

In these States, where your Negro population is heaviest, you will find the majority of Negroes engaged either in farming or else in domestic service, so that, unless we have some provisions which will expressly extend the provisions of the bill to include domestic servants and agricultural workers, I submit that the bill is inadequate on the unemployment-compensation provision.

May I also call your attention to this, which is just as important? Now I speak to the matter of the care of dependent children, the matter of the whole program of public health.

There are States in which, according to the law, separate institutions are maintained for Negro and white citizens. I think that there should be a provision written into the bill in such States at least that where the money is allocated to the States and by law in public institutions you have a separation of races, there must be an equitable distribution between the white and colored citizens.

You have a precedent for that, if it please the committee, in the act of 1890 dealing with the land-grant colleges, which was an amendment to the Morrill Act of 1862, which was introduced into the record, yesterday, by Mr. Haynes. And to show Your Honors that this is not entirely theoretical, we have the experience of the veterans' hospital at Tuskegee, Ala. That hospital is exclusively for Negro veterans, but there only after a most persistent fight in which there was a tenacious attempt on the part of the white professional men of Alabama to retain for themselves the positions in this hospital, were you able to obtain a Negro personnel.

We are not responsible for the system of segregation. The system of segregation is imposed on us in spite of our citizenship before the law. But what we do say is that equality before the law is written into the Constitution as interpreted by your Supreme Court and certainly as it must be manifested by a Congress of the United States, it would demand an equitable distribution of funds, an equitable distribution of benefits where you have separate institutions.

May I ask permission, since I see that my time is about up, to file a brief which is on its way from New York, but which has not got here up to the present moment?

The CHAIRMAN. You have that permission.

If there are no questions, we thank you for your appearance and the testimony you have given.

The next witness is Sherwood L. Reeder, Washington, D. C., representing the United States Conference of Mayors.

(There was no response.)

The CHAIRMAN. The next witness is J. P. Kerr, representing the Association of Drainage and Levee Districts of Illinois.

STATEMENT OF J. P. KERR, REPRESENTING THE ASSOCIATION OF DRAINAGE AND LEVEE DISTRICTS OF ILLINOIS, VERSAILLES, ILL.

Mr. KERR. My name is J. P. Kerr, and I represent the Association of Drainage and Levee Districts of Illinois.

We wish to speak just a few words in regard to the Townsend bill, which we bitterly opposed in its inception, but we would like to represent to you that we are heartily in favor of it with these con-

servant by which he gets wages on which a tax could be levied. Therefore this population is excluded from the entire benefits of the old-age annuity, and that represents approximately, according to the 1930 census, 490,000 Negroes.

Next: Domestic servants are in substance excluded from the act and the benefit of the old-age annuity, because the system of employing domestic servants is so loose that the chances are, from the standpoint of the administration of the act as an excise contributory tax, it would be impossible to make a regulation which would go down far enough to pick up all the miscellaneous wages of your domestic servants who, as you may know, are sometimes employed on the basis of day labor, sometimes employed on the basis of hour labor, and less frequently employed either by the week or by the month.

In addition to that, from the standpoint of present persons unemployed, likewise this old-age annuity does not provide for these and I take it again I do not need to argue to the committee that Negroes have suffered from unemployment more than any other class of the community.

There was mentioned this morning the fact that this bill does not purport to relieve unemployment, which is true. It was mentioned this morning that the administration has introduced the Public Works Administration bill providing a vast program of public works. But we must call the committee's attention to the experience that the Negro has not received his share of Public Works Administration money in the sense of wages for public works.

I refer particularly to the Tennessee Valley Authority, on which I can speak out of personal experience and visits, in July.

I refer also to something which is not exactly in accord, because it is worked out through private corporations, but in substance it is entirely financed by the Government, a project such as Boulder Dam. At Boulder Dam there has been the most persistent fight in order to get Negroes any sort of representation and at one time, when the peak was reached, they had 30 Negroes employed on all of the Boulder Dam project.

Likewise, may I call your attention to this? In many States it is perfectly easy to get Negroes employed on Public Works for manual labor. But when it comes to the question of white-collar jobs for Negroes you have a very difficult situation, so far as the Government policy has evidently manifested itself. Negroes have had the greatest difficulty in getting any sort of employment other than manual labor under Public Works.

Therefore, I call your attention to the inadequacies of the bill so far as your Negro population is concerned. That is, on the basis of the agricultural workers, on the basis of your domestic servants, and on the basis of those who are now unemployed.

May I call attention to the unemployment-insurance provisions? As to that, we call the committee's attention to the fact that the definition of those who are to benefit under the unemployment-insurance provision is left up to the respective States. Now, where the Negro population is in the majority, or in largest numbers, you have the Negroes in occupations which, either under workmen's compensation acts or any other sort of legislation or other economic-insurance protection, are excluded from the benefits of the act.

siderations; that this money should not be made a dole. Our people out in Illinois want this to be a pension and not a dole.

Mr. VINSON. Will the gentleman yield?

Mr. KERR. Yes, sir.

Mr. VINSON. Are you representing an organization?

Mr. KERR. Yes, sir.

Mr. VINSON. Has your organization taken action with reference to the Townsend plan?

Mr. KERR. They have not taken official action; no, sir.

Mr. VINSON. Are you speaking, then, for that organization or are you speaking in your individual capacity?

Mr. KERR. Both.

Mr. VINSON. If they have not taken action, how can you speak for the organization?

Mr. KERR. I know them real well and am in contact with them. If you object to my appearance, of course, I will withdraw.

Mr. VINSON. I am not objecting to your being here, but I think you ought to know in what capacity you speak. If your organization has not taken action, it seems to me you ought to speak in your personal, individual capacity.

Mr. KERR. I will combine the two. I am well acquainted in that part of the State of Illinois. I know how the sentiment has changed in that part of Illinois, down in my section, in the Illinois River Valley. That is why I speak here.

The CHAIRMAN. Do you understand that the benefits of the Townsend plan are represented by a dole?

Mr. KERR. It all depends upon the administration of it and the qualifications and the amount.

The CHAIRMAN. The Townsend plan provides for the administration, the allocation, and the amounts—it is all very specific. I do not see anything to indicate that it is a dole.

Mr. KERR. We are speaking about the entire subject you are studying, the relief of the aged. A dole requires a man to be a pauper in order to be a beneficiary. A pension honorably retires a man from active service respectably. Therefore we have taken the position and as we associate with our fellow business men, that all pensions should be eliminated. I have paid thousands of dollars in taxes to my Government and to my State, and at his age, if I needed the money, I am not eligible to any pension. My mail carrier has received a good salary for years and has worked 3 or 4 hours each day and yet he can retire after 25 years of service on a good, wholesome pension.

So we are taking the position, as we associate with our business associates, that all governmental, professional, and industrial pensions should be eliminated—all of them—and that they should be incorporated in this one idea of a national pension for old age, for people past 60 or 65 years of age; and that the Government should be the institution that would insure to every living man and woman an honorable maintenance after they are 60 years of age.

Mr. KNUTSON. How would the average couple in a small town spend \$400 a month, when the man probably had never earned more than \$75 a month in his life?

Mr. KERR. I am not insisting that it be \$400. We regard that as an open question and subject to compromise. But it should be suffi-

cient to allow a family to live reasonably and make them purchasers.

Mr. KNUTSON. I am just asking if you have any idea as to how that money should be spent or could be spent.

Mr. KERR. Personally, I would not recommend \$200. I would lessen it.

Mr. KNUTSON. What would be your idea?

Mr. KERR. I should say that \$100 for an individual, such as a widower or a widow, or where the husband and wife are living \$150, would be a wholesome pension for the family.

Mr. KNUTSON. Suppose the husband had never earned more than \$100 a month.

Mr. KERR. There are a great many people that do not earn that.

Mr. KNUTSON. Do you not think that they would be a little bit too old to learn new methods of spending money?

Mr. KERR. That leads me to a most important point of the Townsend idea. It took me a long time to see it myself. That is, with these billions of dollars to be expended in this coming year, if the Townsend idea was to become a law, we would have 6 or 7 or possibly 8 million people that would be made employers, scattered all over the country. Suppose I were to be unfortunate and lose my income. I would become an employer. I would be an employer in my community and a distributor each month of \$100 or \$150. I would cease to be an earner myself, and thereby I would become an agent of the Federal Government in relieving unemployment, and I would buy the things that I have gone without for years, and my wife would buy things that she has gone without for years. That would be true of thousands and millions of our people.

Mr. KNUTSON. You speak of becoming a disbursing agent?

Mr. KERR. We would be in a way a disbursing agent, employing these people around us who are unemployed, giving them wages. We would be agents for the Government, if you please, in promoting this improvement in the economic situation about which we are talking so much.

Mr. KNUTSON. Do you think that \$200 to each individual who is past 60 will increase business 500 percent?

Mr. KERR. I would not say 500 percent, but I would regard it as one of the most tremendous factors in the development of industry, in the increase of employment, in the decrease of unemployment, all the way up and down the line. I have a half a dozen men around me at home who have nothing to do, and I cannot employ them because I am a farmer.

Mr. KNUTSON. If \$200 to each individual would increase the volume of business by 500 percent, as is claimed, \$400, of course, to each individual would increase the volume 1,000 percent.

Mr. KERR. That is true; but there is a wholesome limit to all things.

Mr. KNUTSON. That is what we are trying to determine here, and I am just asking for information.

Mr. KERR. I would regard with suspicion the value of a \$200 pension. I would prefer to start on a \$100 basis as applied to my part of the State.

Mr. WOODRUFF. Have you given any thought to the method by which you would raise the money that would be necessary to pay such a pension?

Mr. KERR. Yes, sir. The great outstanding factor that converted me to this proposition was this: That there are millions of people putting in millions of dollars into insurance companies for old-age protection, many of whom lose that in the process of time. Millions of dollars go into the fund for old-age protection right there. All right, eliminate that whole thing; eliminate the tax on industry for pensions in industry. Eliminate that tax and eliminate the pensions to Federal or other Government employees, and lump them all into one sum and pay a pension to everybody.

Mr. KNUTSON. It would be your thought, then, to liquidate all insurance companies?

Mr. KERR. They would naturally liquidate. They would cease to be able to function, which many of them have already done, in some respects. I know a great many people who have lost their savings, the savings of a lifetime, that they have put into insurance companies, and the insurance companies have gone broke, or, because of a lapse in the payment of premiums during the depression, these people would lose every dollar that they had put into it, and were penniless when they come to the 60-year-old age.

But if you have a Government agency to protect everybody, and concentrate every dollar of it into this one agency, you have one great governmental institution, protected by the Government, and applying to everybody, and I believe it would be the grandest thing that ever happened in this country.

Mr. THOMPSON. Mr. Kerr, you certainly do not want this committee to believe or to get the impression that you are expressing the views of a drainage association regarding pensions. From your statement one would take it that you do not favor, for instance, veterans' pensions. You want all pensions abolished.

Mr. KERR. My father-in-law served in the Civil War and drew a pension of \$90 a month. His brother, who had never seen any battle in the Civil War, drew \$90 a month. I would say that any able-bodied soldier, no matter who he is, should not draw any pension until he reaches the age of 60 unless he was disabled.

Mr. THOMPSON. Let me follow up the line of questioning of my colleague, Mr. Vinson. What connection have drainage districts with this security program, so far as they are combined in an association of drainage districts?

You and I the other day appeared before the Rivers and Harbors Committee on a matter of interest to drainage districts. Certainly I am surprised to see you here today talking on behalf of a drainage district. I can understand if you talk of your own views. But you said that you were talking for a drainage district.

Mr. KNUTSON. It may be that they want to drain the Federal Treasury.

Mr. KERR. My association has employed me for 12 years consecutively to come down to Washington to look after their interests. As an organization they are not especially interested in old-age pensions—that is, as a corporation. But as individuals, they are. Of course, I am not pledging them to this. But as I know them and as they know me, why, we are in favor of it.

Mr. THOMPSON. Of course, if you are authorized to speak for them, that is one thing. The committee is very anxious to obtain the views of the people back home on this subject. If you have an

organization of farmers in the Illinois River Valley, such as your drainage association, that means something to this committee. They would have considerable weight with the committee. But certainly drainage-district associations are going far afield when they enter into a controversy of this nature, as organizations.

Mr. KERR. My association is also interested in bankruptcy laws. They are also interested in farm bills, agricultural relief.

Mr. KNUTSON. I submit that drainage is involved in this matter.

Mr. KERR. Oh, yes.

Mr. TREADWAY. I have listened with a good deal of interest to your old-age scheme of pensioning everybody whether or not; but it would cost a good deal of money, would it not?

Mr. KERR. There is an immense amount of money that goes into these pensions, anyhow, in industry.

Mr. TREADWAY. But your scheme would take quite a little money, would it not?

Mr. KERR. Yes.

Mr. TREADWAY. How much?

Mr. KERR. I could not tell you.

Mr. TREADWAY. Why did you not figure it out before you came here to testify as an expert witness?

Mr. KERR. We are looking at the situation as an economic question.

Mr. TREADWAY. Of course, we have got to look at it that way, too—that is, the taxpayers have to.

Mr. KERR. Yes, sir.

Mr. TREADWAY. Never mind, if you do not know how much your scheme is going to cost. But where is this money coming from? How are you going to pay the bill?

Mr. KERR. The sales tax is a good point from which to begin.

Mr. TREADWAY. How much would you get from a sales tax?

Mr. KERR. It would depend upon the amount that you would assess.

Mr. TREADWAY. You are absolutely right. Suppose you assess 2 percent. How far would that go toward paying the bill?

Mr. KERR. I think it would reach it pretty adequately.

Mr. TREADWAY. You are mistaken, my good friend.

Mr. KERR. We pay 2 percent in Illinois now.

Mr. TREADWAY. You think that a sales tax would take care of this universal pension that you are talking about?

Mr. KERR. I cannot speak as an actuary; no.

Mr. TREADWAY. You have evidently shown that you cannot speak as a drainage expert, and now you say you cannot speak as an actuary. You are just talking as a plain American citizen?

Mr. KERR. Yes, sir.

Mr. TREADWAY. That is all right, and we are glad to hear you as such. But it does seem to me that you ought to have a little more actual knowledge, more facts, to present to this committee. You are suggesting a tremendous drain from some source on somebody. I am trying to find out where you are going to get this money that you are telling us to spend. It is advisable, when you are starting out to spend some money, to have some money in your pocket to start with.

Mr. KERR. We are getting that money from the same sources. We are now paying pensions to Government employees as they retire.

Mr. TREADWAY. But what percentage would that be for the plan that you are talking about?

Mr. KERR. Also we have industry.

Mr. TREADWAY. They are pretty well taxed now. If you are going to tax them some more, you are going to put them out of business, confiscate them.

Mr. KERR. No, sir.

Mr. TREADWAY. You would have to confiscate them if you paid your bill.

Mr. KERR. My point is that there are a large number of separate units throughout the country—governmental, professional, industrial, and otherwise—that are contributing moneys for old-age pensions. My theory is to eliminate them all and combine them all into this one scheme.

Mr. TREADWAY. We had an occasion this morning of an association that employed about 700,000 people who might be affected by this legislation. We had a case yesterday in which the people had earned their way to a possible pension by employment. That involved something like 2,000,000 people. They had earned their way. You are talking now about large numbers, millions, who have not earned anything to be pensioned for, so far as I have been able to see up to this time, from the remarks you have made. Personally, I would be interested in knowing where you are going to get this money.

Mr. KERR. Where are we going to get this money?

Mr. TREADWAY. Yes.

Mr. KERR. We will eliminate all the other sources—all of them—through a process of time, and combine them into this one source. Then industry would not have to charge the consuming public any pension costs, as they will under the bills that are pending. Our school systems would not charge any money to pensions, as they are now. Our Government will not charge any money to pension bills, as they are doing now. All of those charges will be eliminated, reassembled, and combined to take care of this in one organization.

Mr. TREADWAY. You say a branch of the organization pays your expenses to Washington?

Mr. KERR. Yes, sir.

Mr. TREADWAY. I am glad I am not a stockholder in it.

The CHAIRMAN. As I understand you, it is your idea that this committee should recommend the passage of legislation pensioning all people within a certain class?

Mr. KERR. Of a certain age.

The CHAIRMAN. It is your idea that it should be \$100 each for a widow or a widower living separately, but that where two persons live together it should be \$150 for the two?

Mr. KERR. Yes; that a difference be made.

The CHAIRMAN. You recommend that?

Mr. KERR. Yes. That would be my judgment.

The CHAIRMAN. And if the Congress should enact legislation of that kind, how much do you say that would cost? We should know first, because this committee then would be charged with the duty and the responsibility of raising the revenue to meet the cost and

to meet the authorization. You should be able to tell us how much it will cost and just how we would get the money.

Mr. KERR. Mr. Townsend has figured up the total sum in connection with his bill of \$200 a month.

The CHAIRMAN. How much would that be?

Mr. KERR. And that may be graduated as you lower the allowance per individual.

The CHAIRMAN. If he figured \$25,000,000,000, how much would it be under your plan?

Mr. KERR. Oh, it would come down to \$15,000,000,000, or something like that.

The CHAIRMAN. How would this committee proceed? If we authorize spending that much money, then it would be our duty to raise that amount of money. That is our responsibility, to recommend to the Congress how the money is to be raised. You ask us to pass a bill authorizing the raising of that money. You should tell us how we could raise it. You cannot get it by contribution. The only way in the world that you could get it would be by taxation, and on what should we impose taxes in order to raise this \$15,000,000,000 relief?

Mr. KERR. I would resort to the sales tax, as suggested.

The CHAIRMAN. As my colleague has said, a 2-percent or a 3-percent sales tax would not be more than a drop in the ocean.

Mr. KNUTSON. Mr. Chairman, may I say right there that they claim it is going to jump the gross volume of business up to \$200,000,000,000.

Mr. KERR. Those are estimates.

Mr. KNUTSON. Yes; although I am taking the figures. Two percent sales tax would not be more than a drop in the ocean.

Mr. KERR. Yes.

Mr. KNUTSON. The Townsend plan calls for an expenditure of \$18,000,000,000 to \$20,000,000,000 a year. Where are we going to get the other \$16,000,000,000? Let me call your attention to the fact that there have been only a billion minutes since the dawn of the Christian era. In other words, it would be incumbent upon this committee to find new sources of taxation in order to raise \$14 for every minute since the dawn of the Christian era. Have you any suggestions as to where we can go and get that money? We could pass the Townsend plan, but unless we provided the money to carry it into effect, it would be worthless, would it not?

Mr. KERR. Yes, sir.

Mr. KNUTSON. I have told you how we can raise \$4,000,000,000, but where will we go to get the other \$14,000,000,000, or \$16,000,000,000?

Mr. KERR. You are giving me rather a large order for a farmer.

Mr. KNUTSON. No. We have got to do that.

Mr. TREADWAY. You are advocating this proposition?

Mr. KERR. Yes, sir.

Mr. KNUTSON. We must know where the money is coming from. It would be cruel for us to report a bill favorably and then fail to make provision for paying the money; do you understand?

Mr. KERR. Yes, sir.

Mr. KNUTSON. I have a lot of sympathy for you, but we are looking for help. We want you to be helpful, and we want you to tell us how to raise this money.

Mr. KERR. I just want to tell you gentlemen this, that there have been millions and millions and millions of dollars sent out that have done more damage than good, more than we ever dreamed, and from which we shall not recover for many years.

Mr. KNUTSON. I think there is no doubt about that.

Mr. KERR. Now, let us stop that. Let us stop my neighbors down there from sitting around, smoking their cigarettes, and chewing their snuff, and drinking their beer, and getting the money from the Federal relief. Let us stop that and make them work for their living, as we older fellows always have done.

Mr. KNUTSON. Supposing we added all the moneys that we are spending in relief to the \$4,000,000,000 that I have already told you about, that would be \$9,000,000,000. Will you tell us where to go to get the other \$9,000,000,000?

Mr. KERR. If you applied that \$9,000,000,000, distributing the money among the people who are indigent or who are past the age of 60, I am pretty sure that this country will learn a very pleasant lesson.

Mr. KNUTSON. Why should I pay taxes to give Mr. Rockefeller \$200 a month? He would be eligible under the bill that I have before me. So would J. P. Morgan.

Mr. KERR. You pay it whether you wish to or not.

Mr. KNUTSON. But why should I?

Mr. KERR. You are doing it.

Mr. KNUTSON. Why should we give a baker bread?

Mr. KERR. We are doing it. I am paying pension bills for my mail carrier. I am paying pensions for my teachers whether I want to or not. I am paying pensions for every Government employee that has retired from active service. I must pay it, and I have paid it. Why should not somebody pay a pension to me?

Mr. KNUTSON. Would you be in favor of putting a limitation into it that would provide that no one who had an income of over a certain amount, say \$100 a month or \$150, should be eligible?

Mr. KERR. Yes, sir; I would.

Mr. KNUTSON. You think that is a weakness in the Townsend bill, do you not?

Mr. KERR. It is a weakness in the Townsend bill; yes, sir.

Mr. KNUTSON. That would save us some money?

Mr. KERR. Yes, sir.

Mr. KNUTSON. It might save us two or three hundred million. I do not know.

Mr. KERR. Yes.

Mr. KNUTSON. I am still worrying about where we could get the other \$9,000,000,000.

Mr. KERR. Well, if you ask me, we will not spend any more money than we have got, anyhow.

Mr. KNUTSON. You have said something about the Government employees' pensions. You know they are paying 3 or 3½ percent of their salaries into that fund, and that the Government has not put any money into that fund since it was created?

Mr. KERR. I would be delighted if I could get a Government position. I would be very well satisfied with a Government position and Government salary.

Mr. KNUTSON. Unfortunately, there are thousands back home who feel the same way.

The CHAIRMAN. Mr. Thompson.

Mr. THOMPSON. Apparently, Mr. Kerr, your organization in the Illinois drainage districts is in favor of the sales-tax idea, or at least you yourself are in favor of it?

Mr. KERR. We have approved it; yes, sir.

Mr. THOMPSON. How does your association feel about the 2 percent occupational tax in the State of Illinois?

Mr. KERR. We have acquiesced in it as the best means of getting along. We feel that it has the result that everybody is a taxpayer now in Illinois, and I think in the end there will be benefits.

Mr. THOMPSON. Then your organization does endorse the occupational tax in Illinois?

Mr. KERR. Yes, sir.

Mr. THOMPSON. Do you believe that Federal salaries are too high?

Mr. KERR. I beg your pardon?

Mr. THOMPSON. Do you believe that the mail carrier on your route gets too much money?

Mr. KERR. Yes, sir. I could duplicate my mail carrier, and he is just the average mail carrier. I could duplicate him for half the money, many times.

Mr. THOMPSON. Do you not believe the Federal Government should set up decent wages, in keeping with the high standard of living in America?

Mr. KERR. That is all right; but, if you ask for bids for mail carriers for my route, you will find plenty of men that will carry that mail for half the money he is getting and make money by it or make a good living.

Mr. THOMPSON. That is all.

Mr. HILL (acting chairman). Thank you very much for your appearance, Mr. Kerr.

Mr. KNUTSON. Well, we are still \$9,000,000,000 short.

Mr. HILL (acting chairman). We will call the next witness.

Mr. C. C. Mayer, Washington, D. C.

STATEMENT OF C. C. MAYER, REPRESENTING THE END POVERTY IN CIVILIZATION SOCIETY

Mr. MAYER. I appear here as the representative of the society organized and started in California to "End poverty in civilization", not by hobbling industry by taxing it more and more all the time and reducing the output and reducing employment, but by having assurance instead of insurance, to have a guaranty of a job for everybody who is able to work and willing to work, and taking care of those who are unable to work through old-age pensions.

The history of our Government from the time that Washington was inaugurated has been built up economically on the basis that every dollar put into circulation should be a debt against the person who uses it, instead of a credit for wealth that is created. We gave the privilege of issuing money to private individuals. Mr. Hamilton organized the First Bank for the United States, and he and his colleagues, most of them in Congress, took over the power to coin money, and that bank went out of existence in 20 years; and then another bank carried along until the most courageous and the best Democrat we have ever had, Andrew Jackson, put them out of