

cashier who is physically located in a free public-employment office, consequently it is the most convenient way for all concerned—the records are there and the man is there.

Mr. HILL. That assures contact with the public employment office. He must receive his payments through that agency, as I understand.

Secretary PERKINS. When he has exhausted all that he is entitled to in the way of a legal cash benefit, when that has all been paid and the end has been reached, and that is all crossed off on his card, he will then be referred by this office to the most available public works, with the certification that he is eligible for what is known as a works benefit; and they will put him to work. The office which supervises his payments cannot direct just which piece of work he shall do, but the Public Works director can put him to work on the most available Public Works object.

Mr. HILL. We have at the present time, as I recall it, the employment offices under the Wagner-Peyser Act.

Secretary PERKINS. Yes, sir.

Mr. HILL. Is that the same as the National Reemployment Office?

Secretary PERKINS. No, sir.

Mr. HILL. Is that a different set-up?

Secretary PERKINS. There is a difference in it, although they are under the one management.

Mr. HILL. Is it contemplated you will continue both of these employment offices or just the one?

Secretary PERKINS. It is contemplated that the States that pass unemployment-insurance laws will also at the same time take advantage of the Wagner-Peyser Act and come under the provisions of the Wagner-Peyser Act in reference to their employment services; and that they will agree to administer their unemployment-insurance act through the Wagner-Peyser offices, which are State and Federal cooperating offices.

The CHAIRMAN. Madam Secretary, we thank you for your appearance and the very thorough and helpful statement you have given with respect to the proposed legislation. We appreciate it very much.

Secretary PERKINS. Thank you.

#### **STATEMENT OF HARRY L. HOPKINS, FEDERAL RELIEF ADMINISTRATOR AND MEMBER OF THE COMMITTEE ON ECONOMIC SECURITY**

Mr. HOPKINS. Mr. Chairman, and members of the Committee: I shall confine my direct statement to two phases of this bill, unemployment compensation and old-age pensions.

I think the Committee should understand that the Committee on Economic Security recognized that unemployment is not actuarially insurable. That is the chief reason why we suggested the name of "unemployment compensation". We know perfectly well that in a depression of this kind no insurance fund would stand up, just as no unemployment-insurance fund in Europe stood up during the depression.

Old age is actuarially insurable.

There has been some discussion as to Federal participation in terms of funds in connection with unemployment. The Committee felt that it was submitting a proposal covering security for unemployment and that unemployment compensation is only one phase of that. We know perfectly well that many workers after the 16 weeks of a cash benefit which this bill provides will still be unemployed. We know that the number of weeks of cash benefits is far smaller than about half that the English insurance scheme gives. But it was the judgment of the Committee, in which I for one heartily concur, that employment assurance provided by the Government or governments is an essential factor in this whole program.

The works program which the President has proposed does in effect do that very thing now. We knew perfectly well that an unemployment-insurance bill does nothing whatever for those that are now unemployed. It would have been absurd to present unemployment compensation by itself with the kind of a situation that we have facing us. I think it is better that at the end of 15 or 16 weeks, the benefit from that time become a work benefit rather than a cash benefit.

Someone may say "Why give any cash benefit at all? Why not make it a work benefit, an employment assurance bill right from the beginning?"

The answer to that is that this covers a great many thousands of people who are thrown out of work suddenly. It is essential that they be permitted to look for a job. They should not be doing anything else but looking for a job. We felt that in that period of 2½ to 3 months the beneficiaries should get an insurance benefit in cash.

So the Government is making a contribution to this whole picture, in terms at the moment of employment assurance. Therefore, in any discussion as to whether or not there could not be a Federal tax for this or that part of this program, it seems to me that the answer is that the Federal Government is sharing in this whole enterprise.

I am not going to discuss the technical aspects of this, because you have heard it presented by people who can do it far better than I.

I want to say this about old-age pensions: Certainly no member of that Committee wishes to make old-age pensions a niggardly business. But if you accept the premise that the Federal Government should give a grant in aid to the States, then in effect the burden of the size of the pension rests with the several States and is not determined in the main by the Federal Government. It seems to me that that is as it should be. The bill says that the Federal contribution shall not exceed \$15 per case. As a matter of fact, if that were not in the bill today, we would not pay more than \$15 per case. We would not pay more than \$15 per case anyway, in any State in the Union, whether it was in the bill or not, because in no State does the average pension exceed more than \$30 a month. As the Secretary of Labor said, the average old-age pension in the United States for the 180,000 people that are now getting old-age pensions is something under \$20 a month. You must remember that the size of the old-age pension is governed by local public opinion and by local interests. People do not need the same pension in all parts of the country. It seems to me the Federal Government should go along with the States, let-

ting the States determine in the main, under certain appropriate standards the size, of these old-age pensions.

There has been some discussion as to how much money that will cost. Nobody knows, of course, Mr. Chairman, accurately what that will cost. We know that 180,000 people are now getting old-age pensions in some 28 States. We know in the families on the relief rolls that there are 750,000 old people. We do not state that those 750,000 would be all eligible for pensions, because many of them have two or three able-bodied people in the family, able and willing to work. But if you paid pensions to 600,000 people, which would be more than three times as many as are now getting old-age pensions, and at the same benefit they are now receiving, the total cost would be still under \$150,000,000.

I hesitate even to express an opinion as to what it will be this year. We thought after canvassing it carefully it would be about \$50,000,000. If we paid the bill today and no pension laws were passed, it would cost the Federal Government about \$20,000,000 to meet 50 percent of the old-age pension cost.

Undoubtedly many States will pass new bills, but you must bear in mind that the States that did have pension bills are the States in the North, where the cost per case is the largest, and where you have the largest population. You must not think in terms of 28 States being three-fifths of 48, because I venture to say that nearly three-fourths of the population of the United States have now old-age pension bills in the several States.

I think, Mr. Chairman, those are the two statements about the committee's work that I would like to make formally to the committee.

The CHAIRMAN. Mr. Hopkins, information has come to the chairman that you perhaps had in mind some thoughts in connection with the Townsend pension plan. If so, I am sure the committee would appreciate your opinion on that subject.

Mr. HOPKINS. Mr. Chairman, my opinion on that subject is that it is a cock-eyed plan. If the Federal Government is ever going to tax any such sum of money, we can think of 40 ways and the Congress could think of 40 ways to use that money more effectively than in this manner, it seems to me.

Mr. KNUTSON. Mr. Chairman, right there may I ask a question?

The CHAIRMAN. Were you through?

Mr. HOPKINS. I can say a good deal about it if you want me to.

Mr. KNUTSON. I would like to take just a moment to read a communication which the messenger has just brought me. It reads as follows:

The Townsend plan would probably cost the sum named by the Secretary—

I suppose this was written right after the Secretary testified this morning—

but only for the first year, as it would create a huge revolving fund that would make it self-supporting, as it would increase the gross turn-over of the country from 40 billion to 200 or 300 billion.

Mr. HOPKINS. Well, now, Congressman—

Mr. KNUTSON. I am just giving it to you for what it is worth.

Mr. HOPKINS. There are a lot of petitions in here. Of course, you can get petitions, offering everybody in the world \$200 a month, all

the sons, sisters, daughters, uncles, aunts, and everybody else. Of course, they put a lot of high pressure behind this thing. I have before me some of the documents sent out in order to get this thing before the Congress. Here, for instance, is one of them [reading]:

Smother these Congressmen with petitions.

This is in a document called "Old Age Revolving Pensions." [Reading:]

By concerted and vigorous effort we will impress Congress with the universal demand of the people for necessary legislation to put the plan into operation.

Here are some more of them [reading]:

Part of these funds will be used for the expense of a delegation of reliable men to go to Washington and present this plan to the President and our lawmakers.

Mr. McCORMACK. What fund is that?

Mr. HOPKINS. That was the fund that was raised by the proponents of the Townsend plan. They have been raising money all over the country.

Here is a document from them which reads like this:

Obtain from the newspapers all possible publicity, both for the Townsend plan and for this meeting. It should be possible to have newspaper publicity each and every day of the week before the meeting. Draw the attention of the press to the fact that this will be the largest simultaneous meeting ever held in the world. Use every means of publicity possible.

There they took the newspapers into camp. [Reading:]

Make a big noise about this meeting and it's going to be the greatest thing of the kind ever attempted.

It is believed that many of the churches will be willing to cooperate with you in this movement, but please have it understood that you will be allowed to take contributions for campaign funds.

The speaker should urge every interested person to give a dollar or as many dollars as possible. The dollar idea should be put into the minds of the people. Have the speaker stress that everyone should help with all they can afford, be it much or little, but we do not want the widow's mite.

That is put in capital letters. [Continuing to read:]

Arrange for plenty of volunteer ushers. Also arrange for plates to take offerings in and appoint committee to handle same. Then when the appeal for funds is made by the speaker, there will be no delay in taking up the donations offered.

Then finally, of course, is the last word (reading):

Please wire us the net proceeds of the meeting and forward us, at your earliest convenience, a cashier's check.

Mr. HILL. By whom is that signed?

Mr. HOPKINS. This signed by F. E. Townsend and R. E. Clement.

Mr. HILL. Have you in your study of the Townsend plan determined what is meant by the "revolving fund" referred to?

Mr. HOPKINS. No; I never could quite make that out.

The CHAIRMAN. Does that state to whom or where that contribution shall be sent; where the cashier's check is to go?

Mr. HOPKINS. Yes; there is an address on this as to who gets the money. It is on the "Old Age Revolving Pensions"—148 American Avenue, Long Beach, Calif.

Mr. Chairman, the proponents of this scheme—and I do not laugh it off in terms of the popular support which it has, because it has a lot—are trying to put some of the rest of us in the position that we

do not believe in old-age pensions. Some of us have been fighting for old-age pensions long before this thing was ever heard of. We do not believe in a niggardly old-age pension. I think the Federal Government should go along with the States as far as the States want to go with old-age pensions. I have no doubt you will see, in the years to come, the States increasing this average over \$20 a month. There is no question about that. They ought to.

But we believe in old-age pensions just as much as anyone else. In our insurance bill, though insurance seems to be a sound principle for old-age pensions, because it is insurable, old-age pensions are essential up to the time when this insurance fund begins to operate.

That is all.

Mr. REED. Mr. Chairman, I understood that you suggested that Mr. Hopkins might insert in the record anything that he might have to say.

The CHAIRMAN. You have permission to insert in the record any extension of remarks that you may wish to make.

Mr. TREADWAY. Right on the point of the testimony that the Secretary of Labor gave, that your committee estimated that the Townsend plan will cost \$20,000,000,000 the first year, what is your idea? I do not know whether she later covered it or not—I was not here at the latter part of her testimony—but what is the estimate of the cost of the Townsend plan after the first year?

Mr. HOPKINS. Of course, it depends upon who is making the estimate. Our actuary stated that the cost would go down very little.

Mr. TREADWAY. It would keep about \$20,000,000,000?

Mr. HOPKINS. Yes.

Mr. TREADWAY. Per annum?

Mr. HOPKINS. If you follow the kind of thing they are talking about, they make a lot of assumptions that something miraculous is going to happen so that the cost will go down. We do not believe it will.

Mr. TREADWAY. In other words, to the best of your knowledge and from your study, if the first year's cost is \$20,000,000,000, it will not decrease materially below that in following years?

Mr. HOPKINS. I do not think so; no.

Mr. TREADWAY. Is that your view?

Mr. HOPKINS. Yes.

Mr. McCORMACK. Just one suggestion; this is not a question: We can take legislative notice, as courts take judicial notice, of existing circumstances. These hearings are probably going to be referred to in the future. I have failed as yet to see any evidence put in as to the existing circumstances and conditions with reference to unemployment, which, of course, is the main foundation for this legislation. I am going to suggest that either Mr. Hopkins or someone else put into the record complete data in that respect.

Mr. HOPKINS. I think that is a very good point. I shall see that that is done, Mr. Chairman.

Mr. VINSON. It occurs to me that we also ought to have the best data available with reference to the burden that the Federal Government is now bearing for the aged, and as far as you can, the burden that other governmental units are shouldering, not alone in regard to unemployment insurance, because we have been told that that burden is \$31,000,000, but as to other burdens, State, county, city,

and District, which are paying out large sums in the care of the aged. I think we ought to have that picture presented as definitely and as specifically as can be.

Mr. HOPKINS. We have that and we shall be glad to file that with the committee at once.

(These statements appear in the report and the supplement to the report of the Committee on Economic Security.)

The CHAIRMAN. We thank you, Mr. Hopkins, for your appearance, and the testimony you have given the committee.

(Whereupon at 12 o'clock, the committee adjourned until 10 a. m., Thursday, Jan. 24, 1935.)