

plan would make possible the essential knitting together of the various elements of a true security program, such as unemployment insurance, relief, old-age pensions, and the rest.

The case against a national plan may be outlined-though by no means fully discussed in the space here available-under the following heads:

1. Speed of enactment: State legislatures are already meeting, ready to put through plans; something must be done to encourage them. (The answer is that not more than half the States at the outside are likely to pass a measure; we may spend a quarter-century getting the rest to do so and then another quarter-century obtaining an adequate national scheme to supersede the confusion of 48 different State schemes, each one of which will have developed a vested interest of its own.)

2. Necessity for experiment: States can try different plans and we can learn on a limited scale and without great risk of loss what their virtues and defects are. (Other countries have done already most of the needed experimenting. On their experiences we can build a fairly good national system. The only really new experiment proposed in this country is the Wisconsin plan, and we can predict almost certainly that, whatever its success, it will be inferior as an attack on the problem of security.)

3. Need of decentralized and local administration: A Federal plan would be too big and unwieldy. (There is no proof whatever that State administration would, outside of exceptional instances, be better than Federal. Administration of any new scheme is indeed a highly important matter, but would 48 separate administrations of insurance in a Nation-wide industrial system be any better than a single administration setting standards and decentralizing those functions that can better be handled locally?)

4. Those concerned cannot agree on the nature of the plan; therefore we must allow them to differ by States. (Unfortunately it is true that the experts cannot all agree, and that there are differences between labor and employers. Such controversies, however, precede almost all legislation and are customarily resolved by majority rule or by the decision of the responsible executives. If we waited for experts, capital, and labor to become unanimous on any subject whatever, we should never try anything.)

5. Congress would not pass, and if it did the courts would declare unconstitutional, a national system. (Congress would pass almost anything in the line of security legislation that the administration favored. It may even pass measures to which the administration is opposed, \* \* \*. Some, at least, of the experts on constitutional law believe that no good grounds exist for invalidating national unemployment-insurance legislation; if the Supreme Court should do so, it would be even more likely to wipe off the slate most of the other "New Deal" legislation.)

In spite of these considerations, the administration has apparently made up its mind to support a bill resting upon State systems. It will probably encourage State legislatures by a scheme similar to the Wagner-Lewis bill penalizing employers by Federal taxes in States that do not set up unemployment-insurance plans. It probably will not even adopt the suggestion to give grants-in-aid; an encouragement, because of its commitments toward budget balancing. probably the standards it will set up for approval of State systems will be as lax as possible. All this, I believe, will in the future appear to have been a cardinal error.

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JOINT STATEMENT TO COMMITTEE, SUBMITTED BY THE WASHINGTON BRANCH  
OF THE AMERICAN ASSOCIATION FOR SOCIAL SECURITY

This statement is issued jointly by the following:

Barbara N. Armstrong, University of California! author of "Insuring the Essentials", and staff expert of the President's Committee on Economic Security.

Bruce Bliven, editor, "The New Republic."

Paul Brissenden, professor, Columbia University.

Douglas Brown, professor, Princeton University, and staff expert of the President's Committee on Economic Security.

Eveline M. Burns, Columbia University.

Edward Corwin, professor, Princeton University, formerly president American Political Science Association.

Abraham Epstein, executive secretary, American Association for Social Security, and author of "Insecurity-A Challenge to America", "The Challenge of the Aged", etc.

Carter Goodrich, professor of economics, Columbia University.

H. A. Gray, professor, New York University Law School.

William Green, president, American Federation of Labor, and member of the advisory council of the President's Committee on Economic Security,

Helen Hall, head worker of the Henry Street Settlement, and member of the advisory council of the President's Committee on Economic Security.

George L. Harrison, president, Brotherhood of Railway Clerks, and member of the advisory council of the President's Committee on Economic Security.

Stanley M. Isaacs, president, United Neighborhood Houses of New York.

Paul Kellogg, editor, "The Survey," and member of the advisory council of the President's Committee on Economic Security.

Estelle Lauder, executive secretary, Consumers' League, eastern Pennsylvania.

John L. Lewis, president, United Mine Workers of America.

Broadus Mitchell, professor, Johns Hopkins University.

Mary K. Simkhovitch, head worker, Greenwich House, New York.

Sumner Slichter, professor, Harvard University.

George Soule, editor, "The New Republic."

Bryce Stewart, author "Unemployment Benefits in the United States", etc.; staff expert of the President's Committee on Economic Security.

Robert J. Watt, executive secretary, Massachusetts State Federation of Labor, and member of Massachusetts Commission for Unemployment Insurance.

Margaret Wiesman, executive secretary, Consumers' League of Massachusetts.

Mary Gibson, University of Chicago.

The joint statement:

"We commend in principle the administration's program as recommended by the President's Committee on Economic Security. We support both the principle and methods for old-age security embodied in the Wagner-Lewis Bill, which are based on the recommendations of the committee's staff and approved by the advisory council. We desire, however, to protest against the unemployment-insurance provisions of the bill on the grounds that they are inadequate and unworkable.

"The bill proposed a Federal tax of 3 percent on pay rolls. In States establishing approved unemployment-insurance systems, employers will receive a credit up to 90 percent of this tax for the contributions which they make to their State systems. Approval of State systems is conditioned on compliance with a few minor standards.

"As against this tax-remission method, a majority of the advisory council recommended a Federal-subsidy plan. Under this system the Federal pay-roll tax goes directly into the Federal Treasury. The proceeds would then be paid to those States which set up approved unemployment-insurance plans. Before any State plan could be approved it would have to comply with the uniform minimum standards of benefits and administration prescribed in the Federal law.

"American economic life is fundamentally national. It is not organized according to political subdivisions: A single industry may extend over many States. Workers cross and recross State lines. In a society of fluid capital, migratory industries, shifting labor markets, seasonal technological and cyclical forces, unemployment is a national social hazard. Any plan for unemployment insurance must be fitted to the facts of our economic life.

"The shortcomings of the present bill in contrast with the subsidy plan are:

"1. Under the tax credit, insistence upon essential standards is impossible because of constitutional limitations; the insignificant standards required of the States in the bill is an admission of this fact. The subsidy plan permits the establishment and maintenance of basic standards by a traditional method of tested constitutionality.

"2. The tax credit will produce a multiplicity of diverse and uncoordinated State programs. Employees of the same company or members of the same trade union in different States will come under widely differing plans, some receiving a fair measure of protection and others little or nothing.

"3. The tax-credit device involves the duplication of tax-collection machinery in each of the States, with resulting dual accounts and records. Under a subsidy plan the tax for unemployment insurance would be collected through the same machinery that would collect the tax for old-age insurance, thus effecting substantial economies.

"4. The tax-credit method can control the States only by penalizing the employer. Should a State fail to conform, the Federal Government's sole recourse would be to cancel the tax credit given to the employers in the State. Employers

would then have to pay the full Federal tax as well as the contributions required by the State itself.

"The subsidy plan would operate directly upon the States to stimulate action and to maintain standards.

"5. The requirement in the pending bill that the States turn over to the Federal Treasury the contributions which they collect within their own borders encounters constitutional barriers in some States which will make it impossible for them to comply. Since the subsidy plan is based on a tax, levied and collected by the Federal Government, control of the funds by a Federal agency is assured.

"The present proposal levies the tax on the earnings of all employees including the highest paid executives, yet the States are left free to limit benefits to workers earning less than designated amounts. Under the bill as now written it will be possible for a State to provide an insignificant benefit of a few dollars for 3 or 4 weeks only, after a long waiting period. Workers moving from one State to another are left wholly unprotected, while under the subsidy system it would be possible to provide for such workers by a simple administrative device.

"The subsidy plan will foster effective Federal-State cooperation in the development of an unemployment-insurance system suited to our national needs. It is simple, clear and certain, and easily and economically administered. It would achieve a substantial measure of uniform protection and yet leave the States free to experiment in making more liberal provision. At the same time it would guard effectively against unfair competition among the several States."

JANUARY 31, 1935.

Non. **ROBERT F. WAGNER**, *Chairman*,  
*Committee on Education and Labor, United States Senate,*  
*Washington, D. C.*

**MY DEAR SENATOR WAGNER:** Following my brief discussion with you yesterday, at our meeting arranged by Congressman Connery, I am taking the liberty of presenting in documentary form, as executive secretary of the American Federation of Actors, a resume of the matter affecting actors, and other classes of workers similarly situated, contained in section 4, Senate Bill No. 1130, relating to old-age assistance, etc.

The bill as introduced by you provides in section 4, subsection (e) (2); page 4, that State plans for old-age assistance offered for approval shall be approved only if such plans do not deny assistance to any person, who (among other things)—

"has resided in the State for 5 years or more within the 10 years immediately preceding application for assistance."

Actors and actresses, including those who appear in vaudeville, legitimate, cabarets, motion-picture presentation theaters, outdoor amusements, and other classes of entertainers, by the very nature of their work would be unable to qualify under this provision because a large proportion of our members are constantly and continuously required to travel between cities in one or more States, and, according to the measure of their success and the consequent demand for their services, are never in any one city or State for a sufficient period of time to qualify under the 5-year-residence requirement of the bill.

As a matter of fact, large numbers of our members are, and for years have been, completely disfranchised because they are continuously traveling, and either do not have a permanently established home and family, or, if they do, are not able to meet the qualifications of States like New York which require registration by appearance in person in the voting precinct, even though actual voting by mail is authorized by statute. This is easily understandable when considering the number of artists who are either unmarried or whose wives or husbands accompany them on their tours.

Attached hereto is a copy of page 914 of the World Almanac of 1935 showing the residence requirements of the various States for voting qualifications, a representative requirement being 1 year residence in the State, 4 months in the county, and 1 month in the town and voting precinct. Our members are now more conscious of their voting privileges and benefits than ever before in the history of show business, and the requirements for voting, though much less stringent than the provisions of the bill (S. 1130), have for years proved impossible of fulfillment by actors and entertainers required to do a great deal of traveling, because they cannot control the conditions of their employment and must follow itineraries arranged by their employers and booking agents. If, as is true in some cases, an actor plans to be at his legal residence to register or vote (where