. Coverage would be extended to individuals who are regular members of the labor force and who are likely to shift between Federal and private employment and so lose or reduce any protection they might have under the social-security system. Coverage under the old-age, disability, and survivors insurance program while they are employed by the Federal Government will enable these workers to continue to be fully protected.

AMERICAN CITIZENS EMPLOYED OUTSIDE THE UNITED STATES

Coverage would be extended to about 150,000 American citizens who work outside the United States for American employers. Generally those workers have close personal ties with the United States and are a part of the American economy. Often their families remain here while they work in a foreign country for a year or two.

I believe it is only fair to protect the social insurance status of an American citizen who accepts work outside the United States for an American employer. The employment covered would be performed for employers already subject to the tax laws of this country so that no administrative difficulties are created and I know of no valid reason for continuing to exclude this group of American citizens.

The bill would also extend coverage to employment performed on American air-

craft outside the United States, under the conditions which apply under existing law to maritime service performed outside the United States. In other words, the personnel employed on an airplane would be given the same right to old-age, disability, and survivors protection as the personnel employed on a sea-going vessel.

SALESMEN, INDUSTRIAL HOME WORKERS, AND OTHERS TECHNICALLY NOT EMPLOYEES AT COMMON LAW

The bill would redefine "employee" and thereby restore coverage to from 500,000 to 750,000 salesmen, taxi drivers, industrial home workers, contract loggers, mine lessees, agent-drivers, commission drivers, and other persons technically not employees at common law who were deprived of employee status by Public Law 642, Eightieth Congress, the so-called Gearhart resolution. These workers who were taken out from under the social insurance program by the Eightieth Congress are dependent upon their earnings from work like other groups covered as employees under the bill.

It is our intention to bring under coverage those who were callously thrown out of social security by the Gearhart Act, and likewise to circumvent unscrupulous employers, who believe that by entering into contracts with agent-driver and commission-driver salesmen and similarly situated salesmen, stating that they are independent contractors, they can go behind the intent of the Social Security Act. Contract or no contract, we look at the nature of the whole deal without subterfuges. For example, the fact that a salesman owns his own automobile for the transportation of himself and the commodity he sells will not of itself make him an independent contractor, especially when he sells under the direction of the other contracting party, calls on specified customers in a certain area, and devotes the whole or greater part of his time selling the merchandise of the other contracting party. Many employers would like to have their salesmen designated "self-employed" and thus save their share of the tax. It is the intention of the bill to bring under coverage as many as can fairly be done so, without straining the point of employment on the one hand, and without permitting subterfuge on the other for the purpose of evading the tax.

I shall not discuss the definition of employee contained in the bill as it will be discussed in detail by other members of the Committee on Ways and Means. I do want to say, however, that the extension of old-age, disability, and survivors insurance to this group of workers, who are in reality employees, would correct the injustices done them by the Gearhart resolution adopted last year. I opposed the exclusion of these workers from the social-security system last year. My opinion has not changed and I am glad to support the extension of the old-age, disability, and survivors system to them as provided in the bill.

PUERTO RICO AND THE VIRGIN ISLANDS

Both the insurance and public-assistance programs would be extended to the Virgin Islands and Puerto Rico under the provisions of H. R. 6000. However,

the insurance program would not become effective in Puerto Rico until approved by its legislature.

Social-security legislation already covers Alaska and Hawaii, and the committee believes that it should be extended to these two other important possessions. These islands, with their limited economic resources, have been unable to raise sufficient funds to care for their needy people. At the same time their economies are becoming more and more closely intermeshed with that on the mainland and there is considerable migration, so that the provisions of the insurance system should become universal.

At present the Federal Government makes grants to both Puerto Rico and the Virgin Islands for public health and child welfare and to Puerto Rico for vocational rehabilitation, so that the extension of a public-assistance system seems reasonable. However, since Puerto Rico and the Virgin Islands have a somewhat lower level of economy than on the mainland, and since the programs are just being instituted, the committee believes that action taken in this direction should be conservative. Accordingly, the maximum dollar limitation on individual assistance established in the original Social Security Act in 1935 are provided for Puerto Rico and the Virgin Islands in the bill. Also it is provided that the Federal share of assistance costs shall be one-half of the total, rather than a higher proportion as for the various States.

In the field of old-age and survivors insurance, I feel that it is very desirable to include Puerto Rico and the Virgin Islands. Many workers there move back and forth from the mainland and so already have established credits in the system. Although their level of economy is below ours, the wage rates are sufficient so that the great majority of the workers will be able to qualify for benefits. For example in April 1948 the average weekly take-home pay was in excess of \$16 for production workers in manufacturing industries and was over \$10 for all of the various subdivisions of manufacturing industries and for virtually all of the other employment that would be covered. It will be noted that an average of \$8 per week in covered employment is needed in order to become eligible for benefits. If the insurance system is not established, there will be a relatively heavy drain over the long run through the public-assistance provisions, and this is undesirable both from a fiscal and a social viewpoint.

H. R. 6000 provides that extension of old-age and survivors insurance to Puerto Rico shall be effective only if its legislature approves. The committee felt that this was desirable because of the somewhat autonomous position of Puerto Rico. However, it is certain that Puerto Rico will wish to participate in this program since a number of their high officials have made this statement.

About 5,000 persons would be covered in the Virgin Islands and about 250,000 in Puerto Rico during the course of an average week. The workers in these areas of our American economy are among those most in need of social in-

surance protection. Their wages average somewhat less than 50 percent of the average wage rates in the United States yet the over-all cost of living is not significantly lower. Thus it is even more difficult for them than for workers in the States to lay aside funds from current earnings to keep them or their dependents off the public-assistance rolls when the breadwinner becomes too old to work, becomes permanently and totally disabled, or dies. Moreover, an increasing number of the residents of these insular possessions are employed in the States. While they are here many of them are in jobs covered by the social-security program, and, therefore pay taxes on their wages but if they return to employment in their home communities they often lose all social-insurance protection as well as their contributions. By extending coverage of the Federal social-insurance program to services performed on the islands this unjust result would be avoided. I believe the workers of Puerto Rico and the Virgin Islands should be afforded the opportunity to secure protection for themselves and their dependents against the economic hazards of old age, disability, and death regardless of whether they work in the States or in their home communities. These workers want to earn this protection by making contributions from their earnings during their productive years and to receive benefit payments as an earned right. They, like other American workers, do not want to have to rely on public-assistance payments, made on the basis of a means test and paid from general revenues, for protection against loss of income due to these common hazards.

In summary, I believe that the extension of the social-security system to Puerto Rico and the Virgin Islands is long overdue. These islands are part of the United States and should be entitled to the advantages of social security.

Mr. Chairman, I repeat—this is a good bill. It will be the answer to the prayer of many an aged person who, as the years go by, is confronted with the terrorizing thought of depending on public charity. With the extended coverage under this bill of 11,000,000 more persons and with the increased benefits it provides, it will enable the 46,000,000 people covered under social security to look forward to their declining years with confidence that they will not become public charges, but will be able to live on the annuity payments which they purchased during the days of their employment.

I shall vote for the bill. I am confident of its passage.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, I shall support this bill. It is a necessary and prudent measure and well within our means. I have always favored the extension and expansion of the social-security system. I think it is especially noteworthy and I am very glad to see

that the self-employed have been included in the bill, as well as employees of State and local governments and employees of nonprofit institutions; although I would have liked to see the nonprofit institutions fully under the system like other employers. I am glad to note that the word "employee" is redefined to include salesmen and certain other employees, also that the benefits have been materially increased for those who are under the old-age and survivors insurance, and that the limitation on their monthly earnings is materially increased under this bill.

The fundamental economic basis provided for our society by the social-security system is of vital importance to domestic stability and to the strength of our position in the world. For this strength rests on a people confident of their capacity to produce, and to look to their future security and provide for it. The social-security system as a base is improved by this bill; real and further progress toward adequate security due to old age, sickness, or disability rests on the efforts of industry in all its component parts. This is one of the great challenges to our private-enterprise system, how to provide adequate security and to coordinate it with the social-security system for the best benefit of our people.

At the convention of the American Federation of Labor in Miami in February of this year, that union's executive council issued a statement which has special significance at this time. They said:

To the extent that real social security is provided for the American people, the free-enterprise system will become correspondingly secure against ideological attacks.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Chairman, during my career in Congress which began in 1939 very little has been done toward amending the Social Security Act. Every effort made since 1939 was met with the excuse "there is a war to be won."

As a result no action was taken for 10 years despite the fact that there was need for revising the existing law. Each time we tried to do something we were told that a committee or a commission was engaged in studying the structure of the Social Security Act. The inference was that if we were patient long enough, Congress would receive recommendations for streamlining the Social Security Act.

Now we are considering H. R. 6000 which we are informed represents the efforts of the House Committee on Ways and Means over a period of 6 months.

The bill is not only disappointing in its provisions but it lacks features that should have been included in such a measure. To have waited 10 long years and then be handed a tailor-made bill without the right to amend it is a blow to the great American principles of fair play and justice.

We are considering a bill that affects the lives of over 50,000,000 persons and

their families. We are taking such action at a time when the pension issue has invaded every segment of American life. We witness the pension issue being discussed freely in management and labor circles where it has become the focus point of collective-bargaining conferences.

The controversy over the need for universal pensions is so pronounced that the day is not far distant when such an objective will be realized.

Today, I am in utter dismay over the fact that this Congress is being asked to approve a bill in a "take it or leave it" atmosphere. This is especially disheartening when we are asked by such procedure to turn a deaf ear to the plight of the elderly citizens who helped build this great Nation.

According to the Bureau of the Census there were 16,799,000 persons in the United States aged 60 years and over on July 1, 1948. A large percentage of this number includes men and women who are unable to work or support themselves. It is this great class of citizens that we have completely ignored despite the fact that it is not their fault that they toiled and paid taxes when pensions and social security were but vague dreams.

It is a national disgrace to realize the tears we shed over displaced persons overseas while we give the "cold shoulder" to deserving American citizens who in the twilight of life have not enough material assistance to keep body and soul together. We send billions of dollars overseas and plan on sending billions more to help what are called the backward nations of the world. At the same time our only concern for the aged citizens of this Nation is the shedding of a few crocodile tears every time a political platform is adopted.

I cannot in good conscience remain silent any longer while this bill is lauded as being for the welfare of the American people. While I approve heartily of the increased benefits for those recipients who have earned them by contributions from their pay, it is a deplorable fact that the House Ways and Means Committee after 6 months of hearings and study failed to heed the anguished cries of the millions of elderly citizens who are left with no assurance that the present Congress intends to do anything for them but to continue to promise to consider their plight. Let us search our own conscience and face the fact that we are by our actions betraying millions of God-fearing American citizens.

I shall support this bill but I do so in a spirit of reluctance and with great disgust.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 7 minutes to the gentleman from North Dakota [Mr. BURDICK].

Mr. BURDICK. Mr. Chairman, the whole plan of this bill is directed to those now employed whereby they can participate in payments to a fund upon which, later in life, they may draw. I have no fault to find with this theory. What I am concerned about is that class of people who, in their past lives, have had no opportunity to contribute to any fund upon which they can draw later in life. I refer

to the aged, those 65 years of age or older; the crippled; the blind; and dependent children.

This bill has definitely overlooked this class and for that reason is a total disappointment.

In North Dakota as the old-age assistance has operated the Federal Government share in old-age assistance is as follows:

Government share of the first \$20, three-fourths or-----	\$15
Government share of the remaining payments up to a maximum of \$50, one-half or-----	15
Total Government aid on a maximum of \$50-----	30

The Government share of the first \$25 is four-fifths, or \$20; on the next \$10 is one-half, or \$5; on the next \$15 is one-third, or \$5.

In other words, the present bill does not change the maximum of \$50 and the contribution of the Government is \$30 out of \$50 just exactly as it is in the present operating plan.

The only difference is that on the first \$25 the Government assumes a larger share. This might help in some States where payments are small, but in North Dakota it will not help at all. The North Dakota law provides that these payments shall be \$60 per month as a minimum. The Government share of this \$60 payment is, therefore, \$30, and the State of North Dakota will make up the difference, or \$30 per month.

The committee makes the statement that it will cost the Federal Government \$256,000,000 annually more than it did before. This statement should not have been made. After appropriating billions and billions for every country on earth, it does not sound statesmanlike to pounce upon this insignificant sum of \$256,000,000 when we come to take care of our own aged, blind, crippled, and dependent children.

I voted against the rule on this bill because it denies any and every chance to amend the bill. We shall have to take it as it is or reject it. If we reject it, then a plan for those now working to participate in a fund in old age will be destroyed for the present. The movement that started this whole social-security program, the Townsend pension system, cannot even be discussed because no amendments are in order. This bill takes care of practically every class except farmers, and we can offer no amendment to correct this situation. The Ways and Means Committee and the Rules Committee have this legislation bottled up and the people's representatives are powerless to do anything about it—except talk. This procedure does not sound like democracy to me. I voted against any such rule.

Now that we are bottled up, hamstrung, and shackled, we can take the bill as it is or take nothing. The system of providing those now working with a little assurance later in life is worth saving, and for that reason I will vote for it.

I desire, however, to comment that it is a disgrace to this great democracy, the mightiest nation on earth, to deny to

the aged, the blind, the crippled, and dependent children, a decent standard of living. I hope those voting in committee for this rule will some day be in the class of those old people who try to live, pay rent, clothe themselves, buy the necessities of life on \$50 per month. We should have made it possible for the aged in America to have meat twice a week instead of once. Where is one of the four freedoms—where has it gone in our philosophy of thinking? Have we forgotten it, or have we repealed it? Freedom from want—where is it in this great democracy?

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

Mr. BURDICK. I yield to the gentleman from Iowa.

Mr. JENSEN. I am in hearty agreement with what the gentleman from North Dakota has just said about the aged, the blind, and the crippled. Certainly this Nation has been mighty niggardly to those people. I hang my head in shame, as I am sure the gentleman does, when an old person, who has through no fault of his own lost all the money he has had in many instances, then must take a pauper's oath in order to get a meager pension which is not sufficient to live decently on from one day to the next. I had hoped that this bill would be more liberal in that respect. I certainly want to compliment the gentleman from North Dakota for standing up here and fighting for the old folks, the blind, and the crippled, who cannot help themselves. Certainly we should, in either this session of Congress or very soon, do a lot more for those folks than we have done up to date.

Mr. BURDICK. The gentleman has made a very fine statement of the situation.

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. JENKINS. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. VURSELL].

Mr. VURSELL. Mr. Chairman, we are nearing the end of the debate in this House on social-security legislation. We are writing permanent law. We are establishing, in my judgment, without sufficient consideration, permanent policies with reference to social security which cannot be changed. In fact, we are writing and establishing into law a contract or compact with over 40,000,000 people which will doubtless continue in perpetuity.

In considering this legislation of such tremendous importance, full opportunity to consider and to amend it should be the privilege of all of the Members. This is not the case because the leaders of the administration, through its influence with the Rules Committee, brought this legislation to the floor of the House under instructions that no amendments could be offered or considered by any of the Members of this House. It was brought to the floor under what is termed a "closed rule" which will not permit its amending in any way. I think it is unfortunate that we, in the minority, who honestly believe that the legislation can be improved by nine important amend-

ments, do not have an opportunity to offer these amendments and to debate them, allowing the 435 Members of this House to individually decide whether or not, under the weight of evidence, some or all of these amendments should be incorporated in the bill.

Out of the 25 members of the Ways and Means Committee, 10 or more were opposed to bringing this bill to the floor of the House under a "gag" or closed rule. Many of the members of this committee have expressed their desire that at least nine of the amendments suggested by the minority, which are contained in the Kean recommittal motion which will later be made, should have been brought out on the floor of the House as amendments so that all of the Members of the House would have an opportunity to judge them on their merits.

We, who take this position, are placed in the position where we must vote against, on the final roll call, all of the benefits contained in H. R. 6000, or vote for parts of it which we heartily approve, along with provisions of the bill which we just as ardently oppose.

Practically all of us realize that social-security benefits should be increased and the coverage base broadened. In fact, Congressman KEAN's bill provides for increasing the benefits and broadening the coverage on the same ratio as does the administration bill. No one can justly say that any amendments desired to be offered which are denied us here on the floor of the House today under the closed rule seek, in any way, to give lesser benefits under old-age assistance and social security than does the administration bill. The benefits are practically the same in both bills but it is my contention that the policy of approach in the Kean bill will better protect the security trust fund and thereby the whole system of public assistance and social security, will not only pay equal benefits but will cost those paying into this trust fund, both the employee and the employer, over a term of years, less money.

Mr. Chairman, we will have only one opportunity to express our disapproval of the administration bill and that will come at the close of the debate on a motion to recommit. In other words, we must take the bill without amendments as reported to the House or leave it.

I submit that the bill should have been brought to the floor of the House under an open rule so that it could have been perfected and improved according to the judgment of the House.

If the motion to recommit provides that it be returned forthwith substituting the Kean bill, I shall support the motion to recommit.

Time will not permit a full discussion of all of the amendments. It is sufficient to say that the Kean bill would bring about a saving of about \$1,000,000,000 a year. In addition, it would better protect the fund and would cost the poor people for which social security was set up to benefit, less money each year. Another amendment in the Kean bill would better define who is an employee and who is not. It would give the Congress the right to say who is an employee and employer, who should come under the

scope of this bill rather than to place that power in the hands of the bureaucrats as the administration bill does. It would provide for total and permanent disability benefits but would place the obligation of payment of these benefits in the category of public assistance where they should be, rather than paying them out of the social security fund.

It would confine the operation of social security to payments up to \$3,000 as is the established custom throughout the Nation, rather than to raise it to \$3,600 as provided in the administration bill.

The original social-security law was intended to provide security for the poor people who were not able to provide their own security in old age. When it was established they set the limit of those employees and employers who should pay into the fund as those who were earning wages up to \$3,000 a year. Now the administration bill will take the employee who comes in at \$3,600 a year and place him under the Social Security Act. The added weight of the increase from \$3,000 to \$3,600 a year will work to the disadvantage of the poor people who have been paying in up to and under \$3,000 a year.

Mr. Chairman, I am a firm believer in the necessity of increasing social-security benefits and broadening the social-security base. We all realize that the best possible provisions the economy of our Nation can stand must be provided for the older people who find it difficult to support themselves. In fact, I had representatives of the Social Security Administration come to my office last year for two long sessions when I was considering introducing a bill to increase such benefits. Realizing that it would require longer study in considering such legislation than time would permit, I deferred introducing a bill to provide for an increase in social-security benefits in the hope that full and complete study could be given to this broad subject which would enable us to write the best possible legislation in this session.

I do approve of many of the provisions of the administration bill but I feel certain that had the bill come to the floor under an open rule we could and would have written a better bill than the one we shall have to decide on here today.

I hope and believe that when this bill is passed today and goes to the Senate, that body will write into this bill when considering it next year, many of the provisions that we of the minority feel should be incorporated in this legislation. I regret that we are placed in a position where this great deliberative body of the House cannot better perfect this bill before it is sent to the Senate. I may support the bill if the Kean substitute is voted down, in the hope that many of the provisions we would like to write into this bill will have been written into it when it comes back to us from the Senate in 1950.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. HOLIFIELD].

Mr. HOLIFIELD. Mr. Chairman, I rise in support of H. R. 6000, the social-security bill now pending before this

Congress. I wish to commend the great Ways and Means Committee for bringing this bill up for consideration.

While I would like to see a bill passed which would cover all of the aged citizens of our country with a decent old-age pension, I realize that it is impossible to pass such a bill in this session of Congress. In a democracy we must proceed according to the will of the majority, and until the popular will is expressed so forcibly on the pension question that a majority of legislators feel as I do, until that time we must make progress to our goal in the best way possible.

H. R. 6000 is an important step forward in bringing social security to our people. As the years go by we will amend and improve our social-security laws until the fourth freedom, freedom from want, becomes a reality to our senior citizens.

Our Government acknowledged its responsibility to part of our people when it passed the first old-age insurance plan in 1935. Several amendments have been passed between 1935 and 1949 which broadened the coverage of the original act and clarified certain provisions contained therein.

At the present time 35,000,000 persons are receiving old-age and survivors insurance. The passage of H. R. 6000 will broaden this coverage immediately to approximately 46,000,000 people. This is an increase in coverage to over 11,000,000 new persons.

Not only is the coverage enlarged but the benefits are greatly increased. The average primary benefit is increased from \$26 a month, for a retired insured worker, to \$44 per month. The table printed below shows the increase in individual cases:

New primary insurance amount	
Present primary insurance benefit:	
\$10-----	\$25
\$15-----	31
\$20-----	36
\$25-----	44
\$30-----	51
\$35-----	55
\$40-----	60
\$45-----	64

Persons who retire after 1949 can expect approximately double the average benefit they would receive under present law.

Another important provision of the pending bill is the increase on the earning limitation of beneficiaries. The amount a beneficiary may earn in covered employment without loss of benefits is increased from \$14.99 to \$50 per month. This will be a great boon to those individuals who are still able to obtain part-time earnings after they pass the age of 65 and have started drawing their social-security benefits.

Another important provision in the new bill is the extension of old-age benefits to those persons certified to be totally and permanently disabled, although they have not reached the age of 65. At the present time these unfortunate people, many of whom have contributed to the social-security program since its inception, and suddenly have become totally and permanently disabled, through

sickness or accident, still are not eligible for accrued benefits because they have not reached the age level of 65 years. The pending bill corrects this defect, and with its passage such persons can be immediately certified for benefits.

The maximum family benefits are increased from \$85 per month to \$150 per month and the child-welfare services are doubled.

Almost a million salesmen who were deprived of social-security status and benefits by the Eightieth Congress are restored to participation in benefits.

One of the important improvements brought about by H. R. 6000 is the inclusion of the self-employed in the social-security program. This, in itself, corrects a grave defect in the present law. At the present time over 4,500,000 self-employed people are denied old-age insurance and dependency survivors' benefits. This group includes most of the small merchants, barbers, gasoline-station attendants, garage owners, and other small-business people. Many of these persons have a few employees for whom they have contributed the employer's share of social-security payments for many years. Yet heretofore they have been ineligible for personal protection. Under this bill, H. R. 6000, they will become eligible and their fears of an unprotected old age will be diminished.

In closing, Mr. Chairman, I want to say that I am going to vote for H. R. 6000 for many reasons, including the ones I have mentioned. I also want to point out that the problem of personal security and freedom from want among persons in the declining years of life will continue to be one of the great and only partially solved questions which face our great democratic society.

Social security is Government's most humane and ambitious attempt to date to solve this problem. Unfortunately, it is far from adequate. Private industry pensions present another approach with some merit but with great danger, both as to coverage and stability. Privately purchased annuities are also good for those who can afford such an approach. All of these methods are piecemeal attempts and they all fail to solve this problem of old-age security in a satisfactory manner. None of these methods can be abandoned, however, until a majority of our people can agree on a specific solution.

I firmly believe that a national old-age pension should be provided for our aged people. The amount should be determined and paid on a Nation-wide basis rather than by the individual States. This would be more equitable and would also prevent the present migration of persons from the low-pension States to the high-pension States.

Private industry pensions should be coordinated and eventually absorbed by the Federal pension. In my opinion, private industry pensions are dangerous from the standpoint of the hazards of bankruptcy and maladministration. Certainly private industry pensions should not be a subject of collective bargaining and subject to all the perils of labor-management differences. In

addition to the above-mentioned defects, such pensions are in effect a special levy on industry customers for the benefit of a comparatively small part of our people.

A Federal pension paid from Federal taxes and administered on a equitable Nation-wide basis to all of our aged and disabled citizens is, in my opinion, the only complete and sensible goal for us to work toward. The passage of H. R. 6000 will be just one more step forward toward the realization of that goal.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. CHRISTOPHER].

Mr. CHRISTOPHER. Mr. Chairman, I want to begin by praising the Committee on Ways and Means for the diligent consideration they gave this measure and for the hard work they performed in preparing it, and for the conscientious effort and hard labor that they put into bringing this measure to the floor.

I also want to compliment the Committee on Rules on giving us the kind of a rule they did, and I want to compliment the House on accepting that rule and thereby preventing the enemies of this legislation—and I am sorry to say that it still has a few enemies—from picking out a piece here and pulling out a thread there and leaving us at the end of 2 or 3 days in this House with a measure which nobody could be proud of; a measure that we would either have to send back to the committee or go off shaking our heads and muttering on how we voted. This legislation is in the position at the present time that it ought to be, and it has had the work and the attention of our Committee on Ways and Means. While I disagree with it in some particulars, still it is a wonderful bill, and as great a piece of legislation as we could expect.

Like the gentleman from North Dakota [Mr. BURDICK] and some other gentlemen that spoke on the floor of this House, I am sorry that it does not include the 6,000,000 farmers and their families in the United States. But I am sure that in the near future those people will be included in this legislation.

Now I know that this bill can be criticized, anything can be criticized. You know, one time a fly alighted on Washington Monument out here; just a common house fly. The diameter of his vision was only 1 inch. He crawled up and down that monument. He was a critical fly. He said, "Why, this stone is not perfect. This joint is not laid as it ought to be. Here is an imperfection and there is a flaw. This is a very poor piece of masonry." But that fly's vision was only an inch in diameter.

When I came across the bridge there last winter and looked at that Washington Monument for the first time standing above this city I said, "What a wonderful triumph of masonry." I could see the whole monument. My vision was not restricted to 1 inch in diameter. You can be critical of anything if you want to pick it to pieces.

I want to compliment the people that were in this House 14 years ago and that passed the first piece of social-security

legislation. Some of the gentlemen are sitting right here on the floor of this House today who helped put that deal over. I see at least two of them, and I know there are more. They were plowing ground that had never been plowed before. They were traveling down a path that had never been traveled before, and they were receiving from some quarters mighty little encouragement.

I have before me here not a type-written speech, but some quotations.

Mr. Fuller, Democrat, said, as is quoted in volume 79 on page 5861, the CONGRESSIONAL RECORD of 14 years ago:

This measure carries the greatest welfare features and relief for suffering and distressed humanity that has ever been presented to a legislative body; it carries out the teachings of the lowly Nazarene, and has only been made possible by a fearless, big-hearted, inspired leader whose heart goes out to the "forgotten man." Every thought, every heartbeat, and every action of our great President has been in the interest of the weak and oppressed. No man can be a good American citizen who seeks to live unto himself or who seeks to profit and accumulate the wealth of the country with no regard to the duty he owes to his unfortunate neighbor. We have reached the crossroads, where it has become necessary for us to realize that no nation can continue to prosper "where wealth accumulates and men decay."

Our majority leader, the gentleman from Massachusetts [Mr. McCORMACK], at page 5872 had this to say regarding that first social-security measure:

Why should not business during the productive period of an employee's life assume, in part at least, this responsibility? When an employee reaches old age business lets him go. Unlike an old piece of machinery that can be thrown away or sold, a human being cannot be sold. He can be thrown out but not sold. After employment ceases and old age is arrived at, with no resources, society must assume the burden. That has, unfortunately, been our experience of the past. If this is so, it is only proper that as a part of the cost of production, business should assume the responsibility of establishing a fund out of which reasonable benefits will come to the unemployed and out of which earned benefits will come in the case of the old and the aged.

The gentleman from New York [Mr. TABER], a Republican, at page 6054 had this to say:

Never in the history of the world has any measure been brought in here so insidiously designed as to prevent business recovery, to enslave workers, and to prevent any possibility of the employers providing work for the people. Mr. Chairman, is it not about time that everyone of us woke up and realized our constitutional responsibility to pass on legislation intelligently, on its merits, or, as in this case, on its absolute lack of merit, throwing out those things that are absolutely vicious?

Again, on page 5547, the gentleman from New York [Mr. TABER] had the following to say:

Mr. Chairman, it seems to me that this tremendous tax should not be imposed upon industry in such a way that it will stop and clog recovery. I think that this Congress has done almost nothing but attempt to prevent recovery ever since the 1st day of March 1933. I think we ought to stop these bills that are designed by the "Brain Trust" and which can have no effect upon the situation in America today except to prevent and restrain and keep back business from recovery.

The gentleman from New Jersey [Mr. EATON], a Republican, at page 5581 of the same RECORD said:

Of course, all the political mind needs to do is to pick up a great complex structure like our national industrial and economic life, which took 300 years to create, pass a law, rub Aladdin's lamp, and behold the millennium has come.

Again, on page 5581, the gentleman from New Jersey [Mr. EATON] said:

Mr. Chairman, I think we stand today in this country at the crossroads of a great decision which transcends all parties, all sections, and all interests; and this decision is whether we are going to choose American organized industry as the instrument for the solution of these tremendous, far-reaching problems, or whether we are going to resort to some modified form of Russianism and attempt to solve these problems by Government. My beloved friend, O'Connor, made some statement to the effect that political parties were responsible for depressions and for recovery. If we ever get out of this, no political party will do it, especially the Democratic Party, because we have none anymore. You have not been within shooting distance of your platform ever since the first few months after the President came in. You have been acting as the representatives, the tool, of a non-American institution known as the New Deal. And the ultimate aim of the New Deal is to place all American industry, business, and individual liberties under the control of Government in Washington. We have no Democratic Party.

That was the gentleman from New Jersey [Mr. EATON] 14 years ago.

Do you know what this legislation is which we are considering today? This legislation is the heart and soul of the New Deal. It is the practical application of the Sermon on the Mount.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. CHRISTOPHER. I yield.

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

Mr. JENKINS. Mr. Chairman, I yield the gentleman a half a minute to answer a question.

Mr. MURRAY of Wisconsin. I am certainly not in a position of being opposed to the Social Security Act or its extension or the broadening of its base. But I think it would be interesting if the gentleman would tell us why it is that the rural people are still alive, while they have not been under the Social Security Act up to this time.

Mr. CHRISTOPHER. Because it so happens they are in a position where they can milk the old cow and drink the milk and survive. That is the only reason. Back in 1932 the mortgages were taking the old cow and that privilege was being lost to them.

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

Mr. CHRISTOPHER. I yield.

Mr. McCORMACK. The Democratic Party is the party which put on the statute books legislation which saved agriculture.

Mr. CHRISTOPHER. Absolutely. And I am proud to be a Democrat because that is what we did.

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

Mr. JENKINS. Mr. Chairman, I yield such time as he may require to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Chairman, I voted for social security. I am still for it. I prefer the substitute bill, but I shall vote for the best bill which the House has.

Mr. Chairman, I have just been advised by members of the committee in charge of this bill that there is no particular desire on the part of the membership to debate this bill, and that it now looks as if the vote on final passage will come about 4 o'clock. I am not surprised at this. On yesterday, I called the attention of the House to the ridiculousness of the rule which granted 4 days' debate on this important legislation but without an opportunity to offer any amendments or any changes in the bill as reported by a majority of the Ways and Means Committee.

If the Ways and Means Committee were unanimous, as that committee often is, then it would not be so bad; however, here is a committee which has given months of intensive study to this all-important social-security bill and which is very much divided as to what the legislation should contain. I have gone through the 200-page committee report and there is much logic in the majority and in the minority arguments.

I strenuously resent having this bill jammed down the throat of the House by a majority vote without being permitted to vote on wholesome amendments. If the House votes these amendments down, then I am satisfied but I just naturally resent these strong-arm political methods. The procedure smacks too much of the type of elections Hitler held and Stalin holds. There ought to be at least some alternative to which those who do not agree with the details of the present proposal can turn. Well, the die has been cast, the majority has arbitrarily used its power, and the rest of us must take it or leave it in the form prescribed.

The gentleman from New Jersey [Mr. KEAN], a member of the committee, will offer a substitute bill. Again the House is precluded from amending the substitute and we must either take that or leave it as is. The only vote we can have is on a motion to recommit, which means to substitute the Kean bill for the House bill. I am satisfied with neither bill and I am in the same position, I believe, as the majority of the Members of the House. In these circumstances, I am compelled to vote for or against something, all of the details of which I do not approve. A vote against the bill in the final analysis will be construed as a vote against including other groups and perfecting that which is conceded to be a faulty social-security law. As the lesser of two evils, I shall vote to recommit the bill, which as a practical matter means to support the Kean bill.

I am sure the administration has enough votes to defeat this motion to recommit. Then I will be called upon to vote for or against the bill as introduced, and about which we have been permitted to talk for 4 days if we so desire without opportunity of perfecting it. I voted for the original social-security law and I want to make that law better. I do not want my action misconstrued. In consequence, after the motion to recommit is

defeated, I shall vote for the final passage of the bill. This will send the bill to the Senate where hearings will be held before the Senate committee and where opportunity to amend will be provided. After the Senate has operated on the bill, it will come back to the House for further consideration, and it is my hope the many imperfections will be corrected in the Senate to the end that a sane, reasonable and effective social-security bill may be written upon the statute books.

Our elderly people need and are entitled to greater consideration than accorded them under existing law. This bill does not go far enough and does not reach that class of people who, through no fault of their own, are most entitled to consideration.

In conclusion, may I express the hope that the majority leadership will learn its lesson from this experience and not force the House into this unusual position so far as legislation yet to come is concerned.

Mr. JENKINS. Mr. Chairman, I yield 20 minutes to the distinguished gentleman from Iowa [Mr. MARTIN].

Mr. MARTIN of Iowa. Mr. Chairman, the Committee on Ways and Means has completed a long, hard struggle in the study of the social-security law and the need for revision. It is my privilege to serve on that committee. I have taken particular pride in the diligent work of the committee in trying to meet issues which are manifest in this law.

The social-security law is in need of revision. I believe greater emphasis should be placed on the insurance title of this law so that the Federal Government may lead the people to care for themselves rather than look to the Government for their support when age or adversity overtakes them. The insurance provided in title II of the social-security law should be made available to all groups of people who desire such protection but it should not be forced upon any group of people against the prevailing views of that group.

EXTENSION OF COVERAGE

Thirty-five million persons are now covered during an average week, and H. R. 6000 will add about 11,000,000 new persons as follows:

(a) Nonfarm self-employed, 4,500,000, does not include physicians, lawyers, dentists, osteopaths, veterinarians, chiropractors, optometrists, Christian Science practitioners, and aeronautical, chemical, civil, electrical, mechanical, metallurgical, or mining engineers whose net earnings from self-employment total \$400 or more per year.

(b) State and local government employees, 3,800,000.

(c) Domestic servants who work 26 days or more per quarter, 750,000.

(d) Employees of nonprofit institutions, 600,000.

(e) Agricultural processing workers off the farm, 200,000.

(f) Federal employees not covered under any retirement system, 100,000.

(g) Americans employed outside the United States, 150,000.

(h) Employees and self-employed in Virgin Islands, 5,000.

(i) Employees and self-employed in Puerto Rico, 250,000.

(j) Salesmen, taxi drivers, industrial home workers, contract loggers, mine lessees, and other persons technically not employees at common law, 500,000.

Old age assistance as provided in title I of the social-security law takes care of needy persons who have no other recourse. No prior contribution is required of the beneficiary. I believe firmly that the expansion of the insurance program in title II to all groups desiring such insurance is a step in the right direction but the big problem always confronting Congress is to determine what groups really want this insurance. In my opinion, some of the groups covered by H. R. 6000 have been included without enough evidence proving their desire to be covered.

ACTUARIAL DEFICIT

The insurance provided in title II should be made actuarially sound. If it is not maintained on a sound actuarial base the insurance program can rapidly sink to the level of a political auction.

Social-security insurance is no different than most other insurance in that the costs in the early years are really light because few people are qualified as beneficiaries. As the insurance system approaches maturity, however, the costs increase as the number of qualified beneficiaries increases. The estimated cost of H. R. 6000 in percentage of pay roll starts at 1.40 in 1950 and increases to 8.01 by the year 2000. Unless an adequate reserve is accumulated in the early years there will be a serious deficit at the very time the beneficiaries are apt to need the insurance protection most. There is now accrued in the reserve fund approximately \$12,000,000,000 but that sum is \$7,000,000,000 less than it should be if the insurance is to be self-supporting. H. R. 6000 liberalizes benefits to the beneficiaries already retired and I believe I am correct in saying that the overwhelming opinion of the members of the Committee on Ways and Means was in favor of such increase and the increase was established at approximately 70 percent to match the rise in the cost of living since 1939. Extension of the increase to persons already retired gives rise to an additional \$3,000,000,000 deficit in the reserve fund making the total deficit \$10,000,000,000.

The combined employers and employees tax provided in H. R. 6000 is, for the calendar year 1950, 3 percent; 1951-59, 4 percent; 1960-64, 5 percent; 1965-69, 6 percent; 1970 and following, 6½ percent. Notwithstanding these increases in the tax schedule, the reserve fund in 1990 will be about \$77,000,000,000 less than required for actuarially sound insurance. Congress some day will be called upon to decide whether to require future workers to make up the deficit in addition to their own current costs or whether to use other Government funds to make up the deficit. The people who must make that decision have no vote today. I can imagine, however, what we would think here today if we had inherited a similar deficit from social-security insurance set in motion by our grandfathers.

INEQUITIES

First. Increment: H. R. 6000 provides an increase in benefits equal to one-half percent for each year the tax has been paid. The cost of this one item has been estimated at \$1,000,000,000 per year. It is significant that this provision extends higher benefits to the steadily employed person than it does to those not regularly employed. In my opinion, it produces a serious inequity in the law at a very high price and no better way could be found to save the Government \$1,000,000,000 per year than to strike out the increment factor.

Second. Highest 10 years: H. R. 6000 requires beneficiaries to average their wages throughout their entire period of eligibility for coverage. The minority members of the committee urged adoption of a plan to enable employees to take their highest 10-year average wage. This provision would strengthen the position of the irregularly employed person who is most likely to need more liberal benefits.

Third. Total and permanent disability: Much can be said in favor of granting insurance protection for total and permanent disability but the cost of such coverage can be very devastating to the reserve fund. The cost is also very unpredictable. Commercial insurance companies have a wealth of information along this line. I agree very strongly with the minority of the committee that protection against total and permanent disability should be taken out of the insurance title and retained in title I (old-age assistance) and title X (aid to the blind). Benefits paid under title I are measured according to need whereas benefits under title II have no such limitation.

Fourth. Domestic help: H. R. 6000 will extend insurance coverage to about 700,000 domestic workers but the requirement of 26 days employment per quarter to qualify has the effect of making approximately 1,300,000 domestic workers ineligible for benefits. Any line of demarcation that qualifies 700,000 and disqualifies 1,300,000 of people doing the same class of work is bound to give rise to a vast number of inequities and I predict that this point in H. R. 6000 will plague Congress and the Committee on Ways and Means until it is corrected. A tremendous number of domestic workers in the exclusive group will find themselves ineligible for benefits even though they have been taxed on their wages all the way up to 9¾ years. They will find also that they cannot get a refund of the taxes they have paid even though it has been entirely beyond their power to complete their qualification for benefits.

Fifth. Short-term self-employed: By way of contrast let us take the case of a wealthy man old enough to qualify for benefits in 5 years time as a self-employed person. This man can set up in business for himself and report earnings up to \$3,600 per year for 5 years. In that time his tax as a self-employed person would total \$513 for the 5 years at the rates provided in H. R. 6000 over the next 5 years time. At the end of 5 years this wealthy man can close his business and collect \$72 per month from the Gov-

ernment the rest of his life. If he is married and his wife is 65 or over his Government check would be \$108 per month. There is nothing in the social security law to disqualify him and his wife from receiving this benefit payment even though they continue to collect unlimited sums of unearned income. This wealthy person's estate will be enriched an additional \$216 for his burial expense when he dies even though he has a vast amount of insurance payable at his death. The contrast between the wealthy self-employed person and the border line domestic worker who cannot quite make a 10-year record of 26 days per quarter employment can hardly be explained away by the statement that the insurance provided in H. R. 6000 is social insurance.

CONCLUSION

I strongly favor liberalizing the benefits provided in the social-security law. These benefits should be adequate to meet the needs of aged and needy persons as the cost of those needs increase with inflation. The cost of liberalizing benefits in the insurance title must be met by an adequate tax schedule if we are to be honest with our children and our children's children. Some consideration must be given also to the matter of refunding tax payments to persons who cannot qualify for benefits because of reasons beyond their control. On the other hand, some consideration should be given to unearned income and accumulated wealth as a disqualification for benefits under the insurance title. The enactment of H. R. 6000 into law will set a precedent in the recognition of inflation as a ground for liberalizing benefits. An interesting question will arise in event of deflation bringing the cost of living down. The question will be whether the benefit can be reduced on that ground under the insurance contract.

I am deeply sorry that H. R. 6000 has come before Congress under a closed rule which precludes consideration of any amendments striking at the inconsistencies and the inequities that have been discussed during the course of this debate. I will vote for the passage of H. R. 6000 because of the tremendous need for liberalizing benefits for those people dependent upon these benefits but Congress and the Committee on Ways and Means in particular still have much work ahead if we are to build a sound, equitable, and lasting social-security program.

Since the Kean bill, H. R. 6297, corrects most of the inequities in H. R. 6000, I will vote first to recommit H. R. 6000 in order to get the better revision of the social-security law that is provided in the Kean bill, H. R. 6297.

Mr. JENKINS. Mr. Chairman, I yield such time as he may desire to the gentleman from Washington [Mr. TOLLEFSON].

Mr. TOLLEFSON. Mr. Chairman, I strongly support the extension of coverage and the increase of benefits under social security. The original Social Security Act was passed in 1935. In 1939 the original act was revised by amend-

ments which considerably broadened the protection of the old-age insurance system. Some supplementary benefits were provided for the eligible wife and children of a retired worker and for the surviving widow and children. Ten years have now lapsed since the last major revision of the Social Security Act established the scale of monthly benefits under the old-age and survivors insurance system in effect today. During that 10-year period a great deal of information and experience has been built up which clearly indicates the necessity for resurveying the principles and objectives of the social-security program as they relate to present conditions. I most certainly agree with the committee when it said in its report, "The Congress is faced with a vital decision which cannot long be postponed. Inadequacies in the old-age and survivors insurance program have resulted in trends which seriously threaten our economic well-being. The assistance program, instead of being reduced to a secondary position as was anticipated, still cares for a much larger number of people than the insurance program. Furthermore, the average payments under assistance have more than doubled in amount since 1939 while benefits under insurance have scarcely risen at all. There are indications that if the insurance program is not strengthened and expanded, the old-age assistance program may develop into a very costly and ill-advised system of noncontributory pensions, payable not only to the needy but to all individuals at or above retirement age who are no longer employed. Moreover, there are increasing pressures for special pensions for particular groups and particular hazards. Without an adequate and universally applicable basic social insurance system, the demands for security by segments of the population threaten to result in unbalanced, overlapping, and competing programs. The financing of such plans may become chaotic, their economic effects dangerous. There is a pressing need to strengthen the basic system at once before it is undermined by these forces. Once the basic system is firmly established, any remaining special needs of particular groups can be assessed and met in an orderly fashion. The time has come to reaffirm the basic principle that a contributory system of social insurance in which workers share directly in meeting the cost of the protection afforded is the most satisfactory way of preventing dependency. A contributory system in which both contributions and benefits are directly related to the individual's own productive efforts, prevents insecurity while preserving self-reliance and initiative. Under social insurance, benefits are computed individually in each case, on the basis of earnings in covered employment. Because benefits are related to average earnings and hence reflect the standard of living which an individual has achieved, ambition and effort are rewarded; since they are also related to length of service in covered work, individual productivity is encouraged and the Nation's total production is increased."

I think our experience with the social-security legislation shows that we can and

ought to extend coverage to include several millions of additional people not now covered, and increase the monthly benefits paid to the recipients. Legislation which accomplishes this purpose is forward-looking. It carries out the platform pledges of both major political parties and is in keeping with the needs and the demands of the people.

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Rhode Island [Mr. FORAND].

Mr. FORAND. Mr. Chairman, the bill (H. R. 6000) would strengthen and improve the existing old-age and survivors' insurance and the public-assistance and welfare programs. In addition, permanent and total disability insurance would be established, and Federal grants-in-aid to the States would be provided for a fourth category of public assistance, the permanently and totally disabled individuals who are in need.

Under the bill contributory social insurance would be the primary method of providing family income when the breadwinner becomes too old to work, is disabled, or dies. I believe that this is the proper role of contributory social insurance because the insurance system enables workers to earn rights to benefits that are related to their own productive efforts. On the other hand, public assistance is paid only to those who meet a prescribed needs test and therefore does not reinforce the self-reliance and initiative of the individual. Under contributory social insurance a worker knows that any assets he may accumulate during his working lifetime will not disqualify him and his dependents for benefits and so he is encouraged to make private savings in order to supplement his social-insurance benefits.

I want to acknowledge that social insurance is the most satisfactory way of affording protection against the common hazards of old age, disability, and death in order to make it clear that I favor the extension and improvement of the insurance system as provided in the bill. Today, however, I invite your attention to the public-assistance provisions of the bill.

At this phase of development of our social-security system, public assistance is still of great importance. Even after enactment of the old-age, disability, and survivors insurance in the bill, public assistance would continue to be necessary for needy persons who are not covered by the insurance program, for some persons with earnings in covered employment who have been unable because of illness or for other reasons to earn the required quarters of coverage for benefits, and for insurance beneficiaries with exceptional needs.

In the next decade public assistance must continue to play a larger role in providing social-security protection than will be necessary thereafter. H. R. 6000 has been drafted with this in mind. Basic social security would not only be provided to persons able to obtain insurance protection but also for needy persons who must rely on public assistance because of old-age, disability, or death of the wage earner.

PUBLIC ASSISTANCE AND WELFARE SERVICES
PROVISIONS OF H. R. 6000

The provisions of the bill relating to public assistance and welfare services would provide (1) a revised method of determining the Federal share of assistance costs, (2) Federal grants to the States for aid to needy permanently and totally disabled persons, (3) increased medical care for recipients, (4) increased Federal funds for child-welfare services, (5) a revised method for determining need in aid to the blind, (6) extension of Federal grants-in-aid to Puerto Rico and the Virgin Islands, and (7) certain improvements in administrative requirements to be met by the State agencies operating the programs. I feel complimented because about 80 percent of the provisions of the public-welfare bill which I have sponsored during the past 6 years are included in H. R. 6000.

FEDERAL SHARE OF ASSISTANCE COSTS

Under existing law the Federal share of assistance payments for old-age assistance and aid to the blind is three-fourths of the first \$20 of a State's average monthly payment plus one-half the remainder within individual maximum of \$50. Thus a State receives \$30 from Federal funds when it spends at least \$20 from its own funds for an old-age assistance or aid-to-the-blind payment.

The bill would modify the matching formula so that the Federal share for old-age assistance, aid to the blind, and also for the aid to the permanently and totally disabled would be four-fifths of the first \$25 of a State's average monthly payment, plus one-half of the next \$10, plus one-third of the remainder within individual maximums of \$50. Under this formula a State would continue to receive \$30 from Federal funds if it spends \$20 from its own funds for an individual payment. Even though the maximum Federal share of \$30 a case would be retained, Federal funds to all States would be increased as all States make some payments to individuals in amounts of less than \$50. The largest relative increase in Federal funds would go to States where the level of payments is low. These are, for the most part, the States with large numbers of persons not protected by social insurance.

The States with average matchable payments between \$20 and \$30 per month would be able to raise their payments \$5 per recipient, provided they continue to spend the same amount per recipient from State and local funds. In July 1948, the average payments for old-age assistance were below \$30 in 10 States and in 7 States aid to the blind payments were below \$30.

The increase in States with higher average matchable payments, of course, would be less than \$5 per recipient because of the reduction in the Federal share of assistance costs when average payments exceed \$35. As I mentioned earlier, however, all States make some payments to individuals in amounts less than \$50 and therefore all States would receive some additional Federal funds under the formula in the bill. A State with an average matchable payment of \$35 would receive an increase from the Federal Government of \$3.75 per month

per recipient if it continued to expend the same amount per recipient in State and local funds; a State with an average payment of \$40 would receive an increase of \$2.50 per recipient, and one with a \$45 average payment, an increase of \$1.25 per recipient.

The bill would also provide additional Federal funds for all States for aid to dependent children. Under present law the Federal share of aid-to-dependent-children payments is three-fourths of \$12 of the average monthly payment per child, plus one-half the remainder within individual maximums of \$27 for the first child and \$18 for each additional child in a family. Under the bill the Federal share would be four-fifths of the first \$15 of the average monthly payment per recipient, plus one-half of the next \$6, plus one-third of the next \$6 within individual maximums of \$27 for the relative with whom the children are living, \$27 for the first child, and \$18 for each additional child in a family.

Thus the formula in the bill would modify the method of allotting funds to the States for aid to dependent children in two ways. First, the Federal percentage is altered and second, the mother or other relative with whom the dependent children are living is classified as a recipient for Federal matching purposes.

The effect of the proposed formula would be to increase substantially the Federal funds provided for all States administering State-Federal aid to dependent children program. A large part of the increase in Federal funds would result from the inclusion of the relative with whom the children are living as a recipient for matching purposes. This provision would correct the present anomalous situation which disregards the needs of the caretaker in aid to dependent children homes. Since the relative caring for the children must have food, clothing, and other essentials, amounts allotted to the children under present law must be used in part for this purpose if such relative does not have any income or is not provided aid from some other source.

The increase in Federal funds for aid to dependent children that would result under the formula in the bill, if a State continues to expend the same amount per family, is illustrated by the following examples: If a State's average payment for the 1-child families on the rolls is \$25, the increase in Federal funds would be \$12 per family; if the average is \$45, the increase would be \$17.50; if a State's average payment for the 3-child families on the rolls is \$45, the increase in Federal funds would be \$18 per family; if the average is \$75, the increase would be \$21.50.

I believe the revised matching formulas proposed in the bill for old-age assistance, aid to the blind, and aid to dependent children would be equitable for all States. Although relatively large increases in Federal funds would result for those States with low average payments, we must realize that these are, for the most part, the States least able to provide adequate public assistance payments.

I have a table which shows the estimated annual increase in costs to the

Federal Government under the matching formulas in the bill for old-age assistance, aid to the blind, and aid to dependent children. The table is based on December 1948 data as that is the last month for which distribution of assistance payments by amounts is available for each State. The table is broken down by States and while it is based on December data it still will give you an approximation of the additional Federal funds that would be made available to each State for these three programs.

Increase in annual Federal cost for public-assistance provisions under H. R. 6000¹ exclusive of new program of aid to the permanently and totally disabled,² by States

[Based on December 1948 case loads and payments]
[000 omitted]

State	Old-age assistance	Aid to dependent children	Aid to the blind	Total
Continental United States.....	\$74,912	\$105,650	\$1,899	\$183,461
Alabama.....	4,158	2,066	59	6,223
Arizona.....	39	701	2	742
Arkansas.....	3,100	2,025	87	5,212
California.....	636	4,617	22	5,275
Colorado.....	43	1,229	(³)	1,272
Connecticut.....	280	735	2	1,017
Delaware.....	85	120	7	212
District of Columbia.....	73	432	5	510
Florida.....	1,921	3,722	79	5,722
Georgia.....	5,812	2,053	124	7,489
Idaho.....	247	478	4	729
Illinois.....	3,553	5,704	109	9,366
Indiana.....	2,407	1,733	76	4,216
Iowa.....	1,031	1,122	22	2,175
Kansas.....	1,151	1,180	22	2,353
Kentucky.....	3,230	3,145	99	6,475
Louisiana.....	1,029	4,651	12	5,692
Maine.....	620	742	26	1,388
Maryland.....	543	1,318	18	1,879
Massachusetts.....	1,086	2,696	13	3,795
Michigan.....	2,307	5,640	33	7,980
Minnesota.....	1,416	1,837	23	3,276
Mississippi.....	2,676	563	100	3,339
Missouri.....	2,892	4,356	(³)	7,248
Montana.....	100	461	6	636
Nebraska.....	631	804	12	1,447
Nevada.....	3	(³)	(³)	3
New Hampshire.....	204	315	8	527
New Jersey.....	698	1,205	16	1,919
New Mexico.....	471	1,118	19	1,608
New York.....	2,148	11,616	58	13,822
North Carolina.....	2,937	2,176	177	5,290
North Dakota.....	240	411	3	654
Ohio.....	2,091	2,788	50	4,929
Oklahoma.....	695	4,692	16	5,403
Oregon.....	552	693	8	1,253
Pennsylvania.....	3,122	10,276	(³)	13,398
Rhode Island.....	311	703	4	1,018
South Carolina.....	2,096	810	68	2,974
South Dakota.....	474	384	7	865
Tennessee.....	3,329	3,467	106	6,902
Texas.....	10,147	3,152	239	13,538
Utah.....	106	820	2	928
Vermont.....	297	175	7	479
Virginia.....	1,012	1,331	66	2,409
Washington.....	579	2,125	5	2,709
West Virginia.....	1,365	2,388	45	3,799
Wisconsin.....	1,372	1,860	32	3,264
Wyoming.....	37	114	1	142

¹ Old-age assistance, aid to the blind, and aid to the permanently and totally disabled: Federal funds shall equal $\frac{4}{5}$ of the first \$25 per recipient plus $\frac{1}{2}$ the next \$10 plus $\frac{1}{3}$ the remainder within a maximum from Federal, State, and local funds of \$50 on individual assistance payments.

² Aid to dependent children: Federal funds shall equal $\frac{4}{5}$ of the first \$15 per recipient (including 1 adult in each family) plus $\frac{1}{2}$ the next \$6, plus $\frac{1}{3}$ the remainder within maximums on individual assistance payments of \$27 for the adult plus \$27 for the first child plus \$18 for each additional child in the family.

³ Since this is a new program, estimates by States are not shown. The estimated annual cost for the entire country is estimated at about \$66,000,000.

⁴ Old-age assistance, aid to dependent children, and aid to the blind: Assuming that States will continue to spend from State and local funds each month as much as they spent from these funds in December 1948 and that additional Federal funds above the amount per recipient in December 1948 will be used to increase payments to recipients.

⁵ Less than \$500.

⁶ No approved plan.

AID FOR NEEDY PERMANENTLY AND TOTALLY DISABLED PERSONS

The bill would provide grants-in-aid to the States for a fourth category of State-Federal public assistance for permanently and totally disabled individuals who are in need. As you know, the bill also would establish a permanent and total disability insurance. Thus similar protection would be afforded against the hazard of permanent and total disability as is now provided against the hazards of old age and death. Through the enactment of these two programs, the injustice now suffered by a person who is unfortunate enough to be permanently and totally disabled before age 65 would be eliminated. His right to insurance benefits or to the assistance payments would not depend upon the date on his birth certificate but rather on whether he is permanently and totally disabled and has the necessary quarters of coverage for insurance benefits, or meets the need requirements for assistance.

The aid to the needy permanently and totally disabled category provided in the bill, would enable the States to establish programs for this group of needy persons comparable to those established for the needy aged and blind. In most States, the needy disabled are on general relief, which is financed without Federal aid. Although some States with relatively large financial resources are able to finance adequate general relief programs, many States and localities have such meager funds available for this purpose that needy persons sometimes do not get the barest necessities. By establishing a fourth category of assistance, not only would the standards of assistance be raised for permanently and totally disabled persons who are in need, but States and localities would have a smaller financial burden for general relief. This should result in more adequate assistance for people dependent on general relief in those States and localities that are now unable to provide reasonable general relief standards. In December 1948, about 200,000 recipients of general relief had disabilities that classified them as permanently and totally disabled. Under the bill, the Federal Government would share in the cost of assistance to these persons on the same matching basis as for old-age assistance and aid to the blind.

The annual cost to the Federal Government for aid to the permanently and totally disabled is estimated to be \$66,000,000. This figure may be exceeded in the next 4 or 5 years, but in the long run the costs will decrease because the companion insurance program will provide benefits for the great majority of workers who become permanently and totally disabled. This fact shows the soundness of the joint insurance and assistance approach of the bill. General revenues will finance the assistance program for needy permanently and totally disabled persons who have not had the opportunity to become eligible for insurance benefits, while the contributions of workers and their employers will finance the cost of the insurance system.

The minority members of the Committee on Ways and Means, in their sup-

plementary views in the report accompanying the bill, advocate that public assistance be the only program available for permanently and totally disabled individuals. This approach is shortsighted. Instead of permitting the workers of America to earn disability insurance protection over their working lifetime and thereby provide a sound method of financing the costs, the minority view would let the total financial burden be borne from the general revenues. By establishing both insurance and assistance programs, as is provided in the bill, the contributions of the workers and their employers would finance the major costs. Insured workers, as well as needy persons not eligible for insurance benefits, would be aided in meeting the expenses arising from permanent and total disabilities.

MEDICAL CARE FOR RECIPIENTS

The inflexibility of provisions in the Social Security Act governing Federal financial participation in assistance payments has limited the States in aiding recipients to obtain medical care. The Federal Government does not share in the cost of payments made directly to medical practitioners or hospitals furnishing medical care to recipients of State-Federal public assistance. Neither can Federal funds be used to defray the expenses of needy persons residing in public institutions, even if they reside therein for the purpose of receiving medical care.

Under the bill, both restrictions would be eliminated. The Federal Government would share in payments made directly to the suppliers of medical care within the regular maximums. You will recall that these maximums are \$50 per month for old-age assistance, aid to the blind, and aid to the permanently and totally disabled, and \$27 each for the caretaker and the first child, and \$18 for each additional child in an aid-to-dependent-children family.

Although these maximums are low, many recipients receive lesser amounts, and in those instances the Federal Government would share in the cost of medical care regardless of the method of payment. Perhaps the most important benefit to result from this change would be that States could insure medical needs of recipients with such organizations as the Blue Cross and the Federal Government would share in the cost.

Recipients of old-age assistance, aid to the blind, and aid to the permanently and totally disabled would be permitted to reside in public medical institutions other than those for tuberculosis or mental disease, and the Federal Government would share in the costs. Under present law, needy aged and blind individuals are eligible for aid if they reside in private institutions. This change would permit an individual to choose the facility within his financial reach that is best equipped to provide the care he needs.

In order to protect recipients of State-Federal assistance residing in public or private institutions, the States would be required to establish and maintain standards for such institutions. The tragic consequences of the failure of

some institutions to provide adequate safeguards for the health and safety of aged residents have come to the attention of all. This provision in the bill permits each State to establish its own standards and make its own inspections of institutions. Nevertheless, it shows that the Congress is interested not only in making assistance payments available to needy eligible individuals, but is also interested in assuring the maintenance of reasonable health and safety standards for recipients in institutions through State responsibility.

CHILD WELFARE SERVICES

The bill would increase the authorization for grants to the States for child-welfare services from \$3,500,000 to \$7,000,000 for the purpose of assisting them in establishing, extending, and strengthening these services in rural areas and areas of special need. No change is made in the substantive provisions of the Social Security Act relating to child-welfare services except that the States are specifically authorized to use Federal funds for paying the cost of returning runaway children to their own communities in another State.

The committee was of the opinion that but for this one exception the basic provisions of the act relating to child-welfare services are sufficiently broad to permit the Childrens Bureau to continue to cooperate with the States and to develop the excellent programs that have been established in the States. With the increased funds that would be authorized by the bill all States could extend and improve services for the protection and care of homeless, dependent, and neglected children and children in danger of becoming delinquent.

DETERMINING NEED IN AID TO THE BLIND

In order to help the needy blind to attain a greater degree of security than is possible under the existing provisions of the Social Security Act the bill would permit the States to disregard income earned by a claimant of aid up to \$50 per month. At present all income and resources of claimants of aid to the blind must be taken into consideration in determining eligibility for or the amount of assistance. If a blind person is resourceful enough to learn a craft that may bring him \$15 or \$20 a month, the net earnings from his work are deducted from his monthly assistance payment. In some instances this action deters a blind person from entering into a rehabilitation plan that is charted for him because he can see no immediate benefit to him for his efforts.

The present restriction is especially harmful to the well being of the needy blind in States that are not providing even a reasonable subsistence level of assistance payments. It may come as a surprise to some when I say that there are five States that now provide less than \$26 per month on the average for their needy blind. Surely no one will contend that an average of less than \$26 a month is a reasonable level of assistance. Yet even when because of lack of funds the standards of the State agency administering the program are below the level necessary to maintain decency and health, the net earnings of

a blind recipient must be deducted from his inadequate assistance payment.

I am happy to report that under the bill such a cruel and unjust result could be avoided. The States would be authorized to permit the needy blind to earn additional funds to supplement their meager assistance payments and thus stimulate their natural desire to become self-supporting citizens.

The liberalization of the aid-to-the-blind provisions of the act and the revised matching formula contained in the bill, which I mentioned earlier, will make life just a little easier and happier for those unfortunate enough to be both afflicted with blindness and in need.

FEDERAL GRANTS-IN-AID TO PUERTO RICO AND THE VIRGIN ISLANDS

The bill would extend both the insurance and public-assistance programs to Puerto Rico and the Virgin Islands. Through the insurance system the residents of these possessions of the United States would earn future protection against the economic hazards of old age, permanent and total disability, and death. The companion program of public assistance would fill an immediate need. At present Puerto Rico and the Virgin Islands, because of their limited resources, are unable to raise sufficient revenues to care for all eligible for assistance. Needy persons are subjected to long delays before assistance is granted.

The provisions in the bill to extend the public-assistance categories to these islands would make it possible for their governments to eliminate their waiting lists and to raise their standards of assistance to more reasonable levels.

The Committee on Ways and Means, after reviewing the facts that were presented at the hearings on social security and in the subsequent executive sessions, was convinced that there is urgent need to extend immediately the public assistance categories to Puerto Rico and the Virgin Islands. Accordingly the bill provides for such extension but not on the same basis as is provided for the States. For old-age assistance, aid to the blind, and aid to the permanently and totally disabled, the maximum limiting Federal participation in an individual monthly payment is \$30 and for aid to dependent children \$18 for the first child and \$12 for each additional child in a family. These are the maximums established in the original Social Security Act in 1935. The Federal share would be one-half of the assistance costs within these maximums.

By limiting Federal participation in the public assistance programs in Puerto Rico and the Virgin Islands below what is provided for the States, of course, will reduce the Federal costs. It is estimated that the annual cost to the Federal Government will be \$3,000,000 for Puerto Rico and about \$75,000 for the Virgin Islands. More important, however, is that under this limited approach to the problem of granting immediate aid to these possessions, the Congress is assured it is not furnishing financial aid that would result in too liberal assistance standards. Perhaps the Federal share of the costs of the public assistance pro-

grams in Puerto Rico and the Virgin Islands should be greater, but I believe no change in the provisions in the bill should be made unless the need for change is established after a further study and review of the social and economic conditions of the islands is conducted.

IMPROVEMENTS IN ADMINISTRATIVE REQUIREMENTS

The public assistance programs in which the Federal Government shares in the costs are administered or supervised by the States. The Social Security Act provides minimum requirements for the operation of the programs by the States. The State-Federal partnership for aiding needy persons established in 1935 has functioned well. H. R. 6000 contains no provision to alter the basic relationship between the States and Federal Government. The changes that would be made in the Federal requirements by the bill are designed to improve administrative practices in the State with the view of affording more equitable treatment to the needy on the State-Federal assistance rolls.

One change in the Federal statutory requirements that I would like to comment on, because I think it is important, relates to providing assistance to all needy persons who are eligible for State-Federal assistance. In some States and localities, when funds are insufficient to provide for all eligible persons, applicants for aid are not granted assistance until persons already on the rolls die or cease to receive assistance for other reasons. Under the bill this discriminatory practice would be prohibited and the available funds would have to be divided among all eligible persons.

To strengthen this change in the Federal requirements the bill would amend the fair hearing provisions which now specifically provides for a review by the State agency when a claim for State-Federal assistance is denied. Under the proposed revision a fair hearing would have to be provided to applicants whose claims for assistance are not acted upon in a reasonable time as well as to those who are denied assistance.

Another change in Federal requirements that I want to take time to mention concerns the training of personnel. The importance of having competent staff administering public assistance is sometimes overlooked. Only if the employees of the public assistance agencies know their jobs and have the necessary skill to perform them properly can we expect the millions of people on the assistance rolls to receive courteous and fair treatment and the public, proper expenditures of funds.

It is a pleasure for me to acknowledge that most State agencies administering public assistance already have established training programs for their staff members. The provisions in the bill requiring that a State public assistance plan must provide for a training program for the personnel necessary to the administration of the plan would not alter present practices in these States. Each State would be left free to determine for itself the methods of training best suited to its needs. State agencies that do not

have training programs, however, would be required to establish them in whatever form they deem will be most helpful in attaining more efficient administration of public assistance.

I shall not take the time to discuss the other changes in administrative requirements contained in the bill. They are discussed in the committee report, a copy of which was provided for each Member of the House. A careful reading of this report will show the care and thought with which the Committee on Ways and Means has proceeded in framing H. R. 6000.

I believe this is sound legislation. While the major emphasis is rightfully on social insurance so the workers of America will be able to earn social-security protection during their working years, the aged, the blind, the permanently disabled, and the dependent children who are in need are not forgotten. The public assistance provisions on the bill would assist four and one-half million needy people to obtain the necessities of life.

Mr. Chairman, I yield back the balance of my time.

Mr. JENKINS. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Chairman, I intend to vote for H. R. 6000, a bill to expand the social-security system, including old-age assistance and other provisions.

Under the rule by which this bill is before the House, commonly called a gag rule or closed rule, no amendments are allowed. One must vote for the entire bill as reported to the House by the Committee on Ways and Means and accept all of its provisions or vote against the bill and reject all of its provisions.

I am in favor of many of the provisions of this bill such as old-age assistance and child welfare. On the other hand, I am opposed to other sections of the bill such as the provisions which discriminate against older workers and those who are employed irregularly.

I am opposed to the Federal Government launching on a program of a vast and costly disability insurance plan for 50,000,000 people, without first testing the effectiveness of a less costly grants-in-aid program. I am also opposed to the surrender to the Treasury Department and the Social Security Administration of the power of Congress to determine pay-roll taxes through regulations as to who is an employee and who is self-employed.

I am opposed to establishing a social security trust fund at least one-third larger than seems to be necessary. I am also opposed to extending social security to the Virgin Islands and Puerto Rico, which should have their own programs based upon their lower wage and living cost levels.

I am opposed to providing funeral benefits for 78,000,000 people who have already made such provisions through life-insurance policies.

The Kean substitute bill seems to provide a saner and more reasonable expansion of the social security program and I intend to vote for it when the mo-

tion comes before the House to recommend. If that fails, then I intend to vote for H. R. 6000.

Mr. JENKINS. Mr. Chairman, I yield such time as he may desire to the gentleman from Wisconsin [Mr. HULL].

Mr. HULL. Mr. Chairman, it is to be regretted that action of such importance as the consideration of the expansion of the social security program should be postponed until it can be brought up only in the closing hours of the session. It now comes before the House under a closed rule, which prevents amendment and forces the whole subject of debate to the measure which the Committee on Ways and Means has determined upon. It is not fair that such discrimination shall be applied to a matter of legislation in which not only the welfare of the Nation is concerned, but one in which a large percent of our population is vitally interested. It might well have been brought up and acted upon before the billions of dollars of additional funds were authorized to be spent upon the people of many foreign lands, most of whom are far more remote from our direct responsibilities than the aged people of our own Nation.

However, even at this late hour in the session, at least greater justice should be dealt out to those in our respective districts who for years have pressed upon Congress the necessity of a national law to protect those who have made their own big contribution to the upbuilding of our land. That contribution by years of labor and honest endeavor on the part of millions involved has made possible the wealth and prosperity which now is being flooded upon other lands.

In the 14 years since Congress passed the first social security law, the program has been before the public, and millions of people have evidenced their interest.

One explanation of the hurried action of the present is that various branches of our great industries are endangered by threats of strikes by many thousands of workers demanding old-age security. The larger part of those now under social security long have protested its insufficiency without avail. Even during the war days when the high cost of living had reached its peak, those provided for in part from the Federal Treasury, and the suffering and discomforts among those who endeavored to exist upon the meager allowance, failed to obtain proper results. The program has been expanded only poorly and insufficiently. States and counties so heavily drawn upon by rising costs and expenditures have found it impossible to cover their portions of assistance to meet the Federal aid.

The present bill is one of only partial subsistence allowances. It does increase the number who can be brought under the law. It does increase the allowances, though only in part. A slight addition has been made for Federal aid for assistance to the aged, the blind, and the minor dependent children. It covers also those totally disabled to a limited degree. It has some other features which scantily improve the situation as to many. In a general way, it helps a bit. But it will not avoid a further demand for justice for the Nation's unfortunate. Nor is it

likely to avoid any strikes by those now demanding special old-age security from the proceeds of industry.

In the past 15 years, thousands of Townsend clubs have been organized in all the States. Townsend bills have been among the many pension measures introduced at every congressional session. Petitions signed by millions have poured in upon the Members asking for its consideration. At every recent session, Members of the House have laid upon the Clerk's desk official petitions to discharge the Ways and Means Committee from further consideration of the Townsend bills. At some sessions those official petitions have lacked only a few signatures to bring the measures to the floor for consideration. All such endeavors have availed nothing.

The adoption of the closed rule under which present consideration is given, no amendments become possible. It is a case of take or leave it. Even those of us who always have opposed gag rules were constrained to give our support to the action of the Rules Committee in bringing in such a rule. Without its adoption there could be no hope of any action in expanding the program at this session.

In the press comes notice that even the committee bill will not be brought up in the other branch of the National Legislature at this session. It will follow many other good measures to the pigeonholes of a committee until the January session. Again the rightful claims of those advocating better legislation for the aged, the blind, the totally disabled, and dependent children are to fail of consideration because of the legislative jam.

Were there not ample reasons for such claims and demands, the bill before us never would have come from the committee which framed it. The bill itself is an acknowledgment of its necessity. The closed rule barring amendments is further acknowledgment of its insufficiency. The delay in bringing the matter before the House until just before adjournment, when the other body will fail to act, proves again, as it has in the past, that the cause is just, that proper legislation is needed, and all hesitancy and evasion will serve only to strengthen the claims and demands for a national law big enough and broad enough to meet the conditions on which they are based.

Because the bill is an improvement over what we have, I shall vote for it under a sense of compulsion, just as I voted for the rule. It is this measure or nothing. I favor proper action, which surely will come.

Mr. JENKINS. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. AUCHINCLOSS].

Mr. AUCHINCLOSS. Mr. Chairman, in thinking back over the 7 years of service which I have enjoyed as a Member of the House of Representatives I can remember many important problems and measures which were voted on in the interest of the country, but I cannot recall any more important problem than the great question of social security. I am not one of those who thinks that the enactment of an expanded social secu-

rity program is a step toward a welfare state, but I believe that it is rather a step toward a better America and that it carries out the principles of our Declaration of Independence and the ideals of our Constitution. I am fearful, however, of many measures which have been introduced by the majority party, and I do not like the general trend of legislation which concentrates more and more the authority of the Federal Government in encroaching on the sovereignty of our separate States. We must guard against paternalism in government and there is no doubt in my mind that if we are to maintain the integrity of our credit, the cost of government must be materially reduced and such savings passed on to the relief of our heavily burdened taxpayers through a reduction in taxes. One of the first considerations of Congress in the near future should be the immediate elimination of the nuisance excise taxes which are now exacted from people generally.

In the consideration of legislation every right and courtesy toward the minority must be safeguarded or our legislative system will become a travesty of justice and sound thinking. Indeed, it is in the interests of the country that the minority have every opportunity to express their views and arguments for or against any legislation. This is particularly true when such important legislation as social security is to be considered, but I regret to have to say that it is my opinion that the Democratic Party, which is now in the majority, has given little consideration to the courtesy and rights entitled to by the Republicans, who are the minority party, in the consideration of this legislation. The rule which was reported out and adopted by a more or less strictly party vote, although it was heartening to note that some members of the majority did not approve of it, is what is known as a closed rule. A closed rule does not permit the introduction of any amendments to the legislation unless these amendments are submitted by the committee itself, and in that way the matters in disagreement cannot be considered by the full House. The Democratic members of the Ways and Means Committee wrote this bill and voted it out and the Democratic members of the Rules Committee adopted the closed rule under which this bill is being considered. It matters little to me what the precedents are or whether Republicans or Democrats in the past have been guilty in this respect; the fact remains that it is not right nor in accordance with the principles of our republican form of government that a gag rule be adopted in the consideration of such important legislation. I do not mean to imply that I would be in favor of a rule which would give every Member of Congress an opportunity to suggest an amendment. If that were so, it would take a long time for the adoption of any legislation and it would be a peculiar hodgepodge at the end, but I do think that a rule should have been granted which would have permitted the consideration of a few amendments to this legislation which had been debated in the committee and which were lost in the

committee by only one or two votes. That close vote was evidence of an honest difference of opinion and sounder legislation would result if the membership of the House were given an opportunity to consider these suggestions. It is for these reasons that I voted against the adoption of the rule, wanting a greater freedom of debate, and believing that it would be for the benefit of everyone concerned.

Any amendment to the Social Security Act as comprehensive as the provisions of this bill, is necessarily complicated. I would point out that the bill itself is 201 pages in length and the report accompanying the bill covers 207 pages of fine print, so anyone who wants to study this matter must take considerable time and have the benefit of expert advice. On the whole I think the bill reported by the committee, H. R. 6000, is a good bill, but I do think it could have been made a better bill in some respects and I would like to address a few remarks on one or two of the changes which I think would strengthen it. I am very much impressed with the arguments that the benefits payments should be based on the highest 10 consecutive years of earnings rather than on an average monthly wage determined by the entire working time of the individual. This would provide more adequate protection to many people owing to part-time employment, and periods of no employment whatever, because we must remember that this will only apply to those whose average wages are less than \$3,600 a year. Such a policy has the support of the labor unions and was strongly endorsed by social security experts who were presumably unbiased and I would be glad to have had the opportunity to vote for such an amendment. I think that people such as teachers, firemen, and policemen who are already covered under their own retirement and pension systems should be thoroughly protected, and their present rights which they have enjoyed for many years should not be jeopardized. I would prefer that such people were excluded from the provisions of the act but I am denied the right to vote for such an amendment under the gag rule. This bill goes into the costly field of disability insurance and it would seem that it would be wiser to meet this problem through the Federal grants-in-aid program and I would have welcomed the opportunity to amend H. R. 6000 so that total and permanent disability payments should be confined to the public assistance program. There are other amendments which I believe would have not only increased the effectiveness of social security, but which would have materially reduced the public cost thereof. All these amendments which I favored were contained in a bill introduced by Congressman KEAN, of New Jersey, H. R. 6297, and I propose to support a motion to recommit H. R. 6000 with instructions that the committee report out H. R. 6297 for the consideration of the House. If this motion is not carried, however, I will support the bill in the hope that when it is considered in the Senate many improvements may be made in it. I do not like gag rule and I thoroughly believe it was not necessary in this instance but

under the Democratic majority in the House we have to leave the task of perfecting this measure to the Senate, although I feel that the House is fully capable of doing it itself.

Mr. JENKINS. Mr. Chairman, I yield such time as he may desire to the gentleman from Iowa [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Chairman, I favor the passage of this bill because it is an improvement over the present law. It is now 14 years since social security was established. Up to the present it has been very unsatisfactory for many of our people. We should either repeal the law or make it worth while. Obviously, we cannot repeal it. Both the Republican and Democratic Parties have pledged themselves to extend and enlarge it. The bill before us is an improvement. It is necessary to liberalize benefits to help meet the increase in the cost of living.

I regret the bill came to us under a closed rule. The Members should have an opportunity to improve it with amendments. Professional people, such as lawyers, doctors, and engineers, should be included. It should be enlarged for the aged and infirm and those in low-income brackets. I hope the motion to recommit, which I understand is to be offered, will correct many of the deficiencies in the bill before us, known as H. R. 6000.

Mr. JENKINS. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. GWINN].

THE SOCIAL SECURITY ILLUSION

Mr. GWINN. Mr. Chairman, the administration has ordered that Congress vote yes or no on its omnibus social security bill, without amendments. Congress must take it or leave it. Amendments are forbidden, so discussion is useless. Under such a gag rule, the vote should be a thundering no.

A reading of the bill shows that it is no social security bill except in its name. It will take in 11,000,000 additional taxpayers, to provide the administration with more spending money. The workers are paid in promises.

About 35,000,000 workers in this country have been paying social security taxes for as much as 13 years. How much money do they have saved up for the next depression or for the time when the number of aged begins to rise very greatly? We all know the answer. The answer, gentlemen, is "Not a thin dime."

There isn't a penny of real reserves anywhere in all the elaborate machinery we call the social insurance trust funds.

You know that all the money paid in by employers from their own funds, and from their workers' pay envelopes (except what is paid out currently) goes to the Federal Treasury. That is now about \$23,000,000,000. You know that every dollar of this has been spent by the Government in addition to the regular taxes it has collected.

Not a penny of hard money is ever put into any real insurance reserves. The workers today are paying rates that bring in about \$2,000,000,000 a year above current outgo. But those \$2,000,000,000 are not put aside for them. They are spent as fast as they come in.

The elaborate Rube Goldberg machinery of Federal social security is designed to hide the fact that when the Government spends this money it doesn't put anything in its place.

Technically the administration issues new United States bonds and puts them into the reserve funds. But what are these United States bonds? They are evidences of debt and not of savings. They are I O U's for which nothing was produced. No wealth was created to earn money for the workers. The Government used the money of the workers to buy eggs or potatoes that spoil, or for other subsidies, or for war.

The Government does not produce anything out of which the workers' pensions can be paid. If they are paid at all, the Government will force a new generation, with doubtful capacity, to pay the amounts due. The Government can promise to lay taxes on an unborn generation, but that unborn generation may refuse to pay them. Future Congresses may not be willing to act. Governments are likely to be unmoral toward old debts that added not a dime of new wealth to the present taxpayers.

That the administration needs this money if it is to go on spending and spending, hoping to buy more and more votes, is bad enough. To commit deception and fraud upon the workers is damnable.

Now we see why the administration wants to "extend the benefits" of its social security to 11,000,000 more people in the last hours of this session. They have just that many more people to rob of their wages in addition to the withholding tax, the excise taxes, and the rest. The benefits to the workers are mere promises of future performance. The present annual take from the workers is more than \$2,000,000,000 spot cash, for our own variety of Socialist government experiments. This is a clever device by which the administration gets more revenue without the public protest that would be raised at once against a proposed revenue bill, that raised taxes another two billions.

Let us call the sponsors of the bill to witness. On page 35 of the report of the House committee, we find that benefits paid out under the new bill in 1950 will be \$1,300,000,000 but collections will be \$3,300,000,000. That still leaves two billions for the Government to spend.

The "trust fund" will double in 5 years. It will be \$35,000,000,000 in 10 years—for old age and disability only. It will reach the incredible total of \$91,000,000,000 in 40 working years, when today's young workers are ready to retire.

But what are these \$90,000,000,000? They are only money the Government has spent. There are no reserves, no earnings, on which the workers can draw. There is but the possibility that future taxpayers will make good the embezzlement.

We are giving the administration the power to tax 11,000,000 farmers, domestic servants, writers and workers in non-profit agencies, and to collect and spend \$80,000,000,000 of their earnings without calling it a tax.

It would be hard to think of any good reason why a New Deal spending government should want anything better than this. Republicans or Democrats, why should we impose such a hidden tax on the employed people. Why take away all the responsibility for managing their own savings and hide from them what is being done with their money by a Government they still trust though with increasing suspicion?

When the aging of the 46,000,000 workers who are paying into the system requires that their pensions be paid, they will all have to be taxed again to pay themselves. Thus they will pay for their old-age security twice. First from their wages, and then from their taxes to pay the I O U's the Government dropped in the till for them.

When business depression comes, we know that wages and taxes will go down, and the numbers of sick people and the retired will go up. Then it is that reserves are absolutely necessary. But there are none. Where will we look for new taxes then?

Ladies and gentlemen of the committee, the day will come when you will bitterly regret having given this Socialist administration the chance to plunder the American workers savings.

Mr. JENKINS. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. LECOMPTE].

Mr. LECOMPTE. Mr. Chairman, the debate and the discussion so far on this bill has been splendid, and I think those of us who have listened to the debate, not being members of the committee, have obtained a pretty fair grasp of the legislation proposed in H. R. 6000, a bill of 201 pages.

I am very deeply disappointed that we must consider a bill of such major importance under a closed rule. I think by the adoption of a closed rule we are not adding to the prestige of the House throughout the United States. I think very sincerely that the people of the country expect the House of Representatives to consider legislation of a major character under an open rule, and permit a majority to work its will and perfect the legislation that is to be adopted. I believe we are injuring the prestige of the House of Representatives by proceeding under a closed rule. The mere fact that the House has had closed rules time and time again, and that this has been the custom of both parties, does not change the situation in the slightest degree. However, this is where we are now. Before the day is over we are going to vote either for or against this bill, without having an opportunity to offer any amendment or submit such amendment to the majority of this House, with the hope and purpose of improving the bill.

The great Ways and Means Committee is composed of 25 of our best and ablest legislators. Perhaps no better statement has been made today than is to be found in the remarks of my colleague the gentleman from Iowa [Mr. MARTIN]. I hope sincerely that the other body will consider this legislation without any restricting rule, and that some of the defects brought out in debate will be corrected.

I asked for this time so that I might submit to some of the members of the Ways and Means Committee a question that has been in my mind for some time. This situation occurs under existing law. In my State, and I presume in most of the other States, a small-business man goes through life, and at the end of his career has seldom saved a dollar. A large majority of small-time businessmen fail at least once, and many twice.

Yet since 1935 the small-business man has been deducting a pay-roll tax equal to 1 percent of the wages of all of his help, and has been matching that pay-roll tax out of his own pocket. Up to the present time he has not been able to come under social security. What will be the situation under this bill, if I may submit that question to some member of the committee?

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

Mr. LECOMPTE. I am glad to yield to my good friend from Arkansas, a member of the committee who came to Congress the same year I did.

Mr. MILLS. Under the bill, that individual, who is self-employed and operates his own business, would be compulsorily covered under title II of social security. He would pay one and one-half times the tax levied against the employee.

Mr. LECOMPTE. One and one-half times the tax levied for his employee?

Mr. MILLS. Yes, sir.

Mr. LECOMPTE. But what are you going to do in this bill about the amount of money that the small-town grocer—I have never known one who had a dollar when he got through—has been paying since 1935? Is he going to get any credit for that?

Mr. MILLS. The amount of the tax that the individual has been paying has been for the benefit of low-wage earners which included the people who worked for him. None of the money he has paid in heretofore has been for his own benefit.

Mr. LECOMPTE. You are not doing anything for the small-business man who has carried this load in the past.

Mr. MILLS. Nothing more than offering him the opportunity of coming in for the future.

Mr. LECOMPTE. I grant that, but there is nothing in this bill of a retroactive nature to give him any credit for the amount that he has paid in the past since the adoption of the social-security legislation in 1935.

Mr. MILLS. The gentleman is correct; and I might say that the bill introduced by the gentleman from New Jersey [Mr. KEAN] is in accord with the committee bill in that regard.

Mr. LECOMPTE. The Kean bill may be defective, too, but is this House, representing the entire United States, going to say that we are not doing anything for the small-business man?

Mr. MILLS. The gentleman misunderstands, I think, if I may have a moment of his time.

Mr. LECOMPTE. Certainly; I would like this matter cleared up.

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

Mr. JENKINS. Mr. Chairman, I yield the gentleman one additional minute,

but may I suggest in addition to the answer of the gentleman from Arkansas that all the small-business man has to do in the future to be entitled to come in is show an earning on his part of \$400 a year.

Mr. MILLS. The gentleman from Iowa, as I understood him, was concerned because neither the committee bill nor the Kean substitute permitted the self-employed to get credit retroactively for the tax paid for the benefit of his employees heretofore.

Mr. LECOMPTE. It would seem to me that the small-business man has been hurt all the time by social security, and has not been benefited in any way. You are offering him benefits for the future, but perhaps he is 55 or 56 years old and will have to retire in a few years, will not be able to build up any benefits except for the 3 or 4 years. He gets no credit for all the money he has matched in years past.

Mr. MILLS. He will not get any credit for the amount of money he has paid in the past for his own employees, but to be eligible at age 65 the self-employed man must have been in the system only 5 years.

Mr. LECOMPTE. But he would get no credit for the sums he has matched on his pay roll throughout the past years.

Mr. MILLS. He would not himself receive wage credits retroactively.

Mr. LECOMPTE. I think the bill aims at enlarging and improving social security, but I believe it is defective in many respects and I regret that a gag rule was put through which prevented the submission of helpful amendments.

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

Mr. JENKINS. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON. Mr. Chairman, I am gratified to finally have the opportunity of voting for a bill to improve our social-security law. For years it has been evident to me that the act should be improved, particularly by extending its coverage and increasing the amount to be paid to those entitled to benefits under the act.

However, I am disappointed that the amendments do not go further than they do. It is true that the number of persons to come within the provisions has been increased by approximately 11,000,000. While this is gratifying as far as it goes, yet, in my opinion, it should have gone further.

The fear of insecurity in old age is one that is ever present in the life of most persons. To remove that fear will add years and happiness to the life of everyone as they grow older. Time and again, innumerable times, I receive letters of the most pathetic character from old people fearful of what the future holds in store for them. These old people do not want to be a burden to the members of their families. They do not want to be dependent. They want to be independent. Those that are able are willing to work, but in this fast-moving industrial life of today, the demand is for younger men. Thus, the old and aged are placed

upon the shelf, and, therefore, the need by appropriate laws to enable the aged to live a self-respecting old age. I am now, and always have been, strongly in favor of all legislation to provide security in old age.

As I have previously said, I am gratified that additional persons to the number of 11,000,000 are brought within the terms of the act by the amendments proposed. There are other classes of our citizenship that should likewise have been brought within the act. It is disappointing that they are not. However, I look forward to the time, and I hope it is not distant, when all such will be brought within our social-security coverage.

Another amendment to the Social Security Act that is long overdue, but is being corrected or improved by the legislation before us relates to the amount of benefits received. The amounts being paid under the present law are so meager that they might well be considered an insult to the aged. In no instance are they sufficient to meet the high cost of living that now exists. The only defense that might be offered would be that the cost of living when the original act was adopted was not as high as it is now, and, furthermore, that the law was new and lessons had to be gained by experience. Whatever justification there may be for such in the past the fact remains that for a long time it has been apparent that justice to the aged requires that payments to them should be greatly increased.

The legislation, now before us, offers considerable improvement over present conditions by liberalization of benefits to be received under the act.

About 2,600,000 persons currently receiving old-age and survivors' insurance benefits would have their monthly benefits increased on the average by about 70 percent. Increases would range from 50 percent for highest benefit groups to as much as 150 percent for lowest benefit groups. The average primary benefit is now approximately \$26 per month for a retired insured worker and under the bill it would be approximately \$44. Illustrative figures for individual cases are shown in the table below:

New primary insurance amount	
Present primary insurance benefit:	
\$10	\$25
\$15	31
\$20	36
\$25	44
\$30	51
\$35	55
\$40	60
\$45	64

Furthermore, and a very important matter, the bill will increase the amount that can be earned by a beneficiary without losing the monthly benefits to which he is entitled. Under the present law the amount a beneficiary is permitted to earn per month, after retirement and in addition to the monthly payment received is only \$14.99. The amount is so trifling that in practice it is no real help at all. Under the bill now before us this situation is corrected. The amount a beneficiary may earn in covered employment without loss of benefits would be increased from \$14.99 to \$50 per month.

After age 75, benefits would be payable regardless of amount of earnings from employment.

There are many other worth-while improvements and additions to the existing law that will prove highly beneficial to many thousands of people. For instance—

PERMANENT AND TOTAL DISABILITY INSURANCE

Coverage: All persons covered by the old-age and survivors insurance program will have protection against the hazard of enforced retirement and loss of earnings caused by permanent and total disability.

Benefits: Permanently and totally disabled workers will have their benefits and average wage computed on the same basis as for old-age benefits.

OLD-AGE AND SURVIVORS INSURANCE BENEFITS FOR WORLD WAR II VETERANS

World War II veterans will be given wage credits under the old-age, survivors, and disability insurance program of \$160 per month for the time spent in military service between September 16, 1940, and July 24, 1947.

PUBLIC ASSISTANCE AND WELFARE SERVICES

Under extension of State-Federal public-assistance programs—aid will be extended to persons not now eligible for assistance, as follows:

Permanently and totally disabled needy persons will become eligible for State-Federal assistance by the establishment of a fourth category, with the Federal Government sharing in the costs in the same manner as for old-age assistance and aid to the blind.

The mother, or other adult relative with whom an eligible dependent child is living, would become eligible as a recipient under the aid-to-dependent-children program, and the Federal Government would share in the costs of the aid furnished such mother or relative.

Increase in Federal share of public-assistance costs: The bill will strengthen financing of public assistance in all States, and, particularly, will enable States with low-average payments to raise the level of payments to needy recipients under the State-Federal program. Federal funds will be made available to the States under the following matching formula:

(a) For old-age assistance, aid to the blind, and aid to the totally and permanently disabled, Federal funds will equal four-fifths of the first \$25 per recipient plus one-half of the next \$10 plus one-third of the next \$15 with a maximum of \$50 on individual assistance payments.

(b) For aid to dependent children, Federal funds will equal four-fifths of the first \$15 per recipient, including one adult in each family, plus one-half of the next \$6, plus one-third of the remainder, with maximums on individual assistance payments of \$27 for the adult plus \$27 for the first child plus \$18 for each additional child in the family.

Public medical institutions: The Federal Government will share in the payments made by the States and localities to the needy, aged, blind, and permanently and totally disabled recipients residing in public medical institutions, instead of limiting Federal participation to

payments made to recipients residing in private institutions as provided in present law.

Direct payment for medical care: States will be authorized to make direct payments to medical practitioners or institutions furnishing medical care to recipients of State-Federal public assistance. Under existing law the Federal Government does not participate in the cost of medical care for recipients unless payment for such care is made directly to the recipient.

Child-welfare services: Authorization for child-welfare services in rural areas or areas of special need will be increased from \$3,500,000 per year to \$7,000,000. The use of child-welfare funds would be authorized for purposes of returning interstate runaway children to their homes. Notwithstanding the good that is in the bill there are some changes and additions that should have been made, but, unfortunately a gag rule prevented any amendments being offered. I think it was wrong to bring the bill before the House with such restriction on amendments.

The amendments to the Social Security Act which this bill seeks to make effective are necessary and worth while. While they may not cover every situation, or condition that needs to be rectified, yet, they do go a long way in making improvements to our social-security structure. I am pleased to give my support to the bill, and, I hope that it will have the approval of the House.

Mr. JENKINS. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Chairman, there is no question but what the easiest, probably the most popular position to take on this particular legislation would be to vote right down the line for everything; that is easy, and it probably would be politically popular for a number of reasons. I think the principal reason is that in this bill we do, in fact, give to some people something for nothing. It provides for benefits that will not be paid for by this generation; and, of course, whenever we can vote somebody something which at least as far as their conception is concerned is something for nothing, they like it, and it is politically popular.

Much has been said in the debate so far about the benefits involved, and some little has been said about the taxes involved. The contention is constantly made that the benefits to which these people become entitled under the bill and under the present law are benefits which they have bought and paid for. Just to be honest with ourselves and honest with the record, I think it should be pointed out that none of the benefits people are receiving today are equivalent to what they paid for; the benefits are much in excess of what has been paid or is being paid in taxes. It will be true in the future, it will be true until that time comes when the pay-roll taxes and the taxes on the self-employed will be equivalent to a rate of around 6½ percent. When that time comes those people who will be paying that rate I think we can honestly say will be paying for the benefits they will receive.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. What is the position of the self-employed businessman who goes into the fund, who pays into it apparently since it is compulsory, who stays in business as long as he lives and pays on the basis of \$3,600 for 20 years? What is his status? Will his estate recover anything upon his death?

Mr. BYRNES of Wisconsin. His estate does not recover anything. All persons who have acquired an insurance status will receive a burial allowance. If he leaves a survivor that survivor will receive benefits. However, in that instance, probably even today and for the next 20 years, you may say that the small amount that he pays, which is comparatively small for the over-all benefits of retirement and survivor benefits, may be worth while. He probably is getting what he is paying for because he is paying at a very low rate. He is not paying at the insurance actuarial rate and he will not be until that time comes when the self-employed individual pays at the rate of 4½ percent. Then there will be a serious question as to whether or not he is paying for a lot of things that he will never get and does not desire to have. We must remember that many self-employed persons do not intend to retire, they do not intend to draw retirement benefits, and they will not draw retirement benefits. It is their purpose to continue drawing an income from their self-employment; therefore, of course, some of the benefits will be denied them because the big part of the program is a retirement program.

If the gentleman will permit, I would like to proceed with the thought I started out with.

Mr. AUGUST H. ANDRESEN. One more question. This little-business man does not volunteer going into this. He must go into it and is liable for the tax whether he likes it or not?

Mr. BYRNES of Wisconsin. That is absolutely correct. We are compelling him to contribute a certain percentage of his income to this so-called insurance program even though he may desire to buy some other kind of insurance with his funds. The Government, however, says to these self-employed people, "You have no alternative, you must come under a Government system. You must contribute this given percentage of your income in order to be covered in the way we think you must be covered." In other words, this bill takes all individual judgment and control over his individual savings and income away from him to the extent of the amount represented by the social-security tax.

Let me go back and continue what I think the Members should know, what I think the people should know, particularly the younger people, with regard to the system and with regard to what the future holds in store for them as far as the system is concerned. There can be no question whatever but what persons in this system now in advanced years will receive very sizable bargains. We are giving something for nothing to

them. As I say, that probably adds considerably to the political expediency and the political desirability of the particular legislation before us.

A little example might give us an idea of what the situation is. There is a possibility, and I agree that it is an extreme case, that a person, who in 1940 was 65 years of age and had been under the system for 6 quarters, earning \$50 a quarter, would have insured status, and he could retire in 1940 after \$6 had been paid in. He would have paid in \$3 and his employer would have paid in \$3. That would have been the total cost to him and his employer for the benefits that he would receive. He would receive \$10 per month; in other words, in 1 month's time he would receive from the Government, in a Government check, more than he and his employer had contributed, and he would continue to receive that \$10 per month until he died. Under the new bill this same individual will receive \$25 per month and would have contributed only \$6 to the program. If he had a wife he would receive in benefit checks a total of \$37.50 monthly.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Idaho.

Mr. WHITE of Idaho. I am very much interested in the gentleman's presentation. What becomes of the man that accumulates a big fund, credit, and then dies without collecting anything? What becomes of that money?

Mr. BYRNES of Wisconsin. If he has not worked long enough to have an insured status, he receives nothing.

Mr. WHITE of Idaho. The Government gets that?

Mr. BYRNES of Wisconsin. The Government gets that. This points out some of the inequities that are bound to arise under the system that you have, and are continuing by bill H. R. 6000. Just take this person who is in for a year and a half. He gets the benefits just enumerated from the Government for the payment of \$6. But, do you do anything for the person who has not been in long enough to have acquired insured status? No. What about the old person who today is over 65 years of age and never had a chance to work under the social-security system? Do you give him any payments? Oh, no. He goes on a needs basis. I am not complaining about the payments being made to this person who is 65 years of age and who is receiving or will receive \$25 per month; I am not complaining about that. But, I do complain when you try to make the American people and everybody else feel that they have paid for what they are getting. It just is not honest and it is playing politics with the old people of this country. I think they should be taken care of, and I have no grievance whatever with title I of the social-security program, with the old-age assistance program as outlined in the bill. It must be pointed out, however, that compared with the benefits provided under title II, the provisions made for the aged in title I are most inadequate.

What I want to do, however, is to call attention of the committee to the fact that we are developing a system which

we call insurance, but which is fictitious insurance. Let us look at the situation of the old people who did save and thought they had accumulated enough for their old age, and then the war and the inflation came along and wiped out those savings which they, by their frugality, thought would take care of them in their old age. I think the Government has a definite responsibility to those people, but I think they are just as much entitled to Government assistance as the person who qualifies under this so-called insurance program.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield.

Mr. WHITE of Idaho. The gentleman speaks of giving something for nothing. We are giving the veterans of the Spanish-American War \$90 a month. How do they happen to get that? What entitles them to \$90 a month?

Mr. BYRNES of Wisconsin. I think the veteran situation is entirely different from the situation here confronting us. In the case of the veteran we are trying to repay them in some small part for some of the sacrifices they made for us.

Mr. WHITE of Idaho. What about the man who builds the country? What about the man who puts in a lifetime of industry? Is he not entitled to something, as well as the man who defends what the other man put in a lifetime building? When a boy gets to be 21 years of age in this country he inherits citizenship, he inherits a birthright, he inherits the thing the generations ahead have given him. Is he not entitled to support in their declining years the people who have given him all this heritage?

Mr. BYRNES of Wisconsin. I am not going to get into a discussion today on the matter of veterans' pensions. I think the question we have before us is complicated enough in and of itself.

May I point out another example of what takes place today. Assume a person working in covered employment for 3 years at \$3,000 a year. He and his employer will have paid in \$180. He will have paid in \$90 and the employer will have paid in \$90. His benefits under the present law would be \$41.20 per month, and he would get that until he died. A \$180 premium does not pay for a \$41 per month annuity. Under the bill and without any further contributions on his part, he will be paid \$61. If he has a wife he will be paid \$92 a month.

Again I say, I am not criticizing the increase in benefits. I think it is sound to increase the benefits of the older people, but I do call your attention very specifically to the fact that this idea that the program is actuarially sound is absolutely untrue. Any contention that the people today and the people from now until 1970 are paying for what they are going to get by way of benefits is absolutely an untruth, because until the tax becomes in the neighborhood of 6 percent you cannot say the people have paid for it.

There are two principal things I find make this bill, as it comes before us, objectionable. I think we are going into two fields which give me considerable concern and which I seriously question the advisability of going into. One is

the self-employed field, and the second is the field of total and permanent disability.

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

Mr. JENKINS. Mr. Chairman, I yield five additional minutes to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. I thank the gentleman, and I thank the members of the committee. I do not want to belabor the subject and lengthen this debate. I do not suppose there is very much to be gained by debating the legislation. It is going to be a matter of swallow it all or not take any of it, so there is not very much that I can gain, I suppose, by going into some of the details, except that I do think we should know and have some understanding of exactly what we are getting into.

I have no objection, in fact, I figure it is a most sound proposition to have a program like that outlined in the original social-security bill, and even like that outlined in the bill H. R. 6000, for the employed people, those who are outside the category of the self-employed. When this system was instituted it was based on the following principles: Employees, when they get to be 65, do not have complete control over whether they are going to continue working or not. They are not in the same position as a self-employed person who can, of his own accord, decide whether or not he is going to continue working.

We must recognize that employers quite generally release workers at 65. In many instances these employees are not able to provide for their future at that time. I think it is a proper charge upon industry and a proper charge upon the products of industry to provide some program for the care of workers in their old age.

But now we are going into an entirely new field, the field of the self-employed. The self-employed has control over whether he is going to continue working or not. Many self-employed people do not retire. Mark you this—you get no retirement benefits under this program just because you reach the age of 65. You must retire. You must have an income of less than \$600 a year from self-employment. If you make \$600 a year from self-employment, you receive no retirement benefits. So let us remember that fact. And yet you are imposing this system, by compulsion, upon self-employed people, many of whom have no desire to retire.

Take the case of the corner grocer. He probably owns his store—it is not his intention to retire when he reaches 65; he probably intends to take things a little easier after that age, but he does not intend to drop the business completely. Yet that is what he would have to do in order to receive benefits under the program and to get something back out of what he has contributed by the way of taxes. I say it is a dangerous thing to force a system on those people whether they like it or not and whether it is needed or not.

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

Mr. BYRNES of Wisconsin. I yield.

Mr. FORAND. I trust my good friend is not trying to leave the impression that because as he says self-employed people do not retire they would not be eligible for benefits under this bill, because whether or not they retire before age 65 or at age 65 no one can foretell when they are going to die, and when they do die, survivors' insurance benefits are payable because of the amount of money they have contributed to the system.

Mr. BYRNES of Wisconsin. That is true, but the gentleman will admit, too, that the cost of that part of the program is a smaller part of what you are really paying for by your so-called premium. The big benefit that is anticipated and the big cost to the Government which is anticipated is the cost of retirement benefits. The gentleman will admit that, I am sure.

Mr. FORAND. But the fact still remains that survivors' benefits would help take care of the wife and children.

Mr. BYRNES of Wisconsin. There are some benefits; yes.

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

Mr. BYRNES of Wisconsin. I yield.

Mr. MILLS. The gentleman from Wisconsin has made a very fine statement, but would the gentleman from Wisconsin agree that the objection which he finds to H. R. 6000 with respect to the self-employed is equally true of the motion to recommit?

Mr. BYRNES of Wisconsin. Yes, yes; I shall vote for the motion to recommit only because it does eliminate one of the very dangerous features contained in H. R. 6000. It does eliminate the permanent and total disability insurance but it still includes the self-employed. For that reason I shall vote for the motion to recommit and if that motion prevails, I shall vote against the bill on final passage.

Mr. MILLS. I know the gentleman is sincere, and I know the gentleman would tell us exactly the position he would take, and I know that he would oppose H. R. 6297 on final passage.

Mr. BYRNES of Wisconsin. Yes, indeed.

The thing that is more important than anything else is to try to answer this question, and I think it is a question that we should all ask questions: Would we vote for this bill today if it carried with it 6½ percent pay-roll tax, which is necessary to pay actually for the benefits going to be granted by it. If we are not willing to do that, if we are not willing to impose that tax, which is necessary to pay for these benefits, on ourselves and the present generation, how can we vote to place it on the next generation? Yet that is just what we will be doing in voting for this bill. We will be saying that we will charge this generation only 1 or 2 or 3 percent, but the next generation—and there will be no backing out of it—this is not something that you go into one day and back out the next—we will tax at the rate of 6½ percent. By voting for this bill you are voting taxes of at least 6½ percent on the next generation. That is one thing I have to consider. As I said in the beginning, it would be the easiest thing in the world

to vote for this bill, because you are giving the beneficiaries who are now on the rolls and who will go on the rolls within the next 20 or 25 years something for nothing; but you are not giving something for nothing to future generations. Those future generations will pay for what you are giving away today for nothing. I just do not believe it is honest or sound to burden my children or your children on that basis. Remember we give them no voice whatever in what we are committing them to.

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

Mr. BYRNES of Wisconsin. I yield.

Mr. HALE. I would like to compliment the gentleman for what I think is an extraordinarily lucid and enlightening statement. I wonder if he can help me in a matter which has been presented to me by many of my constituents. That is on the question of the definition of "employee," particularly lumber and paper companies. Am I right in my understanding that a man may be an employee within the definition of this legislation and at the same time not be an employee within the definition of the wage-hour law?

Mr. BYRNES of Wisconsin. Oh, that is very true. You will have some people who will be considered employees under the social-security system who are not employees under other programs.

Mr. HALE. Is that not going to raise almost infinite difficulty?

Mr. BYRNES of Wisconsin. I think very definitely so. I think that what will eventually happen is that the broadened definition used in social security will be extended into those other fields. You will have confusion for a short time, but eventually pressure will be exerted to make the other laws comply with the definition under social security.

Mr. HALE. If you extend this definition of employment, are you not going to get yourself into the position where sooner or later, you are going to have the ordinary tort liability for negligence as the negligence of an independent contractor?

Mr. BYRNES of Wisconsin. I am afraid I cannot answer that question. Certainly confusion is going to result.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. BYRNES] has again expired.

Mr. MILLS. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. EBERHARTER].

Mr. EBERHARTER. Mr. Chairman, I was very much pleased when the gentleman from Wisconsin [Mr. BYRNES] was so frank and sincere in his answer to the question asked by the gentleman from Arkansas with respect to his position insofar as social-security extension is concerned. He is definitely opposed, as I understand it, to any change in the present law.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. Yes; I yield.

Mr. BYRNES of Wisconsin. I would not oppose legislation which was limited to an increase of benefits, and limiting coverage to employees.

Mr. EBERHARTER. The gentleman would not extend the coverage to any additional people.

Mr. BYRNES of Wisconsin. Only to bona fide employees.

Mr. EBERHARTER. The gentleman would have the tax load remain the same and the other conditions; in fact, the gentleman is not in favor of the improvement of the Social Security Act.

Mr. BYRNES of Wisconsin. The gentleman is not fair when he attributes such a philosophy to me.

Mr. EBERHARTER. It sort of emphasizes to me what has been going on here in the last 2 days. I have listened to practically all the speeches made by the members of the minority, and I do not find any one of them saying "I am very strongly in favor of the Kean bill," which is going to be embodied in the motion to recommit. All the speeches I have heard from the minority in the last 2 days have been speeches in opposition to the proposals contained in this bill that was reported by the Committee on Ways and Means, by the majority members.

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

Mr. EBERHARTER. I am glad to yield; certainly.

Mr. CURTIS. Is there anything in the Kean bill to which the gentleman is opposed?

Mr. EBERHARTER. Oh, definitely; I am opposed to practically everything contained in the Kean bill that differs from the bill H. R. 6000.

Mr. CURTIS. Mention just one provision, for instance.

Mr. EBERHARTER. There are nine such differences between the two bills, which I shall explain in a few minutes.

REPUBLICAN RECORD OF OPPOSITION TO SOCIAL SECURITY

Mr. Chairman, on page 158 of the committee report the minority lists nine recommendations as to how H. R. 6000 should be changed. These points are all incorporated in Mr. Kean's bill, H. R. 6297. I shall now point out why the Ways and Means Committee took the action that it did, but before doing this let us look at the record of the Republican Party in the past as to social security.

From the very beginning of consideration of social-security legislation, the Republicans have been opposed, either openly or somewhat surreptitiously. In regard to the original 1935 Social Security bill, the entire Republican membership of the Ways and Means Committee protested that the insurance titles were unconstitutional, and one of the Republican Members stated that the pay-roll taxes required to support the benefits would be bad economically for the Nation. The Republican platform of 1936 maintained this opposition, and their Presidential candidate ran a campaign emphasizing only the employee contributions, and misleadingly omitted any reference to the benefits that would be paid, or the taxes employers would pay for the benefit of the workers.

By 1940, however, the Republican Party changed its spots and half-heartedly favored extension of the program. In 1944 there was further expressed enthusiasm, but when the Republicans

assumed control of Congress in 1946, this enthusiasm was quietly ditched until it was dusted off again for the 1948 campaign. During the Republican control of the Eightieth Congress it was noteworthy that the only legislation passed in regard to the insurance program was of a negative character taking away coverage from thousands of persons for whom coverage would be restored by the bill now under consideration. This was the so-called Gearhart resolution which was passed over the veto of President Truman.

But let us turn now to the specific proposals of the minority. Let us give them the benefit of the very great doubt and assume that these proposals are made in good faith and sincerity.

WHAT IS WRONG WITH THE RECOMMENDATIONS OF THE MINORITY ON H. R. 6000

First. The minority recommends that the \$3,000 per year maximum on the amount that can be credited toward benefits be retained rather than raised to \$3,600 as in H. R. 6000. The \$3,000 maximum was established in 1935 and has not been changed since that time despite the fact that wage rates and cost of living have almost doubled over the past decade. Accordingly, a mere 20 percent increase in the maximum-wage base is most conservative, and it could be well argued that the wage base should be raised to \$4,200 as the Senate Finance Committee Advisory Council recommended last year, or even to \$4,800.

Second. The minority recommends eliminating completely the increment in the benefit formula which increases benefits according to the number of years that the individual has contributed. Equity requires the rewarding of continuing contributions by giving higher benefits so that long-time contributors with high average wages will get full value for their contributions. Accordingly, it is necessary to retain the increment in some form.

Third. The minority recommends using an average monthly wage based on the highest 10 consecutive years of coverage rather than on all years of coverage as in the bill. Admittedly this recommendation is more liberal and would produce larger benefits, but it should be noted that it is made only in conjunction with the previous two recommendations which would reduce benefits. The committee considered very seriously using an average wage based on the highest 10 consecutive years of coverage. However, the additional cost involved precluded its adoption at this time, since it was felt that the moneys available could be used to better advantage for other benefit changes. This only goes to indicate that the committee has adopted a sound and conservative policy in regard to the financing of the system and has not reported a bill with benefits far more expensive than the financing of the program could bear.

Fourth. The minority recommends that the thorough and complete definition of "employee" be restricted by eliminating the fourth paragraph in the definition. This additional test based on general principles rather than on occupational labels is needed to assure equal treat-

ment for individuals who are in substantially the same service relationship. The minority claims that a large number of persons will have no way of knowing whether they have coverage until the Treasury makes a determination. In rebuttal of this let me state that the factors are explained in lay rather than in legal language and will be clearly understandable to everybody. We have gone to great length in the committee report to show clearly the intention of Congress as to the meaning of this paragraph and have indicated both in general terms and in examples the way in which this definition would work out. The intent of Congress is clearly stated, and I am confident that there will not be any excess exercise of discretion by the administering agencies. These agencies are directed both by the actual terms of the definition in the law and by congressional statement of intent in the committee report to guarantee they will reach results not in violation of common sense.

Fifth. The minority recommends greater coverage for household workers in that those who are less regularly employed would be included. In my opinion this is a good recommendation over the long range, but when we are first embarking on a program of covering domestic servants we should, for administrative reasons, cover only those whom we are absolutely certain can be successfully reached. In my own opinion, if this program is administratively successful in its limited form, as I am confident it will be, then later we can consider broadening the coverage in this field. At that time perhaps it will be feasible to adopt the recommendations of the minority, or go even further in the coverage of domestic servants.

Sixth. The minority recommends that teachers, firemen, and policemen with their own pension systems should have no opportunity of being covered by the old-age and survivors insurance system. Many of these groups feel that they have adequate plans already and are afraid that such plans might be abolished if the State or local government would bring them into social security. However, H. R. 6000 does include adequate safeguards against any occurrences like this, because it provides that before the State or local government can obtain social-security coverage for employees already in a retirement system, two-thirds of those employees must vote in favor of this. Under the minority recommendation there would be sort of a dog-in-the-manger attitude because there are, no doubt, some in existing retirement systems who would like to have social-security coverage as well, just as employees in many private industries have both social security and their own private pension plans. However, the minority recommendation would prohibit any such possibility. Certainly in a democratic society such as ours the individuals concerned should have the right to vote in these cases, whether or not they wish to participate in the social-security program. Even if most of those in retirement systems do not want to participate, this should not prevent any of the remainder from so doing.

Seventh. The minority recommends that Puerto Rico and the Virgin Islands should not be included in the old-age and survivors insurance system, but rather they should have an independent system.

The minority states that as a reason for this recommendation the benefits would be too high in these possessions in relation to earnings and standards of living, and that, therefore, it will involve an undue drain on the trust fund. I feel these two possessions should be brought into the social-security system because their citizens are citizens of the United States and their economies are quite closely integrated and interwoven with that here on the continent. Although their earnings are somewhat lower than the average on the continent, nevertheless, earnings are not uniform within the 48 States, and there never has been any talk about not having social security apply to the lowest wage areas of the 48 States. The Committee on Ways and Means very carefully considered this subject and found that the benefits provided would not be unduly large in relation to the cost of living, and that the financial and actuarial basis of the system would not be endangered. Moreover, if the insurance system is not extended, there will be larger Federal outlay for old-age assistance, and the minority does concur in that it should apply to these possessions. A separate system for these possessions would be administratively expensive in cost and would leave unsolved many problems arising from the steady migration between the mainland and these islands.

Eighth. The minority recommends that the lump-sum death payment should not be made available in the case of all insured deaths, but rather be continued as at present when it is made only for those families where no immediate monthly benefits are available. There are many anomalies in the present provisions. The cost of extending this small amount of burial insurance which averages perhaps about \$150 is relatively small. In answer to the arguments that the Federal Government is encroaching in the private life-insurance field, it may be said that many of the lower-income families do not have any insurance anyway, and that this small amount uniformly available will not hurt the insurance business, but perhaps might make the covered persons more insurance-minded. This lump-sum death payment is intended, and certainly it should therefore be, to assist in providing for the unusual expenses that every family has to meet at time of death, available for all insured persons.

Ninth. The minority recommends elimination of the provision for total and permanent disability benefits under the insurance program, although it does recommend that these payments be made on a needs basis under the public-assistance provisions as is provided in H. R. 6000. The Ways and Means Committee believes that the insurance approach is much more preferable than the assistance approach, and accordingly strongly recommends that insurance benefits be paid to the worker who must leave the labor market because he is disabled be-

fore age 65. Of course, the public-assistance provision is still necessary to take care of those who are not under the insurance program.

The minority claims that this disability-insurance program will be tremendously costly and cannot be administered successfully, but I do not believe that this has any factual basis because similar programs are being administered successfully in this country by the civil-service retirement system, by the railroad retirement system, and under the life-insurance programs of the Veterans' Administration.

The disability-benefit provisions in H. R. 6000 have been written on a very modest and conservative basis with all possible safeguards so that there is no reason why the program will not be administratively successful. The workers of this country need protection against disability, and they need protection on a dignified basis of insurance—not on any charity basis if this can possibly be avoided. We cannot continue to leave the workers of this country without any protection against the economic hazard of disability against which it is virtually impossible for them to protect themselves through individual savings or insurance.

In summary, I have shown why the nine recommendations of the minority were not adopted by the committee. Most of them would deprive the workers of this country of social security. A few of them, it is true, would make more liberal protection available, but I have indicated why these changes, though desirable in the long run, are not practicable at the moment. At the same time let me again point out that the Ways and Means Committee has considered both sides of the coin, namely, the benefits and the contributions. We have not provided as liberal benefits as probably would be desirable, because of the necessity of setting the system up on a sound financial basis, whereby the contributions provided will definitely meet the obligations for benefits. As experience develops, and after we study the matter more, it may be possible to make further extensions and liberalizations of the program, but certainly at this time H. R. 6000 represents a tremendous step forward toward providing social-security protection for the workers of this country.

Mr. CURTIS. The gentleman is referring to things that are not in the Kean bill. I mean things that are in the bill.

Mr. EBERHARTER. I am opposed, of course, to retaining the \$3,000 base. I am opposed in this bill to the formula which would use 10 years' consecutive highest wages as the base.

Mr. CURTIS. Would not that be of benefit to the workers?

Mr. EBERHARTER. It might be of benefit to the workers, but not in relation to the amount of taxation it will be necessary to impose on business and the employer both in order to carry that. There are other inequities.

Mr. CURTIS. Would not the Kean bill protect more domestic workers?

Mr. EBERHARTER. It might protect more domestic workers to some extent, but then, as we have done in previous

years, in starting on a new program we always begin in a conservative manner. When we first passed the Social Security Act, we left out farmers, farm labor, domestics, and many other categories, because we did not know whether it could be properly administered. We are starting out to take in the domestic help on a rather conservative basis, on a basis that we think can be administered fairly and practically at the present time. If after we have had some experience we find we can include more of these so-called casual domestic workers, we want to do that. The bill as written, however, will not take care of migratory workers and a lot of casual workers, because we find it will be too difficult to do; so we are proceeding in a manner to insure that the system is sound and can be administered properly.

Mr. CURTIS. The gentleman is not opposed to any benefits contained in the Kean bill, is he?

Mr. EBERHARTER. I am not opposed to increasing the benefits. The bill which the committee reported out increased the benefits, practically doubled them, for those who are retired in the future, and increases the benefits to those who have already retired about 70 percent on the average.

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

Mr. EBERHARTER. I yield to the gentleman gladly.

Mr. MILLS. Is not the gentleman actually opposed to the Kean substitute because the Kean substitute proposes lower benefits to those who will be covered under the program? The gentleman from New Jersey has said that his bill would cost less money than the committee bill. It can cost less money only because the benefits to the recipients will be less.

Mr. EBERHARTER. That is absolutely correct. I am glad the gentleman brought that to the attention of the Members.

The gentleman from Wisconsin made the statement here that this is not a sound program. I attended practically every hearing that was held on this bill since February 26. I did not hear testimony from any insurance expert, by any actuary, or any statement by the experts that were employed by the committee to the effect this would not be a sound financial system. All the insurance executives were in favor of a social-security system. There were some who did not like parts of it. They did not like the increase in the base to \$3,600. They wanted it to remain at \$3,000. Of course, they are afraid, perhaps, they will not be able to sell as much life insurance if we increase the base to \$3,600.

The gentleman from Wisconsin also cited some extreme cases where certain people would perhaps get a very large benefit by the payment of a very small sum of money. Of course, that is inherent in any insurance system that has ever been devised. Sometimes a person carries fire insurance for many, many years and he never has a fire. He gets no benefits except what might be called protection. Many times a person will pay one premium on life insurance and his estate gets the full principal amount.

Those things are inherent in any insurance system that was ever devised. That is no argument against a sound social-security system such as we are proposing here.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. Will the gentleman give me the name of an insurance company that sells annuities on that basis for retirement purposes because I would like to buy some of them?

Mr. EBERHARTER. On what basis?

Mr. BYRNES of Wisconsin. On the basis that you can buy an annuity for less than the actuarial cost.

Mr. EBERHARTER. The gentleman surely knows that the social-security-insurance system is on a different basis entirely than the regular annuity system.

Mr. BYRNES of Wisconsin. It is my claim that it is certainly different from fire insurance or life insurance to which the gentleman alludes.

Mr. EBERHARTER. None of the actuaries said 6½ percent was not sufficient to carry this program and keep it financially sound for the next 40 or 50 years.

Mr. BYRNES of Wisconsin. I do not want to quibble nor do I want to interrupt the gentleman's statement. I do believe he will agree with part of my statement. I intended to refer to the fact, when I said this system was not sound, that it was not actuarially sound. I will admit it is financially sound, that you can always tax the people enough to pay the benefits to be paid out. I think that is the point the gentleman has in mind, which I will concede. It is a financially sound program from that standpoint. Although it may seem to some Members it is quibbling, I assure them it is not my intention to quibble. Actuarial soundness is an entirely different matter.

Mr. EBERHARTER. Suffice it to say that there will not be any necessity under the program, the tax program in the bill, to take any money out of the Federal Treasury, out of the general funds, for the next 50 years in order to pay any of these benefits. So if you are looking forward to a financially sound system for the next 50 years that is as much as can be expected from this particular Congress.

Mr. Chairman, I just want to add one or two other things. We hear a lot about this definition of employer and employee. The reason all this fuss is being raised, in my opinion, about this definition is because there are a lot of employers in this country who, in the past, have been excused from paying pay-roll taxes for persons who are, in fact, real employees, and those are the persons who are raising this question about the definition of employer and employee. There are only a comparatively few industries involved. The committee has attempted to set out in clear and concise language as to what really constitutes an employee; that is, employee and employer status.

I want to say this also, Mr. Chairman, that the Treasury Department and the Social Security Administration have said definitely and unequivocally that under

the language contained in this bill there will be no difference of opinion whatsoever as to the status of any person and that there will be no trouble whatsoever in arriving at a common-sense decision. They expect very few cases ever to go to court, so that we are lifting the veil of confusion by writing in this bill a definition of employee and employer.

Mr. Chairman, the minority party has never truly and sincerely supported social-security legislation. All of us who have read history and those who were in Congress in 1935 know that the Committee on Ways and Means minority members unanimously said that the measure was unconstitutional; they said it would be bad economically for the country to be suffering from a pay-roll tax. We know that the Republican presidential candidate in 1936 ran on a program opposed to social security. We know that practically every time measures came up for the liberalization and improvement of social-security legislation that they were opposed, just the same as they are opposing it today. They are not in favor of a motion to recommit as such. They just have the intention, Mr. Chairman, of defeating the bill which will really accomplish what the American people want. So, I hope that as you consider those factors and remember those matters that have been debated here, you will decide to vote against the motion to recommit and for the bill on final passage.

Mr. WHITE of California. Mr. Chairman, will the gentleman yield?

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

Mr. WHITE of California. Did not the gentleman overlook mentioning the fact that in 1948 the Gearhart resolution removed 500,000 to 750,000 people from social-security coverage?

Mr. EBERHARTER. I thank the gentleman for calling that to my attention and the attention of the Members present. Yes, when the Supreme Court decided that it was the intention of Congress in 1935 to include perhaps anywhere from 500,000 to 750,000 employees, on the so-called border line, the Republican Congress immediately passed the Gearhart resolution nullifying the intention of Congress when they passed the social-security bill and voiding the decision of the Supreme Court of the United States. As a matter of fact in this present bill the committee has put those 500,000 to 750,000 people back under social-security coverage, in addition to extending coverage to 11,000,000 other people.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Pennsylvania.

Mr. SIMPSON of Pennsylvania. Reference was made earlier in the day to a section in H. R. 6000 which is also found in a section of the Kean bill dealing with the question of the payment of blind pensions to pensioners in Pennsylvania. At the present time, as the gentleman knows, the State of Pennsylvania has not been receiving a Federal contribution toward the payment of blind pensions within that State. I would like the record to show that that is included in both

H. R. 6000 and the Kean bill, and particularly that the gentleman from Pennsylvania was exceedingly active in having that amendment accepted by the committee in the social security bill H. R. 6000.

Mr. EBERHARTER. I thank the gentleman for that statement. I think that provision is a just and equitable one, providing for payment to the blind persons in Pennsylvania. It should have been in the law long, long ago, or the interpretation should have been made by the Social Security Board so that those payments would have been made. It would have been impossible to have that provision inserted if it had not been for the assistance of my able colleague on the minority side, the gentleman from Pennsylvania [Mr. SIMPSON]. He is entitled to the thanks not only of the blind persons of Pennsylvania but of the entire population of Pennsylvania.

Mr. JENKINS. Mr. Chairman, I yield such time as he may desire to the gentleman from Nebraska [Mr. MILLER].

Mr. MILLER of Nebraska. Mr. Chairman, I expect to vote for H. R. 6000. I have always believed in a sound social-security program. I am not happy about the way the present program is being administered. The idea of social security is sound and proper. It ought to be administered in a manner to command confidence.

The bill before us now has had 6 months of careful consideration by the Ways and Means Committee. I understand that a number of the controversial points were put into the bill by a 1-to-3 majority vote in the committee. The bill adds about 11,000,000 new persons to the 35,000,000 now covered during an average workweek. The bill provides that some 4,500,000 self-employed persons will come under the bill. There are a few exceptions, such as physicians, lawyers, dentists, Christian Science practitioners, and certain engineers. If a self-employed person earns more than \$400 per year, he would be excluded. The contribution rate for the self-employed would be one and one-half times the rate for employees.

The bill is 200 pages long and complicated. The principle of the extension of social security was endorsed by both political parties in their 1948 platforms.

Under this bill there are two main divisions. The one called the old-age assistance or pension program is one in which the State and Federal Governments participate. It is designed to take care of those individuals who reach the age of 65 years and are in need. Many of these individuals have given their best to build America and now, through no fault of their own, are no longer able to provide for the necessities of life. There must be some way to provide for their care. I do wish it were possible to set up a yardstick, as it relates to the need of the individual, which would be the same in all States. It varies greatly. The payment in the different States ranges from less than \$30 to near \$90. I believe that eventually the individual who is in need will be able to receive a check directly from the Federal or State Government which will be the same for all who qualify. Certainly the individual who is in

need and can qualify gets just as hungry and just as sick when he is in Louisiana, Nebraska, or California. At the present time there is entirely too much red tape in the administration of this assistance program.

There have been too many grandiose promises made, not only to the old people but to those under the old-age and survivors insurance program. The latter program has been shamefully disappointing in results. Some deserving old people, under the assistance provision of the bill, have remained in need rather than go on assistance. Others become burdens on conscientious but poor children. There are others who hide their assets in order to qualify for the benefits. There have been some deserving oldsters who have no assets of any kind and have been forced to apply for assistance, but because of all the red tape and snooping it has broken their spirit and their independence. There ought to be a program available without the needs test to those who do not qualify because of age for the work-insurance feature, but yet they have worked just as hard and as faithfully as their neighbor who may qualify.

The other main phase of this social security bill relates to the old age and survivors' insurance. This program has been in operation since 1936. I would point out, Mr. Chairman, that the employer and the employee, through contributions and deductions from their pay check, have contributed to the Federal Government during this time, approximately \$15,000,000,000. I would further point out that as this money comes to the Treasury, it is used to pay the current running expenses of government. It is not based on sound actuarial findings. It is now in the red about \$8,000,000,000. This means, Mr. Chairman, that our children and grandchildren will again be taxed to pay these obligations when they become due. I submit that if any private insurance company should carry on their insuring policy in such a manner, the officials would soon find themselves in a Federal penitentiary. The way this program has been operated by the Democratic administration since 1936 is a fraud on the American people.

I firmly believe in individuals taking care of themselves through life and providing for their old age. Many do it through sound insurance and other saving programs. The old age and survivors' insurance program, under the Government, would provide a good retirement for these individuals, when they reach the age of 65, if it were properly managed, but the present system can hardly be called insurance, because the money paid in by those who hope to buy this protection has been squandered and misappropriated. It will be necessary to again tax the citizens to make up for this improper use of these funds.

I am also concerned, Mr. Chairman, that the growing inflation in this country, through bad fiscal policies of this administration, will bring not only the supposed benefits under this program, but of all savings, into jeopardy. Our Government cannot continue to spend beyond its means without bringing on an inflation which will affect all savings.

I am also concerned about the provisions of this bill which will place additional taxes upon the lower-income groups. It does raise their taxes by taking an additional 2.5 billion, yearly, from their pay check. This is a real tax. It is another way of raising taxes, but upon the poor and not the rich.

You will remember that the Eightieth Congress reduced taxes and took some 7,500,000 off the income-tax rolls. This program will take additional taxes from more than 11,000,000 in the lower-income groups. The pay-roll tax deductions will be raised from 2 percent to 6½ percent by 1970. This applies to the first \$3,600 of income. It is a definite tax and if the Federal Government continues to spend the money for current running expenses, it will mean that those who have contributed will not have what they have a right to expect—real protection, because the Treasury will just contain I O U's. It will mean a tremendous tax upon future generations.

Again I state that I believe in the expansion of a sound social-security program. I believe the people should provide for their old age. It is the function of Government to assist them. It is for that reason I shall vote for this bill. I do hope that the debate presented today will have pointed out to the administration, the errors it has committed in the past, errors which make the present program immoral and unsound. It can be corrected through proper management. If I thought they were not to be corrected I would certainly oppose any further extension of this program. I can only hope that it will be corrected because fundamentally the principle of the program is sound.

Mr. JENKINS. Mr. Chairman, I yield such time as he may desire to the gentleman from Minnesota [Mr. H. CARL ANDERSEN].

Mr. H. CARL ANDERSEN. Mr. Chairman, I regret deeply that the majority leadership in the House upheld the Rules Committee in its decision to present this legislation, H. R. 6000, under a closed rule, thus preventing those of us who have urged adequate pensions for our old people to amend it in any way.

This measure covers those presently insured, and the disabled, but offers no relief to the aged citizens of our country who have not been able to qualify for pensions under the social-security program with the exception of those living in a few favored States.

The critical situation brought about today by the strikes in the coal and steel industries is the result of the determination of labor leaders to secure pensions of \$100 per month for all workers at the age of 65. Mr. Chairman, the people of America, through taxes, direct and indirect, will eventually pay the bill for the pensions which have been agreed to by the Ford Co. and which seem to be scheduled for all industrial employees.

The bill before us covers practically everyone except farmers, doctors, dentists, and lawyers. These people, while not eligible for the least benefit under this legislation, will have to pay their pro rata share of taxes to cover pensions for workers in every other category. It

is regrettable that the Democratic leadership has seen fit to continue class legislation under which 80 percent of the people in the Seventh Congressional District of Minnesota are ineligible for social-security benefits, and that under this gag rule amendments providing for their inclusion cannot be introduced. This measure, in its present form, jeopardizes the enactment of a universal old-age pension, which, in my opinion, is the proper answer to our social-security problem.

We now have 5,200,000 men 65 years of age and over and only one-third of this large group is covered by the social-security program. There are 5,500,000 women in this age group and only one-fourth of their number are insured themselves or are the wives or widows of insured men. However, these people receive such small amounts that the program is really of very little benefit to them. They were too old at the time the act was adopted to accumulate the necessary work time to give them adequate pensions.

Our old people should not have to suffer the stigma attached to assistance benefits based on need. They want, and are entitled to receive, automatic benefits without being subjected to embarrassing investigations. Thousands of old people go without help rather than subject themselves to the indignities incident to old age assistance.

I repeat, Mr. Chairman, I sincerely regret that the Democratic leadership has made it impossible for those of us who support the enactment of a universal old-age pension to debate and vote on that issue. Surely it should have its day in court.

Mr. Chairman, social security is here to stay. I am going to vote for this bill even though I disapprove strongly the omission of the great number of people who should receive benefits thereunder. Their omission, however, does not justify my voting against helping people in other walks of life who have been included in this measure. I hope that the day will come when everyone in America will be covered by social security. Why this administration left most of the people in agricultural America out of this bill when those same farm people must help, through their taxes, to pay for the program, is beyond me. This can hardly be termed a fair deal.

Mr. JENKINS. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. HOFFMAN].

SOCIAL SECURITY IMPOSSIBLE UNDER PRESENT ADMINISTRATION

Mr. HOFFMAN of Michigan. Mr. Chairman, not knowing too much about the technical provisions of the bill, in order to satisfy my conscience when I come to vote, I must go back to what I think are basic principles. In the old days, the horse-and-buggy days, when it is said that people did not know very much about how to conduct their own business, no one needed Federal social security. I just happen to have lived a part of my life during those days, and I recall very distinctly that everyone who wanted to work and who was not physically disqualified and who did not want

to spend every dollar he got either when he got it or a little before was able to provide for his own security, for his old age. Very, very few people in the community in which I lived had to ask assistance from anyone.

Second only to the desire and hope for eternal salvation, to man's fear of burning forever in hell fire, is the laudable desire to be free from want in one's old age—the fear that as savings diminish, earning capacity falls, one may lack food, shelter—suffer from the lack of things to which one is accustomed.

Hence it was that in the earlier days of the Republic—yes, even in my time—men and women worked, yielded not to the temptation to buy things which they would like but did not need, practiced thrift, and so the vast majority of our people were able to and they did, through their own efforts, provide security, freedom from want in their old age.

Then came the days of the New Deal, a new philosophy of life which, stripped of all meaningless words, encouraged the individual to get as much as possible, not only by his own earnings, but to take what he could from the earnings of others. People were led to believe that self-reliance, doing for one's self, were unnecessary, that there was an easier, more pleasant way, that Government instead of being maintained and supported by the people, was in some way obligated to take care of people; that Government, instead of being a regulatory organization whose sole function was to protect the weak and the honest from the strong and the wicked, could and would and was obligated to care and provide for the individual. That theory ignored the fact that Government had nothing except as it took it from the individual, that any benefit the individual received, he must first pay into the Government, that out of a dollar he paid in, those operating Government would first take a part as their compensation for handing what was left back to him.

The social-security program in its inception was unfair and did an injustice to millions of taxpaying citizens. The truth of that statement can be demonstrated very quickly:

First. The social-security program applied only to a very limited number of people and only to a limited class, that is, those who were employees in certain industries.

Second. The cost of the program was paid by those employees and employers who came within the provisions of the law, and that would have been fair and just had it not been for the fact.

Third. That the contribution made by employees and employers, that is, the money taken by way of tax from the wage of the employee and the profit of the employer, was in the end passed on to the consumer, that is, the price of the product made by the joint efforts of the employee and the employer was increased and the purchaser of that product in reality paid for the social-security program which benefited only those who came under the terms of that law. The deductions made from the employee's pay check and from the employer's bank account were replaced by increases in

wages and increases in prices so that, ultimately, the cost of the program fell upon every purchaser of the company's output, but not every purchaser received a benefit under the social-security program.

Because spending, wasteful, politically ambitious, power-seeking administrations have made it impossible for the average citizen, no matter how willing to work, how thrifty, to provide for his own old age security, social security sponsored by the Federal Government but applicable to everyone may be the only temporary answer, even though it be wasteful, expensive, and in the end disastrous.

If we are to have Federal social security, the only fair equitable plan is to make benefits payable to all, paid for by contributions payable from all.

PRESENT SOCIAL-SECURITY LAWS A FRAUD UPON THE PEOPLE

While the present Social Security Act is unjust, unfair, in that ultimately the cost falls upon all while the benefits are available to less than all, the manner in which the law has been and will be administered is dishonest.

The law purports to collect a tax from employees and employer and to hold the money so collected in trust so that benefits provided by the law may be paid to the employees who contributed.

Under the act \$11,000,000,000 have been collected which have not been used to make the payments required by the act.

The administration, instead of holding those excess billions in trust or investing them in such a manner so as to earn a profit, or instead of advocating a reduction in the amount of the tax, spent that trust fund for current running expenses of the administration. The administration embezzled those billions of dollars.

We all remember the parable of the master who, about to depart for a far country, called in his servants and to two he gave talents with which they, during his absence, traded and made other talents. To another he gave one talent. That servant dug a hole in the earth and hid his lord's money. And when the lord returned he gave to the master the talent which was his. As I recall the parable, that servant was not rewarded, rather he was condemned.

Now, I do not go so far as to expect that this administration would profitably use the trust funds taken from the workingman, but I do say that the administration, both the New Deal and the Fair Deal, might at least, if it could not use the fund profitably, have buried it and when necessity arose dug it up and returned it to those to whom it belonged. But that it did not do. It not only failed to use the fund profitably, it not only failed to preserve the fund, but wickedly and wastefully, and for the purpose of advancing its own political fortunes, robbed the fund of the workingman's hard-earned dollars, spent those dollars which it collected for one purpose for current expenses—spent them wastefully and extravagantly.

And when the workingman calls for the return of his money to be paid out in the manner provided for in the Social

Security Act, we learn that the money is not there, that it has been spent, and it becomes necessary for the Government to, and it does, impose additional taxes to replace the social-security dollar which it has misappropriated.

Hence it is that under the working of the social-security law, the workingman who has contributed his money to provide for his old-age security or other benefit payments, if he remains a taxpayer paying any of the more than a dozen hidden taxes, is, while he is receiving the dollar due him, again contributing other additional dollars. He pays twice for his social-security payment, once when it is deducted from his pay check and again while he is receiving payments under the law.

It is futile to attempt by the enactment of social-security legislation to free the individual from the fear of suffering in his nonproductive or old-age days if the National Government continues to waste or spend itself into national bankruptcy. But that is just what the present administration is doing.

Nor can there be any social security for either the unfortunate or the non-productive, no freedom from fear of want or suffering, if we are to be always involved in a world war, or if we neglect to provide an adequate defense for our national security.

What is gained by enacting legislation designed to give our people social security if our national security is to be endangered as it now is, either by nationwide strikes which cut the production which is necessary for national defense; by spending which plunges us into national bankruptcy, or if that national security be imperiled by bickering and by strife between the branches of our armed forces?

I recall very distinctly, yea, as though it were yesterday, that when we were told that billions of dollars were being wasted by the armed forces, that unification, so-called, of the armed forces would not only save us billions of dollars but would enable us to provide an adequate, invincible national defense, I never did believe, and I then so stated, that if a desire for economy and unification was desired by the heads of the armed forces, such a law was unnecessary and that such a law never would bring about real unification. If the will to do the right and the obvious thing does not exist, it is extremely difficult to bring about the desired result by legislation.

At that time, lieutenant commanders, commanders, captains, vice admirals and admirals of the Navy were deliberately denied the opportunity to present their views to the committee which was writing the unification bill. I speak advisedly; I know, for when the brass in the Army insisted that the hearings be closed and the officers of the Navy who were on the ships which made possible the winning of the war in the east, wanted to testify, their testimony was barred—it was barred by a committee vote of 23 to 2, and the Army was back of that move.

I know nothing of the relative ability of the various branches of the armed forces. I have no information which

would enable me to judge as to the relative merits of the various branches, but I do believe that our national defense program will be disastrously weakened if the Army and the Air Force are to be permitted to destroy the fighting ability of the Navy. I cannot accept the thesis that the Air Force can bomb any enemy out of existence or that the Army, without the Navy, can on the ground or in the air successfully overcome an enemy. Nor can I believe that the Navy without adequate aviation from carriers to protect itself, can successfully support either the Air Force or the Army. Crippling or destroying Navy aviation will not make for national defense.

On a football team the center cannot play end or quarterback, nor can the half or the quarterback play center or guard. A successful football team plays as a whole under the direction of a coach and a captain, and there is no reason, other than ambition, greed for power, why the Army, the Navy, and the Air Force, all on our team of national defense, cannot give us a successful, winning national defense.

The Air Force cannot do the whole job and just because at the moment it has an expert publicity man is no reason why the Navy should be made to suffer. The Navy did not lose at Pearl Harbor because it was at fault. We lost there because General Marshall was horseback riding and the Commander in Chief himself was not on the job.

If the Air Force and Army will just remember that they are not the only ones on the team with ability to carry the offensive ball, forget their desire to strut the stage, Stalin or any potential enemy will have less cause for rejoicing.

General Eisenhower might just as well forget his ambition to be President. He might just as well forget his long-nourished and officially expressed—and I speak advisedly—plan to hamstring the marines. The top brass in the Air Force and in the Army will do well to cease their efforts to hamstring the Navy or its air force or the marines. One need to talk but casually not only with the high-ranking officers of the Navy but with the seamen and midshipmen, to learn that the cancellation of the building of the supercarrier and the present efforts to belittle the Navy and its air force are destroying the morale of the Navy.

After all, in spite of the Army's recruiting of football players, the Navy did, 3 years ago, play the Army to a standstill, last year, to a tie.

It is just possible that the Navy's armed force was of some real assistance in the Pacific while the last war was on.

The top brass in the Army might take a lesson from the football teams of the two academies and, while they contend vigorously, carry on their controversy in the open and play fairly and not dirty, cut out the piling up and the foul blows delivered secretly. The young men in the academies play fairly. Let their elders do the same.

I started with social security, but no one in this country can have social security or any other kind of security if those charged with defending our Nation, making our future secure, are at

each other's throats day in and day out. Nor will anyone have social security under administrations which month by month, year by year, spend more than the current income.

If we are to have Federal social security let us have it for everyone—until we go broke.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. Hoffmann] has expired.

Mr. DAVENPORT. Mr. Chairman, most of the civilized world today looks to the United States as the example of a thriving democracy.

We cannot fail our friends by proving weak as a going concern or by neglecting the needs of the greater body of our citizens. If we do, world-wide discouragement will result and democracy will take several steps backward.

In the war of words and ideas and action, we cannot fail. We must uphold the universal faith in America. America must remain strong; its people healthy, optimistic, and free from the cares of want.

World-wide faith in America is based on the belief that we have a better answer to the needs of mankind—that we can maintain our essential freedoms while raising our standard of living. This is the faith of the world. This is the faith of Americans.

Even a country with the highest standard of living of any nation has serious problems. We neglect our responsibilities toward our unemployed, our aged, our sick, our dependent children, our blind, our mothers. We have established an inadequate system of social security that does not meet the needs of the American people.

The right to social security belongs to every man. It is not something that a minority forces the majority to do, as so many secure and wealthy people claim. It is not something that a paternalistic government does as a sort of relief measure.

It is a radical scheme to change our form of government. Social security is the right of every man, woman, and child in our country today. Our present laws do not support this view.

Our present administration does support this view.

It is one of the four freedoms—freedom from want. With adequate social security, we shall remain strong. We shall continue to guide the world by the beacon light of a dynamic democracy.

Without adequate social security, we shall remain in doubt regarding our ability to maintain our high standard of living. Our people will not be able to plan for tomorrow. Society's burdens will continue to fall heavier on those least able to bear them. The rest of the world will lose faith.

The adequacy of our social-security system to meet the needs of the American people and the hopes of our foreign friends is an immediate problem of the utmost importance.

At the present time there are 51 separate systems of unemployment insurance, covering our 48 States, the District of Columbia, Hawaii, and Alaska. There is no uniformity in the laws. Coverage is

low, benefits are inadequate and vary greatly from State to State.

Unemployment is a national problem, to be met by the resources of the Nation as a whole. Why should a worker suffer because he happens to live in a poor State? Why should waiting periods differ from State to State? Why should the amount of the benefit and the number of weeks those benefits are paid differ?

There is no waiting period in Maryland. The waiting period in Georgia is 2 weeks. The maximum weekly benefit is \$36 in Connecticut. The maximum weekly benefit is \$15 in Florida. The number of weeks benefits are paid range from 12 in Arizona to 26 in Illinois. The cost of maintaining these 51 programs varies considerably from State to State. The waste and duplication is an insult to the enterprise of America. The reserves of the States for the payment of unemployment benefits vary widely. The Commissioner of Social Security has said repeatedly that the reserves of some States would be threatened with insolvency if a recession should occur in this country.

Nothing less than a national system of unemployment compensation applied uniformly to each and every person, and adequately and soundly financed will meet the needs of the American people. The coverage of our unemployment compensation laws is also inadequate. Universal coverage must be our goal.

Today excluded from the benefits of such programs are employees of non-profit organizations, employees of small firms, domestic workers, agricultural workers, and Government employees. About 3,500,000 persons are excluded from unemployment insurance coverage because they are working for small firms. Why penalize these people? About 1,000,000 workers are now excluded from protection because they work for non-profit organizations. About half are employed by charitable organizations, a quarter by educational institutions, and the remaining quarter by religious institutions.

These people were originally excluded because their organizations believed they might lose their tax-exempt status if they were covered. There is no reason why the two are dependent on each other.

An adequate unemployment insurance system should cover all the employable persons of our population, and should provide benefits to all who are available for employment but for whom employment cannot be found.

Benefits should bear a definite relationship to the cost of living and should continue as long as necessary. Persons with large families should receive additional benefits. Where a strike has been called for clearly justifiable reasons, a worker must not be deprived of unemployment benefits.

Our public welfare program must be strengthened. Our first line of defense is the family. An adequate unemployment-insurance system will do much to strengthen the security of the American home. So will an adequate old-age and survivors insurance program. So will an adequate health program. But there will still be social-security problems not

covered by these three programs. Chief among these are public assistance for the blind and dependent children.

Federal funds are now available to States with such programs. However, the Federal Government has to date assumed no direct responsibility in the administration of these programs. The Federal Government has, however, shared in the costs and has set minimum requirements and provided technical advice.

There is little question that public assistance is essentially the responsibility of the State. But the wide variations in standards, payments, and policies among the 48 States make it necessary for the Federal Government to step in and bring about a more uniform operation of these programs.

Under H. R. 2892, submitted by the President for consideration by Congress, Federal financial aid would be extended to the States on a basis ranging from 40 to 75 percent of total costs, depending on the relative per capita income of the States. Poorer States would get a larger share of Federal funds in relationship to what they themselves would spend in their welfare programs. Residence requirements would be prohibited, as would citizenship requirements. Over 20 States today require a blind person to have resided 5 years or more in that State before being eligible for assistance. One State law says that if the local public assistance officer believes that a newcomer to a town may not hold on to a job and may need assistance, he can be given a notice to leave.

H. R. 2892 would also put an end to the cruel practice of many States where transfer of property to the State is made a condition for receipt of assistance. The proposed bill also would strengthen greatly the present program of aid to children. It does not go far enough, however, to meet the needs of the times.

Our children are our greatest treasure. An adequate maternal and child-welfare program is essential to meet the growing complications of modern society. Today 500,000 children have rheumatic fever; 20,000,000 children are in urgent need of dental care; 150,000 infants are born prematurely each year; 150,000 children have cerebral palsy; 2,000,000 women with children under 10 years of age are working today.

These are only a few of the statistics that show what a job we have to do to keep our children adequately cared for. If these unmet health and welfare needs are ignored, they will seriously handicap the future of this Nation.

We now come to old-age pensions. All Americans want the opportunity to protect themselves and their families against the economic hazards of old age. Only a very small portion of the population is fortunately able to do so today. Today we have a system which covers only 40,000,000 of an estimated total of 70,000,000 workers.

Restrictive eligibility requirements for older workers have kept all but 20 percent of those over 65 from benefiting from the program. Millions of workers were excluded from the old-age insurance program originally because of an erroneous belief that there would be ad-

ministrative difficulties in collecting contributions from them. Fewer persons in proportion to total population receive old-age pensions in farm States than in industrial States. This is the result of excluding farmers and farm workers.

The benefit payments under the present old-age insurance program are completely inadequate. The average benefit for a retired male worker at the end of 1946 was \$24.90 a month. The average benefit for a retired man and wife was under \$40 a month. The average family benefit for a widow with two dependent children was \$48.20. With a 75-percent increase in the cost of living since 1939 when these scales of payment were established, they are inadequate to pay more than a portion of the rent or the food bill.

The first essential of an adequate old-age insurance program is to guarantee our older people security from want. It must never be less than an amount sufficient to maintain a healthy and satisfactory life.

Our present law is a farce as far as security to our older people is concerned. It must be revised upward to meet American standards. Another essential of an adequate pension program is not to interfere with the enterprise of those past the retirement age.

Is there any reason why a man of 70 must, as he is forced to do under the present program, turn back his monthly benefit if he earns more than a certain amount? Still another essential of an adequate old-age insurance program is that all can qualify for a future pension regardless of age. Under the present program a man who is 65 today must work for 6 years in a covered job before he can qualify for an old-age pension. The seriousness of the old-age problem is attested to by the aging character of our population. Of a total population of 145,000,000 today, more than 17,000,000 persons are over 60 and 11,000,000 are over 65. In 50 years there will be 27,000,000 persons in the United States who will be over 60 years of age.

With our present inadequate system of old-age insurance, the responsibility for the care of our old people falls on the individual families concerned. This is an unfair burden on our young, who should be devoting their energies to self-improvement or to their own growing families. Our old people are our responsibility. They have added to the wealth of the Nation and have strengthened our democratic traditions. They have no desire to fall burden on their children or on the pity of their local communities.

Those who have paid money into the old-age program have a right to adequate return. And those who have not paid money into the pension program have a right to the minimums necessary to maintain a healthy existence. Our older people should feel no humiliation in getting aid as they are made to feel today.

In his annual message on the state of the Union, January 5, 1949, President Truman stated that the present coverage of the social-security laws is altogether inadequate since fully one-third of all workers are not covered. He rec-

ommended an extension of coverage to those who remained outside of the system.

The present bill, H. R. 6000, which is now before the House, will extend coverage of the old-age and survivors' insurance by about 11,000,000 persons and it will raise the total covered from the present 35,000,000 to around 46,000,000 persons. There will still remain approximately 14,000,000 persons not covered.

Extension of coverage to self-employed persons in various nonfarm occupations is now advisable because practicable administrative procedures for their coverage have now been developed. The coverage of the self-employed has been made compulsory since the history of voluntary social insurance shows that an adverse selection of risk ensues when only those in greatest need of protection will, of their own volition, come under it. Between 35 and 40 percent of the self-employed thus in prospect of coverage under this bill are storekeepers and other retailers, 20 to 25 percent are proprietors of service establishments, and 12 to 15 percent are engaged in the construction industry. Approximately 400,000 professional persons in this group of self-employed, such as doctors, lawyers, and engineers, are excluded.

The State and local governments of this country employ about 3,800,000 workers in an average week. Coverage of these workers is possible under the pending bill by voluntary compact between the States and the Federal Security Administrator. Orderly termination of these compacts is also provided for.

Domestic employees, except in private homes on farms, who are in regular employment are covered by this bill. Part-time workers and all casual or intermittent domestic workers are excluded. All employees of religious, charitable, and other nonprofit organizations, excepting members of the clergy and religious orders, would be covered. The number of such workers is about 600,000 in an average week. Under the bill the tax-exempt status of these organizations would be safeguarded. Services of students employed in colleges and of student nurses and internes in hospitals would not be covered. Coverage would also be extended to some 200,000 persons employed in borderline agricultural labor such as raising of mushrooms and the commercial handling of fruits and vegetables. Some 100,000 civilian employees of the Federal Government who are not at present under any retirement system are covered. Those employees who are now under a federally established retirement system would not be included. Temporary Federal employees are also excluded. During the course of the average week some 150,000 American citizens are employed outside of the United States by American employers and provision is made to extend coverage to them under this bill. Also provision is made for coverage of 5,000 persons in the Virgin Islands, and optionally to 250,000 in Puerto Rico.

Major deficiency of coverage corrected by this bill is the matter of wage credits

to World War II service veterans from the civilian labor force. This bill provides veterans with wage credits of \$160 for each month of military service performed during the World War II period. These wage credits would be given regardless of whether death occurred in the service and whether veterans' benefits were payable. In most cases where the individual died in the service the wage credits are of real value in providing additional benefits for the widow and children.

In connection with this bill the House Committee on Ways and Means gave extensive consideration to the advisability of extending coverage to agricultural employees, to self-employed farm operators, and to self-employed professional persons excluded under the bill. A decision was made to exclude these groups pending further study of the special problems involved in their coverage. Thus it can be seen that this bill takes a long forward step in the further coverage of the various classes of the population but does not try to include all possible types of service.

Specifically, the following occupations and services will be automatically covered under the provisions of this bill: Self-employed enterprisers, such as small storekeepers, clothing and shoe retailers, grocers, restaurant owners, filling-station proprietors, and owners of hotels, boarding houses, garages, laundries, barber shops, and proprietors of establishments devoted to plumbing, painting, and electrical contracting. Also included are wholesale merchants, agents and brokers, small-scale manufacturers, taxicab owners, and real-estate and insurance enterprisers. In these cases income-tax returns can be used in reporting self-employed incomes. Income from casual self-employment, however, would not be taxed or credited.

In the case of State or local employees, such as firemen, policemen, teachers who operate under an existing retirement system, opportunity would be given for a written referendum by secret ballot, with two-thirds majority vote required to extend coverage to their group. If a transit company is acquired by local, State, or Federal governmental unit after 1949, coverage of these employees would be compulsory and would continue under the Federal old-age and survivors system.

Extension of coverage is also effected in this bill to 500,000 to 750,000 persons not covered under the present law by means of a redefinition of "employee." There is quite a sizable number of persons in the twilight zone between employment and self-employment. Such persons as salesmen in the manufacturing and wholesale trade and in insurance, driver lessees of taxicabs, pieceworkers on goods working at home, contract leggers, licensees or lessees of mining space, and house-to-house salesmen of certain goods or services. The substantial effect of the new definition of "employee" in this bill is to extend coverage to individuals who, although not employees under the usual common-law rules, occupy a status not materially different from those who are employees under such rules.

In conclusion it may be said that the present bill goes a very long way toward meeting President Truman's program for extension of old-age and survivors insurance to hitherto excluded groups. In so doing it has taken into account the practical problems to be met in extending social security to additional sectors of the working population. It has not attempted to blanket under social security all of the remaining population which should be eligible thereto. This bill sets a new standard, however, and provides the means whereby new administrative procedures may be worked out or will make it possible to include the remaining workers not as yet provided for. It should not place too large a burden on the economy.

In returned security and purchasing power it will more than pay its own way.

These are my proposals to strengthen our social security laws and keep America strong. These are my proposals to meet the challenge forced upon us to prove that democracy is the better way.

Mr. DOUGHTON. Mr. Chairman, yield to the gentleman from Massachusetts [Mr. PHILBIN] such time as he may desire.

Mr. PHILBIN. Mr. Chairman, security for the individual against adversity, misfortune, sickness and the hazards and vicissitudes of advancing years constitutes at once a great and desirable social objective and an appropriate and entirely proper function of the truly modern state. The phenomenal growth of our powerful economy which embraces a highly developed industrialism, widespread independent mercantile and agrarian activities and a complex web of varied business enterprises has basically affected not only the personal living problems of the average American but it has also fundamentally changed his relationship to the Government. As this process unfolds, it becomes a vital and challenging problem of democratic representative government to place effective checks upon the trend toward statism on the one hand and answer the social needs of its worthy citizens on the other.

Social security is not, as some allege, a characteristic of the absolute state. To the contrary, it is democratic in nature. Regardless of class, creed, or race it seeks to provide protection against the slings and arrows of outrageous fortune which so often in any nation constituted as ours for reasons frequently beyond the control of the individual heaps abundance upon some and want upon others. The history of mankind viewed in one light has been merely a long, bitter, unending, struggle for liberation from political slavery and economic want. Tested in the crucible of analysis and logic, that nation has advanced the farthest politically which has achieved the largest measure of civil and individual liberty and provided for its citizens the maximum of economic sufficiency.

In our own Nation three great forces have contributed to our unmatched progress: First, the ideals of freedom embodied in our Constitution; second, the concept of free enterprise which has given maximum play possible to the energies and aspirations of the individual; and, third, and of supreme im-

portance, the deep-abiding spiritual values of faith in the Almighty and his blessings of liberty which since the inception of the Nation have energized our people to strive to the utmost to fulfill the great destiny afforded to those living under free institutions. No totalitarian state has given or can give such mighty impetus to human endeavor; nor can an absolute government afford to its citizens such a generous measure of liberty and such a bountiful degree of prosperity.

While in the American concept all men are free and equal under the law, they vary in their individual qualities and talents. It is a wise and just government which can utilize the strength and talents of its citizens and check their weaknesses and excesses. It is a great and strong-minded people who ordain and sustain such a government. Social security is designed, not to put a premium on idleness and indifference, but to relieve the individual of the anxiety and worry so often attending upon sickness, disability and age, and to lighten the burdens of local communities of direct relief. In the best and finest sense social security is the embodiment of a dynamic democracy—conquest of fear and privation. Thus the spirit and idealism of our citizens can be released from bondage to the material things of life and brought into the broadest field of national consciousness, civil responsibility, and high-minded citizenship.

Some fear that social security will transform our Government into a welfare state, that it will breed indolence and dependence upon the Government, that it will ultimately lead to stagnation of free enterprise and the adoption of the collective state which of course would be the death knell of free institutions. If I were to entertain such a belief I could not support this bill. But I am not among those who believe that a government should not assume some responsibility for the unfortunate and the underprivileged, and those advanced in years, who are unable for any reason to take care of themselves. It is not necessary in my opinion to transform our economic system or change our Government in order to solve our social problems. This great and mighty economy which almost challenges the human imagination in its productive capacity, scientific methods and advancement, and the skill and ability of its managers and workers, and its great achievements in mass production, and the almost undreamed of bounties which it has heaped upon our people, with its income of over \$225,000,000,000 annually is surely able to provide guaranties against hardship and privation for those who have made such weighty contributions to its effectiveness, strength, vitality, and success.

The present bill merely seeks to implement the established social-security policy which was first inaugurated in 1935. The basic law has been amended on several occasions but it was only natural that from time to time perfecting amendments based on administrative experience would have to be made. This measure further extends the coverage of old-age and survivors insurance by adding approximately 11,000,000 per-

sons to the 35,000,000 persons now covered during the average week. Self-employed persons, except farmers and other limited classes, numbering about 4,500,000 are included. Under certain circumstances almost 4,000,000 employees of State and local governments may be covered by the bill and almost a million domestic servants. Employees of nonprofit institutions, agricultural processing workers off the farms, Federal employees not covered under any retirement system, Americans employed by an American employer outside the United States, salesmen, and other similar employees, in all numbering about another 1,500,000, are also brought under the provisions of the bill. Because of administrative difficulties, farmers and agricultural workers are not covered, but studies are continuing to work out feasible administrative methods by which they also may be covered and in time that will be done.

Another feature of the bill which will be most appealing to the rank and file of our people is the liberalization of existing benefits.

The average primary benefit which now stands at approximately \$26 a month for a retired insured worker will now be lifted to approximately \$44.

Persons retiring after 1949 will have their benefits computed under a new formula which, in substantial effect, will approximately double the average benefits payable today. The computation of average wage has been liberalized and eligibility for benefits extended so as to make it easier for workers to qualify.

Limitations on earnings of beneficiaries has been increased from approximately \$15 to \$50 a month and, after 75 years of age, benefits will be payable regardless of amount of earnings from employment.

Another outstanding feature of the bill is provision for permanent and total disability by which all persons covered by the old-age and survivors program will have protection against the hazard of enforced retirement and loss of earnings caused by permanent and total disability. This provision will relieve a large number of helpless individuals stricken by adversity, sickness, and disability so that they are permanently and totally disabled and therefore will be most salutary in its results.

It is interesting and refreshing to note that under the bill World War II veterans will be given wage credits under the program of \$160 per month for time spent in military service between September 1940 and July 1947.

It is essential that the fund out of which social-security benefits are paid be kept adequately replenished and solvent and to that end the bill establishes suitable contribution schedules. It also raises the total annual earnings on which benefits would be computed and contributions paid from \$3,000 to \$3,600.

Expanded public-assistance and welfare services are authorized so as to provide for permanently and totally disabled needy persons and aid to the blind. The bill increases the Federal share of public-assistance costs and thus may be

said to lighten local and State burdens for these purposes. This should improve aid to dependent children and to the blind and surely that is a most desirable accomplishment. Federal aid for public medical institutions caring for the aged, blind, and permanently and totally disabled recipients has been provided and also direct payment for medical care and extended child-welfare services.

Granted that some provisions of this bill are controversial, granted that it does not provide fullest possible coverage, granted that it may require further perfection and liberalization, nevertheless, to those of us who believe in a fiscally sound, well-rounded, comprehensive, humane social-security program it marks a step in the right direction. It recognizes the problems of our worthy and faithful and deserving veterans of American industry—men and women who have spent their lives, yes, I should say, who have given their lives, to the building and development of the Nation. It assures that their fidelity and devoted service will not be forgotten in their time of trouble and disability, and advancing years when their meager savings are exhausted after lifelong contributions to their families. It asserts that this Nation has found ways and means without resort to collectivism or totalitarianism but in the traditional democratic American way of providing our citizens a decent and secure future and protection against privation and need.

It is characteristic of Americans that we always seek to find a humane solution for our great social problems. How much stronger, how much more vital and dynamic, how much more resistant to the intrigue of radicalism our Nation will be when its citizens are assured as by measures like this that our great business system and our Government working together hand in hand have found a dignified, adequate way to accord them that which every worthy citizen of this great democracy is entitled to receive—security in time of adversity and want.

Because I am satisfied that this bill is based upon sound, humane, progressive principles and is in the interest of all the people of the country as well as in the interest of capitalistic, democratic, free enterprise and free initiative, I gladly support this measure and vote for its passage. It will, I believe, do much to strengthen and vitalize our Nation and unite all our people against common enemies which are working against democracy at home and abroad.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. DOLLINGER].

Mr. DOLLINGER. Mr. Chairman, the President advised the Congress in his message on the state of the Union on January 5, 1949:

The present coverage of the social-security laws is altogether inadequate, and benefit payments are too low. One-third of our workers are not covered. Those who receive old-age and survivors insurance benefits receive an average payment of only \$25 a month. Many others who cannot work because they are physically disabled are left to the mercy of charity. We should expand

our social-security program, both as to size of benefits and extent of coverage, against the economic hazards due to unemployment, old age, sickness, and disability.

This Congress can no longer ignore the pressing needs of the aged and dependent families of our Nation. We now have the opportunity to act on a bill to extend and improve the Federal old-age and survivors insurance system and to amend the public-assistance and child-welfare provisions of the present Social Security Act. While I represent the Twenty-fourth District of New York, the vital question of social security affects every region in the United States equally, and I have the entire country in mind when I urge speedy passage of this bill.

In the 10 years which have elapsed since the last major revision of the Social Security Act took place, there have been social and economic developments which demand a revision of the law and the granting of increased protection under it. Under our democratic system of government, we should encourage a basic social-insurance system which will be fair to all.

As benefits paid are based upon contributions, the dignity of the older people is preserved. If unable to maintain a home, they can make contributions to the household sheltering them. In addition, such a system is an incentive to the worker, as payments are based on length of service and amounts contributed. All this serves to increase productivity and to help stabilize the economy of our country.

It is admitted that present social-security benefits are woefully inadequate. The maximum benefits now being paid do not begin to cover the cost of housing, food, medical care, and other usual requirements of a human being. The present minimum benefits mean practically nothing when we consider the high cost of living.

Our older citizens who can no longer earn a livelihood, widows, dependent children, those incapacitated, and the blind, look to the Federal Government for assistance. Authentic reports show that many more people reach old age than formerly. In the past, grown children were able to take care of their aged parents. Now, high rents, the cost of food and clothing, high taxes, increased costs of medical and dental care plus other expenses, have all changed the picture. We find that sons and daughters are now barely able to take care of themselves and their own children, and, as a result, the aged have no recourse but to look to the Federal Government for aid when they have no means of self-support.

The maximum amount provided in the bill before us would give our older people the support, protection, and real security to which they are entitled. The disability benefits, both temporary and permanent, are also important considerations. Millions become disabled before they reach the normal retirement age. We should provide the means to help those who are incapacitated and have no resources to fall back upon in such times of misfortune.

In my opinion, old-age and survivors insurance should be extended to all persons not now covered. This includes the self-employed, farmers, farm workers, domestic workers, members of the armed forces, members of nonprofit organizations, and other employees. We know that countless people reach the age where they can no longer earn their living and have no means of taking care of themselves. A program of social security to cover them is vitally necessary, if we are to take cognizance of the straits of hardship and difficulties in which they find themselves. Social security should be extended to include them.

The bill before us is a step toward this goal. It provides coverage for an additional 11,000,000 workers not now taken care of by our social-security program—bringing the total of those covered to approximately 46,000,000. As I stated before, our aim should be protection for all.

We have been helpful and generous to suffering and needy people all over the world. Surely we must not neglect our own. We should work toward the expansion of our social-security program so that it will truly provide what the present law incorrectly promises by its title—adequate social-security benefits for all those who need assistance.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. DAVENPORT].

Mr. DAVENPORT. Mr. Chairman, I ask unanimous consent to extend my remarks immediately after the remarks of the gentleman from Michigan [Mr. HOFFMAN] so that the people who read can proceed from a dark, bleak night into the clear sunshine of a better day for our aged in America.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from West Virginia [Mr. STAGGERS].

Mr. STAGGERS. Mr. Chairman, I am in favor of H. R. 6000 for many reasons, some of which are, that it is a forward-looking piece of legislation designed to bring peace of mind and security to many millions of people who today are perplexed about the uncertainty of their future. It liberalizes and broadens many provisions of the present act.

I am particularly pleased that coverage is extended to State and municipal workers, something I have been working for during my short time here in the House of Representatives. This group has been flagrantly overlooked in the past.

This bill also corrects many mistakes made in our previous social-security legislation. One of these is especially for the veterans and their dependents of World War I and World War II.

In keeping with the Sermon on the Mount we should certainly recognize the fact that men and women to whom Providence has been kind have a responsibility to those less fortunate in life. It is a step in the right direction toward a greater and fuller life and something

that will revive the hopes and dreams of many millions of our citizens.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Oklahoma [Mr. MORRIS].

Mr. MORRIS. Mr. Chairman, while I generally favor this bill, H. R. 6000, and believe that it is a step in the right direction, in regard to the old-age assistance feature of it, I sincerely hope that the time will come in the very near future when we can repeal it and establish an old-age-pension program to take its place. I fully realize that the old-age-assistance program is far better than nothing, yet it just simply is not right, in my judgment, to subject the old folks in our country to the regimentation to which they are subjected under the old-age-assistance program. They should receive a reasonable pension and should be permitted to spend it as they please. There should be no case workers checking upon them in regard to pension money they receive.

In February of this year, acting in cooperation with a number of old-age-pension groups including the American Pension Committee, the General Welfare Federation, and other pension organizations, and other Members of Congress, I introduced an old-age-pension bill, H. R. 2620, and I sincerely hope that it or some good old-age-pension bill will be enacted by this Congress in the near future. The gentleman from Pennsylvania [Mr. VAN ZANDT] was selected to take the lead on the minority side and I on the majority side in furtherance of H. R. 2620. To date 126 of our colleagues in the House have joined us in signing a friendly petition to the Ways and Means Committee requesting favorable action in regards this bill. I truly hope such favorable action will be taken soon. I sincerely believe that everyone would, after such program should be put in operation, be pleased with it. It would be simple, direct, reasonable, just, and fair to all of our people. However, I certainly am not wedded to any one idea in regard to old-age pensions and I shall be happy to support any good old-age-pension bill regardless of who the author is.

H. R. 2620 provides, in substance, for the payment of \$60 per month pension to our citizens who are over the age of 60 years and who are not earning enough money to be required to file a Federal income-tax report. In other words, it provides for the payment of \$60 per month to those in our society who have reached the age of 60 years and who are in the very low income brackets when they apply for it. These payments would be uniform throughout the United States regardless of where the applicant should reside. It would be a Federal pension.

I cannot, for the life of me, see why pension payments should be provided for only certain classes of our society and more especially why those, generally speaking, who need it most should be left out. Those who need it most do not have it and yet those who need it less do have it. In other words, groups such as Congressmen, members of the Supreme Court, civil-service employees, coal

miners, and steelworkers all have their pension systems. I certainly am happy to see these groups have reasonable pensions, but I deplore the fact that other groups who really need pensions even more than they do, do not have them. I know the stereotyped answer to this question and that is that those who are now receiving pensions pay their own money into the pension fund. The facts are, however, that whether as public officials or as workers in private industry, salaries and wages are raised from time to time for the specific purpose of affording these persons a sufficient surplus in income to pay into their pension funds; therefore, the public generally, actually pays for these funds, as it works out in practice. I, therefore, suggest that the only logical, reasonable, and just solution to this problem is that some kind of a reasonable tax be levied against our whole society and that that tax be placed in a special fund so that every person when he or she reaches the age of retirement—and I suggest 60 years as a proper age—if he or she is financially unable to take care of himself or herself, at least to the extent of absolute essentials in life, that such person draw a sufficient amount of money, as a pension each month, to meet necessary wants such as food, clothing, and housing. I believe that such person definitely should not have less than \$60 a month to meet such needs.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. COMBS].

Mr. COMBS. Mr. Chairman, I think I can condense my remarks into less time than has been so generously granted me. In fact, I would be glad simply to put some remarks into the RECORD, except for the fact that reference has been made repeatedly during the debate, and fears expressed by some, that that feature of title II which permits the totally and permanently disabled to draw benefits is a dangerous thing, that it is unwise and will make a drain upon the insurance fund. I want to make a few observations about that.

However, before I go into that, let me say, as a new member of the Committee on Ways and Means, it has been a revelation and a great pleasure to me to see the earnestness with which Members, many of whom have been members of that committee for a long time, tackled this intricate and complex problem last spring, and the earnestness with which they worked the bill out, section by section and line by line, as representatives of the American people. I have a high regard for every member of the committee. I do not agree with every provision of the bill, but I do believe that on the whole it is a sound constructive measure.

The old-age and survivors insurance provisions of the bill set forth in title II do add a new category entitled to draw benefits, the totally and permanently disabled. Some Members have expressed, as I have said, considerable concern about this provision. In the first place, it has been suggested that this benefit is a radical departure from the whole concept of old-age and survivors insurance.

Of course, it must be admitted that it is a marked extension of the benefit, in that a totally and permanently disabled person who is covered by the insurance provision of this bill and has contributed to it would be able to begin drawing benefits before he reaches the age of 65. Thus, in his case, his total and permanent disability and not the fact of his age would be the determining factor. As pointed out by the gentleman from Tennessee and others who have preceded me, the concept is that when the covered worker becomes totally and permanently incapacitated, is no longer able to earn anything, that he is retired from the field of labor and he should be permitted as a contributor to the fund to draw his benefits from the fund he has helped to build up and not compelled to accept a gratuity from his Government. It extends the field of benefits but it is not a departure from the idea that it is a retirement benefit in a very true and real sense.

Now the Republican proposal recognizes that fact and the need for providing for the totally and permanently disabled. But minority Members propose to do it by making the permanently disabled eligible for benefits under public assistance only. Thus the permanently disabled person, who may have been a steady worker and a contributor to the insurance system for many years, would be denied, through no fault of his own, the privilege of drawing benefits from the fund to which he had paid and compelled to accept a gratuity. It seems to me only just and humane treatment of the totally and permanently disabled worker. And as I shall point out it will make no dangerous drain on the trust fund—shall be permitted to receive his benefits from the fund to which he has contributed and to receive it as a matter of right and not as a gratuity.

Fear has been expressed that including the totally and permanently disabled among those who may receive retirement benefits will open up a field for abuse and which may have the effect of making a severe drain on the trust fund. That question was given very thorough study by the committee. I may say in that connection, that every provision in this bill involving expenditures was studied with the greatest of care with a view of maintaining the solvency and integrity of the trust fund. And in making the totally and permanently disabled eligible for benefits the committee wrote into the bill every reasonable safeguard. I want to point out what these provisions are.

DEFINITION OF DISABILITY

First of all, the definition of total and permanent disability is very strict; namely, inability to engage in any substantially gainful activities by reason of any medically demonstrable physical or mental impairment which is permanent. In addition blindness is recognized as permanent and total disability. Thus the definition requires not merely total disability but it must be permanent as well. Further it requires not disability for the individual's usual occupation, but rather disability for any occupation. Finally, this definition

would not include doubtful cases of aches and pains, only disability which can be medically demonstrable.

There are a number of insurance programs in force already in this country which are operating successfully under much less strict provisions than provided in the pending bill. For instance, the civil-service retirement program under which many Members of this House are covered requires only disability from the usual occupation. Also the Railroad Retirement system has disability benefits available on the basis of the usual occupation. The insurance programs under the Veterans' Administration, namely, national service life and United States Government life insurance likewise have disability benefits available.

But, in addition to this very strict definition of total and permanent disability, additional safeguards are provided in the bill as follows:

First. Periodic reexamination: Just as in other insurance programs which provide disability benefits, the pending bill provides for reexamination of disability at necessary intervals so as to determine whether the disability still exists and is permanent and total in nature. It is recognized that medical science is not an exact science and that the physician's prognosis is subject to error. This provision for reexamination of disability is a necessary and desirable safeguard in the event that any errors are made in the original determination.

Second. Waiting period for disability benefits: Under H. R. 6000, individuals will have to wait at least 7 months after they are actually disabled before they receive their first benefit check. This period will give a fairly definite, although not conclusive indication as to whether the disability is actually total and permanent. It may be pointed out in this connection that once again the start made in disability benefits under civil-service retirement and railroad retirement do not have any waiting period whatsoever.

SIZE OF BENEFITS

Another safeguard against undue drain upon the trust fund lies in the limited-benefits provision.

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

Mr. COMBS. I yield to the gentleman from West Virginia.

Mr. HEDRICK. Will the family physician make the examination, or who will make it?

Mr. COMBS. I will get to that in just a moment.

It is recognized that one of the general principles of the old-age and survivors insurance system is to provide dependents' benefits. But the Ways and Means Committee felt that a conservative start was desirable for disability benefits. Accordingly in H. R. 6000 benefits are payable only to the disabled worker and not to the dependents, so that the amounts involved would not be so large as to possibly encourage malingerers in some instances. The minimum disability benefit will be \$25 per month and the maximum payable for the next few years will be about \$75 per month, with the average payment being some-

where in the neighborhood of \$50 per month. Under the other insurance programs which are being administered successfully by the Federal Government average payments can run as high as \$144 per month under railroad retirement and to as much as \$400 per month under civil-service retirement.

COST OF ADMINISTRATION

It has been argued that the introduction of disability benefits in the social-security program would require a vast horde of doctors and technicians and even hospital and medical centers to administer its provision. In that connection it has been pointed out that under the Veterans' Administration program very large medical and hospital staffs and facilities are maintained. The administration of the total and permanent disability of the pending bill would require nothing of the kind. It is contemplated that there will be relatively few doctors employed full time by the Social Security Administration. Rather the determination of disability will be made by selecting local doctors in various cities and towns throughout the land, and they will receive payments on a fee basis. The few doctors in full-time Federal employment will review the determination of disability made by local doctors so as to ascertain that there is consistency and accuracy of determination of disability. The ascertainment of total and permanent disability, which is physically demonstrable, is a relatively simple matter.

Now, the Veterans' Administration is required to maintain a large staff of doctors and hospitals and medical facilities because under the various veterans' programs determination must be made not merely of total and permanent disability, which is a relatively small part of the work required, but also of various partial disabilities and the percentage thereof. That program involves determination as to whether or not the disability is service-connected and determination not merely of temporary or total disability, but if there is not total disability it is necessary to ascertain the percentage if it is less than total. Even more important than this, however, is the fact that under the various veterans' programs the disabled individuals must be furnished medical care of a continuing nature rather than a single examination for the payment of periodic cash payments.

QUALIFYING CONDITIONS

Now, let us notice the qualifying conditions which the totally and permanently disabled recipient of benefits must meet in order to qualify. In order to receive disability benefits under H. R. 6000 the disabled individual must show both recent and substantial covered employment. In order to be insured the worker must have 5 years of substantial covered employment out of the last 10 years and also 1½ years of such employment out of the last 3 years. These two tests will assure that disabled workers will have actually participated in covered employment for a reasonable length of time before their disability occurred and also during a period which is reasonably

close to the time when they were disabled.

COST

Now about the cost. The disability benefits provided in H. R. 6000 have been estimated to cost 0.5 percent of pay roll on a level premium basis. Since this is a new program with no positive experience in regard to disability, especially considering the strict and conservative provisions which we have incorporated, I would be the first one to affirm that the cost estimates cannot be exact. The minority claims that the cost might well go as high as 0.7 or 0.8 percent of the pay roll, and I will consent that this is possible, but on the other hand it is just as possible that the cost may be as low as 0.3 percent of pay roll. At any rate in a system costing about 6 percent of pay roll on a level premium basis, and it can hardly be expected that a good old-age and survivors insurance program of any type could be provided for much less than this, if the cost were increased by 0.3 percent or even 0.4 percent of pay roll due to disability benefits the system would be in no financial danger. This is not a cost which will come upon us suddenly, but rather is one which will develop gradually. We can take appropriate action to remedy any new situation when it arises and further perfect this provision in the light of experience.

The fear of a dependent old age troubles millions of our people. The urge to provide against being dependent upon others is universal with normal, self-reliant people. This bill will make it possible for at least 11,000,000 more Americans to provide against a dependent old age. It is a sound bill and I hope we will pass it by a large vote.

Mr. JENKINS. Mr. Chairman, I yield myself such time as I may need.

Mr. Chairman, I should like to make a statement with reference to a matter that I think has not been discussed as yet in the debate. In the division of the money paid to old-age pensioners, the total amount to be paid by the Government to any individual will not be increased under the bill under consideration, but the formula has been changed in such a way that I do not approve of it but I cannot help myself very much. Here is one reason why I cannot approve it. Eight States that now pay less than \$25 a month to old-age pensioners will get from the Federal Government \$75,000,000 without necessarily paying 1 cent for it. Those States are Alabama, Arkansas, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee.

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

Mr. JENKINS. I yield to the gentleman from Arkansas.

Mr. MILLS. Will the gentleman explain to the House whether or not the motion to recommit to be offered by the Republican side will change that in any respect?

Mr. JENKINS. It does not.

Mr. MILLS. The motion to recommit will be the same as the House bill.

Mr. JENKINS. These States I have named will take their \$75,000,000 and will not be compelled to pay a single cent

more than they pay now. All of this amount will be paid by other States. There is another fact with reference to this matter that is important. Most of the Northern States pay more than \$35 per month to their aged. Any State that pays more than \$35 per month will be paying \$2 for every \$1 it will receive from the Government.

This bill is a Santa Claus for some States, while the other States pay the bill.

So that we may have a clear idea about this matter I am inserting here the formula in the present law and the formula in the bill under consideration.

Under the present law the payments are made as follows: Three-fourths of the first \$20 and one-half of the remainder. If a State wishes to pay a maximum of \$50 the Federal Government will advance three-fourths of \$20 which is \$15 and one-half of the remainder of \$30 which will be \$15, making the Government's part \$30 and the State's part \$20. The formula under the new bill will call for the Government to pay three-fourths of the first \$25 which will be \$20. Then the Government will pay one-half of the next \$10 which will be \$5 and one-third of the remainder which will be \$5. This will have the Government paying \$20 plus \$5 plus \$5 which will be \$30. The State will pay \$20. A State which is paying \$25 or less will get \$5 without paying anything.

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent that the gentleman from Washington [Mr. MITCHELL] may extend his remarks at this point in the Record.

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

There was no objection.

Mr. MITCHELL. Mr. Chairman, the social-security bill, H. R. 6000, which we are discussing here today, is a very important bill; it is long overdue. The present social-security benefits are so shockingly inadequate that they should have been increased at least 5 years ago. As a matter of fact, social-security benefits were too low when the present benefit rates were established in 1939.

I am going to support H. R. 6000. It is far better than the bill advocated by the Republicans which would cut down the benefits proposed in H. R. 6000. Yet I must record my firm conviction that even the benefits in H. R. 6000 are not adequate. They should be increased still further. It is my hope that when this bill is finally written into law it will cover more persons and contain improvements all along the line.

H. R. 6000 deals primarily with the Federal program of old-age and survivors insurance. This is the program in which workers now contribute 1 percent of their wages and employers also contribute 1 percent of their pay rolls to an insurance fund. Under the present law most workers in industry and commerce are covered under this insurance system. But some 25,000,000 individuals are still excluded under the program. H. R. 6000 covers about 11,000,000 additional individuals. This is a very important and very worth-while improvement.

I am in favor, however, of covering all persons in the United States under the insurance program. I believe that our objective must be an insurance system that will cover every single individual who works for a living, whether he is a farmer, an agricultural worker, a self-employed businessman, or professional person, or domestic employee.

The monthly benefits of the insurance system are liberalized in H. R. 6000. I believe that when the new benefits are explained to the farmers, the agricultural workers, and the professional people of the country they will want to share in these benefits along with others. One of the major reasons why there has not been more widespread demand on the part of farmers and farm workers for coverage under the insurance system is that the benefits have not been explained in detail to them.

Many people think that the program provides for the payment of insurance benefits only to individuals when they reach age 65 and retire. But the existing law also provides for the payment of insurance benefits to widows, orphans, and dependent parents when the breadwinner in the family dies. The new bill not only liberalizes the old-age insurance benefits but also liberalizes the benefits to widows, orphans, and dependent parents. It extends the provisions which pay a lump-sum burial benefit to many more persons. It also provides for the payment of regular monthly insurance benefits when an individual is permanently and totally disabled.

When these benefits are explained fully to the people of the country I know that practically everyone will want to be covered under the program.

At the present time the insurance benefits average only \$25 a month for a single elderly person who is retired; about \$40 a month for a retired man and his wife; about \$50 a month for a widowed mother and two children; and about \$23 per month for each orphan child. These benefits are completely inadequate at the present time. The bill, H. R. 6000, increases these benefits all along the line.

One of the very important provisions in the bill is that wages of an individual will be counted up to \$3,600 instead of only up to \$3,000 at the present time in determining the benefit rate. This will enable individuals to get higher benefits than they can at the present. I strongly favor increasing the wage base up to \$4,800 as President Truman recommended. This would permit still higher retirement, widows and orphans, and disability insurance benefits than under the bill. I am strongly opposed, however, to the provisions in the Republican bill which would decrease the benefits of H. R. 6000 by providing for a continuation of the present wage base at \$3,000. The Republicans are completely out of line on this point with the recommendation made by an overwhelming majority of the Senate Advisory Council on Social Security which recommended \$4,200.

H. R. 6000 contains a very important new benefit which will be of great value to thousands of families in every part of the country. I am referring to the

provision for permanent and total disability insurance benefits. At the present time if an individual should become permanently and totally disabled at age 35, 45, or 55 he cannot draw anything from the insurance system until he reaches age 65. Of course, many people who become permanently and totally disabled do not live to age 65. Many persons exhaust all their savings, have to sell their insurance and their home, and have to either ask for relief or become dependent upon their children or private charity. One of the finest provisions in the entire bill is that section which will enable permanently and totally disabled persons to receive insurance benefits during the period of their disability.

To receive the disability benefits an individual must be insured under the insurance system for at least 5 years. If he is permanently and totally disabled for at least 6 months he can receive insurance benefits. These provisions, and other provisions in the bill, amply safeguard the program against abuse. Benefits to permanently and totally disabled persons are now included in the civil-service retirement plan, the congressional retirement plan, and the railroad retirement plan. The Congress has provided for permanent total disability benefits to veterans and to Federal employees who become disabled in the course of their employment. Many State and local retirement plans include provisions for permanent and total disability insurance. Moreover, a great many of the private retirement plans set up by employers or set up under collective bargaining provide for the payment of benefits in case of permanent and total disability.

On the basis of all this experience, it is both fitting and proper that we should now extend the same protection to all of the workers of the country who are covered under the social-security program.

H. R. 6000 also contains some very important provisions which will help to improve existing programs for needy persons. The bill provides for increased Federal grants to the States for public assistance to needy aged, the blind, and dependent children. It also provides for the first time Federal grants to the States for payments to needy individuals who are permanently and totally disabled. According to the estimates made by the Committee on Ways and Means the public-assistance provisions of the bill will provide an additional \$256,000,000 a year to the States to help needy individuals. At the present time the Federal Government is already making payment to the States for this purpose of well over a billion dollars a year. The States themselves are spending a total of close to a billion dollars from their own funds. The total Federal, State, and local expenditures for assistance to needy individuals is therefore running in excess of \$2,000,000,000 a year.

This tremendous cost is going to continue to mount year after year unless we take steps now to provide a comprehensive and adequate insurance program which will make it possible for indi-

viduals to have insurance protection against the major hazards of life.

H. R. 6000 is another step forward, even if a modest one, in the march of social justice and fair play for the people of the United States. Time after time the American people have expressed themselves as being in favor of social security. They have favored the improvement of the insurance benefits. They have indicated that they are willing to have a national plan that will cover everybody not only against old age and in case of premature death, but also against the terrible risk of becoming dependent upon charity due to permanent and total disability.

I believe that the American way is the way of social insurance. I do not share the view of those who say that when we adopt this bill or when we improve social security we are taking another step in the direction of state socialism. I believe that the American people have a right to expect that government will help them to insure against the major hazards of life. The social-insurance program that we are discussing today is not a "something for nothing" program. Workers and employers both contribute for their insurance benefits, and they will receive the benefits as a matter of right without being subjected to a humiliating needs test.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Oklahoma [Mr. STEED].

Mr. STEED. Mr. Chairman, in the few minutes allotted to me I will address my remarks to a single provision in H. R. 6000, although I will say at the outset that I intend to vote for this bill. I think it reflects an outstanding job on the part of the Committee on Ways and Means.

In particular I want to express my appreciation to the committee for the consideration it has given to this one point in which I have such an exceptional interest—the child-welfare section. I could not let this opportunity pass without again expressing my thanks for the kind way in which the committee permitted me to present my views during the hearings and in the attention it gave to an amendment I proposed.

This amendment is now contained in title III, section 321, subsection "b," on page 175 of the bill, under subitem 10. It reads as follows:

(10) Provide for prompt notice to appropriate law-enforcement officials of the furnishing of aid to dependent children in respect of a child who has been deserted or abandoned by a parent.

Under the present law, because the records in the welfare offices throughout the country are confidential, it is not permitted for the welfare workers to make known to any law-enforcement agency or official any evidence of the crime of child desertion that might come to the attention of these welfare workers. Personal contact and investigation has revealed to me numerous instances where the welfare workers needed the aid of the law-enforcement agencies to forestall misuse and chiseling on welfare funds, but the rule on confidential files prevented them from getting it.

This amendment simply changes that provision. When this amendment becomes law, the welfare office must make known these facts about the crime of child desertion to the prosecuting officer of the local community. This then permits local law-enforcement officials an opportunity to act before parents, who abandon and neglect their children, can escape from the jurisdiction of the local law-enforcement agency.

I want to call your attention again to the fact that, despite the fact that the aid-to-dependent-children program is one of the finest and most needed of all our welfare activities, it still is being subjected in constantly increasing numbers to the more despicable type of abuse. The rolls of dependent children are growing almost hourly, and investigation shows that a large part of this increase can be charged directly to the fact that we have too many parents who deliberately and maliciously shirk their duties.

It is true, of course, that we have laws in every State against the crime of desertion of children. But most of these counties are limited in funds and other facilities for enforcing these laws, because in far too many cases the parents who commit the crime of abandonment skip the country and escape the consequences of their acts.

Very careful investigations reveal that at least 35 percent of the rolls have been created by the children of parents who could and should support their children, but who will not do so. I favor putting such parents in jail, and I favor giving the child the benefit of the doubt so that our relief program in no way is denied those who need it—whether the need come from neglect or otherwise. But I think we are entitled to see to it that parents who shirk their duties pay for their crimes against their children, as well as against society. To do otherwise means that we are, through our child-welfare program, actually subsidizing the breaking up of many of our American homes.

In two counties in my State, county prosecutors went into court and obtained orders compelling the welfare agencies to make their records on child-desertion cases available. The results in both instances have been startling. So many cases were found that justified the filing of charges that in one county alone more than 30 families were taken off the rolls because the recalcitrant parents were forced back into the support of their own families. One single case has already resulted in the saving of more than \$1,000 this year. It should be pointed out that this method was not made necessary by the welfare officer, but by the law.

When these cases were taken off the rolls, the welfare offices then had more funds to be given to those children actually in need. Today, the rolls are so heavy that funds are not sufficient to give the aid to the most deserving children that they should have. Only by forcing these chiseling parents to care for their own children, as the law and common human decency dictate, can we hope to have sufficient funds remaining to

carry on the work for which this fine program was intended.

It is silly to know that under our present law we prohibit two of our governmental agencies—the welfare office and the prosecuting attorney—from cooperating together to punish parents who willfully abandon and neglect their children. But it is true, nevertheless, and this amendment is designed to correct the situation.

There are many other steps we need to take to deal with the whole problem of child desertion, but this amendment is a simple and reasonable one, and should be speeded into law.

Odd as it seems, the very protection the confidential nature of the welfare records was intended to give to the recipients of aid has become the one big loophole through which this sordid, despicable abuse of our child-welfare program has developed. I know every Member of this House agrees with me that we are justified in taking every means at our command to see to it that the able-bodied parents of this country take care of their own children, or suffer the penalty of the law if they fail to do so.

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

Mr. YOUNG. Mr. Chairman, I ask unanimous consent to proceed out of order for 3 minutes.

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

There was no objection.

Mr. YOUNG. Mr. Chairman, last Friday, the junior Senator from Ohio, addressing the Federation of Republican Women at Columbus, Ohio, said:

We must get rid of this bureaucratic power that is beating American citizens into serfdom.

Six months ago he and other administration critics were denouncing the "Truman depression." Remember? They have now abandoned that issue. Instead they talk about serfdom and statism. In politics from time to time we get new words and new slogans. Before the War Between the States there was a political slogan "Fifty-four Forty or Fight." Along in the 1880's there was another, "Rum, Romanism, and Rebellion." Now it is serfdom and statism, a word you will not find in your dictionary. These same people, including Ohio's junior Senator, shouted socialism 16 years ago when we proposed legislation to guarantee bank deposits. They said relief is a local problem. Later they denounced social security, and price supports for our farmers as creating bureaucratic power and as socialistic.

The statesman who said in 1932 that if Franklin D. Roosevelt were elected President "grass would grow in the streets of every city," recently said "we are on the last mile of collectivism," and now Ohio's junior Senator says that American citizens are being beaten into serfdom. Liberty has in fact been under attack in Europe and Asia and has been lost in many lands. What liberties have we lost in the United States of America? Do we not have the liberty of free speech, the right of peaceful assembly, the liberty of

religious freedom? Surely our citizens are in possession of all liberties they ever enjoyed. To those liberties your Congressmen who truly represent the people intend to add the assurance of security for the aged and dependent. This is an expansion of liberty.

We have been told that we are American citizens beaten into serfs now on the last mile to collectivism. Well, if we are on the last mile, who started us on the first mile? I would like to ask Ohio's junior Senator and others who talk about statism to go into the cities or farms of this Nation and tell the people if they are in favor of withdrawing price supports, eliminating soil-conservation and rural-electrification programs, if they propose to repeal guaranty of bank deposits, social security, minimum-wage legislation, unemployment insurance, and low-cost housing?

Now, having imbedded this in the liquid amber of my remarks, I proceed to discuss two important aspects of the social-security bill.

RELATION OF SOCIAL INSURANCE TO PRIVATE PENSION PLANS

Mr. Chairman, in view of the great interest throughout the country at present in the establishment of private-pension plans through collective bargaining, I believe it important to consider for a few minutes the relationship of old-age and survivors insurance to such private-pension plans.

Under the present old-age and survivors insurance system, the monthly benefit which a retired worker receives is only about \$25. Viewed from any angle, this amount is inadequate to supply even the minimum needs of a worker who may have some small savings and who may own his own home. Organized labor has pointed this out for a number of years, and I think it might also be said that all students of social insurance in this country agree. At the same time that organized labor has been advocating an increase in benefits through social insurance, it has also attempted, with some success, to obtain additions to social security through private pension plans, union health and welfare plans, and so forth.

If social-security benefits are continued at the present inadequate amounts, there will be a growing and perhaps overwhelming demand by the most highly organized parts of labor for substantial supplementary benefits. While such addition is very desirable, to some extent, it does raise the difficult problem that if all efforts are stressed in this direction, the general level of social-security benefits may be far too inadequate. Thus, many portions of labor, which are not as highly organized, or are not as persuasive in their demands as other segments of labor, will receive only the inadequate social-security benefits.

In equity to all portions of labor, there should be at least fairly adequate social-security benefits first, and any supplementary benefits should be built on top of that system. Otherwise there is likely to develop an uncontrolled competitive race among the most highly organized groups of labor, rather than an orderly development of both the social-security

system and a logical supplementation in such industries as can afford somewhat more than mere basic protection. The time is ripe to develop such a reasonable course of action by strengthening and making more adequate the social-security system, so that any supplementary plans being developed will have a sound floor upon which to build.

Moreover, a basic floor of protection is needed because of the traditional mobility of American labor, not only from company to company but also from industry to industry so that even industry-wide systems will not solve all of the problem. As an evidence of this mobility, consider the fact that under the old-age and survivors insurance system, about one-third of those covered work in more than one covered industry during a single calendar year. Even in such an industry as coal mining, which is often thought of as having little mobility, about 20 percent of those whose employment in 1945 was in this industry had worked in another industry during the year.

Considering all this mobility during the course of a single year, there must be a tremendous amount over the course of a working lifetime. Therefore, of primary importance is the establishment of an adequate social-insurance program for all workers before we consider the establishment of necessary and desirable company plans or industry-wide plans.

CREDITS FOR VETERANS OF WORLD WAR II

Another problem which is deserving of consideration and remedial action is that of my comrades of World War II.

Under present law, veterans of World War II are under a distinct handicap because their military service has the effect of reducing their average monthly wage on which benefits are based, and also to some extent their chances of being insured. The social-security amendments of 1946 did make stopgap protection available for those who died within 3 years of discharge, but nothing was done on a long-range basis.

H. R. 6000 takes care of this problem in a manner which is extremely fair and equitable and which has been urged by various veterans' organizations. This problem is solved by giving every World War II veteran credit for wages of \$160 for each month of military service. This amount of \$160 is a reasonable amount and certainly reflects not more than the average wage that such young workers might have received if they had not gone into military service.

No special benefits are really being given these veterans, but rather the disadvantage which was imposed upon them is on the whole being lifted. The cost of these wage credits will be paid from the General Treasury from time to time as additional benefits arising therefrom come due. In the great majority of instances this will be many years from now, but there is one very important group which will be affected materially and immediately, namely, the widows and orphans of men who died in service. In these cases wage credits are given for each month of military service, just as for veterans who survived the war. In many cases such widows with young children are now receiving old-age and

survivors insurance benefits even though they may be somewhat reduced because there were no wage credits during military service. Although this situation is somewhat inequitable, there is another problem which the bill corrects in regard to men who were covered under the social-security program when they entered military service, but, because of being on active duty for a considerable period before their death, lost their insured status. Also, many other veterans had almost acquired insured status and would have done so if they had not entered the service of our country.

For example, consider a man with a wife and two children who had been in covered employment at \$160 per month for 3 years from age 21 to age 24 when he entered military service in 1940. If he died in service, he would have lost his insured status under the present act. Under the provisions of this bill, his wife and children will get a monthly benefit of about \$115 as long as the children are under 18. Even if he had died before 3 years of service his survivors are penalized under the present law because his average monthly wage was reduced because of his military service. Thus, if he had died after 2 years of military service, his family would now receive about \$44 per month in contrast with the \$57 they would have received if he had not entered service, and with the \$115 under the bill—part of the increase being due to the more liberal benefit formula and provisions of the bill.

In all of the cases described previously, the granting of wage credits for military service will either increase benefits or make benefits available, just as if these young men had not answered the call to the colors. No one can deny that these survivors are rightfully deserving of these benefits which we today propose to vote to provide.

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. RHODES].

Mr. RHODES. Mr. Chairman, I consider this legislation the most important to come before the Eighty-first Congress. It is vital to the millions of Americans who rightfully look to their Government to enact sound social-security legislation. Surely a Nation so rich as ours can well afford a minimum of security to its aged and disabled people.

The enactment of this bill, H. R. 6000, is also of great importance to the prosperity of the Nation and to the strength of our economy. It will help improve the Nation's health standards and the moral fiber of our people. It will provide a mighty and effective barrier against communism.

Improvement of the social-security law is long overdue. In almost 15 years since the inception of the law, no substantial improvements have been made. Last year a step backward was taken by the Republican-controlled Eightieth Congress when it removed three-fourths of a million people from under coverage of the Social Security Act.

Since the law was enacted in 1935 living costs have soared. Wages and profits have mounted steadily. It can be readily seen that benefits under the present law are disgracefully low and inadequate.

This bill is not as liberal in its benefits as some of us would like it to be. The age requirement for benefits remains at 65. This is too high. Even today many workers over 40 years of age are turned down when seeking employment because they are too old.

The coverage should be much broader so as to include farmers and professional workers. But this bill does mark a great step forward. It will bring 11,000,000 additional people under the protection of the Social Security Act. That means that about 42,000,000 of America's working people will have some insurance against want and despair in their twilight years.

It will boost benefits about 70 percent for the 2,500,000 people already retired and about 80 percent for insured persons yet to retire, or to their survivors if they die.

The bill also liberalizes and substantially increases Federal aid to States granting public assistance to needy people who are not covered by the insurance program.

Disabled persons under this bill would benefit immediately. They would not have to depend upon the uncertainties of charity until reaching the age of 65, as required under the present law.

I regret that greater consideration was not given to old people and to the disabled not covered by the insurance plan. In many States, including my own rich State of Pennsylvania, public-assistance laws are disgracefully inadequate. Many old people suffer from want and from mental agonies because of the policies which govern relief payments.

Many old people suffer rather than to force payments from married children whose incomes are not sufficient to cover their own family needs and plans for education of their children.

The age requirements for public assistance under many State laws, as in Pennsylvania, should be lowered. The means test should be discarded.

I trust that the increase in Federal grants to the States as proposed in this bill will help in bringing about a more decent and just policy in the payment of public assistance in the various States.

Despite objections, this bill if enacted will mark a great triumph for the American people. It is the very heart of the great liberal program promised by President Truman to the people of the Nation last November.

This is the center of the target which the opponents of social progress call welfare state legislation. It has been vigorously opposed in a psychological war by reactionaries who carelessly toss around scare words to frighten the American people.

Behind the scenes the real fight has been waged to kill or cripple this legislation. For many months it has been in a House committee.

Lobbies, like the Committee for Constitutional Government, fronting for selfish reactionary groups, carried on a very costly and extensive campaign against this so-called welfare-state legislation.

But in spite of all the money and propaganda used to frighten the people and to smear, discredit, and kill this leg-

islation, I have confidence that the bill, H. R. 6000, will be approved by an overwhelming vote.

It will be most interesting to watch the votes of those who so loudly shout about the dangers of welfare state legislation. If there is any welfare legislation before Congress, this must be it.

Mr. COOPER. Mr. Chairman, I yield to the gentleman from Alabama [Mr. ELLIOTT] such time as he may desire.

Mr. ELLIOTT. Mr. Chairman, I rise in support of H. R. 6000, to amend the Social Security Act, which bill is designed, in my judgment, to meet in part a great need of the American people for security in their old age.

I hope that this bill will be passed by the House of Representatives this afternoon and that shortly it may become the law of the land. I say this not because I think this bill meets all pressing needs for security for the aged people of this country, but I do feel that it is a step toward the goal of working out a reasonable security for the older citizens of this country. The need for this or similar legislation is very great. When the first social-security law was passed in 1935, it was thought that if the beneficial provisions of the act were supplemented with what we call old-age assistance, administered by the various States, that the social-security system would within a few years come to be a good system. But, Mr. Chairman, what has happened? Just this.

First. The Social Security Act was so limited in its coverage, that instead of fewer and fewer people being dependent upon old-age assistance with the passage of time, the number has increased, and today there are a great many more people dependent upon old-age assistance than are dependent upon social-security old-age pensions as such.

Second. The average old-age pension now paid under the existing Social Security Act to those covered by the act who have reached the age of 65 is a mere \$25 per month. These old-age pensions under the Social Security Act must be raised if the people covered by the act are to have any security in their old age.

Third. As already stated, the number of those dependent upon old-age assistance is increasing. Under present law the Federal Government will match State funds to provide old-age assistance payments to the needy aged of any State up to a total payment of \$50 per month.

But, Mr. Chairman, the result of such a system is that the poorer States, such as my State of Alabama, cannot match the available Federal funds, and the needy old people of my State are paid a bare \$20 per month. Every day I receive letters from the needy aged of my State setting forth the terrible conditions under which they must try to live on \$20 per month. Under the present system the richer States—those able to match available Federal funds—become richer. Their needy aged people receive higher old-age-assistance payments and those States unable to match available Federal funds become poorer.

My feeling about this matter is, and has been for several years, that we should immediately broaden the Social Security

Act to make it cover all segments of the population, and for those who for one reason or another cannot be covered by social security that we provide a Federal old-age pension of at least \$50 per month. If we did this, the needy aged of my State would enjoy the same degree of security in the evening of their lives that the needy aged of the richer States now enjoy. We all recognize that under the present high cost of living that no needy person can live well on \$50 per month, and that figure could be supplemented by the States in such amounts as they could afford. No; \$50 per month is not much for a needy aged person. But it is so much better than the \$20 per month now being received by the needy aged of my State under the public-assistance program.

The first bill I introduced when I became a Member of Congress was a bill to provide a Federal old-age pension of \$50 per month for needy aged people of this country. I am sorry that we do not today have before us a bill embodying that principle. I hope this Congress will deal with this need at an early date.

The Social Security Act embraces a program whereby a wage earner and his employer each contribute an equal amount for the security of the worker in his old age.

The coverage of the Social Security Act must be expanded. This is shown by the fact that in all the State of Alabama, with its 3,000,000 people, there are only 15,000 persons now drawing old-age pensions under the Social Security Act. As contrasted with this figure we have some 71,000 people now receiving old-age assistance through the county and State departments of public welfare.

I am for the present bill because it provides for a greatly extended coverage of the Social Security Act. It provides coverage for self-employed persons, except farmers, engineers, doctors, lawyers, publishers and a few other groups. Self-employed persons who have an income of \$400 or more per year will be covered. Employees of State and local governments, domestic servants, salesmen, and several other categories will be covered. I am also for this bill because it raises the amount of pensions or retirement benefits for those covered by the act. The very minimum pension for those covered will be, when we pass H. R. 6000, \$25 per month instead of the present minimum of \$10. The present average pension of \$25 for those covered by the Social Security Act will be raised to an average of \$44 per month. The bill also provides for a maximum family benefit or pension for those covered of \$150 per month as contrasted with an \$85 maximum under the present law.

Under the present law a pensioner under the Social Security Act is not allowed to earn more than \$15 per month. This is an unwise provision, and I am glad to see that the present bill raises this amount which a beneficiary is allowed to earn to \$50 per month. This country was built upon a foundation of hard work, and I feel that the Congress should be particularly careful not to infringe upon this principle. In other words, we should not prevent a retired pensioner from do-

ing work that he is fitted for and which he desires to do.

I am also for this bill because it provides for wage credits for veterans of World War II for the time they spent in the service. Under this bill they will be considered as having earned \$160 per month for each month they spent in the armed services during World War II and will be given credit for the amount they would have paid in as social-security taxes on a wage of \$160 per month had they been privileged to work in employment covered by the Social Security Act.

I think this provision is fair and attempts to do justice to our veterans of World War II.

I am also for this bill because it sets up a system of pensions for those covered by the act who become permanently and totally disabled. Those workers who become permanently and totally disabled would have their disability pensions paid to them on the same basis as their old-age pensions are paid under the act when they retire at the age of 65.

Just before I left home last December to take my place in Congress, one of my friends who had become permanently and totally disabled, asked me to come by his house. He was a man about 58 years of age and had been covered by the Social Security Act for several years until arthritis had brought him down. He urged me to do what I could to extend the benefits of social security to those who had become totally disabled. My vote for this bill today will be my answer to his request, and to the request, whether expressed or not, of thousands of others like him all over this country.

This is fundamentally and primarily a nation of 150,000,000 human beings. Its problems are by and large human problems. They require a human solution. The provision of disability pensions under the Social Security Act is wise and just. We will always be proud of our part in making these benefits possible for the wage earners of this country.

Many times I have had self-employed people speak to me about the advantages of social-security pensions and express the desire that they could be provided with these benefits. This pending bill will provide coverage for most of the self-employed people in this country.

I am very disappointed that the pending bill did not extend coverage to the farmers of this country. They, as a class, are as much or more so in need of the benefits of this legislation as is any other class of our population. Roughly 70 percent of the people of Alabama live on the farm. Over half of our farmers are tenants. Farming, as carried on in my State, requires much hard physical work—hard, manual labor. Many of our farm people break down in their old age. Many, through no fault of their own, because of low income, are unable to save much for their old age. Under present laws many of them are dependent in old age on public welfare assistance. The payments to them are small. We must devise a better system. I shall not be satisfied until we have worked out a realistic system of laws providing old-age pensions for our farmers.

This bill is a step in the right direction. We must meet the problem of old-age security head-on and solve it. I am convinced that the people of this country are willing to pay for and support an equitable system of old-age and disability pensions. Our failure to provide such will further confuse the issue by allowing various groups of the population to set up various and conflicting and overlapping systems that will oftentimes discriminate against those groups that need old-age security most. On the matter of old-age pensions I believe the thinking of the people of this country is way ahead of the thinking of the Congress on the subject. Let us pass this bill and then go to work to cure some of the remaining weaknesses of the social-security system.

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. KLEIN].

ALL OF THE PEOPLE ARE THE GOVERNMENT

Mr. KLEIN. Mr. Chairman, it goes without saying that I am going to vote for H. R. 6000. I can find it in my heart to wish that the bill were somewhat more liberal than it is; but it is the product of debate and discussion, even under a closed rule, in the American tradition, and in the democratic tradition, of legislation.

I have just returned from an all-too-brief tour of Europe, where I saw the tragic results of undemocratic rule with my own eyes. More than ever, I like the American way of doing things, politically and otherwise. Under our system of free and open debate of issues, our sympathy with all minorities, our insistence on equal protection of the laws for all persons, we may not move as fast or as far or as efficiently as we might under a dictatorship; but we move more safely.

In our concept of political relationships, we believe that all of the people are the government.

That is especially true of the Democratic Party, which introduced into American statute law the original Social Security Act which we are preparing to extend and expand here today.

The Democratic Party believes that American citizenship is indivisible and undiminshable.

NO SPECIAL PRIVILEGES

This means that the millionaire has no special rights or privileges, under law, not possessed by the lowliest and poorest citizen; that a penniless Negro is equal before the law to a wealthy Daughter of the American Revolution.

It means that in the philosophy of government expounded in administration and legislation by the Democratic Party we take the position that the American social and political structure is integrated, and that "government of the people, by the people, for the people" is not an inspired campaign phrase but a concise statement of sound political philosophy.

That is why the American people have five times chosen a Democratic national administration, in free and open elections in which the right of all opponents to be opponents has been as carefully

guarded as has the right of Democrats to be Democrats.

When Franklin D. Roosevelt was first elected President, it can be argued, with no reflection on his greatness, that anybody could have won the election; but when the vast legislative program he initiated was endorsed four consecutive times, the conclusion is inescapable that the American people want the Democratic platform.

SOCIAL SECURITY ONLY ONE OF MANY POPULAR MEASURES

Our great system of unemployment and old-age insurance, which we lump under the general name of social security, is only one, if perhaps the most popular, of the many reforms and advances made under Democratic leadership over the last 18 years.

Public housing, more and better education, conservation of natural resources, public utility regulation, a sound code of laws for labor-industry relationships, minimum wages and maximum hours—all these and many more are solid accomplished facts, brought into actuality by the courage of Democratic leadership in the face of strenuous opposition.

It was such opposition which makes the bill before us a pressing necessity; for many of the provisions embodied in H. R. 6000 were also embodied in the original social-security bill when it was introduced, and were taken out of the bill in 1935 to insure passage of the remainder.

I am particularly happy that the committee has seen fit to offer carefully worded and equitable definitions of employees and employers which will do much to end the uncertainty which has bedeviled some employers in good faith, and which has enabled a small minority of grasping and unscrupulous employers to exploit salesmen.

I am happy also that the committee has acted to provide for participation in the social-security program by self-employed workers, and regret only that it has not felt that the inclusion of professional practitioners of the arts and sciences is timely.

The committee especially is to be congratulated upon its clearly written report, which will stand as a monument for many years to its accomplishment, and will illuminate the intent of Congress for the guidance of the courts, of the administrative agencies, and of the American people.

NEW YORK ELECTION ISSUES

The people of my State of New York will be called upon in just a few weeks to elect a new Senator. Debate this week on the social-security amendments has helped to clarify the issues.

On the one hand, we have a Democratic candidate known as an ardent supporter of the New Deal and the Fair Deal, a man who greatly distinguished himself as a governor of New York, and who is pledged to do everything in his power to advance the legislative program of President Truman for responsible and responsive democratic government.

On the other hand we have a Republican candidate who finds his personal inclinations circumscribed by the limita-

tions of the Republican Party. Already he has had to make use of that particularly offensive and meaningless cliché, statism, to express his opposition to progress.

Needless to say, I firmly expect Gov. Herbert Lehman to be elected, and I have offered him every support I may be able to provide.

In that context, because it is so relevant to today's debate, I wish to quote from Governor Lehman's introduction of Mayor O'Dwyer last night.

Governor Lehman said:

Our philosophy of government can be simply stated: It seeks at all times a broader field of social justice and of opportunity for all groups which make up the state.

That, Mr. Chairman, epitomizes the spirit in which we will pass this bill today, and many another bill in the future, for the sake of human welfare and individual dignity.

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Washington [Mr. JACKSON].

Mr. JACKSON of Washington. Mr. Chairman, in my opinion, the expansion and improvement of our social-security system is one of the pieces of "must" legislation for this Congress.

I do not speak as a brand-new friend of social-security expansion. I introduced legislation to broaden and liberalize the system in October 1945, and again in February 1948. In this present session of Congress, I introduced another bill, H. R. 4876, the provisions of which I will summarize below.

While I regret that the Committee on Ways and Means did not see fit to adopt some of the crucial provisions of my bill, I have nothing but commendation for the painstaking way in which the committee has scrutinized every problem in this vast and complex field. After lengthy hearings and long weeks of discussion, the committee has reported out a fine bill.

I am going to vote for that bill.

Simply stated, H. R. 6000 means more benefits to more people under more liberal conditions.

The philosophy behind this may also be stated simply.

Citizens of the United States in their old age, or in time of need, can receive assistance from their Government in two ways.

One way is through relief—costly to the Government and, in many cases, humiliating to the individual. This is a method which penalizes the industrious and the frugal.

The other way is through an insurance scheme—under which the benefits an individual receives are those he has worked and paid for. It is not a something-for-nothing scheme at all. It is a way of having people plan ahead for their old age—and an inexpensive way at that.

One of the principal purposes of the original Social Security Act was to lessen the financial burden of old-age assistance on the Government. A paid-for program was to replace the dole. But because we let the system stand still while the economy moved on rapidly, that purpose has not been realized. We simply do not include enough people in

our insurance program. Relief still takes care of many more people than insurance.

And while insurance benefits have stood still, the total of relief payments has almost doubled since 1939.

That is the reason for the extension of coverage proposed in H. R. 6000.

It is time we overhauled the system and brought it up to date. The 1939 level of benefits, inadequate even for that year, has remained untouched while the cost of living has risen nearly 75 percent.

That is the reason for the more liberal benefits proposed in H. R. 6000.

Let me summarize very briefly the major changes proposed in the bill we are now considering:

First. It extends the coverage of the program. The new system will include 11,000,000 more people than are presently covered, in these major categories: Nonfarm, nonprofessional people who are self-employed; employees of State and local governments—on a voluntary compact basis—some domestic servants; employees of nonprofit institutions; certain Federal employees; agricultural processing workers; and salesmen excluded by the Gearhart resolution.

Second. It increases benefits.

Higher benefits—in some cases almost twice the present benefits—will be paid according to a new and more liberal formula.

The wage base for contributions and benefits is raised from \$3,000 a year to \$3,600.

The minimum and maximum benefits are raised; and the benefits will be increased by one-half of 1 percent for each year of coverage—a feature which I consider vital to the bill and which I will stress in a moment.

Third. It liberalizes the conditions under which benefits may be received.

Newly covered groups will begin to draw benefits after only 20 quarters of coverage—the present minimum is 26 quarters.

Beneficiaries may earn \$50 a month—compared with the present \$15—without sacrificing their benefits—certainly a realistic change.

Conditions under which the lump-sum death payments may be received have been liberalized, as have the payments for widows' children.

Fourth. The proposed bill takes a major step forward—a step long overdue—in including in the insurance scheme provision for permanent disability.

No one can budget ahead for a heart disease or arthritis—chronic illnesses with which 2,000,000 Americans are now afflicted. What these diseases do, in effect, is to force upon a person premature and unchosen retirement. Only 5 percent of these people are disabled as a result of their work—so almost no one gets relief under compensation laws.

Under the present system, a person who has contributed to the system for a number of years may lose all of his benefits merely because he is disabled before he becomes eligible for them. As

the committee report states, such a worker "has a real stake in the system which deserves to be recognized. He should not be required to show need to become entitled to benefits."

PROVISIONS OF JACKSON SOCIAL-SECURITY BILL

I have said that I intend to vote for this bill—and I do so without hesitation, even though it does not incorporate some of the features I sincerely believe should be included. For the RECORD, let me explain the principal provisions I believe should eventually be adopted.

EXTENSION OF COVERAGE

First. The social-security system should be extended to include more people—including farmers, lawyers, engineers, and the domestic servants who have been left out of H. R. 6000. The Committee on Ways and Means is to be commended for extending the coverage to 11,000,000 additional persons, but the program is not yet complete. If extended to another 8,000,000 working people, with a minimum benefit of \$50 a month, which I recommend, we would at last have a comprehensive pension system, with payments based upon a right earned through work and contribution—not a humiliating program of dole, with a means test. It would be a system consistent with our American ideas of frugality and enterprise.

This extended coverage would not be forced on these people. The farmers of my State have asked to be included in the program. A Nation-wide Gallup poll shows that 60 percent of the farmers of the Nation wish to be included. The Grange organization in my State of Washington has asked that its members be brought under the program.

After all, no one is spared the experience of growing old.

LIBERALIZED BENEFITS

Second, there are four ways in which I believe benefits should be liberalized.

First. The minimum benefit should be raised to \$50 a month, compared with the present \$10 and the \$25 proposed in H. R. 6000.

Second. I believe that the wage base used for computing contributions and benefits should be \$4,800 per year rather than the proposed \$3,600. However, I wish to commend the Committee on Ways and Means for the advance it has made in raising the level to \$3,600, despite powerful proposals to keep the status quo.

Third. I believe that the "average wage" used to determine benefits should be the average of the most favorable 5 consecutive years of earnings, rather than an average of all covered years. This would eliminate penalties for periods of unemployment and noncoverage, and would more accurately reflect a worker's loss of earnings at the time of retirement.

Fourth. I believe that there should be a 1-percent increase in the benefits payments for each year of covered employment, as compared with the one-half of 1 percent recommended in H. R. 6000. This increase is a most important concept in the field of social security. For one thing, it provides an excellent incentive for long and continuous employment under the program. For another,

it seems only fair that those who have been long-time contributors to the program should reap greater rewards.

CONDITIONS OF ELIGIBILITY

I favor the liberalization of the conditions of eligibility in two major respects. First, I believe that the retirement age for both men and women should be lowered from 65 to 60. Second, I believe that a newly insured person should be eligible for benefits after he has been covered for one-fourth of the quarters since 1936. That would make a person beginning his contributions in 1950 eligible for benefits in the second quarter of 1953.

INSURANCE FOR TEMPORARY DISABILITY

I have already mentioned the significant accomplishment of the Committee on Ways and Means in including in H. R. 6000 provision for permanent disability insurance. I do not mean to detract from that accomplishment in any way when I suggest that the system should eventually include provision for temporary disability as well—an illness or injury that keeps a person away from his work for less than 6 months. These temporary illnesses are a hardship on a family no less than a permanent disability. For the individual it is impossible to plan for illness. But for a large group, illness is a predictable, insurable risk. Temporary disability insurance has been tried in three States. It seems to be a success.

Mr. Chairman, no one who is aware of the widespread unrest in the field of labor-management relations over this question of security in old age can help recognizing the need for a more comprehensive, liberalized social-security system, in tune with the times, which will give greater benefits to more people.

That is precisely what the Committee on Ways and Means has given us to vote on in H. R. 6000.

Mr. JENKINS. Mr. Chairman, I yield 15 minutes to the gentleman from Nebraska [Mr. CURTIS].

Mr. CURTIS. Mr. Chairman, a great many Members of the House have raised the question as to how much increase in benefits is provided for our old people in this legislation. Those of you who have the bill H. R. 6000 before you, if you will turn to page 119 you will see a chart that shows how much of an increase the people who are now retired and are drawing old-age and survivors insurance will receive. For instance, someone now getting \$10 will get \$25. Someone now drawing \$30 will be raised to \$50.90, and so forth.

I am glad those people are getting that increase. If there is any criticism against the Ways and Means Committee in the deliberations of the last 6 months, it has been their failure to do something to eliminate the injustices and inequities in the old-age-assistance program.

That same table which appears on page 119 in H. R. 6000 appears in the minority bill on page 99.

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

Mr. CURTIS. I yield.

Mr. DONDERO. I think in your statement you intended to say to correct

the injustices and inequities, rather than increase them.

Mr. CURTIS. I thank the gentleman.

The minority bill increases those benefits for the old people in the same manner. For instance, someone now drawing a minimum of \$10 a month will be raised to \$25, and so on down the list.

The provisions for old-age assistance are the same in H. R. 6000 as in H. R. 6297, which will be offered in the motion to recommit.

You can go down the streets of any of your towns and meet the old people who are drawing old-age and survivors insurance or old-age assistance and assure them that your decision today on this motion to recommit does not take anything away from them, because both bills are identical in that regard, pertaining to the people now drawing benefits.

There are some things about the insurance program upon which there is considerable disagreement. That disagreement has not always followed partisan lines. As a matter of fact, one of these items was decided one way in the committee and a little later the committee reversed itself and changed its mind.

The minority bill, for instance, benefits older people and people who have had irregular employment and who are about to retire, in a way that H. R. 6000 cannot benefit them, because the benefits are fixed on an average monthly wage. The formula for arriving at the average monthly wage in the minority bill favors the old workers, the irregular workers, and the workers who are about to retire. So in the group that are now receiving benefits, and those about to receive benefits, they will fare better or just as well under the minority bill as under the majority bill. It is true that at a later time—and it will take some years to reach—H. R. 6000 carries what we call the increment; the benefit is increased one half of 1 percent for each year the person has been under the program. That is not going to help your old people now; and that is not going to help the people on old-age assistance who have a welfare worker call at their home, have them make out a budget, and then give them a meager amount to get along on.

Here is another change in the minority bill: The minority bill continues the wage base upon which people will pay taxes. The minority bill continues the provision of paying the employer and employee tax on the first \$3,000 of wages. The majority bill raises that to \$3,600. That is a bad provision; it will increase the taxes not only on employees, but it will also increase the taxes on everyone who is providing jobs for others. Furthermore, it is bad because \$3,000 has been the ceiling for unemployment compensation and many other State programs. So you are going to add to the difficulty, confusion, and taxes of the small employers of the country by this provision of H. R. 6000.

This provision was adopted by the Committee on Ways and Means at one time; we settled on a \$3,000 wage base, but it was later raised to \$3,600.

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

Mr. CURTIS. I yield.

Mr. COOPER. Did not the committee also at one time adopt a wage base of \$4,200?

Mr. CURTIS. They may have, but as I recall, it lasted only 5 minutes, or some such short time. I may be in error about that, but at any rate it shows that there is considerable disagreement among the people who studied this. There is a strong case to be made out for the \$3,000. The reason for asking to have the base raised to a higher figure was the increase the benefits. There may be an argument in favor of that, but to raise it just \$600 is neither fish nor fowl, but it does add a lot of confusion to the picture so far as the business of the country is concerned.

I do not want to take too much time, I am not going to use all the time allotted to me, but there are two other differences between the majority bill and the minority bill that I wish to mention, one of them is that the majority bill extends the Social Security Act, including permanent and disability insurance, to Puerto Rico and the Virgin Islands. I do not believe we should at this time, without the investigation that has already been voted, take that step. We perhaps are forcing on to them a social-security system that will be most disturbing to their economy.

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

Mr. CURTIS. I yield.

Mr. LYNCH. Is it not true that the social-security system will not be forced upon Puerto Rico until the Puerto Rican Legislature passes upon it affirmatively.

Mr. CURTIS. That is correct, but I do not think we should even go that far. This House had a good reason for voting \$25,000 to send the committee to those two places to investigate this matter. We should have a social-security system for Puerto Rico and the Virgin Islands, but, certainly, it should be studied and determination made that it is not a system which will be disrupting to their economy.

Mr. LYNCH. Was not the authorization covering the \$25,000 for the purpose not of determining whether or not Puerto Rico should get the minimum benefits but whether or not Puerto Rico should be placed on the same level as the States?

Mr. CURTIS. I think not. It was for the committee to go down there for the purpose of studying their economy and determine the question.

Now, may I mention one other big issue that is involved here. That is the question, Shall the United States Government go into health insurance, insurance against permanent and total disability? I am not going to argue with the individual who believes that that is a desirable step. I do think we should consider the other problems immediately before us, the situation of the Treasury, the tax load that is now on the people and the present burdens on our Government.

I call your attention to the fact that this provision for permanent and total disability insurance is just the beginning. Not many people can ever receive benefits under it. This means, if it is started, there will be a demand and a

continued demand to increase it into a gigantic and costly program.

Every Member here has in his acquaintance fine people back home who are disabled. You know individuals who have been injured or they are ill, they are paralyzed, maybe they were born crippled. The passage of an act to put the Federal Government into permanent and total disability insurance will not help any of them. They cannot get insurance without a wage record. Why, you will plunge this country into a new venture, a very costly venture; at the same time, it will not do anything for those people who are not crippled, those who are now disabled, those who become crippled in childhood, or in future years those who are born crippled. There will be a huge gigantic bureau to handle this permanent and total disability insurance; yet nothing for the poor chap who was born crippled and has never known what it is to run across a lot and throw or bat a ball. It does not do anything for them. Old age or death are something sure that is going to happen to all individuals. So it is all right to tax that individual on an actuarial basis to pay for his own benefits. All of the people are not going to become crippled or physically disabled. It is something the masses will pay for to help the few. When they tax me to pay disability benefits I want those disability benefits to go to the chaps who are born crippled, to the individual who might become paralyzed before he ever held a job, to the individual who is crippled now, and not as just an addition to our State systems of workmen's compensation for the few who might benefit.

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

Mr. CURTIS. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. The class of people to which the gentleman is referring are taken care of in this bill under public assistance.

Mr. CURTIS. In both bills.

Mr. DOUGHTON. One other question. Those who come under the total and permanent disability features have to be fully covered and there must be a need. They will not get a dime unless they can show need.

Mr. CURTIS. Under the insurance program you are paying disability benefits to people regardless of their income, without regard to the property they own or their income.

Mr. Chairman, I am firmly convinced that this minority bill comes nearer doing what down in the hearts the majority of the Members of this House feel ought to be done than H. R. 6000. I am not going to restate the argument on the closed rule, but there are things in H. R. 6000 that would not have stayed in there had we had a chance to vote on amendments. I appeal to the conservative-minded Democrats to vote down H. R. 6000. There is no security in any program that goes too far, that promises too much, that costs too much, that loads the future with too great a cost. H. R. 6000 will cost at least \$1,000,000,000 a year more than the Kean bill. I urge you to vote for the motion to recommend.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Louisiana [Mr. Boggs].

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

Mr. BOGGS of Louisiana. I yield to the gentleman from Ohio.

Mr. YOUNG. Mr. Chairman, I ask unanimous consent to extend my remarks at the point in the RECORD following the address by my colleague the gentleman from Louisiana [Mr. Boggs].

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

There was no objection.

Mr. BOGGS of Louisiana. Mr. Chairman, and members of the Committee, my distinguished friend and colleague from Nebraska, in concluding his remarks a moment ago, made the statement and pleaded with the Members of this body not to vote for any program which cost too much, which went too far, or promised too much. Prior to making that statement he made quite a plea for the enactment of the so-called minority bill. Prior to that time, when the committee report was drafted, he wrote, beginning on page 173 thereof, "Additional minority views." I must confess that I am somewhat confused by my good friend, because in the additional minority views he makes a plea for the enactment of a general pension in the United States of America, and in the same breath he condemns the principle of old-age and survivors insurance. Now he comes before this body and he asks us to vote for the so-called minority bill which, in principle, incorporates the same thing which we have incorporated in the majority bill on old-age and survivors insurance.

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

Mr. BOGGS of Louisiana. I yield to the gentleman from Nebraska.

Mr. CURTIS. I want to thank my distinguished friend for calling to the attention of the House the minority report. I hope the gentleman will create some interest in it and that they will read it. I believe that the present social-security law is not doing the job for this generation of aged, and it is building up an excessive cost for the future. The Kean bill does not load the future to the extent that H. R. 6000 does.

Mr. BOGGS of Louisiana. Please, I yielded for a question, not for another speech.

Mr. CURTIS. I know, but I wanted to add to the gentleman's splendid advertisement of my views.

Mr. BOGGS of Louisiana. I am very glad that the gentleman wants me to further acquaint the Members of this body with his minority report. I will read for the benefit of this body the recommendations of the gentleman from Nebraska, and I will ask the Members of this body which is the more constructive and which is the more conservative bill, whether the committee bill is sound, practical, economical, conservative, and makes good sense, or whether the gentleman's proposition is statism, socialism, welfare state and all of the other

platitudinous words that have been thrown around here today.

I quote from page 183 of the report the language of the gentleman from Nebraska [Mr. CURTIS]:

CONCLUSION

I have, in the foregoing paragraphs—

In those foregoing paragraphs he criticizes the old-age and survivors insurance program which he just defended a moment ago here as incorporated in the Kean bill.

I have presented only some general ideas of how I would overhaul the insurance program. To put these ideas in somewhat more concrete, but not at all final, form, I am submitting the following outline of tentative benefit proposals:

1. Payment of old-age benefits to all citizens who have reached retirement age or over, to the widows of deceased citizens and to their orphaned children under 18.

2. Payments within each category (aged, orphaned, and so forth) to be uniform in amount, though amounts for different categories may differ.

3. No needs test or work clause, except that other federally supported benefit programs would be offset.

Now, Mr. Chairman, that is the Townsend plan.

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

Mr. BOGGS of Louisiana. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. It would cost about \$15,000,000,000 a year.

Mr. BOGGS of Louisiana. I will come to that in a moment.

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

Mr. BOGGS of Louisiana. I yield to the gentleman from Nebraska.

Mr. CURTIS. I would just remind the Committee that any proposal of mine is not being offered as a motion to recommit. It is not before the House. Why not read all my recommendations and not stop with only a part of them. The gentleman knows that I do not advocate a costly program.

Mr. BOGGS of Louisiana. What the gentleman is saying is that his proposal is unsound, do I understand that?

Mr. CURTIS. No.

Mr. BOGGS of Louisiana. Go right ahead.

Mr. CURTIS. I am just calling the attention of the Committee to the fact that that is not contained in the motion to recommit, which contains the bill of the gentleman from New Jersey [Mr. KEAN].

Mr. BOGGS of Louisiana. What the gentleman has said, as I understand, is that he is for this program I have just read, which is the Townsend plan, and which would cost the taxpayers of the United States at least \$15,000,000,000 per annum out of the Treasury of the United States.

Now let us talk about costs. Let us look at that for a moment. What is the committee bill seeking to do? The committee bill says, in keeping with the recommendations of the advisory committee appointed by the Finance Committee of the Senate in the Eightieth Congress, headed by a Republican Senator, and in keeping with the recommendations of the majority of the members of this

committee after hearing evidence for 6 months, it is the considered judgment and policy of the committee that those participating in this program shall contribute to its cost. That is a sound proposition. That means that the men and women who benefit pay for those benefits. But the gentleman from Nebraska says that the cost will bankrupt the Government of the United States. On page 179 in his minority views he points out the cost in 10, 20, 30, 40, and 50 years, and so forth, and finally he gets up to the figure of \$11,700,000,000. That \$11,700,000,000, if it be accurate, and I presume it is, is derived from the contributions of the employers and the employees. It is not taken out of the general funds of the Treasury of the United States of America.

But what would happen if the plan proposed by the gentleman from Nebraska [Mr. CURTIS] were adopted? Let me give you some figures on the cost of his proposal—and I will be modest about it. If the flat payment were to be \$20 a month—mind you, that is \$5 less than the minimum benefit provided in the proposed legislation—the annual cost out of the Treasury of the United States would be \$2,800,000,000. If it were \$30 a month, it would be \$4,200,000,000. If it were \$40 a month it would be \$5,600,000,000. Again, not out of the reserve fund built up by the contributions of employers and employees, but out of the general fund of the United States of America.

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

Mr. BOGGS of Louisiana. I yield briefly for a question.

Mr. CURTIS. If you are opposed to doing something for all of the old people of the country, why is it that Louisiana has 8 out of 10 old people on old-age assistance, when the national average is only about 2 out of 10?

Mr. BOGGS of Louisiana. I am very glad the gentleman brought that up, because that proves under the existing program, if the States are willing to make the sacrifices required, something can be done for the old people. Let me say to the gentleman he made this vigorous plea here a moment ago about what we had failed to do for the old people. The gentleman appeared before the Committee on Rules against this bill. Now he comes here advocating the Townsend plan and he says he is going to save the Government money. I say, "Consistency, thou art a jewel" indeed.

Mr. CURTIS. The gentleman from Nebraska has not advocated the Townsend plan or any plan costing the ridiculous amount stated by the gentleman from Massachusetts [Mr. McCORMACK]. I do favor a social-security program that treats all our old people alike and I want to end the abuses under old-age assistance. You are reading part of my recommendations and not all of them, to belaud the issue that is involved, which is the motion to recommit.

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

Mr. DOUGHTON. Mr. Chairman, I yield 10 additional minutes to the gentleman.

Mr. BOGGS of Louisiana. Mr. Chairman, the Members of this body do not want to be deceived. There is no Member who has sat in the House of Representatives more than 30 days who does not know what the Townsend plan is. The Townsend plan is a general pension for everybody reaching the age of 65 or 60. The only difference between the gentleman's proposal and Dr. Townsend's proposal is in the amount—that is all—plus the fact that he discriminates against the veterans.

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

Mr. BOGGS of Louisiana. I yield.

Mr. McCORMACK. In connection with the motion to recommit, I should think it ought to be impressed upon any of the Members who might believe in something like the Townsend plan that that is not even in the minority report.

Mr. BOGGS of Louisiana. No. As a matter of fact, the motion to recommit, or in other words, the bill of the gentleman from New Jersey, is certainly not the Townsend plan. In other words the gentleman from Nebraska just made a speech for a measure to which he is opposed according to the views expressed in his own minority report and published in the official committee report.

Mr. Chairman, the Members of this body must know—they must know—that the problem which confronts the United States of America in working out this situation is to bring before the people of the United States the soundest and most constructive program that we can devise under existing conditions. I believe if you will approach the work of this committee fairly and if you will analyze the testimony before the committee—if you will note the names of the distinguished men and women who testified before our committee, I think you will say your Committee on Ways and Means has done a good job and is moving in the right direction toward bringing about a constructive social-security program and is not engaging in any demagoguery to fool anyone, whether they be old people, widows and orphans, or what have you.

Mr. Chairman, I yield back the balance of my time.

Mr. YOUNG. Mr. Chairman, I assert the people's Representatives can provide reasonable social security for the less fortunate among us without in any way sacrificing that liberty which we know as the American way of life. An adequate old-age insurance program, reasonable aid to the unfortunate, and extension of retirement benefits is not statism nor is it socialism. Your Congress is determined that aid for the aged shall be based on an insurance system instead of a mere pension system. We have broadened coverage, benefits have been greatly increased. A worker who would now retire at \$31 monthly, which is the present average payment, will, under the new bill, get approximately \$56 monthly.

Personally, I consider it but a matter of time before farmers and farm laborers will ask Congress to include them within the social-security program. When they fully understand the benefits of the Federal social-security system, they will plead with their Representatives to admit them.

Farmers not only pay for the benefits which industrial workers receive because certainly a part of the pay-roll tax is added to the cost of products they buy, but they are also paying State taxes to meet local old-age assistance and relief burdens. I am convinced that all gainfully employed men and women, except public employees such as teachers who have their own pension systems, should be included under our social-security program. We face the problem—should we make the social-security system financially sound so that it will maintain itself, or should we permit the present tax to be frozen at 1½ percent against employer and the same tax against employee, providing any deficit be paid from the general revenue. Obviously, such a scheme would be unfair to taxpayers who are not covered in employment. Therefore, in this social-security legislation instead of compelling any citizen to pay Federal taxes for benefits paid to other citizens, we provided this bill which will enable the social-security system to carry itself, the schedule of taxes rising from 1½ percent against employer and employee in 1951 is gradually increased up to 1970 and the social-security system carries itself. Of course, as for the self-employed, they are both employer and employee and must pay a greater tax than fixed for employees only.

Under this social-security program, we of this generation do not impose upon our grandchildren to find the money to pay benefits we have promised. This is a pay-as-you-go social-security program. It is sound in every respect. It represents the greatest legislative achievement of your House of Representatives within the past 10 years. We provide a social-security system under which people may retire in comfort instead of on a mere subsistence level.

It may be taken for granted that this Congress will liberalize social-security payments. The dignity of every individual in the Nation is involved. Something deep inside a person is offended if after a lifetime of productive work all he gets is a hand-out. If we are not going to have social insurance, we must have relief.

Social-security amendments increasing welfare benefits and expanding coverage is the most important legislation to be considered in the House of Representatives before adjournment of this session. Salesmen, self-employed, except certain professional self-employed, domestic servants, and other workers not now eligible for social-security benefits upon attaining the age of 65 will be covered. Old-age security and social-security payments generally will be increased.

Last year C. E. Wilson, president of General Motors, received \$516,000 salary and bonus. He made \$258 an hour. General Motors voted him \$25,000 per year retirement pension effective when he decides to retire. If American industry—big business—can afford to pay pensions to retired officials who do not need them, is it state socialism when the people's representatives impose a tax on industry and on the employees to pay retirement pensions, or social-security payments, to those who do need them?

We, in the Committee on Ways and Means, worked in lengthy daily sessions for 26 weeks dealing exclusively with social-security problems. This is the first extension and liberalization of the Social Security Act in 10 years. Benefits for existing beneficiaries will be increased from 50 to 150 percent. Minimum primary benefits have been increased 150 percent. Minimum family benefits have been increased from \$85 to \$150 per month. A good prediction is that the public generally will be pleased with this legislation and that following its passage in the House of Representatives, the other body will act favorably on this legislation early next year. Federal contributions to the States have been increased \$160,000,000 yearly for the needy aged, the blind, and for dependent children. This social-security proposal also provides that a worker drawing retirement benefits may now earn up to \$50 a month instead of the present limit of only \$15 without losing retirement pay.

H. R. 6000 was written following extensive public hearings and every provision in this fine bill is there because of either unanimous vote or majority vote of the Committee on Ways and Means.

There was no evidence that the majority of farmers, lawyers, doctors, dentists, and other professional men desired to be covered by social security. There was ample evidence that other self-employed did desire to be covered by provisions of the social-security law.

The last Congress, by limiting the definition of employees, removed nearly 700,000 individuals from social-security benefits. We have repealed that provision and restored those individuals. In addition, we have provided that workers who have paid for coverage under social security and who then become totally and permanently disabled will immediately receive social-security payments and enjoy benefits for which they paid while working and of sound health. At the request of employers of nonprofit institutions, we have admitted on a voluntary basis 600,000 employees of charitable institutions such as churches and welfare organizations.

Regularly employed domestic servants, other than those employed in farm homes, will now be included within social security and these 700,000 persons surely need the benefits of social security. Public employees already under retirement systems are covered only if upon a referendum by a two-thirds vote of the membership they choose to enter the social-security system. The enabling act for this purpose must be provided by State or local legislation.

The social-security bill would increase old-age and survivors insurance benefits materially. For instance, it will boost from \$41 to \$79 a month the social-security payment for a man over 65, with a wife over 65, who has been in the program for 10 years at an average wage of \$100 a month. If the monthly pay averaged \$250 the social-security payment would go up from \$66 to \$102.

The hope we all cherish is an old age free from care and want. To that end people toil patiently and live closely,

seeking to save something for the day when they can earn no more. In the life of the worker there are weeks, often months, of enforced idleness, weeks of unavoidable sickness, losses from swindling, and then, as age creeps on there is a constantly declining capacity to earn, until at 65, many find themselves unemployed. There is no more pitiful tragedy than the lot of the worker who has struggled all his life to gain a competence and who, at 65, is poverty-stricken and dependent upon charity. The black slave knew no such tragedy as this. It was a tragedy reserved for the free worker in the greatest nation on earth.

Regarding social security expansion and liberalization, one can well comment that in this Nation we have gone a long way since 1932 when the then President said, "Relief is a local problem."

Private charities, bread lines and soup kitchens must not be the answers of American intelligence and sense of justice to the problem of unemployment and indigent old age.

An added reason we should pass the social security expansion bill is to head off the trend toward private pension plans in industry. The pension issue cuts a big figure in the steel- and coal-contract controversies.

The demand for social-security payments by segments of our population, by Ford employees, and steel workers, for example, threatens to result in unbalanced, overlapping, and competing programs. The financing of such private programs may become chaotic and their economic effects dangerous. We Congressmen intend to liberalize the Nationwide system before it is undermined by these outside forces. Once this basic system is firmly established, remaining needs of particular groups in industry can be assessed and met in an orderly manner.

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

Mr. KEAN. Mr. Chairman, on yesterday I discussed the reasons why I favored the general philosophy which is behind H. R. 6000. Today I want to tell you why those who favor a liberal and sound social-security system should support H. R. 6297, in place of the committee bill, when it is offered to the House on a recommittal motion.

H. R. 6297 would cure the major defects of the administration bill while providing greater benefits for the lower-income groups.

It contains the same increase in benefits for those now retired under old-age and survivors insurance as does the administration bill.

It contains the same increase in benefits for those on the assistance program as does the administration bill.

But it provides for the coverage of 1,300,000 additional workers who would be left out under the Democratic bill.

It would save over \$1,000,000,000 a year.

It would mean a lower tax rate for the American people.

It would provide for higher benefits for those who are occasionally laid off their

jobs by basing the amount of benefits on the best 10 years of consecutive employment.

It would provide for permanent and total disability payments to those in need through the Federal-State assistance program rather than through the insurance program.

It would correct the provision of the administration bill which surrenders to the Treasury Department and the Federal Security Administration the right to determine what rate of social-security tax a person should pay by giving those agencies the authority to determine who is a self-employed person and who is an "employee."

There are several grave matters of policy which ought to be decided by the House. The fact that we have to vote them all up or down in one package is a mockery of representative government. If those who engineered the deal for this gag rule really believe in democracy, their consciences should not let them sleep for many a day.

To go into more detail. The bill which will be offered you on a recommittal motion is the same as the administration bill except for 10 items. These are briefly outlined in the minority views on page 157 of the committee report.

I will discuss the more important changes first:

H. R. 6000 provides a double reward for those who have steady employment. First, there is what is known as the continuation factor:

A worker's benefits are first calculated on his average wage over his working lifetime, according to the formula provided in the bill, and then there is a deduction for the amount of time during which he was not working or was not in covered employment.

For instance, if a man's primary benefit was \$60 and he worked in covered employment for 19 out of 20 years, you would divide his primary benefit of \$60 by nineteen-twentieths and the resultant figure which he would be paid monthly would be \$57.

So the man who has been steadily employed has the reward of getting the full \$60 while the man who has been out of work, or not in covered employment for the 1 year, will only get \$57.

The second reward for steady employment is what is known as the increment factor. This is a credit of one-half of 1 percent of primary benefits for every year in which a worker remains in the system. The individual I referred to above whose primary benefit was \$57 would thus be credited with 28 cents for each of the 19 years he remained in the system and thus his primary benefit would amount to \$62.32; while the man who was never out of the system would have an increment factor of 30 cents a year and his primary benefit would be \$66.

Thus the more fortunate receive a double reward under the committee bill.

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

Mr. KEAN. I yield.

Mr. HARRIS. Who would pay the additional benefit that the gentleman would receive?

Mr. KEAN. It would be paid by the people who contributed to the system, including the individual himself.

Mr. HARRIS. In other words, the individual would be paying for what he would receive as benefits?

Mr. KEAN. Yes, sir.

This so-called increment is a very expensive proposition. Actuaries estimate that its cost will amount on an average to well over \$800,000,000 a year.

The advisory committee of experts set up 2 years ago by the Senate Finance Committee recommended its abolishment.

In the first draft of H. R. 6000 it was abolished. However, on reconsideration the Democratic members put it back in the bill. But this addition would have necessitated a further increase in the heavy pay-roll tax by almost 1 percent.

The Democrats did not relish putting into their bill a 7½-percent tax and, therefore, they looked around for other ways to lessen the cost of the bill.

In the bill as originally drafted was a provision that benefits be based on the 10 best years of a working life. This would greatly benefit those who, owing to the business cycle, are occasionally laid off their jobs, and other important classes of workers—particularly farm labor, for owing to the fact that farmers and farm labor are still excluded from the social-security system a large number of these workers will still shift back and forth between covered and uncovered employment, thereby creating a record of irregularly covered employment for social-security benefits.

With the change in the wage scale since the late 1930's and the historical fact that wage scales increase over the years, benefits based on the 10 highest consecutive years will reflect more closely the amount required for a decent standard of living than would the average wage over a working lifetime which not only includes years of depression and unemployment, but also years when the wage scale was low and perhaps early apprenticeship years.

The Democratic majority in order to find some of the money to pay for the increment changed this 10 consecutive years basis for figuring benefits to that of an entire working lifetime. Thus, they have lowered the benefits by \$600,000,000 of those who will need it most and given this \$600,000,000, plus \$200,000,000 additional, annually, to those who need it least—those who, owing to their steady employment, have been able to supplement their retirement through savings and life insurance.

In H. R. 6297 we have eliminated the increment feature and restored benefit payments on the basis of the 10 best consecutive years of employment.

The second major item is that of permanent and total disability. In the committee bill, this is taken care of in two ways:

First, a fourth category has been added to the assistance program by which the Federal Government will match payments by the States to those permanently and totally disabled and in need.

The committee bill also contains a provision that total and permanent dis-

ability should be under the insurance program. This provision is eliminated in H. R. 6297.

The reasons for this are many. I outlined some of them in my talk yesterday, but for those who were not present then I would like to repeat.

This is an untried field. The cost of this insurance program is unknown. It will probably be well over a billion dollars a year, but no one knows. Benefits would be taken out of the trust fund which was set up for old-age and survivors insurance.

The experience of private insurance companies in this type of coverage was most unfavorable. Claims increased by leaps and bounds during periods when unemployment was high and were sharply reduced in times of full employment.

The determination of when a worker is totally disabled is a marginal one. It is usually a question of judgment.

The theory of the insurance system is that benefits are a matter of right. Would not everyone feel that, having paid the insurance premium, he was entitled to these benefits even if only slightly disabled?

A permanent lifetime pension is so attractive that it would be difficult for many workers to resist the temptation to try to make out that they were disabled in order to get the benefits which they felt they had paid for through their pay-roll taxes.

It would be better for the present to experiment with this in the old-age assistance program.

Determination of who is totally and permanently disabled certainly can be made better at the local level than under bureaucratic rules made by Washington.

Eight other items are included in the minority bill.

Puerto Rico and the Virgin Islands are eliminated from the insurance system. The pay scale is so low in Puerto Rico that many would receive inordinate benefits, many who are working would not qualify at all, and as a large portion of the working population earns less than \$50 a month, many individuals could continue to work at their usual wage scale and still draw benefits.

Puerto Rico and the Virgin Islands should have social insurance, but there should be an independent system set up for them.

H. R. 6297 provides for continuation of the present \$3,000 wage base. The administration's original suggestion was that this be increased to \$4,800. This made some sense as it was in accord with the administration's philosophy. But \$3,600 is neither fish nor fowl. It is not enough to greatly increase benefits for the higher-wage earner, as desired by the administration, but it does disturb all present private-pension systems which are geared on a \$3,000 wage base for social security, and it also adds greatly to the work of the businessman for unemployment insurance is figured on a \$3,000 wage base.

Under this change also, any increase in benefits goes to those who are better able to provide for their own protection

and does nothing to increase the benefits for the lower-wage earner with whom the system should be primarily concerned.

H. R. 6297 also eliminates paragraph four of the definition of employee which gives to the Treasury Department virtually unlimited discretion to determine where the impact of the social-security taxes will fall.

The committee bill in the first draft first took in all household workers, and then eliminated those who need protection most. H. R. 6297 would restore the original provision in the bill by which all regularly employed household workers would be covered.

H. R. 6297 would continue the existing law with respect to lump sum death payments and do away with the new provision for lump sum death payments for all. The chief beneficiaries of this provision in the administration bill would be the undertakers. To pay this lump sum certainly changes the whole philosophy of the insurance program.

H. R. 6297 directly excludes teachers, firemen, policemen, and other State and municipal employees who are already covered under their own retirement systems. Representatives of these retirement systems believe that the provision in the administration bill would jeopardize these existing systems to which contributions have been made over long periods of time. We have, therefore, seen to it that they cannot be forced into the insurance system.

H. R. 6297 would decrease the cost to the system on an average of \$1,250,000,000 a year. In order that the taxpayers may benefit from this, we have in our bill a tax rate lower than in H. R. 6000. Comparison between the total tax rate on employer and employee in H. R. 6000 and in H. R. 6297 is as follows:

	H. R. 6000	H. R. 6297
	Percent	Percent
1950.....	3	3
1951-59.....	4	4
1960-64.....	5	4
1965-69.....	6	4
1970-79.....	6½	5
1979.....	6½	6

H. R. 6297 is a better bill than H. R. 6000. It does what a social-security system should do—gives greater benefits to the lower income group. It is sounder than the administration bill. It will save the taxpayers an average of more than a billion dollars a year.

The recommittal motion which will be to substitute H. R. 6297 for H. R. 6000 should be adopted.

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

Mr. KEAN. I am glad to yield.

Mr. HARRIS. As I understood from the debate here today in further reference to the definition of the word "employee" which has been thoroughly discussed, I think it is revealed that the bill that the gentleman has introduced, which I understand will be offered in a motion to recommit includes the first three paragraphs, and paragraph 4 is deleted. My colleague, the gentleman from Arkansas, who has also made a thorough study and is quite familiar

with the entire definition and its background, made the statement this morning that the definition as included in the committee bill, H. R. 6000, will cover only 50,000 to 75,000 more employees than the gentleman's bill with his definition. I would like for the gentleman to comment on that and see if he has the same viewpoint as my esteemed friend from Arkansas.

Mr. KEAN. I would say it might be a little more than that.

Mr. HARRIS. Generally, the gentleman would agree with the statement of the gentleman from Arkansas?

Mr. KEAN. Yes, generally.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE of Idaho. Mr. Chairman, I have always been in favor of a national old-age pension bill. Long before I ever heard of the Townsend pension plan I joined one of the great fraternal organizations of this country because it stood for an old-age pension plan. Here we have a social-security bill of 201 pages of irregularities and inequalities.

Why do I say "inequalities?" Because some people who perform the same service will get less pay in certain States than in others. That is why I say it is a bill of inequalities.

What we should have is a simple bill of a few pages that will provide an old-age pension plan for all people who have reached the age of retirement, and those who have become disabled and are unable to work. What the American people are entitled to is a national old-age pension plan paid direct to the beneficiaries by the Federal Government just as pensions are paid to retired military officers, war veterans, and retired civil-service employees through a simple system of certification.

Mr. Chairman, the greatest thing the people of this country have today is good government and their American birthright. We seek here to add to the American birthright the right of old-age security.

When the young men of this country, the present generation, take over on reaching the age of maturity, they will find a country that is already developed. They will find a country of beautiful cities, farm homes, roads, production and transportation facilities, a country that is dependable. The rising generation came into this world without even clothes, they are nourished and cared for by the generation that brought them forth. Why should not the generation that is retiring be supported in ease and comfort in their declining years? If we can send \$40,000,000,000 to one country, a little island off the coast of Europe, England, why can we not have a proper old-age-pension system? Our great floor leader was very much concerned about \$15,000,000,000 a while ago, but he did not say a word about the \$40,000,000,000 that we are pouring into Europe, \$22,000,000,000 for UNRRA, \$10,000,000,000 for ERA and millions for displaced persons, to people who may be ungrateful,

people who will turn on us at the first opportunity probably.

Let us support the people in this country who have made the country what it is today. Let us support the generation that has made America great, the generation that has preserved America. We are entitled to an old-age pension. Let us give a little thought to this whole matter.

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

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

Mr. CARROLL. Mr. Chairman, it would be presumptuous on my part at this late hour to undertake to go back over this bill or over parts already covered in this debate.

I have had the privilege of serving as a new member of the Committee on Ways and Means under our able chairman, the gentleman from North Carolina [Mr. DOUGHTON], and with the able gentleman from Tennessee [Mr. COOPER], and the able gentleman from Arkansas [Mr. MILLS] and many of the older and learned members of that important committee. I never fully realized that in the Congress of the United States I should find men who would devote themselves week after week and month after month so tirelessly to a solution of a very complex problem. They all have rendered a great service. I well remember that in the Eightieth Congress I did not like some of the closed rules that were imposed upon me as a new Member. In a sense I do not like this closed rule, but reason and logic impel me to the conclusion that we could not bring a bill such as this out on the floor of this House without a closed rule. All of the arguments I have heard from the gentlemen on the left have not convinced me. Just the change from 65 to 62 years of age would increase the cost of this bill enormously. It would upset the whole tax base of the bill. I am one of those who voted to reduce the age to 62 years. I am one of those who wanted to bring the farmers and the agricultural workers into this program. I am one of those who joined with the gentleman from New Jersey [Mr. KEAN], extending greater coverage to domestic servants. I realize that there are many meritorious provisions in his motion to recommit, but let me say this to you, the truth is, that the Republican leadership have included two or three good points to sweeten up some other very bad provisions in their motion to recommit. Now, that is the basis of the motion to recommit. It has been commented on at length by the gentleman from Arkansas [Mr. MILLS] and the gentleman from Tennessee [Mr. COOPER]. It is unnecessary to repeat the unanswerable arguments that were made a short time ago by them.

I submit that the Republican leaders are on the horns of a dilemma. They have been caught opposing legislation which the people of America want, and they have to make some sort of a showing, and that is one of the reasons for the motion to recommit.

Now, you are going to hear in the ensuing year, in the months ahead, already

you heard part of it in the recent campaign in Pennsylvania, and you will hear this later throughout the Nation, the cry of welfare state, socialism, and statism. I want every Democrat here and every reasonable Republican, if they will take the time, to read one of the finest American utterances that you will ever have the privilege to read. It is found on page 2229 of the hearings. This is a statement made by J. Douglas Brown, dean of the faculty and director of public relations section, Princeton University. Who is this man Brown? Why, he was a member of the Advisory Council on Social Security to the Senate Finance Committee 1947-48; he was chairman of the Federal Advisory Council on Social Security 1937-38 and he was a staff member of the Committee on Economic Security 1934-35. Now, this man may not be a Democrat. I do not know what he is; he may be a Republican. But, he is an American coming before the committee to give his viewpoint concerning this bill. Yes, even the chamber of commerce came in to support this bill. Who else? The insurance companies. And, I am informed by my colleague from Tennessee that when this legislation was first brought before the Congress in 1935 they fought it. Now, why have the insurance companies changed? Well, they have changed because they discovered that as these millions of Americans were given this limited type of insurance, the people became insurance-conscious, and therefore it stimulated private insurance business.

This is also one of the reasons why insurance companies are fighting certain provisions of this bill. In short, they do not want the wage base increased from \$3,000 to \$3,600 for the simple reason that they fully realize that the benefits from such a wage base are a bare minimum to meet the needs of security. Of course, their hope is that they shall be able to sell additional policies over the \$3,000 wage base if such continues to be the law. In my opinion they are short-sighted, and their fears are groundless. Even with a wage base of \$4,200 there would be ample insurance business for these companies and this bill does not in any manner interfere with private insurance enterprises.

That is the argument of the insurance companies, and that is why you begin to meet some of the opposition on this floor today reflecting the views of the insurance companies.

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

Mr. CARROLL. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. On the question of being insurance-minded, there is four or five times as much insurance being written by private companies now as there was in 1935 when the original Social Security Act passed.

Mr. CARROLL. Of course; and may I say to the gentleman from Massachusetts that when this legislation first came before the American people in 1935 there was a \$3,000 a year wage base established. What has happened today? I do not think this bill goes far enough. It ought not to be \$3,600, at a minimum it ought to be \$4,200, because there has

been a 70-percent increase in the cost of living. Greater security is needed.

All business, all intelligent businessmen, all labor leaders, all people who have studied this have said, "Establish this base at \$4,200," but notwithstanding that, in a great fight in our own committee we had to compromise and come out here on a \$3,600 basis. Such is the democratic process.

What does the motion to recommit ask us to do? Go back to 1935. That we cannot do; we must not do.

I want to read you a statement by this gentleman from Princeton, Mr. Brown, because his testimony is a complete answer to the charges of the welfare state and statism and the trend toward socialism. I quote Mr. Brown testifying before the Committee on Ways and Means:

Mr. Chairman and members of the committee, accumulating experience indicates that the survival of democratic capitalism as a political and economic system will depend in the main upon the genius of man in combining the three ingredients vital to the success of the system. These ingredients are individual incentive, mutual responsibility, and an effective framework of protection against the corroding fear of insecurity.

As democratic capitalism has moved from the stage of a predominantly agricultural economy, through small industry, to a vast industrialized machine, the relative weighting upon these three needed ingredients has shifted. The farmer and the shopkeeper of Colonial days thrived because of individual incentive, and the simple economy thrived with them. The factory system introduced new and intricate relationships of mutual responsibility. And now vast aggregations of interdependent economic activities, by their very size and impact upon the individuals who serve them, necessitate greatly enhanced safeguards against impersonal and overwhelming contingencies.

The people of the United States have been slow to recognize the importance of this third ingredient vital to the survival of democratic capitalism. They have been blessed so richly with bountiful natural resources and with high talent in harnessing these resources that they have been but little concerned in safeguards against potential epidemics of want. The depression of the thirties brought a degree of awakening, and stimulated the establishment of the partial system of safeguards under the Social Security Act of 1935. But, since that time, war and industrial conflict have diverted attention from a fundamental cause of both of these interruptions to peaceful progress—economic insecurity. It seems high time for renewed and effective action in the core area of our problem in industrial relations today.

Individual incentive is in this bill, because the individual contributes to his own security. There is mutual responsibility, because it rests upon the employee and upon the employer. Every Member here who senses what people are thinking at home knows that there is a corroding fear of insecurity.

Why does that happen? We have passed out of an agricultural economy and are now in a factory system, where we find a single great corporation employing as many as 250,000 people. One corporation does that. And what else do we find today? Strikes over the very question we are debating on the floor

of Congress today. The A. F. of L. and the CIO came before our committee and issued a warning months ago that the time to act is now, the time is now for the Government to go forward to establish a proper base for security. The Congress has fiddled. We should have had this legislation here long before this late hour. Our failure to act more promptly subjects the Nation to certain penalties. The longer we fiddle, the greater those penalties will be.

Let me read you some more from the testimony of Mr. Brown. Mr. Brown poses this question:

How can we establish an effective framework against the fear of insecurity in order to sustain individual incentive and to assure mutual responsibility under democratic capitalism?

That is the question he put to our committee.

The most effective governmental mechanism yet invented to meet this challenge is contributory social insurance.

That is what is involved in H. R. 6000. Mr. Brown continues:

Contributory social insurance prevents insecurity while preserving incentive.

There is no welfarism, there is no statism or socialism in this bill.

Protection is based on a man's contribution to the Nation's productive effort. Mutual responsibility is encouraged by joint participation of government, employer, and worker in administering and financing the program.

Here is the paragraph that all democrats, small "d" democrats, ought to memorize:

Contributory social insurance avoids the sweet dangers of paternalism. It encourages self-reliance. It prevents dependency before it occurs rather than alleviating it after the fact.

As the gentleman from Idaho [Mr. WHITE] said a little while ago, talking about the old people. What happened in America in the early days of our country? Why is it that there exists a drive in the West for pensions? Because the old people were never given an opportunity to participate in a contributory insurance system. Today what do we find in the West and the Southwest? There is a great movement for a general pension system. Let me issue a warning. If this Congress fails to heed the growing demands to eliminate the corroding fear of insecurity, you may rest assured that in due time there will be an uprising on the part of the people which will force action on a general pension system. I realize that this bill does not have the full approval of certain pension leaders who have pioneered the way for adequate security for the aged people of this country, and I pause here to pay tribute to those pension leaders who, through many years, have been steadfast in their desire to achieve greater security for the aged of this Nation. Had it not been for their untiring efforts, there is no doubt in my mind that there would have been little, if any, security legislation on our statute books today. It truly can be said that legislation such as this stands as a monument to their trail-blazing efforts.

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

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

Mr. CARROLL. Mr. Chairman, I shall not take up much more of the time of the Committee. I should like to finish Mr. Brown's statement:

Relief and assistance are necessary last resorts, but like all paternalistic measures, they breed dependency by making it comfortable. Even more serious in a democracy, they encourage subservience to the group or agency that gives the most generous hand-outs.

Remember, under a contributory insurance system no man needs to be beholden to any political party. He does not need to be beholden to a Social Security Agency for he has earned his security. Yes, he has paid his way.

I might say, ladies and gentlemen, after listening to testimony on this bill for some 6 months, as I have indicated to you, I wish we could have gone much further in this bill. I think time and experience will bring the farmer and the agricultural worker within the program. I think time and experience will bring the professional groups within this program. This program is good for democracy. This program is good for America, and good for the little people of America. If we have the courage to pass this bill speedily the Senate of the United States can then work its will upon it in the next few months.

One final word in closing this debate. This important bill will affect every American and every home in this great Nation. Clearly the time has come for us to strengthen and enlarge the provisions of the Social Security Act. The level of benefits under this insurance system must be made adequate, protection reasonable, and we must permit greater participation to everyone who works for his living.

Mr. JENKINS. Mr. Chairman, we are engaged today in consideration of a legislative measure which goes to the very heart of our American way of life—which touches upon every section and cross section of our people, and which will leave its imprint not only upon the present generation of Americans but upon all the future generations. I say to you with all the sincerity and vigor at my command that many sessions of this great Congress will come and go before we have the privilege of considering a piece of legislation which is of greater magnitude than that before us today.

I would at the very onset call your attention to but one single aspect of this legislation which makes it so unique and which by this feature alone characterizes it as such a vital and significant matter. I refer to the fact that this legislation will endure in perpetuity or until this great Nation should ever be called upon to repeal its national obligations. A bad tax law can always be repealed, or any Federal project which is undertaken can be abandoned if the facts show that we were wrong. But, under this legislation, the sovereign Federal Government is writing binding contracts with its peo-

ple. These contracts cannot—and must not—ever be repudiated. Approximately 80,000,000 persons have paid some money through social-security taxes into this system—approximately 25,000,000 persons are currently insured, and approximately 13,000,000 persons are fully insured, which means that they are entitled to receive their benefits upon reaching 65. Already over \$12,000,000,000 of social security taxes have been paid by the American people into the old-age and survivors insurance and under the legislation we are considering today this fund will probably grow to over \$90,000,000,000 and the annual cost of this one program alone may well exceed \$10,000,000,000 annually. I call your attention to these facts for the sole purpose of alerting you to the seriousness of this legislation and to caution you that a false step today may jeopardize the protection and security of our people for whom this system is so nobly designed. You will reflect, of course, that the system has been amended before—in 1939; in 1943; in 1946—and that a bill almost unanimously passed the House in the Eightieth Congress which would have increased benefits and extended coverage. You will say to me—if this has been done in the past, it can be done in the future to remedy a mistake which we might make. But, and I call your attention to this fact, amendments made in the past have been upward and have been designed to widen benefit payments and to increase the coverage provisions. The history of social legislation in all countries shows that the political implications of revoking what may have become regarded as a vested right are such that benefits are never reduced despite costs.

It is my firm belief that if we go forward cautiously in this field, our social-security program will endure forever, and this is my hope and yours as well, I am certain.

It seems to me that in considering this legislation it is of the utmost importance that we keep before us the end to be achieved and not lose ourselves amidst the thick foliage of technicalities and minor provisions. It has always been my belief that the purpose of social security is to provide a basic floor of economic protection to the individual and his family. I believe that such protection actually stimulates and encourages additional financial protection to be gained through individual initiative and ambition. According to my philosophy, benefit payments should be realistic and not mere token payments. Let us examine for a moment how large a benefit an insured person should receive.

If old-age and survivors insurance had been framed like the English system, every person whose work is covered would pay in the same tax, and each would receive the same retirement benefits. Each member of any class of beneficiaries would likewise receive the same monthly amounts. The problem would be that of determining an appropriate benefit and of determining the proper weekly or monthly amount of supporting tax which the insured earners would pay.

Our system, however, was framed after the German system—social-security taxes are a percentage of wages—with an over-all annual limitation. Benefits are also in varying amounts, related through a weighted formula to wages and length of service.

In the case of the English system, the question of an appropriate benefit amount has presumably been fixed after reviewing the needs of the typical beneficiary, the extent he may be expected to meet these needs through private sources, the social-security tax insured persons can be reasonably expected to pay, and the supporting funds which can be derived otherwise. The fixed tax amount means that the direct supporting tax is relatively heavy on some, relatively light on others. The fixed benefit amount likewise means that persons who have no private resources will often have to look to general relief. For the British economy cannot afford benefits of a size to provide more than a minimum of protection.

In fixing our own benefits, the same basic approach of considering the typical insured person, and weighing the factors of probable need and outside resources, required supporting taxes, and so forth, must also be followed, if we are to have a defensible system, which will provide a floor of protection at costs our own economy can stand.

Variations from the amount so determined, by virtue of differences in the insured's wages, taxes, and length of service in covered employment, requires a special justification based upon these factors alone.

Fixing variances in benefit amounts on the basis of difference in aggregate contributions is far from simple. In the first place, differences in the benefits which various contributors to date would purchase are small indeed. To date in contributions of the largest contributor and his employer would purchase only about a \$61 per month benefit at age 65. The smallest insured contributor and his employer would purchase about a dollar's benefit.

On the other hand, when in a few years our people enter the system, if the rate is 3 percent, or three times the present rate, they and their employer will have contributed perhaps \$7,200, and, with accrued interest, will have paid for an annuity of perhaps \$75 per month at 65.

In fixing a benefit rate for today and for 30 years from now, it is obvious that the problem is quite complicated. For at present no one has paid for any substantial benefit, but in the future some will have paid (with their employer's contribution) for \$60 more per month than others will have paid for.

The problem of the amount of benefit payments to be provided for in the future as well as the increase to those already receiving payments was only one of many considered during the deliberations on this bill. In my opinion the increase provided for in this bill to those now receiving payments is approximately right, but H. R. 6000 unfairly discriminates against older workers and workers who are only irregularly employed as to future

payments. This is so because the method of computing benefits provided for in H. R. 6000 gives these groups substantially lower benefits than younger workers and workers who enjoy steady employment. This is a grave defect in H. R. 6000 and should be remedied.

H. R. 6000 contains other objectionable features which should be corrected if we are to have a sound and balanced social security program. Let me call your attention to the following:

First. H. R. 6000 imposes on the younger people in the country the fixed obligation of paying higher taxes in the future in order to pay for higher benefits than the Congress is willing to provide today in H. R. 6000. No justification has been shown for imposing this additional \$2,000,000,000 annual cost on the oncoming generation.

Second. H. R. 6000 excludes from coverage approximately 1,300,000 of household workers who need social security protection the most.

Third. H. R. 6000 provides for higher benefits to those who are best able to provide for their own security and discriminates against those with wages below \$3,000 a year for whom the system should primarily be concerned.

Fourth. H. R. 6000 threatens the existence of the established pensions system of our teachers, firemen, policemen, and other State and local employees.

Fifth. H. R. 6000 launches the Federal Government into a vast and costly new program of underwriting disability insurance for some 50,000,000 people without at first providing an opportunity to judge the effectiveness of meeting the problem through the sounder and less costly grants-in-aid program which is also provided for in H. R. 6000.

Sixth. In order to pay the cost of the program H. R. 6000 calls for eight different tax increases within the next 20 years.

Seventh. H. R. 6000 surrenders to the Treasury Department and the Federal Security Administration the right to determine the rate of social-security tax a person must pay by giving those agencies the authority to determine who is a self-employed person and who is an employee.

Eighth. Under H. R. 6000 the trust fund will grow to over \$90,000,000,000. Let me tell you how this trust fund works:

Amounts accumulated under the old-age and survivors insurance program are held in the Federal old-age and survivors insurance trust fund, and financial operations under the program are handled through this fund. The primary source of the fund's receipts is amounts appropriated to it under permanent appropriation, on the basis of contributions paid by workers and employers in employments covered by the Federal Insurance Contributions Act. The Federal Insurance Contributions Act requires all employees and employers, except those in specifically excluded employments, to pay contributions with respect to the wages of individual workers, disregarding amounts in excess of \$3,000 per annum. These contributions are collected by the Bureau of Internal Revenue and are paid into the Treasury as internal-reve-

nue collections. Sums equivalent to 100 percent of current collections (including taxes, interest, penalties, and additions to taxes) are transferred to the trust fund as such collections are received.

The Social Security Act of 1935 fixed the contribution rates for employees at 1 percent of taxable wages for the calendar years 1937, 1938, and 1939; employer rates were also fixed at 1 percent for the same period. The 1935 act provided that these rates should rise to 1½ percent on January 1, 1940, to 2 percent on January 1, 1943, to 2½ percent on January 1, 1946, and to 3 percent on January 1, 1949. The Social Security Act amendments of 1939 modified this original schedule of contribution rates to provide that the rate of 1 percent each on employees and employers should continue in effect through 1942, but left the remainder of the schedule as originally enacted.

Successive annual acts of Congress, however, extended the 1-percent rate from 1943 through 1947. The Social Security Act amendments of 1947 extend the 1-percent rate through 1949; at the end of 1949, accordingly, the 1-percent rate will have been in effect for 13 years. The amendments of 1947, however, provide that the rate shall rise to 1½ percent on January 1, 1950, and to 2 percent on January 1, 1952.

The second source from which receipts of the trust fund are derived is interest received on investments held by the fund.

A third source of revenue for the trust fund is provided for in section 902 of the Revenue Act of 1943, the so-called Murray amendment. This act amended section 201 of the Social Security Act and authorizes the appropriation to the trust fund of such additional sums out of general revenues as may be required to finance the benefits and payments provided in title II of the Social Security

Act. No appropriations have been made under this authorization.

The Social Security Act amendments of 1946 provide survivorship protection to certain World War II veterans for a period of 3 years following their discharge from the armed forces. Section 210 (d) of these amendments authorizes Federal appropriations to reimburse the Federal old-age and survivors insurance trust fund for such sums as are withdrawn to meet the additional cost, including administrative expenses, of the payments to survivors of World War II veterans under the amendments.

Public Law 642, Gearhart resolution, authorized an appropriation to the trust fund from general revenues equal to the estimated total amount of benefits paid and to be paid under title II of the Social Security Act that would not have been paid had the amended definition been in effect beginning August 14, 1935.

On June 23 the information was supplied in a letter to the Speaker dated June 23. The information is as follows:

A. "The total amount paid as benefits under title II of the Social Security Act which would not have been paid had the amendment made by subsection (a) been in effect on and after August 14, 1935."

As of September 30, 1948, an estimated \$4,900,000 of such benefits had been paid.

B. "The total amount of such payments which the Administrator estimates will hereafter be paid by virtue of the provisions of subsection (b)."

Such payments after September 30, 1948, are estimated as \$16,100,000.

For purposes of appropriation to the Federal Old-Age and Survivors Insurance Trust Fund in accordance with section 2 (c) (2), the two amounts given above should be adjusted for interest. Thus, assuming a 2-percent interest rate and January 1, 1950, as the effective date of the transfer of funds, the two amounts would be \$5,300,000 and \$13,600,000 respectively.

Fiscal data on Federal old-age and survivors insurance system

[In millions of dollars]

Calendar year	Appropriations to fund ¹	Interest	Total income	Benefits paid	Administrative expenses from fund	Added to fund
1937.....	\$514	\$2	\$516	\$1	(?)	\$515
1938.....	343	15	358	10	(?)	348
1939.....	506	27	533	14	(?)	517
1940.....	607	43	650	35	\$26	589
1941.....	789	56	845	88	26	731
1942.....	1,012	72	1,085	131	28	926
1943.....	1,239	88	1,328	166	29	1,132
1944.....	1,316	107	1,422	209	29	1,184
1945.....	1,285	134	1,420	274	30	1,116
1946.....	1,295	152	1,447	378	40	1,029
1947.....	1,558	164	1,722	466	46	1,210
1948.....	1,688	281	1,969	556	51	1,362
1937-48.....	12,214	1,142	13,356	2,329	305	10,722

¹ Beginning July 1, 1940, appropriations equal taxes collected, except that after 1946 appropriations include relatively small amounts appropriated to meet benefit costs and administrative costs of the special veterans' survivor benefits of sec. 210 (namely, \$375,000 in 1947; \$700,000 in 1948; and \$3,251,000 in 1949). Prior to July 1, 1940, Congress, in accordance with the provisions of the Social Security Act of 1935, annually appropriated funds to the old-age reserve account based on estimates of amounts required to finance the system on an actuarial basis.

² Administrative expenses of the Social Security Administration and the Treasury Department under title II of the Social Security Act and under the Federal Insurance Contributions Act were reimbursed out of the fund beginning Jan. 1, 1940.

Ninth. H. R. 6000 extends the whole social-security program, including the proposed disability payments, to Puerto Rico and the Virgin Islands. The extension of the system to these possessions will create many anomalies and unfortunate results which could be avoided by establishing an independent system for these and other possessions based on their own economic level.

Tenth. H. R. 6000 provides for funeral benefits for which already more than 78,000,000 persons have paid for in some life-insurance protection.

I have called to your attention some of the major defects of this proposed legislation and now direct your attention to some specific proposals for correcting them. These proposals are summarized in the minority views in House Report

No. 1300, beginning on page 157, and are discussed fully therein. They are as follows:

1. Continuation of the present \$3,000 wage base: Increasing the wage base to \$3,600, as proposed in H. R. 6000, results in higher benefits to those better able to provide their own protection and does nothing to increase the benefits for those with average wages below \$3,000 for whom the system should be primarily concerned. It increases the dollar cost of the system substantially, provides a windfall to persons near retirement who earn \$3,600 or more, and unnecessarily complicates the keeping of wage records by employers who must continue to report unemployment taxes on a \$3,000 wage base.

2. Elimination of the automatic yearly benefit increase factor (the "increment"): This provision increases the cost of the program by approximately \$1,000,000,000 annually, discriminates against older workers and the irregularly employed, and automatically commits future generations to the payment of higher benefits than will be paid today.

3. In conjunction with recommendations 1 and 2 above, we recommend using the highest 10 consecutive years in determining the average monthly wage: To assure more adequate protection for those who, owing to irregular employment, have average wages of \$3,000 or less for whom the system should primarily be concerned, benefit payments should be based on the highest 10 consecutive years of earnings rather than on an average monthly wage determined over the entire working time of the individual as provided for in the bill.

4. Elimination of the authority of the Treasury to extend definition of "employee": Paragraph 4 of the definition of "employee" gives to the Treasury Department virtually unlimited discretion, through authority to extend the definition of "employee," to determine where the impact of the social-security taxes will fall. As a result of this authority, large numbers of persons will have no way of knowing their social-security tax liability until the Treasury determines it for them.

5. Realistic coverage for household workers: The bill purports to extend coverage to household workers but in reality does so for only a small group—1,300,000 of these workers are excluded under the bill. Coverage should be real, not theoretical.

6. Teachers, firemen, and policemen with their own pension systems should be excluded: We recommend direct exclusion of teachers, firemen, and policemen, who are already covered under their own retirement and pension systems. It would, in our opinion, be a mistake to take any action which might jeopardize these existing systems to which contributions have been made over long periods of time.

7. Establishment of an independent system for Puerto Rico, the Virgin Islands, and other possessions: A social-security system specifically geared to the economic level of these islands is desirable. The extension of the proposed legislation to these possessions will, however, create many anomalies and unfortunate results which could otherwise be avoided.

8. Continuation of existing law with respect to lump-sum death payments: More than 78,000,000 persons have already paid for the same private life-insurance protection which this provision in the bill would duplicate or replace. Encroachment by the Federal Government into this field is accordingly unjustified.

9. Confine total and permanent disability payments to the public assistance program: Prior to launching into the hazardous and tremendously costly field of disability insurance, opportunity should first be given to meet the problem through the sounder and less costly Federal grants-in-aid program.

Such an opportunity is provided for in the bill by extending Federal participation to payments to all permanently and totally disabled persons who are in need. The cost of the proposed disability insurance program may well exceed \$1,000,000,000 annually within the next few years.

EFFECT OF OUR RECOMMENDATIONS

If the above changes are made in this proposed legislation, the compulsory social-insurance system will be kept within its fundamental purpose and its cost and the necessary taxes required for its support will be substantially reduced. According to actuarial advice, the average annual saving until the maturity of the program, some 50 years hence, will be in the neighborhood of \$1,250,000,000. This saving is real and not illusory and the result would be wholly compatible with the aims of the social-security program. More than that, an adoption of our recommendations will aid in preserving the proper relationship between security achieved through social insurance and that which is to be had through individual self-reliance. The approximately \$60,000,000,000 so saved over this period would be available to the American people for their individual use in providing for their own additional financial security in the manner most appropriate and fitting to their own circumstances.

I have set forth some very real and basic defects in H. R. 6000 which should be corrected, and I have outlined the recommendations contained in the minority views for correcting these defects. I will now elaborate on a few of these points to show you that the defects in H. R. 6000 are real and not illusory, and that they should be corrected as has been done in the bill H. R. 6297 introduced by my colleague from New Jersey [Mr. KEAN].

THE BLANK-CHECK DEFINITION OF EMPLOYEE

It would be manifestly upsetting to a business to find that persons with whom it has business relations have suddenly become its employees, and that it has a set of tax and other obligations as their employer. That almost happened last year, and may happen during this Congress.

Last year, the Congress prevented it from happening. For Congress determined that it, and not the executive or judicial branch of the Government, should define "employee" for social-security purposes. The previous year, it had done the same thing for labor-relations purposes. In each case Congress provided by law that the term "employee" in the particular statute was not to be stretched by administrative and judicial ruling to include persons who were not employees, but were independent business people instead. In both cases the congressional action was taken and adhered to over Presidential veto.

Politics is now in the picture more strongly than ever, with intensive administration pressure being brought to bear on Congress to reverse its previous stand, and give the administrative and judicial branches a free hand in deciding who shall be considered independent and who shall be considered employees. This would be lovely from a bureaucratic viewpoint, but tragic from a business viewpoint, and would mark a point of surrender of congressional responsibility to write the laws.

In the last presidential election political capital was sought to be made of the action of the Eightieth Congress in defining "employee" for social-security purposes. The country was showered with propaganda that from half to three-quarters of a million people had been deprived of social-security benefits by the action of Congress in adopting the Gearhart resolution defining "employee." This despite the fact that the term was defined no differently from the way it had been defined for the previous 13 years in the administration's own Treasury regulations.

Majority members of the Committee on Ways and Means have adopted a purported definition of "employee" for old-age and survivors insurance purposes. But what the committee has actually done is to undefine "employee" inasmuch as paragraph (4) gives the administration and the courts virtually unlimited discretion to treat all sorts of people as employees on the basis of a number of vague "factors."

This blank check provision does not say who is an employee and who is not an employee. The paragraph itself is the best evidence of this fact:

(4) Any individual who is not an employee under paragraphs (1), (2), or (3) of this subsection but who, in the performance of service for any other person for remuneration, has, with respect to such service, the status of an employee, as determined by the combined effects of (A) control over the individual, (B) permanency of the relationship, (C) regularity and frequency of the performance of the service, (D) integration of the individual's work in the business to which he renders service, (E) lack of skill required of the individual, (F) lack of investment by the individual in facilities for work, and (G) lack of opportunities of the individual for profit or loss.

Any time the Bureau of Internal Revenue or the Federal Security Agency or the court wants to hold a person to be an employee, at least two or three of these factors, as interpreted by them, can be cited in justification.

The control factor, according to the regulations which the Treasury proposed last year but which the Gearhart resolution stopped, includes power to control as contrasted with right to control or actual control. It is stated that this can be inferred from the position of the parties. It is found in practically all situations where A contracts out a job to B.

"Permanency of relationship" can usually be found also, as the relationship may be as permanent as that of an employer-employee relationship.

"Regularity and frequency of performance" may likewise be found in many relationships where the parties are in fact independent. "Integration of the individual's work" in the firm's business is normal to most business relationships.

Without bothering to review the other factors, it should be apparent that the administration and the courts can clearly cover a host of situations, if they decide to do so. They can point out a few factors to justify their decision.

The question involved is not old-age and survivors insurance benefit coverage. Even if the existing definition were untouched and the Gearhart resolution allowed to stand, the people involved

would be covered for social-security purposes as self-employed people under other provisions of the committee bill.

So the proposed new definition would be devoid of social effects. Its only effect would be to saddle firms with the responsibility of ascertaining and reporting wages of persons with whom they have business relations, even though such persons are not employees and do not receive wages in the usual sense.

But there is a larger issue, too. The Supreme Court has made clear that decisions in the field it refers to as social legislation are strongly persuasive throughout the field. Thus it has cited labor relations decisions interpreting employee in social-security cases, and has cited wage and hours cases in labor relations cases.

There is no question but that if paragraph (4) of the proposed definition is adopted for old-age and survivors insurance, it will soon be reckoned with in unemployment compensation, workmen's compensation, and related fields—perhaps even in the laws of agency and negligence.

Thus the implications of whether paragraph (4) of the proposed definition is adopted or rejected are widespread. Perhaps the most important single issue is whether Congress will write a true statutory definition, or whether it will yield to political pressure from the administration and hand over the prerogative of defining employee to the other branches of Government.

Congress itself should define employee and not hand over to bureaucrats a set of factors to be used at leisure to bolster up predetermined administrative decisions. We are on high ground when we insist that we have a rule of law and not of men.

Paragraphs (1) and (2) of the definition are in effect a mere rewrite of the Gearhart resolution, except that paragraph (2) is positively stated as the committee decided to overrule the Supreme Court holding in the Bartels case.

Paragraph (3) stands as direct proof that Congress can extend the definition of "employee" on a clear and understandable basis. The status of several categories of persons, such as city and traveling salesmen, is made clear under this paragraph. While there is a serious question as to the equity of covering two or three of the categories, the approach of paragraph (3) brings the issue in sharp focus before the Congress and the persons who may be affected.

Paragraph (3) was prepared and presented as a proper approach by the technical staff of the Joint Tax Committee, after representatives of the Federal Security Agency and the Treasury had insisted that only the vague factors referred to by the Supreme Court should be used. This paragraph covers specifically all groups who appeared before the committee requesting coverage as employees, and practically all classes that the Treasury and Federal Security Agency admitted they intend to cover by applying the Supreme Court factors. In adopting this paragraph the committee was in a position to know exactly whose status would be affected. It should have

spent more time in considering and perfecting this paragraph.

Instead, the issue was whether this paragraph or paragraph (4) would be adopted. This was, in fact, the issue of whether the Congress would define coverage, or whether it would turn over this legislative function to the administration.

While the majority report may attempt to appraise the effect of paragraph (4), it is doubtful whether such appraisal will be of any legal significance in the actions which may be taken under it by the administrative agencies or by the courts, if it is allowed to become law.

Only one thing is clear. The status of no person who is an employee under paragraph (1), (2), or (3) will be affected by paragraph (4), but persons who are not employees under paragraph (1), (2), or (3) may be held to be employees from the combined effect of the vague factors enumerated in paragraph (4).

In view of the scope of the first three paragraphs, and inasmuch as paragraph (3) can be broadened to any extent desired by the Congress, there is manifestly no justification whatsoever for paragraph (4). It was adopted by the majority under extreme pressure by the administration. It is a surrender of the prerogative of the Congress to write the definitions in tax laws.

It gives the administration a weapon with which to terrorize business.

It leaves the status of millions of our citizens to the almost unbridled exercise of administrative discretion, and does so just at a time when they must determine at their peril whether they are to be held covered as employees or as self-employed.

No social purpose, not even a fiscal purpose, would be served by adoption of paragraph (4) to offset the confusion and uncertainty which would result from its adoption.

But its adoption would mark a tragic departure from the constitutional division of powers among the three branches of Government. Congress would surrender its right and duty of prescribing who shall be subject to a tax.

Paragraph (4) is the approach insisted upon by the administration. It is based on dicta in the Supreme Court cases which, as previously mentioned, were overruled by paragraph (2) of the definition.

The committee report to the bill states, as to paragraph (4):

The Supreme Court decisions set forth a number of factors to be considered A major difficulty is the indication by the Court that the factors considered by it are not exclusive Your committee has attempted to chart a more definite course than that laid down by the Supreme Court and at the same time has limited the possibilities of tax avoidance by employers.

But a correct analysis is found in the report to the committee of its joint tax committee technical staff contained in the appendix of the minority report, which states:

The Supreme Court left the door open for the development of new factors the definition limits consideration to six specific factors. It was anticipated that this would avoid uncertain

tax consequences, but this may prove to be a handicap to the taxpayer for example, the fact that an individual is free to hire helpers deserves to be treated as a factor indicating an independent status.

The staff considered paragraph (4) unsound, saying:

Paragraph (4) of the definition adopts a method of extending the definition of employee which is basically undesirable because it is too uncertain in its scope and because it will extend the definition to include groups for whom it would be impractical, if not impossible, to demand an accounting Assurances by present administrators of the voluntary limits they will place on interpretation of the broad provisions will not be binding for the future.

The admitted and potential scope of paragraph (4) is also indicated in the technical-staff report:

The Federal Security Agency states as its present opinion that the economic dependency test would include outside salesmen lessee taxicab operators life-insurance salesmen, house-to-house salesmen, industrial home workers, entertainers, contract loggers, mine lessees, journeymen tailors, subcontractors contract filling-station operators. It is highly probable that the economic dependency test would include neighborhood newspaper correspondents at least some fire, theft, and casualty salesmen; real-estate salesmen; bulk-oil distributors; gasoline-station operators; subscription agents for periodicals.

Even the committee appears to be aware of the indefiniteness of paragraph (4), and its report sets out its belief as to how the factors will be applied in seven situations. These examples are presumably intended to be reassuring, as under the particular facts set out in each case, six out of the seven were stated not to be employees.

But, in applying the seven tests under the definition:

First. The "integration" factor, indicating an employee status, was found present in every case.

Second. The "skill" factor, indicating independent status, was recognized in only one case in which there was not a substantial investment, and in that case the individual was held to be an employee.

Third. "Opportunity for loss," indicating independent status, was not recognized in any case where there was not a substantial investment.

Fourth. "Permanency," indicating employee status, was found to exist in every case except one, and in that case was tied in with the next factor.

Fifth. "Regularity and frequency of performance," indicating an employee status, which was found to exist in six cases.

Sixth. "Investment," indicating independent status, was specified as substantial in five cases.

Seventh. "Control," indicating employee status, even though factually inconsequential, was concluded to be present in five cases.

This prevalence of factors pointing to the employer-employee relationship even in the factual situations illustrated, raises the question of what will be the

actual holdings. For paragraph (4) is not a definition, but a direction to the administrative agencies and the courts to apply the factors to the particular situation.

Any firm may find an alarming number of factors present in the case of persons never considered its employees. The Treasury and the courts would have an accord for a yardstick in determining these persons' status.

As stated in the joint tax committee technical staff report: * * * some * * * factors will point each way * * * It would be impossible to forecast which factors would be controlling when they conflict. In practice it is likely that such conflicts would be resolved by the tax administrators on an intuitive approach, * * * an approach that is contrary to the principle of certainty in tax statutes.

THE INCREMENT IN H. R. 6000

The existing social-security law provides that the benefit amount which a recipient receives is increased by 1 percent for each year that the worker has worked in covered employment. This means that the amount of benefits are increased 40 percent by 40 years of coverage.

H. R. 6000 continues the increment factor but reduces it to one-half of 1 percent.

I believe that the increment factor should be entirely eliminated, and my recommendation is supported by the Advisory Council on Social Security in its report, Senate Document No. 208, Eightieth Congress, second session, beginning on page 34, which says:

The benefit formula of the present program, with its automatic increase of 1 percent for each year of coverage, in effect postpones payment of the full rate of benefits for more than 40 years from the time the system began to operate. Under such provisions, if the benefit amount of a retired worker after he has had a lifetime of coverage represents a reasonable proportion of his average wages that for older workers who have been in the system for only a few years, and for the survivors of younger workers, will almost of necessity be inadequate. Thus, the survivors of a man who began working at age 20 and dies at age 30 will have rights to benefits only about three-fourths as large as those which the same average monthly wage would have provided if he had lived to age 65. Yet the worker who dies at an early age has had less opportunity than have older workers to accumulate savings and other resources to supplement the benefits payable to his survivors. The Advisory Council believes that adequate benefits should be paid immediately to retired beneficiaries and survivors of insured workers but considers it unwise to commit the system to automatic increases in the benefit for each year of covered employment.

In the hearings before your committee, the principle of paying higher benefits in the future and discriminating against older workers first entering the system with only a few years to retire was sharply criticized by many witnesses and was supported only by the A. F. of L., the CIO, and the Federal Security Agency. In cutting the increment from 1 percent to one-half of 1 percent the majority have recognized the inherent unsoundness of this provision. It is unfortunate that they were unwilling to eliminate it entirely.

Not only does the increment factor discriminate against older workers first entering the system with only a few years to retirement and favors younger workers with steady employment, but it also discriminates against workers who do not have continuous employment. It is, however, this group of intermittent workers who are least able to provide for their own security and for whom the system should be primarily concerned. No justification has been presented for favoring of the steadily employed worker, and in our opinion such a principle is wholly inconsistent with the social purposes of the system and can only be defended in the light of political expediency. The view of the Federal Security Agency in advocating the retention of the increment factor is that it is required as a selling point to induce workers to enter the system and to compensate those who have paid contributions over a long period. However, the computation of the average-wage formula which includes the so-called continuation factor performs this function by reducing the amount of benefits of intermittent workers. The increment factor cannot, therefore, be justified on the ground that those with long periods of covered employment should receive higher benefits than those with only intermittent employment because this principle is taken into account by other provisions in the bill.

Another most serious objection to the increment factor by which the amount of benefits are automatically increased is that we are committing future generations of Americans to the payment of benefits which are higher than we are willing to pay today. If benefits are adequate today, as indeed they should be, then benefits which are 20 percent higher in the years to come must be too high. I believe that it is a far wiser course to periodically review the adequacy of benefit payments, if such is necessary, rather than to set into operation this automatic-escalator clause which binds us to the payment of higher benefits in the future when the costs of the whole system will be the greatest. Another example of the unfortunate discriminatory effect of the increment factor is in its application to survivors' benefits. Obviously a worker who dies at a young age has had less opportunity to build his own security, and yet the benefits to his wife and children will be lower than those paid to the survivors of workers who die at older ages. These workers, however, have had a lifetime to build their own security.

Not only is the increment principle discriminatory and unfortunate, but as was clearly pointed out in the hearings it is a positively dangerous feature because it results in tremendous additional costs to the program. For example, over the next 50 years the additional extra cost because of the increment will average approximately \$1,000,000,000 a year, or a total of \$50,000,000,000 for this one provision in H. R. 6000. Approximately 40 or 50 years hence when the system has approximately reached its maturity, the yearly cost of the increment will be in the neighborhood of \$2,000,000,000 a year. Absolutely no justification has

ever been presented for imposing this additional cost on future generations.

It should be clearly emphasized that this unfair and discriminatory provision which results in this tremendous additional cost to the system is absolutely not necessary in order that benefits may be related to either the length of time a worker has been in covered employment or the amount of taxes paid by the worker into the system. Incentives for continuous work are already provided without the annual increment through the continuation factor by which the amount of benefits are reduced pro rata for time spent in uncovered employment. For example, a worker with the same average monthly wage who has 10 years of covered employment out of a possible 20 years will receive a lower benefit than a worker who has 20 years of covered employment out of a possible 20 years.

It is completely out of order to support the increment provision on the ground that some private pension systems and some Federal retirement systems have an increment provision because the purpose of the increment in these systems is to encourage valuable employees to remain at their jobs. But this is not a consideration under a national social-insurance system where workers may pass from job to job and still remain in covered employment unless we are now to change the whole concept of social security from that of a system designed to provide an adequate floor of protection to one of providing a high scale of benefits which approaches a self-sufficiency labor.

For these reasons I am opposed to the one-half percent increment contained in H. R. 6000. This provision has been eliminated from H. R. 6297.

INCLUSION OF PERMANENT AND TOTAL DISABILITY INSURANCE IN H. R. 6000

The committee's inclusion of permanent and total disability-insurance benefits in the old-age and survivors insurance program is a most serious mistake, embarking the Federal Government on a program of untold costs with political and social dangers of a grave nature. The needy worker who is permanently and totally disabled is admittedly in need of financial help, and the Social Security Act should make provision for him. We believe, however, that he should be taken care of through the public-assistance program rather than through unconditional insurance benefits payable as a "right." Alternative provision for public-assistance benefits to the permanently and totally disabled will afford the opportunity of first-hand study of the admittedly serious administrative problems of long-term disability, and will provide a laboratory for watching the practical difficulties unfold.

Almost no testimony of consequence was presented to the committee in favor of the inclusion of permanent and total disability-insurance benefits. While the Senate Advisory Council recommended that insurance benefits be provided, they were proposed in conjunction with a substantial extension of the old-age and survivors program to large numbers of individuals not to be covered by this bill. The recommendation was predicated,

therefore, on the reduction in percentage costs which would be occasioned by a broader extension of coverage, which reduction in costs would create something of a cost cushion for experiments in the permanent and total disability-insurance field. This margin is not available in the less broad extensions to uncovered classes contemplated by this bill. Furthermore, it should not be forgotten that the report of the Advisory Council was accompanied by a strong dissent.

That the cost of permanent and total disability benefits would be large and uncontrollable is shown conclusively by the experience of life-insurance companies in providing such benefits in their policies issued during the two decades from 1920 to 1940, where, even with the selection by the companies of only the better insurance risks and the inclusion of a much smaller percentage of women than in the labor force as a whole, the costs were very large and resulted in surplus losses of hundreds of millions of dollars. The costs of the proposed benefits will approximate \$1,000,000,000 annually, and require at least 2,000 additional employees to handle the program, not counting doctors on contract. Not only are these figures very disturbing, especially when added to the billions already involved in other phases of the program, but in the light of the experience of the insurance companies it is extremely doubtful whether the costs can be controlled and whether even this additional bureaucracy will not have to be expanded manifold in order to administer the program. Permanent and total disability is peculiarly a subjective condition; an ailment that disables one does not disable another. The decision to continue to work or stop work frequently depends upon ambition, business opportunity, or financial necessity rather than physical handicap. In a number of cases the unquestioned availability of cash benefits actually undermines the will to recovery. If benefits are to be established as a "right," there will no doubt be a great many to whom the temptation to take it easy will be irresistible. This tendency will be evident in a most extreme form in the event of a business recession, as the last depression showed a very substantial increase in the incident of permanent and total disability insurance claims. How a Government agency could control such costs, even with the most minute and searching investigation into the personal physical condition of each claimant, is hard to understand.

Not only do the majority fail to recognize the temptations of abuse for a total and permanent disability-insurance program, but in the technical drafting of the bill they actually provided positive incentives to malingering. Provision is made for the duplication of disability benefits proposed in the act with workmen's compensation benefits payable in replacement of wages, up to one-half the amount of the smaller of the two benefit payments. Total benefits payable between the two programs will therefore become attractive, in comparison with take-home pay, to those whose original urge to work was never overdeveloped. To avoid abuses which such

duplication of coverage would foster, many State workmen's compensation benefits will have to be cut back for disabilities lasting longer than 6 months, or at the least needed liberalizations will be avoided. In fact, this provision for partial duplication of payments with workmen's compensation benefits is apparently intended as an opening wedge for the taking over by the Federal Government of all benefits in the workmen's compensation field now regulated by the States.

Disability is peculiarly a personal problem which does not lend itself to standardized procedures. The sensitive disabled individual ordinarily requires a high degree of sympathy and understanding for his rehabilitation, while a malingering requires stern treatment. Proper vocational rehabilitation is essential. Obviously the States and local communities are in a better position to handle these problems free from political bias and influence than a Federal organization with headquarters perhaps thousands of miles from the unfortunate disabled person. Public-assistance programs administered by the States and local communities can provide just such individualized treatment. In contrast, a Federal insurance system of the ill-defined risk of permanent and total disability is an open invitation for the exercise of political pressure for the approval of doubtful claims.

It seems to the minority that those individuals who are so unfortunate as to suffer permanent and total disability during their productive years, and find themselves without means of support, should be taken care of through a program of public assistance on the basis of need. Such a program would eliminate many of the problems that would exist if the individual could claim the benefits as a matter of right, would greatly reduce the cost of such benefits, and would make them available generally to all who need them. The program could be administered on a local basis that would be more responsive to the local situation and the character and needs of the individuals concerned.

EXTENSION OF OLD-AGE AND SURVIVORS INSURANCE TO PUERTO RICO AND THE VIRGIN ISLANDS

Extending old-age and survivors insurance and disability insurance to Puerto Rico and the Virgin Islands, as provided in the bill, would mean for the great mass of insured in these islands benefits on a lavish scale as compared with the insured in the United States.

First. The typical islander and his wife would receive at 65 a combined benefit equal to at least 75 percent of his monthly wage. The great percentage would not even have to retire to be eligible, but could draw the benefits and continue at work.

Second. The surviving wife and two or more children would receive benefits equal to 80 percent of the deceased's wages—though there would be one less to feed and clothe, and no carfare, lunches, union dues, or lay-off periods.

Third. If no surviving wife and children, dependent parents age 65 or

older, would receive a combined benefit equal to at least 75 percent of the deceased wage earner's monthly wage, though obviously no such support was obtained from him in his lifetime.

Fourth. In a substantial number of instances benefit payments would be larger than wages had been.

Fifth. Disability payments would be at a rate equal to half pay. In the event pay rates drop or jobs become scarce, it is manifest that such a rate invites chiseling.

Obviously no such liberality as would be extended the insured of these islands can be extended to people in the United States. The costs of supporting benefits equal to such large fractions of wages would be prohibitive.

Just as obviously the benefit payments on this generous scale in Puerto Rico and the Virgin Islands will not be supported by the social-security taxes collected in these islands. The great bulk of the cost will fall upon the OASI taxpayers of the United States.

From the viewpoint of many Puerto Ricans and Virgin Islanders, there is, however, a very dark side to the picture—a substantial percentage of contributors would have an insufficient wage rate to meet the minimum requirements of insured status. This, however, would not excuse them from paying their social-security taxes out of their small earnings.

The indefensible practical effects of applying our system to Puerto Rico and the Virgin Islands arises because its provisions do not fit in at all with the wage rates and living standards of these islands.

Even the industrial wage rates are relatively low. This is indicated by an unemployment-compensation system adopted May 15 of this year for the Puerto Rican sugar industry. Under it maximum benefits of \$5 per week are paid for industrial workers in the industry, and \$3 per week for agricultural workers in the industry—less than a fourth of maximum amounts paid in the United States.

While it is difficult to obtain accurate figures, apparently factory wages are somewhat under \$15 per week, as contrasted with around \$50 in the United States.

An individual earning \$100 per month in the islands is roughly comparable with one earning \$300 per month in the United States. Under the bill a person earning \$300 per month, and his wife, would have benefits of around a third of his annual wages. But his Puerto Rican or Virgin Islands counterpart, earning \$100 per month, and his wife, would have benefits of around three-fourths of his average wage. For the benefit formula in the bill pays five times the benefits for the first \$100 per month of wages as for the second \$100 and the third \$100 of wages.

A large portion of the working population of the islands earn \$50 or less per month. On attaining age 65 any such individual and his wife could receive at least \$37.50 per month. This would be true though his earnings had never exceeded \$35 per month. He could draw benefits and at the same time continue

on his regular job, as he already meets the bill's definition of retirement—his earnings do not exceed \$50 per month.

A considerable portion earn much less than \$50 per month. In the July 29, 1949, issue of the Federal Register, the Wage and Hour Division published minimum-wage rates in industries in the Virgin Islands. In the hand-made art-linen industry and in the hand-made straw-goods industry, hand sewing and hand weaving were at 20 cents an hour and 15 cents an hour. Obviously many of these earn much less than \$50 per month. Under the bill such persons, if insured, are deemed to earn \$50 per month. Maximum survivor benefits of \$40 per month—perhaps more than they were earning—would be payable.

The unfortunate would be those earning less than \$33.33 per month—for example, a hand weaver who earned 15 cents an hour or a total of \$30 for a 200-hour month. This individual and the employer would be required to pay the social-security taxes but the individual would not meet the minimum insured status requirement of \$100 per quarter, and thus would receive no protection.

It is apparent that the extension of the system to Puerto Rico and to the Virgin Islands would in effect impose upon them an indefensible lottery. Many of those most needing protection would receive none, but would be forced to pay in their pennies which they badly need for subsistence. Others would receive benefits out of all proportion to their wages.

If it is found that the Virgin Islands and Puerto Rico need, and can afford, social insurance, we should give them every encouragement to devise a proper system geared to their own economic level. In the case of unemployment compensation, Puerto Rico has established its own system. It and the Virgin Islands can do likewise for old-age and survivors insurance.

The Virgin Islands, while applying the Federal income-tax law, requires such taxes to be paid into the treasury of the islands. Furthermore, such taxes are only collected for the purposes of the government of the Virgin Islands. The Bureau of Internal Revenue would be required to set up additional personnel in the Virgin Islands (secs. 1395, 1936, 1397, title 41, U. S. C.).

The Legislature of Puerto Rico imposes its own internal-revenue taxes (secs. 741 and 741 (a) of the Internal Revenue Code) and they are paid into the Puerto Rican Treasury. The basic income tax of Puerto Rico is the Income Tax Act of 1924 (No. 74, August 6, 1925, pp. 400-500), which repealed the act of July 1, 1921, No. 43. This act has been frequently amended. Sections 24 and 27 require the filing of individual income-tax returns in the office of the Treasurer. Returns are required—under section 13 of an amending act, No. 31, of 1941—of single persons having net incomes of \$800 or over, married persons having a net income of \$2,000 or over, and any person having a gross income of \$5,000 or over.

In Puerto Rico there are two offices, one deputy collector at San Juan, and an inspector in charge of alcohol taxes at

the same place. Their duties relate mainly to internal-revenue taxes relating to shipments between the United States and the Virgin Islands. Additional personnel would have to be set up if the Federal Government attempted to collect OASI taxes there and require payments to be made into the Federal fund.

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, we are about to approach a vote on this important bill. I was a member of the subcommittee which drafted the original social-security law. I also participated in the amendments of 1939, and am again participating in further amendments to this great and vital organic law.

The original act was based upon the theory of an insurance plan, with the individuals as beneficiaries. As a result of about 4 or 5 years experience in 1939 that was changed to the theory of the family as the beneficiary. This bill brings other groups in and strengthens the organic law. It is real, sound democracy in operation to meet the principal and foremost question confronting us on the domestic level—the question of economic insecurity.

Probably the proudest man, Mr. Chairman, and justifiably so today, is one of the youngest-minded men in the House. But in years he is the dean of the House, the great chairman of the Committee on Ways and Means, who piloted through the Congress the original Social Security Act and under whose leadership the House passed the bill of 1939 and under whose sterling leadership the House will pass the bill we have before us today—our dear colleague the gentleman from North Carolina, Bob DOUGHTON.

As it was my purpose to call attention to this great American, to this great Member of Congress, this great statesman, and what he has done in connection with this legislation, I will conclude my remarks by stating that in the great career he has had, as he looks back he will remember as the greatest act he has ever performed in the legislative field, leading the fight in the passage of this Social Security Act and amendments thereto. By doing that he has done more to strengthen the family life of America than any legislation passed in the last 50 years.

Mr. DOUGHTON. Mr. Chairman, as far as I know there are no further requests for time.

Mr. COOPER. Mr. Chairman, I ask unanimous consent that all Members desiring to do so may have permission to extend their remarks at this point in the RECORD on the pending bill.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. McKINNON. Mr. Chairman, I am most gratified that during the first session of my first term in Congress, I have the opportunity to express my opinion and cast my vote for an improvement in our old-age-security program.

My major objection to the bill is that it doesn't go far enough, but I am reasonable enough to accept a half loaf now and work for the other half later, rather

to turn down the laborious study and excellent work the members of the Ways and Means Committee have performed. I think this committee is due a hearty vote of thanks.

One of the responsibilities of the free enterprise system is to see that human beings count for as much—and even more—than machines. It is a long accepted practice for the employer to set aside a depreciation cost for his machinery and equipment. It is even more logical for the employer to set aside a regular contribution toward the time when his employees have worn themselves out, too.

Old-age retirement is logically a Federal responsibility. An improved social-security system means more freedom for the employee during his period of work, because against a private retirement system the employee may move from job to job, as opportunity for improvement presents, without forfeiting the benefits of his retirement benefit. Moreover, to allow the respective States to take over full responsibility of the old-age retirement system results in the restriction of movement for elderly people and chains them to a particular State in order to maintain their eligibility for benefits. This restriction of movement denies elderly people the full enjoyment of their retirement and is not in keeping with our traditional American system of free movement from place to place.

It is heartening to me to note that many leaders of business are in favor of H. R. 6000.

Just this week I received a most intelligent letter written by the owners of the largest department store in the city of San Diego. I would like to read a part of this letter, written by Arthur H. Marston, Jr., a direct descendant of one of San Diego's pioneer merchant families:

My father and I believe that the proper solution of the problem of income to people in their old age lies within the Federal social-security program, expanded to provide an adequate pension on a sound actuarial basis. At present both the amounts contributed by employer and employee are too small, and the amount of pension is too small. Contributions, paid equally by employer and employee, should be increased to provide a retirement pension adequate to live on, in the case of people who have fully qualified, possibly \$150 a month.

My father and I particularly wish to express this opinion to you because many people and organizations in business have taken the other view and opposed the Federal social-security program and any expansion of it, especially any increase of pay-roll taxes. We believe that a Federal pension system, supported by employer and employee, has important advantages to the people of this country, over any system of voluntary and private pension plans.

With a Federal pension system we assure the largest number of people security in their old age, and we have a uniform plan within the country, in which the people participate on equal basis. Pressure groups in strategic positions are not able to push the conditions of the plan to their particular advantage, nor does the attainment of preference become a matter of competition among organizations, and the leadership of organizations. * * *

The Federal pension system allows the greatest economic flexibility to our Nation, a most important characteristic of our free enterprise economy. It is the system that

allows the greatest amount of individual determination to the employer and the employee. A private pension system tends to bind both employer and employee, in fact, that is often one of the intended results from the standpoint of employer and labor-union leadership. Such a system is a fixed charge on the employer who faces variable conditions, who may be required to expand his operations 1 year and reduce them the next. Any economic system works best when its components can adjust most quickly and comfortably to changing conditions, expanding, contracting, adopting new methods, moving plants, going into business or going out of business. The employee has just as important a part in this as the employer, and this flexibility is just as important to him. His advantage is best served when he can leave his employment when his own motives so direct him, when he is free to change his occupation or his residence with the least interference. I am, of course, speaking of our economy in a general sense and am excluding from this consideration such occupations as the military, police, etc., which, in the public interest must require fixed terms of service and which have had their own pension system designed to hold men to their service.

The Federal pension system follows the employee. If he desires to change his work if his health or the health of his family requires he move from one part of our country to another, his pension follows him. We know that war, inventions, new methods, new areas, new fuels can work great changes in our economy. A Federal pension system permits employer and employee to adjust to these changes with the least difficulty. During the war millions of Americans left their former employers and entered war industries. With the end of the war these people returned to peacetime occupations. The Federal pension system did not deter them in this movement from one industry, and often, one area, to another, it followed them into war industry and back again. In the future the development of atomic energy may have a great effect on coal mining. We do not want to see the miners become a great pressure group calling for Federal subsidy to their industry to keep it going, if it becomes uneconomic, in order to protect their pensions. It will be to the interest of the country and the miners if their pensions will follow them into new industries.

You can see from these remarks that this man has given careful and intelligent attention to this matter of social security, and I feel his conclusions represent the thinking of our more forward-looking adherents of the free enterprise system.

I am hopeful and confident that this bill will receive the prompt and hearty endorsement of the House of Representatives and that the other body will likewise take immediate action, thus assuring millions of elderly people that their representatives in the Federal Government recognize their problems and are acting in their behalf.

Mrs. DOUGLAS. Mr. Chairman, I consider the Social Security Act which this bill before us amends to be the most important social legislation ever passed by Congress.

This act seeks the high goal of freeing men from the fear of sickness, unemployment and old age. It is to the undying credit of the Democratic Party that social security was conceived and written into law by a Democratic Administration in 1935.

In the debate on the original bill, Mr. DOUGHTON, the present chairman of

the Ways and Means Committee, who introduced the bill, stressed the fact that the bill was not a perfect measure but one that would require amendments from time to time.

It is to the credit of the Democratic Party that the Social Security Act was amended and broadened under a Democratic Administration in 1939.

It was clear to the Democratic Party when they wrote the party platform in 1948 that the benefit scale established in 1939 no longer provided an adequate floor of protection against the insecurity of old age or the sudden or premature death of a breadwinner.

We promised in our platform to extend the coverage of the act and increase the benefits. And again it is to the credit of the Democratic Party that under a Democratic Administration, a bill has been brought to the floor of the House that seeks to fulfill the party platform by extending the coverage of the act and increasing the benefits and setting up new safeguards for those who find themselves through no fault of their own unable to earn a living because of permanent and total disability.

The Ways and Means Committee is to be commended for the months of hearings and study they have devoted to the bill before us. They are to be commended for bringing the bill to the floor of the House in the first session of the Eighty-first Congress and not in the last days of the closing session as the Republicans did in the Eightieth Congress when they knew there wasn't time to enact even their miserable, wholly inadequate proposal into law.

Eleven million more people will be covered by old-age and survivors insurance bringing the total coverage to 46,000,000.

People presently receiving benefits under old-age and survivors insurance will have their monthly benefits increased on the average by about 70 percent; and future benefits will be doubled.

All persons covered by the old-age and survivors insurance program would be protected against the hazard of enforced retirement and loss of earnings caused by permanent and total disability.

The bill we will shortly pass is good and has my wholehearted support. It falls short, however, in meeting adequately today the problem of our senior citizen. We cannot rest until we have a Federal program that will cover all of our senior citizens, in whatever occupation they may have worked, and cover them in every State and every county, and cover them adequately to maintain them in comfort and dignity.

We must get away from the anarchy of the present piecemeal, patchwork system that gives no one adequate assurance of a stable and decent old age.

The CHAIRMAN. Are there any amendments to be offered at the direction of the Committee on Ways and Means?

Mr. DOUGHTON. There are no committee amendments, Mr. Chairman.

The CHAIRMAN. Under the rule, the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. KILDAY, Chairman of the Committee

of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public assistance and child-welfare provisions of the Social Security Act, and for other purposes, pursuant to House Resolution 372, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. MASON. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. MASON. I am, Mr. Speaker, definitely, emphatically, and unequivocally.

The SPEAKER. The gentleman unequivocally qualifies and the Clerk will report the motion.

The Clerk read as follows:

Mr. MASON moves to recommit the bill H. R. 6000 to the Committee on Ways and Means, with instructions to report the same back to the House forthwith, with the following amendment: Strike out all after the enacting clause and insert in lieu thereof the provisions of the bill H. R. 6297.

Mr. COOPER. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. MASON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 113, nays 232, answered "present" 3, not voting 84, as follows:

[Roll No. 217]

YEAS—113

Allen, Calif.	Gwinn	Meyer
Allen, Ill.	Hale	Michener
Anderson, Calif.	Hall	Nelson
Andresen,	Edwin Arthur	Nicholson
August H.	Hall,	Nixon
Auchincloss	Leonard W.	O'Hara, Minn.
Barrett, Wyo.	Halleck	Patterson
Bates, Mass.	Harden	Pfeiffer,
Bishop	Herter	William L.
Blackney	Hill	Plumley
Boggs, Del.	Hinshaw	Potter
Brown, Ohio	Hoeven	Poulson
Byrnes, Wis.	Hoffman, Mich.	Rees
Canfield	Holmes	Rich
Case, S. Dak.	Hope	Rogers, Mass.
Chipperfield	Horan	Sadlak
Church	James	St. George
Clevenger	Jenison	Sanborn
Cole, Kans.	Jenkins	Saylor
Cotton	Jennings	Scott, Hardie
Coudert	Jensen	Scrivner
Crawford	Johnson	Scudder
Curtis	Judd	Short
Dague	Kean	Simpson, Ill.
Davis, Wis.	Kearney	Simpson, Pa.
D'Ewart	Kearns	Smith, Kans.
Dolliver	Latham	Smith, Wis.
Dondero	LeCompte	Stockman
Eaton	LeFevre	Taber
Ellsworth	Lichtenwalter	Talle
Fallon	Lodge	Taylor
Fenton	McConnell	Velde
Ford	McCulloch	Vorsy
Gamble	McDonough	Vursell
Gillette	McGregor	Weichel
Golden	McMillen, Ill.	Werdell
Goodwin	Martin, Iowa	Wigglesworth
Graham	Martin, Mass.	Wolcott
Gross	Mason	Woodruff

NAYS—232

Abbitt	Gathings	Noland
Abernethy	Gilmer	O'Brien, Ill.
Addonizio	Gordon	O'Brien, Mich.
Albert	Gore	O'Hara, Ill.
Allen, La.	Gorski, Ill.	O'Konski
Andersen,	Gorski, N. Y.	O'Sullivan
H. Carl	Gossett	O'Toole
Andrews	Granahan	Pace
Angell	Granger	Passman
Aspinall	Grant	Patman
Bailey	Hagen	Perkins
Barden	Hand	Peterson
Bates, Ky.	Hardy	Pfeiffer
Battle	Hare	Joseph L.
Beall	Harris	Philbin
Beckworth	Hart	Phillips, Tenn.
Bennett, Fla.	Havenner	Pickett
Bennett, Mich.	Hays, Ark.	Polk
Bentsen	Hedrick	Powell
Biemiller	Heller	Preston
Boggs, La.	Heslton	Price
Bolling	Hobbs	Quinn
Bolton, Md.	Hoffman, Ill.	Rabaut
Bosone	Holfield	Rains
Boykin	Howell	Ramsay
Breen	Hull	Redden
Brooks	Jackson, Wash.	Regan
Brown, Ga.	Jacobs	Rhodes
Bryson	Javits	Rodino
Buchanan	Jonas	Rooney
Buckley, Ill.	Jones, Ala.	Sabath
Burdick	Jones, Mo.	Sadowski
Burke	Jones, N. C.	Secrest
Burleson	Karst	Sheppard
Burton	Karsten	Sikes
Camp	Kee	Sims
Cannon	Keefe	Smathers
Carnahan	Kelley	Smith, Va.
Carroll	Kennedy	Spence
Case, N. J.	Kerr	Staggers
Cavalcante	Kilday	Steed
Celler	Kling	Stefan
Chelf	Kirwan	Stigler
Chesney	Klein	Sullivan
Christopher	Kruse	Sutton
Chudoff	Lane	Tackett
Clemente	Lanham	Teague
Colmer	Lemke	Thomas, Tex.
Combs	Lesinski	Thompson
Cooper	Lind	Thornberry
Corbett	Linehan	Tollefson
Cox	Lucas	Trimble
Crook	Lyle	Underwood
Davenport	Lynch	Van Zandt
Davies, N. Y.	McCarthy	Vinson
Davis, Ga.	McCormack	Walsh
Davis, Tenn.	McGrath	Welch
Dawson	McGuire	Wheeler
DeGraffenried	McKinnon	Whitaker
Delaney	Mack, Wash.	White, Calif.
Denton	Madden	White, Idaho
Dollinger	Magee	Whittington
Doughton	Mahon	Wickersham
Douglas	Marcantonio	Wier
Doyle	Marshall	Williams
Durham	Marshall	Willis
Eberhart	Miles	Wilson, Ind.
Elliott	Miller, Calif.	Wilson, Okla.
Engel, Mich.	Miller, Nebr.	Wilson, Tex.
Evins	Mills	Winstead
Fernandez	Mitchell	Withrow
Fisher	Monroney	Wolverton
Fogarty	Morgan	Wood
Forand	Morris	Yates
Frazier	Moulder	Young
Fugate	Murdock	Zablocki
Fulton	Murray, Tenn.	
Furcolo	Murray, Wis.	

ANSWERED "PRESENT"—3

Cunningham	Rankin	Rogers, Fla.
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NOT VOTING—84

Arends	Elston	Kilburn
Baring	Engle, Calif.	Kunkel
Barrett, Pa.	Feighan	Larcade
Bland	Fellows	Lovre
Blatnik	Flood	McMillan, S. C.
Bolton, Ohio	Garmatz	McSweeney
Bonner	Gary	Mack, Ill.
Bramblett	Gavin	Macy
Brehm	Green	Mansfield
Buckley, N. Y.	Gregory	Marrow
Bulwinkle	Harrison	Miller, Md.
Burnside	Harvey	Morrison
Byrne, N. Y.	Hayne, Ohio	Morton
Carlyle	Hébert	Multer
Chatham	Heffernan	Murphy
Cole, N. Y.	Herlong	Norblad
Cooley	Huber	Norrell
Crosser	Irving	Norton
Deane	Jackson, Calif.	Patten
Dingell	Keating	Phillips, Calif.
Donohue	Keogh	Poage

Priest	Sasscer	Towe
Reed, Ill.	Scott,	Wadsworth
Reed, N. Y.	Hugh D., Jr.	Walter
Ribicoff	Shafer	Whitten
Richards	Smith, Ohio	Woodhouse
Riehlman	Stanley	Worley
Rivers	Tauriello	
Roosevelt	Thomas, N. J.	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Wadsworth for, with Mr. Stanley against.

Mr. Gavin for, with Mr. Murphy against.

Mr. Towe for, with Mr. Burnside against.

Mr. Riehlman for, with Mr. Keogh against.

Mr. Arends for, with Mr. Rogers of Florida against.

Mr. Hugh D. Scott, Jr., for, with Mr. Harrison against.

Mr. Reed of New York for, with Mr. Garmatz against.

Mr. Kilburn for, Mr. Huber against.

Mr. Reed of Illinois for, Mr. Ribicoff against.

Mr. Shafer for, with Mr. Heffernan against.

Mr. Cunningham for, with Mr. Priest against.

Mr. Merrow for, with Mr. Mack of Illinois against.

Mr. Kunkel for, with Mr. Cooley against.

Mr. Lovre for, Mr. Roosevelt against.

Mr. Fellows for, with Mr. Donohue against.

General pairs until further notice:

Mr. Rankin with Mr. Cole of New York.

Mr. Dingell with Mr. Phillips of California.

Mr. Engle of California with Mr. Smith of Ohio.

Mrs. Norton with Mr. Elston.

Mr. Hays of Ohio with Mrs. Bolton of Ohio.

Mr. Green with Mr. Bramblett.

Mr. Hébert with Mr. Harvey.

Mr. Morrison with Mr. Jackson of California.

Mr. Multer with Mr. Brehm.

Mr. Bonner with Mr. Norblad.

Mr. Blatnik with Mr. Miller of Maryland.

Mr. Patten with Mr. Macy.

Mr. Mansfield with Mr. Morton.

Mr. Feighan with Mr. Thomas of New Jersey.

Mr. RANKIN. Mr. Speaker, I have a

general pair with the gentleman from New York, Mr. COLE. Therefore I withdraw my vote and answer "present."

Mr. ROGERS of Florida. Mr. Speaker, I have a live pair with the gentleman from Illinois, Mr. ARENDS. If he were present, he would vote "aye." I voted "nay." I withdraw my vote and answer "present."

Mr. CUNNINGHAM. Mr. Speaker, I have a live pair with the gentleman from Tennessee, Mr. PRIEST. If he were here he would vote "nay." I voted "yea." I withdraw my vote and answer "present."

Mr. BEALL changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. DOUGHTON and Mr. MARTIN of Massachusetts demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken and there were—yeas 333, nays 14, answered "present" 1, not voting 84, as follows:

[Roll No. 218]

YEAS—333

Abbitt	Addonizio	Allen, Calif.
Abernethy	Albert	Allen, Ill.

Allen, La.	Gordon	Miller, Nebr.
Andersen,	Gore	Mills
H. Carl	Gorski, Ill.	Mitchell
Anderson, Calif.	Gorski, N. Y.	Monroney
Andresen,	Gossett	Morgan
August H.	Graham	Morris
Andrews	Granahan	Moulder
Angell	Granger	Murdock
Aspinall	Grant	Murray, Tenn.
Auchincloss	Gross	Murray, Wis.
Bailey	Hagen	Nelson
Barden	Hale	Nicholson
Barrett, Wyo.	Hall	Nixon
Bates, Ky.	Edwin Arthur	Noland
Bates, Mass.	Hall	O'Brien, Ill.
Battle	Leonard W.	O'Brien, Mich.
Beall	Halleck	O'Hara, Ill.
Beckworth	Hand	O'Hara, Minn.
Bennett, Fla.	Harden	O'Konski
Bennett, Mich.	Hardy	O'Neill
Bentsen	Hare	O'Sullivan
Biemiller	Harris	O'Toole
Bishop	Hart	Pace
Blackney	Havenner	Passman
Boggs, Del.	Hays, Ark.	Patman
Boggs, La.	Hedrick	Patterson
Bolling	Heller	Perkins
Bolton, Md.	Herter	Peterson
Bosone	Heslton	Pfeiffer
Boykin	Hill	Joseph L.
Breen	Hinshaw	Pfeiffer
Brooks	Hobbs	William L.
Brown, Ga.	Hoeven	Philbin
Brown, Ohio	Hoffman, Ill.	Phillips, Tenn.
Bryson	Holfield	Pickett
Buchanan	Holmes	Plumley
Buckley, Ill.	Hope	Polk
Burdick	Horan	Potter
Burke	Howell	Poulson
Burleson	Hull	Powell
Burton	Jackson, Wash.	Preston
Camp	Jacobs	Price
Canfield	James	Quinn
Cannon	Javits	Rabaut
Carnahan	Jenison	Rains
Carroll	Jenkins	Ramsay
Case, N. J.	Jennings	Redden
Cavalcante	Jensen	Rees
Celler	Johnson	Regan
Chelf	Jonas	Rhodes
Chesney	Jones, Ala.	Rich
Chilperfield	Jones, Mo.	Rodino
Christopher	Jones, N. C.	Rogers, Fla.
Chudoff	Judd	Rogers, Mass.
Clemente	Karst	Rooney
Cole, Kans.	Karsten	Sabath
Colmer	Kean	Sadiak
Combs	Kearney	Sadowski
Cooper	Kearns	St. George
Corbett	Kee	Sanborn
Cotton	Keefe	Sasscer
Coudert	Kelley	Scott, Hardie
Cox	Kennedy	Scrivner
Crook	Kerr	Scudder
Cunningham	Kilday	Secrest
Curtis	King	Sheppard
Dague	Kirwan	Short
Davenport	Klein	Sikes
Davies, N. Y.	Kruse	Simpson, Ill.
Davis, Tenn.	Lane	Simpson, Pa.
Davis, Wis.	Lanham	Sims
Dawson	Latham	Smathers
DeGraffenried	LeCompte	Smith, Wis.
Delaney	LeFevre	Spence
Denton	Lemke	Staggers
D'Ewart	Lesinski	Steed
Dollinger	Lichtenwalter	Stefan
Dolliver	Lind	Stigler
Dondero	Linehan	Stockman
Doughton	Lodge	Sullivan
Douglas	Lucas	Tackett
Doyle	Lyle	Talle
Durham	Lynch	Teague
Eberhart	McCarthy	Teague
Elliott	McConnell	Thomas, Tex.
Ellsworth	McCormack	Thompson
Engel, Mich.	McCulloch	Thornberry
Evins	McDonough	Tollefson
Fallon	McGrath	Trimble
Fenton	McGregor	Underwood
Fernandez	McGuire	Van Zandt
Fisher	McKinnon	Veide
Fogarty	Mack, Wash.	Vinson
Forand	Madden	Vors
Ford	Magee	Vursell
Frazier	Mahon	Wagner
Fugate	Marcantonio	Walsh
Fulton	Marshall	Welch
Furcolo	Martin, Iowa	Werdel
Gamble	Martin, Mass.	Wheeler
Gathings	Meyer	White, Calif.
Gillette	Michener	White, Idaho
Gilmer	Miles	
Golden	Miller, Calif.	
Goodwin		

Whittington	Wilson, Ind.	Wolverton
Wickersham	Wilson, Okla.	Wood
Wier	Wilson, Tex.	Woodruff
Wigglesworth	Winstead	Yates
Williams	Withrow	Young
Willis	Wolcott	Zablocki

NAYS—14

Byrnes, Wis.	Davis, Ga.	Mason
Case, S. Dak.	Eaton	Smith, Kans.
Church	Gwinn	Smith, Va.
Clevenger	Hoffman, Mich.	Taber
Crawford	McMillen, Ill.	

ANSWERED "PRESENT"—1

Rankin

NOT VOTING—84

Arends	Green	Norrell
Baring	Gregory	Norton
Barrett, Pa.	Harrison	Patten
Bland	Harvey	Phillips, Calif.
Blatnik	Hays, Ohio	Poage
Bolton, Ohio	Hébert	Priest
Bonner	Heffernan	Reed, Ill.
Bramblett	Herlong	Reed, N. Y.
Brehm	Huber	Ribicoff
Buckley, N. Y.	Irving	Richards
Bulwinkle	Jackson, Calif.	Riehlman
Burnside	Keating	Rivers
Byrne, N. Y.	Keogh	Roosevelt
Carlyle	Kilburn	Scott
Chatham	Kunkel	Hugh D. Jr.
Cole, N. Y.	Larade	Shafer
Cooley	Lovre	Smith, Ohio
Crosser	McMillan, S. C.	Stanley
Deane	McSweeney	Tauriello
Dingell	Mack, Ill.	Thomas, N. J.
Donohue	Macy	Towe
Elston	Mansfield	Wadsworth
Engle, Calif.	Morrow	Walter
Feighan	Miller, Md.	Whitaker
Fellows	Morrison	Whitten
Flood	Morton	Woodhouse
Garmatz	Multer	Worley
Gary	Murphy	
Gavin	Norblad	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Arends for, with Mr. Wadsworth against.

Additional general pairs:

Mr. Rankin with Mr. Cole of New York.
 Mr. Stanley with Mr. Towe.
 Mr. Burnside with Mr. Reed of New York.
 Mr. Harrison with Mr. Gavin.
 Mr. Garmatz with Mr. Kilburn.
 Mr. Huber with Mr. Lovre.
 Mr. Ribicoff with Mr. Reed of Illinois.
 Mr. Priest with Mr. Shafer.
 Mr. Mack of Illinois with Mr. Smith of Ohio.
 Mr. Cooley with Mr. Macy.
 Mr. Donohue with Mrs. Bolton of Ohio.
 Mr. Engle of California with Mr. Elston.
 Mr. Blatnik with Mr. Harvey.
 Mr. Hébert with Mr. Brehm.
 Mr. Hays of Ohio with Mr. Kunkel.
 Mr. Herlong with Mr. Morrow.
 Mr. Patten with Mr. Norblad.
 Mr. Tauriello with Mr. Morton.
 Mr. Whitaker with Mr. Miller of Maryland.
 Mr. Whitten with Mr. Phillips of California.
 Mr. Deane with Mr. Riehlman.
 Mr. Dingell with Mr. Hugh D. Scott, Jr.
 Mr. Bonner with Mr. Bramblett.
 Mrs. Norton with Mr. Fellows.
 Mr. Morrison with Mr. Jackson of California.

Mr. RANKIN. Mr. Speaker, I have a general pair with the gentleman from New York [Mr. COLE]. I withhold my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

DEPARTMENT OF THE INTERIOR APPROPRIATION BILL, 1950

Mr. KIRWAN. Mr. Speaker, I ask unanimous consent that the managers

on the part of the House have until midnight tonight to file a conference report on H. R. 3838, the Department of the Interior Appropriation bill for the fiscal year 1950.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

THIRD DEFICIENCY APPROPRIATION BILL, 1949

Mr. KIRWAN. Mr. Speaker, I ask unanimous consent that the managers on the part of the House have until midnight tonight to file a conference report on H. R. 5300, the third deficiency appropriation bill for the fiscal year 1949.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

GENERAL LEAVE TO EXTEND REMARKS

Mr. COOPER. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to revise and extend their remarks on the social-security bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

PROGRAM FOR TOMORROW

Mr. COOPER. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOPER. Mr. Speaker, on behalf of the gentleman from Massachusetts [Mr. MCCORMACK], the majority leader, I desire to announce to the House that on tomorrow it is expected that the Interior Department appropriation bill conference report will be considered; also the third deficiency appropriation bill conference report, and the civil functions of the War Department appropriation bill conference report. All three are to be considered tomorrow, together with any other conference reports that may be available.

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

Mr. COOPER. I yield.

Mr. MARTIN of Massachusetts. I understand there is also to be considered a bill that will be brought up by the gentleman from Michigan [Mr. LESINSKI].

Mr. LESINSKI. That is H. R. 3191, the Federal Employees Compensation Act.

Mr. MARTIN of Massachusetts. We are probably going to be asked to concur in the Senate amendments?

Mr. COOPER. I understand the gentleman from Michigan expects to ask unanimous consent to take the bill from the Speaker's table and concur in the Senate amendments.

EXTENSION OF REMARKS

Mr. MASON asked and was given permission to extend his remarks in the Record.

Mr. PHILBIN asked and was given permission to extend his remarks in the Record and include a newspaper article.

Mr. LANE asked and was given permission to extend his remarks in the

Record in three instances and include extraneous matter, and in one a radio broadcast.

Mr. HELLER (at the request of Mr. BENNETT of Florida) was given permission to extend his remarks in the Record.

Mr. O'SULLIVAN asked and was given permission to extend his remarks in the Record in two instances and in each to include extraneous matter.

Mr. FURCOLO (at the request of Mr. LANE) was given permission to extend his remarks in the Record.

Mr. GATHINGS asked and was given permission to extend his remarks in the Record and include an article.

Mr. SASSCER asked and was given permission to extend his remarks in the Record and include an editorial.

Mr. KELLEY asked and was given permission to extend his remarks in the Record on National Employ-the-Physically-Handicapped Week and include a short statement of Cabinet members and heads of agencies on the same subject.

Mr. YATES asked and was given permission to extend his remarks in the Record and include an editorial.

Mr. RODINO (at the request of Mr. YATES) was given permission to extend his remarks in the Record and include a resolution.

Mr. CHURCH asked and was given permission to extend his remarks in the Record and include a short editorial entitled "Mr. Lewis Decides."

EXTENSION OF REMARKS

Mr. STOCKMAN asked and was given permission to extend his remarks in the Record and include an article on wheat.

Mr. HERTER asked and was given permission to extend his remarks in the Record in two instances; in one to include a resolution and in the second to include three excerpts from the Christian Science Monitor, notwithstanding the fact that it exceeds the limit set by the Joint Committee on Printing and is estimated by the Public Printer to cost \$202.

Mr. JAVITS asked and was given permission to extend his remarks in three instances and to include certain newspaper material.

RISE IN NAZISM

Mr. JAVITS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. JAVITS. Mr. Speaker, I call attention to the appended news report today in the New York Times headed "McCloy urges a halt to the rise of nazism." I, and others, have called attention time and again to the implications of a revival of nationalism in Germany.

Such a revival may well lead to a new spirit like that of the Nazis which brought on the treaty of alliance and friendship with the Soviet Union and set the stage for World War II in 1939. German physicists and scientists were, and it is well known, continue to be deeply concerned in giving the Soviet the atomic knowledge signaled by the President's momentous announcement of the detection recently of an atomic explosion in the U. S. S. R.

The greatest aggressive danger we still face is a union of German technical skill and German production facilities, with Soviet manpower and natural resources; these grave potentials underline the words of High Commissioner McCloy.

McCLOY URGES HALT TO RISE IN NAZISM—ALSO ADVISES TOP ASSISTANTS TO TAKE STEPS TO PREVENT GROWTH IN ANTI-SEMITISM—SAYS GERMANS STIFFEN—ADENAUER ASKS WEST REVIEW DISMANTLING PROGRAM—TWO BIG SHIPBUILDERS ARRAIGNED

(By Drew Middleton)

FRANKFORT, GERMANY, October 4.—United States personnel in Germany must do their utmost to halt a renewal of nazism and anti-Semitism and deal with the hardening attitude toward the occupation, John J. McCloy, United States High Commissioner, declared today.

He abandoned the idea, implicit in some of his earlier speeches, that relations between United States personnel and the Germans had entered an era of good feeling and bluntly outlined the difficulties to be overcome before Germany's democracy could withstand future tests.

"I ask you for renewed efforts," he told an assembly of senior officers of the High Commissioner's office and Army officers. "The time is short and the hands are few, but the stakes remain extremely high."

United States observers here believe the attitude Mr. McCloy has now adopted toward further problems of occupation was fathered by his first contacts with the new German Government which, left, right, and center, is regarded as containing the seeds of totalitarianism.

ADENAUER PROTESTS DISMANTLING

The national German grievance against dismantling was further emphasized today. Dr. Konrad Adenauer, Chancellor of the Federal Republic, dispatched a letter to the western allied high commission protesting the extreme measures in the dismantling of a single factory and making the letter the basis for a German plea for a reexamination of the entire dismantling question, according to a reliable United States source.

Mr. McCloy's advice to his lieutenants was that in view of the present reduction of United States political—as opposed to military—strength in Germany, officials of the Office of High Commissioner must teach by permitting the Germans to act themselves rather than to depend on United States measures.

"We can and must check the renewal of nazism and anti-Semitism, but we can try to do this by permitting and encouraging the Germans to act rather than to depend exclusively on our own measures," he said.

But he noted that "firmness and determination to act whenever necessary are still vital."

SAYS GERMANS WILL SET PATTERN

"No one should feel that the job is done," Mr. McCloy declared. The people of western Germany, he added, will look increasingly to their own government for guidance and will be critical of United States supervision. "Time presses and the tendency of the German people will be to harden their attitude and adopt their patterns within their own rather than our own genius," he said.

Save for noting that "secrecy and suppression" were mounting in the east, Mr. McCloy made no reference to the primary political development in partitioned Germany—the Soviet and Communist moves toward the establishment of an eastern German "people's democracy" claiming to speak for the entire country.

However, he added that the test of Germany's "democratic thought" would come eventually and "may well be severe."

The High Commissioner revealed his belief that when that test came democracy would be firmly rooted in Germany and asserted "it is hard to find better expressions of political thought, even in England, than have been uttered by Germans."

PERSONAL ANNOUNCEMENT

Mr. REES. Mr. Speaker, on a roll call this morning the RECORD shows that I was absent. I was detained with a committee at the White House, and for that reason could not be present to answer to my name.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. ROOSEVELT (at the request of Mr. HELLER) for an indefinite period, on account of illness.

To Mr. HEFFERNAN (at the request of Mr. HELLER) for remainder of the week, on account of illness in his family.

ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1834. An act for the relief of the widow of Robert V. Holland.

BILL PRESENTED TO THE PRESIDENT

Mrs. NORTON, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 5328. An act authorizing the Secretary of the Army to convey certain lands to the city and county of San Francisco.

ADJOURNMENT

Mr. COOPER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 12 minutes p. m.) the House adjourned until tomorrow, Thursday, October 6, 1949, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

961. A letter from the Secretary of Agriculture, transmitting a report entitled "Missouri River Basin Agricultural Program"; to the Committee on Agriculture and ordered to be printed with illustrations.

962. A letter from the Archivist of the United States, transmitting a report on records proposed for disposal and lists or schedules covering records proposed for disposal by certain Government agencies; to the Committee on House Administration.

963. A letter from the clerk, United States Court of Claims, transmitting certified copies of the opinion rendered by the court in the case entitled "Plymouth Manufacturing Co., Inc. v. The United States"; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. VINSON: Committee on Armed Services. H. R. 6303. A bill to authorize certain construction at military and naval installations, and for other purposes; with an amend-

ment (Rept. No. 1378). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'TOOLE: Committee on Merchant Marine and Fisheries. S. 2226. An act relating to the compensation of certain employees of the Panama Canal; without amendment (Rept. No. 1379). Referred to the Committee of the Whole House on the State of the Union.

Mr. KIRWAN: Committee of conference. H. R. 3838. An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1950, and for other purposes; without amendment (Rept. No. 1380). Ordered to be printed.

Mr. CANNON: Committee of conference. H. R. 5300. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1949, and for other purposes; without amendment (Rept. No. 1381). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FULTON:

H. R. 6324. A bill to amend the Public Health Service Act to support research and training in arthritis and rheumatism, multiple sclerosis, cerebral palsy, epilepsy, and blindness, and other diseases, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. KARSTEN:

H. R. 6325. A bill to provide for the establishment, operation, and financial control of income-producing activities in the Government, not otherwise specifically provided for by law, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. TEAGUE:

H. R. 6326. A bill appropriating \$17,000,000 for members' quarters and hospital facilities for the Soldiers' Home; to the Committee on Armed Services.

By Mr. DAVIS of Tennessee:

H. R. 6327. A bill for the relief of certain pharmacists employed in the Veterans' Administration; to the Committee on Veterans' Affairs.

By Mr. BENTSEN:

H. R. 6328. A bill authorizing the return to Mexico of the flags, standards, colors, and emblems that were captured by the United States in the Mexican war; to the Committee on Foreign Affairs.

By Mr. KEARNS:

H. Res. 377. Resolution creating a select committee to inspect the gold reserve at Fort Knox; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BREEN:

H. R. 6329. A bill for the relief of Betsy Sullivan; to the Committee on the Judiciary.

By Mr. CASE of New Jersey:

H. R. 6330. A bill for the relief of Sidney Young Hughes; to the Committee on the Judiciary.

By Mr. DOLLINGER:

H. R. 6331. A bill for the relief of Izak Inwentarz; to the Committee on the Judiciary.

H. R. 6332. A bill for the relief of Joseph Glikson, Mrs. Cypora Glikson, and Jerzy Glikson; to the Committee on the Judiciary.

By Mr. JAVITS:

H. R. 6333. A bill for the relief of Benjamin F. Burkitt; to the Committee on the Judiciary.

By Mr. POULSON:

H. R. 6334. A bill for the relief of Mrs. Carmen Rickards Mandelbaum; to the Committee on the Judiciary.

By Mr. SHAFER:

H. R. 6335. A bill to authorize and request the President to appoint Gen. Omar N. Bradley to the permanent grade of general of the Army; to the Committee on Armed Services.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1518. By Mrs. NORTON: Petition of 43 veteran residents of New Jersey, protesting provisions of instruction 1-A, issued by the Veterans' Administration September 1, 1949; to the Committee on Veterans' Affairs.

1519. Also, petition of 67 veteran residents of New Jersey, protesting the provisions of instruction 1-A, issued by the Veterans' Administration September 1, 1949; to the Committee on Veterans' Affairs.

1520. By the SPEAKER: Petition of Bedford Classroom Teachers Association, Bedford, Ind., commending the Senate for passing Senate bill 246 and urging the House of Representatives to pass similar legislation providing Federal aid on a basis of need without Federal control; to the Committee on Education and Labor.

1521. Also, petition of Joliet Township High School, Joliet, Ill., reaffirming their stand as favoring Federal support of public education, provided that State and local control of education is retained; to the Committee on Education and Labor.

1522. Also, petition of Oak Ridge Education Association, Oak Ridge, Tenn., requesting that a Federal-aid-to-education bill be brought before the House, and endorsing Senate bill 246 or a substitute bill which will let the State determine the expenditure of Federal funds without Federal control; to the Committee on Education and Labor.

1523. Also, petition of Athens Teachers Association, Athens, Ala., expressing appreciation for efforts put forth in behalf of Federal aid to education and requesting that legislation be promoted that will secure Federal aid without Federal control and that Federal aid be restricted to public elementary and high schools of our country; to the Committee on Education and Labor.

1524. Also, petition of Southwest Shippers Advisory Board, Dallas, Tex., urging Congress not to enact into law Senate bill 238 and House bill 378; to the Committee on Interstate and Foreign Commerce.

1525. Also, petition of Henry B. Sims and others, Albuquerque, N. Mex., relative to training under the GI bill of rights, and endorsing Senate bill 2596 and requesting the support of this bill or a similar bill in the House of Representatives; to the Committee on Veterans' Affairs.

SENATE

THURSDAY, OCTOBER 6, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O God, the might of them that put their trust in Thee amid all the subtle dangers that beset us, save us from the fatal folly of attempting to rely upon our own strength. In a world so uncertain

about many things we are sure of no light but Thine, no refuge but in Thee. The din of words assails our ears from an agitated world. Grant us an inner calm undisturbed by any outer commotion. Give us courage to seek the truth honestly and reverence to follow humbly the kindly light that leads us on.

So may the service of our brief hour contribute to the beauty and glory of our America as in a darkened world she lifts aloft the light of freedom. We ask it in the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. GEORGE, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, October 5, 1949, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had passed a bill (H. R. 6000) to extend and improve the Federal Old-Age and Survivors Insurance System, to amend the public-assistance and child-welfare provisions of the Social Security Act, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 1834) for the relief of the widow of Robert V. Holland, and it was signed by the Vice President.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. GEORGE (on behalf of Mr. O'MAHONEY), and by unanimous consent, the Committee on Interior and Insular Affairs was authorized to sit during the session of the Senate this afternoon.

On request of Mr. GEORGE, and by unanimous consent, the Committee on Labor and Public Welfare was authorized to sit during the session of the Senate this afternoon.

On request of Mr. GEORGE, and by unanimous consent, the Committees on Agriculture and Forestry and the Judiciary were authorized to sit during the session of the Senate today.

REPORT BY SENATOR LODGE ON HIS RECENT TRIP TO EUROPE

Mr. LODGE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement which I issued yesterday regarding observations made on a recent trip to Europe.

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

STATEMENT OF SENATOR LODGE EXTENT OF TRIP

The trip was devoted first to an examination of the military integration of the Brussels Pact powers, and secondly to a general study of the progress of a united western Europe toward prosperity and strength.

All time was spent in France and Italy, but many conversations were held with persons arriving from other European countries on both sides of the iron curtain.

GENERAL STATEMENT

It is impossible to make even a brief and superficial survey of western Europe in this autumn of 1949 without feeling both great encouragement and some disappointment.

ENCOURAGING FACTORS

On the encouraging side mention must first be made of the very significant start which has been achieved toward the military integration of western Europe. The staff already functions smoothly and is completely international; studies of great thoroughness are in progress; an important amount of standardization, I was told, has been achieved among the respective navies and air forces; and some agreement on types of weapons has been reached as between the various armies. There is no doubt but that functions will be allotted on a noncompetitive and nonduplicating basis. Of course much remains to be done. But in view of the recent news of the possession by the Soviet Union of the atomic bomb, it is encouraging to be able to report the conviction of expert and responsible officials that western Europe can be successfully defended against aggression. To put western Europe in such a strong defensive posture will require prolonged and extensive efforts, but it is good to know that the fundamentals are such that these efforts would not be in vain.

The economic recovery in France is striking to one who saw France during the war and again in 1947. There is every outward indication of better living; foods of all kinds are plentiful and the shops are full. A great amount of reconstruction of areas devastated during the war has been achieved. Prices appear to be still high and many persons in the so-called white-collar class are still badly squeezed, but France's recovery is such that many professional observers believe that at the expiration of the Marshall plan in 1952 she will be able to stand by herself.

Italy's effort is immensely impressive, inasmuch as she underwent staggering destruction during the war. For example, 5,000 bridges were destroyed and, judging by the areas I visited, practically all of them have been repaired. In Italy I heard even greater concern than in France expressed for the so-called white-collar class, and disturbing statements were made to me about the whole state of higher education in Italy, and the future for university-trained people generally. Italy's relatively meager natural resources in relation to its large population make it appear likely that after 1952 some further assistance will still be necessary, but there is no doubt of Italian good will and of the fact that the Italians have, without stint, made their maximum effort.

A similar story of progress can be told about the other nations of continental western Europe. Living standards are up, much constructive work has been done, production in many cases is well above prewar levels, hope and confidence have replaced fear and defeatism. All this has been helped by—and most of it would not have been possible without—the Marshall plan. The record of its operations is a credit to all the men and women, including particularly such men as Averell Harriman and Milton Katz who, under the leadership of Paul Hoffman, have administered it with such remarkable efficiency. The record of its operations reflects credit on General Marshall, on Senator VANDENBERG, and on the Congress which enacted the Economic Cooperation Act, and set up procedures and standards which prevented this unprecedented adventure in foreign policy from degenerating into a chaotic hand-out.

Yet, while it has assuredly brought hope and prosperity and strength, and while it has