

ployers. This does not necessarily follow for the reasons I just spoke of in connection with the scaling down of contributions.

To make compensation a reality and to accomplish what the security program set out to accomplish, we consider it essential to include in the bill minimum standards in regard to length of waiting period, size of benefits, and duration of benefits. We urge that these standards be the ones suggested by the committee on economic security as being feasible in connection with 3-percent contributions. These were that the waiting period be no longer than 4 weeks, that the benefit payments be at least 50 percent of the worker's weekly wage, and that the payments be paid over a period of 15 or 16 weeks.

The CHAIRMAN. Thank you. Is Miss Elizabeth Eastman in the audience?

Mrs. FREDERICK SHELTON. I represent Miss Eastman.

The CHAIRMAN. Very well.

STATEMENT OF MRS. FREDERICK SHELTON, REPRESENTING THE NATIONAL BOARD OF YOUNG WOMEN'S CHRISTIAN ASSOCIATIONS

Mrs. SHELTON: This is a statement by the public affairs committee on pending Federal legislation for social insurance. It contains two suggestions or corrections to be included.

Through official action at its national convention, the Young Women's Christian Associations of the United States of America is on record as supporting compulsory unemployment insurance and old-age pensions.

The amount of study on unemployment insurance which we have done and an analysis of the experiences of our own industrial and business women membership lead us to the conviction that the following corrections should be made in bill H. R. 4142, introduced by Representative Lewis, and bill S. 1130, introduced by Senator Wagner.

1. The bill should be revised to establish minimum standards for benefits, amount, duration, waiting period, and so forth, to be paid by the States. Standards are the crux of a sound unemployment-insurance scheme. A statement in the bill that model legislation is being drafted to be submitted to States is not followed by any recommendation that minimum standards will have to be adopted. The old contention that industry will be "driven from the State" will be used by the opponents of unemployment insurance if one State adopts one scheme, another State adopts a different, and yet another no scheme at all.

2. The 3-percent tax should hold irrespective of the business index. The bill provides that the 3-percent Federal pay-roll tax shall, during the first 2 years be reduced to 1 percent if the average annual index of industrial production, as returned by the Federal Reserve Board, is under 84 and shall be reduced to 2 percent if this index is 95. The index of employment for the past 12 months is 76.8 and was lower in October 1934 than October 1935. Therefore it seems unlikely that the average index of production will rise above 84 for the coming 1 or 2 years. Therefore if only 1 percent is to be set aside, the States will have failed to secure adequate funds out of which even minimum benefits can be paid.

States are waiting anxiously for Federal legislation. Unless something is done quickly, many State legislatures will adjourn before they do anything.

As regards old-age pension, it is essential that those people who are not employed workers, who are, for example, farmers, small storekeepers, and so forth, shall always be taken care of. The suggestion that in time we shall not need a system of noncontributory pensions is based on a false premise. It is not only the employed worker who needs help in his old age. Many persons who are their own masters require assistance at 65 or 70.

This is signed by Mrs. Kendall Emerson, chairman of the public affairs committee, and Mrs. Allan K. Chalmers, subchairman, economics section.

The CHAIRMAN. Thank you very much.

The CHAIRMAN. I desire to have placed in the record a statement by the National Consumers' League on S. 1130, presented by Mrs. William Kittle, of Washington, D. C.; also a statement presented by Mrs. Kittle on behalf of the Women's Homeopathic Medical Fraternity. This statement is signed by Dr. Julia Minerva Green. (Statement referred to is as follows:)

STATEMENT BY THE NATIONAL CONSUMERS' LEAGUE ON THE SENATE BILL 1130

FEBRUARY 2, 1935.

The National Consumers' League, for 35 years the champion of security for workers, strongly endorses the proposals for unemployment insurance outlined by bill S. 1130.

Unemployment insurance, while not a panacea nor a solution of our social and industrial problems, will do much to relieve suffering for workers out of employment through no fault of their own. It will act as a shock absorber for some of the worst evils of a depression.

Although the catastrophe of the last years has convinced the majority of citizens of the necessity of substituting self-respecting insurance for the demoralizing dole system, the States are slow to take action. S. 1130 will provide the encouragement needed to stimulate the passage of State unemployment-insurance laws. While leaving to the individual State the choice of its particular system, S. 1130 will set a standard for the States and will coordinate their separate efforts. The National Consumers' League urges its passage by the United States Congress without delay.

WOMEN'S HOMEOPATHIC MEDICAL FRATERNITY,
January 28, 1935.

To the Members of the United States Senate:

This is to certify that the Women's Homeopathic Medical Fraternity, which is one of the member organizations of the Women's Joint Congressional Committee, urges the passage of Senate bill 1130, the part of it which deals with old-age assistance, unemployment insurance, and aid to dependent children.

JULIA MINERVA GREEN, M. D.,
Delegate of the Women's Homeopathic Medical Fraternity.

I am also placing in the record a letter I have received from Miss Elizabeth Christman, of Washington, D. C., on behalf of the National Women's Trade Union League of America, relative to the pending bill.

(Letter referred to is as follows:)

NATIONAL WOMEN'S TRADE UNION LEAGUE OF AMERICA,
Washington, D. C., January 31, 1935.

HON. PAT HARRISON,
Chairman Senate Finance Committee.

DEAR SENATOR HARRISON: The National Women's Trade Union League of America strongly endorses the purposes of the Economic Security Act. The measures for social security proposed in the various sections of the act—old-age

assistance; Federal and State aid for dependent children, for maternal and child health and for public health; and insurance against some of the hazards of unemployment—are all necessary steps that must be taken if the wage earners of the United States are to have any feeling of real social security.

The National Women's Trade Union League of America is an organization of trade-union women and speaks for thousands of working women who have had first-hand experience of the results of a social system that does not provide these safeguards.

While we recognize the fact that real economic security can be provided only by steady employment at a decent living wage, a wage that permits the support of dependents and expenditures for health and savings, we feel that the measures contemplated in this bill are of great social importance and are a real step forward toward a program of social justice for the wage earners of the United States.

Because of the great importance of the bill, and because of its far reaching significance to our people it is essential that the requirements set up, both as to administration and as to standards, should be most thoroughly examined, and for this reason we would like to call to the attention of the committee several defects which seem to us serious.

1. *Unemployment insurance.*—In our opinion it is a serious shortcoming of the bill that it fails to establish any minimum standards for benefits to be paid the workers for the length of the waiting period before the benefits are paid, for the duration of the benefits, and for payment of benefits to part-time workers. All of these items need to be carefully defined and minimum standards set so that States that are establishing high standards of insurance may not be handicapped by competition with States where standards are inadequate. We recognize the possible difficulties of setting a definite minimum standard in this Federal law, but we feel the matter to be so important that we urge that the Social Insurance Board be given in the bill (p. 22, sec. 402) authority to set minimum standards which must be met in all States.

2. *Old-age assistance.*—Under the section of the bill dealing with old-age assistance there seems to be considerable discrepancy between the purpose of the bill as stated on page 2, lines 19 and 20, to assure "a reasonable subsistence compatible with decency and health" and the limitation of the Federal allotment, on page 8, line 7, to \$15 a month per person, making a total with the State allotment of \$30 a month per person. We are convinced that a maximum amount of \$30 a month in many cases will not fulfill the purposes of the bill and we ask that the bill be so amended as to permit a more generous allowance when necessary.

3. *Civil service.*—In setting up any permanent service in the Federal Government, experience has shown that efficient administration can be based only on the appointment of employees by the merit system through the civil service. For that reason we think that the section of the bill dealing with the administration of old-age assistance (p. 8, sec. 9) and that section dealing with the administration of aid to dependent children (p. 14, sec. 209) should be amended to provide that employees be taken from the eligible lists of the Civil Service Commission. Also on page 22, section B, line 11, "experts" on the Social Insurance Board are specifically exempted from the civil service. This seems to leave possibly a very large group of appointees who would not come under the civil service as the term "expert" is capable of many interpretations. As the Children's Bureau in its administration of the maternal and child-health work is required on page 59, section 704, to employ "experts", "assistants", "clerks", from the eligible lists of the civil service there seems to be no reason why the same terminology should not be followed for the Social Insurance Board.

In conclusion, we take this opportunity to emphasize again our endorsement of various features of this bill. The development of maternal and infant hygiene has long been of great concern to us. We know that the women of the country are in need of this service and we are convinced that its most satisfactory administration will be by the Children's Bureau in the Department of Labor with its background of experience and scientific knowledge in this field. We feel also that for the care of crippled children and general promotion of child welfare the Children's Bureau is especially well fitted to handle the responsibilities given it in the bill.

We congratulate the committee on the opportunity it has to establish so important a program to meet some of the great social needs of the Nation and we ask favorable consideration of the bill at the earliest possible moment.

Respectfully submitted,

ELIZABETH CHRISTMAN,
National Women's Trade Union League of America.

The CHAIRMAN. Mr. Hansen.

Mr. HANSEN. Yes, sir.

The CHAIRMAN. Please give your full name and affiliation for the record. You are the chief economic analyst in the State Department?

Mr. HANSEN. Yes, sir.

STATEMENT OF ALVIN H. HANSEN, CHIEF ECONOMIC ANALYST, STATE DEPARTMENT

Mr. HANSEN. I am appearing as the chairman of the subcommittee on unemployment insurance attached to the Cabinet committee on social security, and I should like to address myself very briefly to that aspect of the bill which concerns itself with unemployment insurance.

Senator COSTIGAN. Has the State Department for any special reason interested itself in this legislation?

Mr. HANSEN. No, sir; the State Department as such has not. The technical board is drawn from personnel of special divisions of the Government that for one reason or another have in their past experience or research been connected with these problems, and I have prior to coming to the State Department, been interested in the problem of unemployment insurance for some time.

Senator KING. Where? In what States?

Mr. HANSEN. As professor of economics in the University of Minnesota.

Senator KING. How long have you been with the State Department?

Mr. HANSEN. Since the first of July, this year.

I should like to address myself particularly to two problems, first, the general question as to the merits of a national bill versus the Federal-State type of bill; and, second, the question of the investment of the reserve. With respect to the first question, there was at first among the various members of the committee a great deal of support for the national type of bill, but the more we discussed the matter we arrived at the conclusion that it would be preferable to recommend the Federal-State type of bill.

Senator KING. You are speaking now of unemployment insurance?

Mr. HANSEN. Yes, sir; unemployment insurance.

And the reasons that led us to this conclusion, very briefly, are as follows:

We were much impressed with the fact that there are a good many States who have been very much interested in the question of unemployment insurance; quite a number of States have had commissions studying the question, and there has been aroused throughout the country, particularly in some of the leading States, a large measure of support for State action. Several of these States appear to be ready to act. We thought in view of this fact, it might endanger the whole progress of unemployment insurance if all of the State activity were nipped in the bud by passing forthwith a national law or if it appeared that the national law were in the offing, which for one reason or another might not materialize, and in view of that fact the State legislation which might have materialized would have fallen by the way.

Then, in the second place, we were also impressed with the fact that there is in the country a good deal of disagreement, honest disagree-