



THE
AMERICAN
FORUM
OF THE AIR

Presents
"AMERICA'S OUTLOOK"
Reprint of A Radio Discussion by
FRANCES PERKINS
Secretary of Labor
W. GIBSON CAREY
President of the United States Chamber of Commerce
SAM A. LEWISOHN
Noted Art and Music Patron
FRANK GRAVES
Commissioner of Education of the State of New York
PROFESSOR WALTER B. CANNON
*Of Harvard, President of the American Association for
the Advancement of Science*
JAMES LAWRENCE FLY
Chairman, Federal Communications Commission
EUGENE MEYER
Publisher of The Washington Post
BRIGADIER GENERAL FRANK M. ANDREWS
Chief of Operations of the War Department
MILBURN L. WILSON
Under Secretary of Agriculture
GOVERNOR PAUL McNUTT
Federal Security Administrator

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DIRECTOR OF THE AMERICAN FORUM



Announcer McCormick:

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THE AMERICAN FORUM OF THE AIR!

Once again we invite you to listen to another "American Forum" program emanating this evening from New York, Boston and these broadcasting studios of the New Department of the Interior Building in Washington, D. C.

The facilities of these studios have been extended by the Secretary of the Interior, Harold L. Ickes, in the interest of promoting educational radio programs pertaining to national problems, and treated in temperate discussion under non-partisan and non-political auspices.

Your chairman tonight as usual is Theodore Granik, pioneer in educational radio discussion and newspaper columnist who personally directs and arranges these broadcasts.

Chairman Granik:

Thank you, Mr. McCormick.

We are poised on the threshold of a new year. America's 130 million will greet 1940 at midnight with many wishful New Years resolutions—to stay out of war and to face the many difficult domestic problems with courage and with hope of their solution. We query how to continue to solve the problem of our millions of jobless—about one-third of whom are youngsters. What is in store for them and for the other youths of America, our citizens of tomorrow? What about their elders, who are passing their productive years, and must look forward anxiously, to some form, of security and protection, in old age?

Americans view with great satisfaction industry's spurt in the last few months and hope that these impressive advances in production and profits, which were matched by equally spectacular gains for the nation's workers, will follow into the year ahead.

And will the near-record purchasing power now enjoyed by the country's employees, continue into 1940?

As for other groups, the farmers received a total cash income greater than last year, and dividends disbursed to investors also registered an increase.

Can we continue these gains, which have resulted in a national income paid out to the entire population rising to seventy billions of dollars?

The present European conflict and the complex structure of our social and economic life, causes us to consider our national defense program, and to ponder what magic lies ahead in the field of communications and radio, and what role the press will continue to play in our daily lives. And what is the immediate future of our educational, scientific and cultural worlds?

And so tonight, New Year's Eve, the American Forum of the Air departs from its customary debates to present ten leaders in various fields of American life to discuss "America's Outlook". Our participants are:

Frances Perkins, Secretary of Labor; W. Gibson Carey, President of the United States Chamber of Commerce; Sam A. Lewisohn, Noted Art and Music Patron; Frank Graves, Commissioner of Education of the State of New York and President of United Chapters of Phi Beta Kappa; Professor Walter B. Cannon, of Harvard, President of the American Association for the Advancement of Science; James Lawrence Fly, Chairman, Federal Communications Commission; Eugene Meyer, Publisher of The Washington Post; Brigadier General Frank M. Andrews, Chief of Operations of the War Department; Milburn L. Wilson, Under Secretary of Agriculture, and Governor Paul McNutt, Federal Security Administrator.

We are making pick-ups from New York, Washington and Boston. And may we express our gratitude to all of our participants, who have been kind enough to leave dinner parties and other engagements in order to join us this

New Year's Eve. And now as our opening speaker, Secretary of Labor Frances Perkins, speaking on the "Outlook for American Labor". We take you to our New York Studios.

ADDRESS BY FRANCES PERKINS

The New Year finds American industry well on its way toward higher levels of activity and with the outlook excellent for a continuation of the upward trend. Improvement in economic conditions was substantial during the past year and wage earners, management, farmers, merchants and investors benefited accordingly.

Total non-agricultural private employment as of November last was 34,703,000, an increase of more than 1,300,000 over the same period in 1932 and a rise of more than 3,600,000 over March 1933. Weekly payrolls of factories reporting to the Department of Labor amounted to \$193,092,000 last November, an increase of nearly \$33,000,000 weekly over the previous year and a rise of the huge sum of more than \$120,000,000 weekly over March 1933.

Non-farm residential building construction which stimulates employment in many other lines, amounted to \$1,700,000,000 last year, an increase of \$400,000,000 over 1932, and the enormous advance of \$1,500,000,000 over 1933.

Manufacturers also enjoyed an increase in profits during 1933, the net gains of leading manufacturing corporations in the first nine months of the year being about double the profits earned in 1932. This contrasts sharply with the losses which were being shown by most concerns in 1932.

It is estimated that American farmers received \$7,625,000,000 from marketing of their products last year. This represents an increase of 63% during the last seven years. Cash farm income slumped to a low mark of \$4,682,000,000 in 1932.

Despite these significant gains, unemployment has not been eliminated. Rather, it has been reduced, mitigated, and modified. Among the programs designed to overcome unemployment which have emanated out of the Department of Labor's continuous study of this problem are the following:

First. An immediate recommendation early in 1933 that there be some quick relief in the way of federal appropriations to assist the states and localities in meeting the primary relief needs of the people who were then unemployed and had been unemployed for a long time in the emergency of general depression.

Second. A program of straight public works. The recommendation for it and the justification for it, and the basic figures and information came out of the Labor Department. The conception of finding special work for those who could not be absorbed on straight public works also sprang from a meeting of labor leaders, government officers, and others in the Department of Labor early in 1933.

Third. The Wagner-Peyser Act, which established well equipped, free public employment offices, also came from recommendations of this Department as a method of taking care of the effective placement of persons looking for work where there was work to be had, so reducing the loss and waste of poor placement of the job hunting.

Fourth. The labor sections of the NIRA were contributed by this Department and its advisers in an effort to offer employment opportunities and labor protection in private industry.

Fifth. The Public Contracts Act, which required not over 40 hours and a fair minimum pay on Government contracts in manufacturing. This Act sprang out of the recommendations of the Department, advised by a conference committee of State labor department officials and labor leaders.

Sixth. The Wage and Hour Act, which was the first effort to establish on

a Federal basis a floor to wages and a ceiling to hours. This grew directly out of the recommendations of this Department, advised again by a conference of State labor department officials and labor representatives following the abandonment of NIRA.

Seventh. Unemployment compensation, which is an adjustment for the loss of wages due to the accident of unemployment. Again this had its origin in the studies and recommendations of the Labor Department and its advisory committees.

Eighth. Contributory old-age insurance for the future and Federal assistance to the States for providing old-age assistance to aged needy persons. These programs were adopted partly to enable the elderly to leave the labor market and so offer more employment to persons at the peak load of their responsibilities.

Ninth. Limitation on the employment of young persons under 16 years in the NIRA Act and later in the Public Contracts Act and Wage and Hour Act. These provisions were aimed partly at keeping the immature workers out of the labor market and so offering more jobs to those in middle life.

Tenth. The basic information and recommendations for the development of the CCC as a form of constructive educational employment for young persons. This, too, had its inception in the Department of Labor.

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Chairman Granik:

Our second speaker is Mr. W. G. Carey, President of the United States Chamber of Commerce, and as such tonight, spokesman for American commercial interests. We introduce Mr. Carey, speaking on "The Outlook for American Business."

ADDRESS BY W. GIBSON CAREY

Tomorrow our National Greeting will be Happy New Year. As we say it there will be gladness in our hearts. Subconsciously some of the elevation of Christmas will still be in our attitudes. Peace on earth, Good Will toward men!

But 1940 will have three hundred and sixty-six days. I am supposed to say something as to how we shall fare during that period and I am supposed to say it from the business viewpoint. Truthfully, there isn't such a thing, in any definite sense. Some men in business are optimists and some are pessimists. For this reason I intend talking simply as an American citizen.

We can and we will make a lot of progress next year. I'm an optimist on America. What God did for us in location, climate, size, resources and natural beauty can't be beaten. What our forefathers did was marvelous. What we've done of late years is a crime, not so much against ourselves as against our children. We men haven't had courage, energy and foresight enough to keep America on a safe track. I'm sure of this because my mother-in-law told me so. Excuses don't go with one's mother-in-law. It's a good thing they don't.

In 1940 the men and women of America have a job to do, and they are going to do it together. In the first place, we're going to stop knifing one another like a bunch of bolsheviks. Maybe the trouble is we have too many of that breed here. In the second place, we're going to work to produce goods and services so we can all have the share we earn. Trying through government or propaganda to control the major conditions of life, including who gets what, isn't American. Worse than that, it doesn't work. A good many million unemployed know that from sad experience, and yet many of them don't really understand. They think capital is on strike, or some have too much, or business leaders are all Republicans or some such stuff and nonsense. The truth

is, we've socialized and experimented ourselves into a stalemate with laws, innuendo and bad will. We can get along very nicely from now on without the innuendo and bad will. As for the laws, some of them are splendid; some too restrictive and burdensome. We have a selective job to do.

It may amaze you to hear me say that I am not much interested in the eighty billion dollar national income about which some people talk so blithely. What I want to see is our entire nation back at work. I also want to see us start toward a balanced budget. We haven't paid our way in so long that many of us think that isn't necessary any more. This error springs from a belief in pump-priming. Unfortunately, economic pumps don't work that way, at least when politicians do the priming.

If we stop telling employers and employees just how to greet one another and just what to say, if we stop scaring everyone who has a ten dollar bill, if we stop talking of leisure and spending and talk rather of work and saving, this country has the greatest future in history. Then we can have one hundred billion dollar national incomes because we've earned them. We can at least make a start in that direction in 1940. To do this, we must, of course, stay out of any foreign war.

I have said things tonight which some people may not like hearing, but I am not blaming anyone. The truth is we are all somewhat at fault and I am here to take my share.

And finally, all I have said is in the American tradition and on behalf of America's future. In my heart and mind are:

Peace on Earth, Good Will Toward Men and Happy New Year.

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Chairman Granik:

We turn now to American culture—the field of music and literature and fine arts. Our third speaker on this special program is Mr. Sam A. Lewisohn, who is well known as a writer, as a member of the board of the Museum of Modern Art and as principal sponsor of the musical concerts presented annually at the stadium in New York, bearing his name—the Lewisohn Stadium. We now present Mr. Lewisohn, speaking on the "Outlook for American Culture."

ADDRESS BY SAM A. LEWISOHN

America's zest for culture has been a natural off-spring of her zest for life. Our youthful enthusiasm for every activity which we follow is one of the most attractive features of the American scene. This zest, this enthusiasm, is behind our revived interest in painting and sculpture, our revived interest in music and literature, not to forget the theater and the dance. It should be a refreshing influence on the gifted individuals who are coming to us from every part of the world. I feel confident that the creative energy of these men will be invigorated by the American environment. For zest is contagious.

Besides, of course, we possess an enormous native talent which is only just beginning to assert itself. Certainly in literature and the drama there has been some very pungent material written. In painting, for a young country it is surprising what interesting work has been produced, as yet more by individuals than by cohesive groups. The so-called "regional" art, in which there is an enormous interest springing up has promise of providing a vigorous infusion to the old forms.

When it comes to audiences, there is no question as to the intensity and breadth of the awakened interest. Never before have weekly periodicals of enormous circulation carried articles and photographs depicting the fine arts and musical personalities. Art books reproducing everything from Giotto to contemporary Americans have an unprecedented circulation. Indeed, there has never been such an interest in books on art.

In literature, best sellers are not confined to meretricious fiction, but include some of the most solid and excellent of our authors.

The attendance at the Stadium Concerts at the College of the City of New York last summer was one of the largest in its history, and programs of comparatively severe classical music attracted more and more listeners. What was particularly pleasing was that such an austere personality as the great Finnish composer Sibelius should have had so great an appeal.

The deep interest evinced by this city, with its broad cultural background, in the finest quality of music has been most gratifying. Of course it is not confined to this city alone. The large audiences in Philadelphia, San Francisco, and all over the country at stadiums and popular gatherings, attest the enormous interest in the very best of music on the part of the public.

One of the most interesting developments has been the large number of visitors at art museums, particularly those which exhibit the works of recent masters. The attendance at the more sensational exhibits of the Museum of Modern Art of this city, such as those of the current Picasso, Van Gogh and Surrealist art exhibits, has been enormous. But almost more encouraging has been the attendance throughout the country at the traveling exhibits of this Museum.

Another development of outstanding importance is the great interest aroused in the developments centering around the work fostered by the Procurement Division of the Treasury Department in Washington under that gallant figure, Edward Bruce. Never in the history of this country has there been such an outpouring of work in the field of murals. They range from vivid folk chronicles of deep America to profound allegorical interpretations of our underlying philosophy. Some of the results have been outstanding landmarks in the history of mural painting in this country.

Finally, I must mention the astounding work done by the radio in the cultural field, and the gratifying response. Who would have thought 30 years ago that millions of people in this country could have been provided with the very best in music and, what is more remarkable, actually listen to it with keen enjoyment and interest. To me this seems the most promising development of all. It is proof of our cultural rebirth, and it is proof that we have modern facilities to satisfy the awakened appetites for the best in culture.

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Chairman Granik:

Our next speaker in this discussion of "America's Outlook", is Mr. Frank P. Graves, Commissioner of Education in New York State and President of the United Chapters of Phi Beta Kappa. Mr. Graves will now examine the "Outlook for American Education."

ADDRESS BY FRANK GRAVES

To many of us the war now raging in Europe finds its basis not so much in economic difficulty as in a fundamental difference in the way of life of the nations involved. To a dictator it is the immediate consideration of material well being which is of paramount importance—or perhaps even more than that, it is the use of the moment for the aggrandizement of an individual. In times of danger and stress, however, truly democratic nations ever remember those timeless values which they have come to cherish through ascending years of cultural development. They have become actively aware, for instance, of that personal liberty and mental and spiritual freedom which they have accepted without conscious thought, for it has been of the very air they breathe and of the soil from which they gain their living.

And so it is that we are beginning to be acutely aware of powerful forces struggling for dominance in American education—and in that struggle de-

mocracy is the pawn. On the one side we have that force which since the beginning of the machine era has brought to itself increasing importance and has entered our schools and colleges through vocational and technical education. On the other, we have the formerly traditional education in the humanities with the more recent addition of pure science. In over-emphasis on the technical we encourage our schools and colleges to produce dictators and fit subjects for dictators. In a narrow conception of the humanities we chance a medieval separation of learned and illiterate classes. Either extreme is not without its peril for democracy, but having broken the aristocratic bonds of traditional education, we must now seek to escape from the toils of a mechanistic and totalitarian training.

Happily both parents and advisers are today beginning to lay less stress upon educating children for the mere getting of jobs. They are seeing the forces for dictatorship crowd out the liberalizing and enlightening study of such subjects as literature and history and the pure sciences. Tomorrow they will *know*, through the bitter error of what has gone before, that enlightened personality, broad knowledge and sympathy, scientific processes of thought, and cultivated tastes are those attributes which must be expected of our youth and which our educational system must consciously promote.

America's outlook today is the brightest in its history. Too long have we been content with our accepted role of materialistic and mechanical supremacy. Now we have in our province the preservation and development of civilization in a world ravaged by irrational greed and violence. We must accept the torch which has thus suddenly been thrust upon us and we must train American youth not only to guard its flame but to bring it to even fuller and steadier brilliance.

Our schools and colleges are accepting the challenge. If the present international crises should lead, as we all hope, to a union of peoples which would free for education the vast resources now horribly wasted in human slaughter, our institutions could give American youth still greater educational opportunities. Our national economy should ever bear this in mind. In a democracy such as ours, every individual man and woman is called upon to help decide questions of national and international importance. Every citizen, in varying degree, is expected to be a leader in those human relationships in which he is competent. In spite of its limitations and shortcomings, our vast educational system has had incredible success in the last few decades in preparing our citizens for the greatest responsibility and opportunity with which men and women were ever entrusted. And to the morrow we look for a completely cooperative program in which forces now clashing in educational policy and practice will find their proper spheres of usefulness.

To every American, old or young, we shall hope to bring the maximum opportunity to satisfy the profoundest desire for spiritual development and intellectual power.

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Chairman Granik:

We now turn to science and introduce one of America's foremost men of medicine, Dr. Walter B. Cannon, President of the American Association for the Advancement of Science. Speaking on the "Outlook for American Science," we introduce Dr. Cannon from Boston.

ADDRESS BY PROFESSOR WALTER B. CANNON

The topic assigned to me is America's outlook for science. The outlook for science in any country depends primarily upon whether the conditions for the activities of scientific workers are advantageous or not. In that respect no doubt the United States, compared with other countries of the world, now

stands almost alone as a favored nation. In justification of that statement let us look for a moment at the conditions best suited for successful scientific effort.

First, there must be freedom of research. Experience has repeatedly proved that as a rule the most significant discoveries, those which are disruptive, which break through barriers and open new vistas, result from the individual, deep-dwelling interests of the truth-seeker. If important consequences are expected, therefore, his attention must not be narrowly confined to immediately useful prospects, nor to a so-called "nationalistic science," nor to the support of any group of political or social ideas.

In some foreign countries freedom of research has been severely hampered. Careful observations, opposed to accepted doctrines, have been roundly denounced as not being orthodox. Creative investigators, having to their credit illustrious achievements and enjoying international renown, have been discharged from their posts, subjected to indignities and exposed to exhausting privations. How fortunate are we in the United States to be free from such repression and injustice, to be permitted to push our inquiries without check or hindrance wherever we may wish, and to publish our results without the obnoxious intrusion of a censor!

A second favoring condition for scientific progress rests on the support which it receives, both material and moral, including respect for past achievements and a trust that its methods will assure further benefits. These propitious conditions are commonly found in universities. In foreign countries some universities have been utterly destroyed, others have been closed, and still others have lost their social value as sanctuaries for scholars where search for new knowledge is untrammelled. Again, in this country, note how privileged we are. Not only in universities, but also in research institutes, and in the laboratories of great industrial plants the activities of scientific investigators are warmly appreciated and favored. Furthermore, among intelligent citizens is widely diffused a well established confidence that scientific imagination, experience and skill, if applied to problems, will bring satisfactory and helpful answers. In that confidence large funds have been set aside to meet the financial needs of scientific studies. From the foundations, every year, many hundreds of thousands of dollars are distributed in order to promote the interests of productive investigators. The material and moral significance of this support is incalculably stimulating.

A third condition which is to a very great degree advantageous to science in our country is our non-involvement in war. War itself limits freedom of research. Scientists whose labors might yield new knowledge serviceable in lessening human ignorance and distress and increasing human welfare are compelled, during a war, to cease their free enterprise and to concentrate their attention on problems of military importance. Also, during a war, vast resources which, if applied to scientific research, would bring enlightenment, comforts and conveniences into the lives of hosts of the less privileged, are appallingly wasted in wanton destruction. In Japan and Germany, France and Finland, in former Austria and Czechoslovakia, in England and her scattered dominions, warfare has forced scientific workers away from their individual interests and and occupations and mobilized them into the service of the fighting forces. In other nations, bordering on the nations now at war, fear and the basic impulses of self-preservation have spread widely and destroyed the possibilities of calm attention to scientific study. Counting aside most of Asia, Africa and Latin America, where active interest in serious research has scarcely awakened, we find that the United States remains as almost the sole country in which, without fear or obstacle, the precious liberty of learning still prevails.

We should look upon our good fortune not only with deep satisfaction but also with a deep sense of responsibility. We have full freedom in our inquiries,

we enjoy unsurpassed opportunities and generous grants for scientific investigation, we are not oppressed by the overwhelming demands of warfare, in laboratories throughout our land are thousands of well trained investigators. Surely the torch of science has fallen to us Americans. In the present darkness of the world we must carry it onward for the good of all mankind.

Announcer McCormick:

You are listening to a special New Year's Eve program, titled "America's Outlook", and presenting ten leaders in various phases of American life examining the outlook for our country's immediate future. This program, one of the regular American Forum of the Air series, is coming from Washington, New York and Boston. We pause momentarily for station identification. This is the Mutual Broadcasting System.

Chairman Granik:

Mutual's special New Year's Eve program—"America's Outlook", continues now with an examination of American Communications. Our next speaker, James Lawrence Fly, Chairman of the Federal Communications Commission, will speak to us from Washington, D. C.

ADDRESS BY JAMES LAWRENCE FLY

If the field of communications were to be characterized in a word, that word would have to be "progress." Yet even we who have lived through most of this great advance have a tendency to take the benefits of our far-flung communications system for granted. It may, therefore, be fitting to recall that it was only a quarter of a century ago that the first trans-continental telephone conversation was held. But ten years ago the average time required to make a toll call was about three minutes. Today, 93% of all long distance calls are completed without the caller leaving the telephone. And the advance in the telephone industry promises to continue unslackened.

Through the use of telephone wires great networks of radio stations have been set up. The first radio broadcast station, KDKA, Pittsburgh, it may be remembered, began operation in 1920. Since that time radio broadcasting has come a long way to where it now has a tremendous impact on our national life. There are more radio sets in the United States than in all the rest of the world. With rapid strides the industry moves forward. Television shows ever-increasing possibilities. Radio engineers are speculating on the improved interference-free and noise-free service possible through a different type of broadcasting known as frequency modulation. And facsimile broadcasting—a service by which one day your morning newspaper may come to you through the air—is being improved.

It was in 1844, five years before the Gold Rush, when the first telegraph line between Washington and Baltimore was constructed. The telegraph soon followed the westward trek along the lines of the land grant railways. Of late years, this industry has suffered grievously from telephone and air mail competition from without, and from cut-rate inducements and duplication of facilities from within. However, public expenditure of a hundred and thirty-three million dollars for telegraph service in one year indicates its importance to the nation. It is hoped that in the new year some way will be found to solve the telegraph problem; and to put these important members of the communications family on an equally firm basis, thereby strengthening even further the foundations of our communications system as a whole. For it is a vast and complicated machinery which must ever move forward in step with the social, economic and defensive needs of our country. And as it progresses, its activities will always be correlated with those of the extensive international system. By means of this system, with its hundreds of channels, by radio, by telegraph, by telephone,

by radio telephone and radio telegraph, or by cable, a private message or news of greatest significance is relayed to and from the far corners of the world almost instantaneously.

The important role of communications in modern warfare is all too obvious. In this country, however, we prefer to contemplate the system of communications as an instrument of peace. In the constant light it radiates, the cloak of mystery cannot long enshroud international events. The American citizen of 1940 is an alert, well informed citizen of the world, with an independent judgment on international problems. It is therefore something more than the sincere wish of all of us that the year to come will see the world's great communications machinery allowed to do its important part in weaving more firmly the ties of understanding among the peoples of the world.

Chairman Granik:

Thank you Chairman Fly.

And now as our next speaker, one of America's outstanding leaders in the newspaper world, Eugene Meyer, Publisher of The Washington Post, who will speak on the "Outlook of the Press".

ADDRESS BY EUGENE MEYER

I am asked, as we stand on the threshold of a new decade, to say a few words on "The Outlook for Journalism and a Free Press in the United States." Prediction is always dangerous. It is unusually so at this moment. But we can assert with some confidence that as long as the United States retains its traditional ideals, the newspapers of this country will be doing their part.

No American newspaper is perfect. All are conducted by fallible human beings affected by individual outlooks; limited in their knowledge, hampered by the scant leisure for reflection which is an inevitable condition of daily publication.

Newspaper men and women, like those in other walks of life, are rising to the challenge of the times. They realize that all institutions having large powers are under scrutiny. The right to exercise power must be justified by the responsibility with which it is exercised. The safeguards with which the liberty of the press was surrounded by the Bill of Rights cannot be used as a protection against criticism where criticism is proper.

Publishers and their staffs are aware of the increasing social importance of their calling. They appreciate the educational values for good or for evil, of the press. They recognize that it is up to them to justify the guarantee of a free press, which is written into the Constitution.

In the six and a half years that I have been publisher of The Washington Post I have seen many evidences of this growth of professional responsibility in what is called the Fourth Estate. Partly because there is still room for progress in this direction, there is every reason to anticipate such growth in the future.

I have mentioned the Constitutional guarantee of a free press. It is well to remember that this guarantee does not stand alone in the Bill of Rights. It is one of a series of associated provisions in the first amendment to the Constitution. It reads as follows:

"Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech or of the press; or the right of the people peaceably to assemble and to petition the Government for a redress of grievances."

The grouping together, as essential democratic rights, of freedom of religious faith, freedom of speech, freedom of assembly, and freedom of the press was not mere accident. They are associated rights; they stand or fall together. If one were undermined, the others would all be jeopardized.

Above all things the press must endeavor to be unbiased and fair in the presentation of the news. When feelings run high, as they do today on many subjects, the press can be a great stabilizing force if it remains impartial and dispassionate in giving its readers the facts on all public questions. Such fair-mindedness can contribute to the solution of our many problems and thereby justify the role of the press in modern civilization. This desire to be fair has been steadily growing. There is every reason to expect continued growth. The basic element in impartiality is tolerance; never has the country been in greater need of this spirit of "live and let live" than it is today. By being tolerant themselves, the newspapers can exert a great moral force and help reason instead of passion to prevail.

The public desire for accurate and full information will guarantee the freedom of a press that has these two essential qualities: fairness and tolerance.

The very urgency of our problems has accentuated the national impulse of newspaper men toward self-improvement. The progress made in recent years by the press is the best guarantee of still greater progress in the future. Our press has long been the best in the world. But in the immediate future I feel certain the free American press will more than ever justify the confidence of our people, and will play an ever-increasing part in moulding the future of our Nation.

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Chairman Granik:

Thank you Mr. Meyer. And now we present Brigadier General Frank M. Andrews, Initial commander and organizer of the General Headquarters Air Force and the present Chief of Operations of the War Department, who will discuss "National Defense."

ADDRESS BY BRIGADIER GENERAL FRANK M. ANDREWS

When General Malin Craig retired last summer as Chief of Staff of the Army, he made a very significant statement. "Military planning," he said, "is one of the most serious responsibilities that can confront a people. . . . The plans deal with the nation's future, with hundreds of thousands of lives and untold wealth. They must be coldly and painstakingly considered in the light of intense realism as the basis of all future military strategy and tactics. What transpires on prospective battlefields is influenced vitally years before in the councils of the Staff and in the legislative halls of Congress."

Our plans for national defense are based of necessity upon the establishment maintained as a result of funds annually appropriated. We have a very small Regular Army, a larger National Guard, and a group of Reserve Officers to be utilized in the event of an emergency. We lack adequate modern equipment. Several years ago Congress made initial appropriations to procure for the Army some of the modern weapons it would need if called upon to take up arms once more in the defense of this nation. The Congress at its last regular session appropriated additional sums of money to rectify many of our deficiencies in weapons, such as tanks, semi-automatic rifles, anti-aircraft guns, and airplanes. Generous as were the appropriations of the last Congress, considerable time will elapse before the appropriations will produce actual deliveries of military equipment. This unavoidable delay in translating money into material is usually ignored by the public, but it is one of our greatest problems concerned with the national defense.

Last July our Regular Establishment numbered about 165,000 men. Actually, that strength would have permitted the Army to place in the field in continental United States only 70,000 combat troops. The remainder were on duty guarding our overseas possessions and manning our arsenals, depots, warehouses, overhead, coast defenses, and the General Headquarters Air Force.

At that time the United States Army did not have as a complete organiza-

tion a single Infantry division, which is a basic yardstick among military men for measuring military strength. Our mobile troops were scattered among a hundred different Army posts where they secured splendid individual training and training as small units, but were denied the opportunity for team training in the normal large combat groups.

An even more serious deficiency in the welding of effective combat teams resulted from the extreme limits to which the Army was forced to go in skeletonizing its units. For example, Infantry regiments were usually short one of the three essential battalions and Artillery battalions had one out of three batteries eliminated. This meant that commanders had to assume situations and organizations which did not actually exist. Our military maneuvers and war games were, therefore, played by teams in which numerous key players were missing. Naturally, the results were largely hypothetical, just as if in football practice a team would take the field with an end and several backs missing and on each play assume that the missing individuals were in the line-up. In war, or even in scrimmage practice, as in maneuvers, such assumptions are impracticable or impossible.

In 1939 actual or threatened conflicts involved a number of important European nations. These nations for years have had to consider their military defenses from the viewpoint of intense realism. Defenses had to be adequate or disaster resulted. For example, when Poland was invaded she had available to meet the enemy over 30 infantry divisions with 750 airplanes, but they were not enough against Germany's 70 divisions, aided by 7000 airplanes, all of which Germany did not find it necessary to use. At that time, as I said before, the United States did not have available one completely organized division. Hence, it was high time that we looked to a strengthening of our defenses. With almost unanimous public approval, the Congress made available to the Army substantial appropriations with which to improve our national defense. As a result, our Army has been enabled to depart, to a certain degree, from its highly skeletonized and hypothetical version into what we hope will be, as the Secretary of War recently pointed out, "An army in being." The Army is now embarked on an air program which will result by 1941 in practically doubling the combat strength of the Air Corps. We have organized many of our widely separated units into five Infantry divisions. Four of them are now concentrated in the South for maneuvers. One is concentrating on the West Coast, later to proceed to California for training. In the spring these divisions will be grouped for corps maneuvers. Opportunity will be given National Guard commanders and certain of the higher Reserve officers to witness and participate in this training. The National Guard has been given additional drills each week and additional days of field training.

New equipment is being procured both for our regular troops and for the National Guard. Steps are being taken to build up stocks of strategic raw materials for which we are largely dependent on foreign sources.

All of these preparations are being made, not to meet any immediate or specific threat of war, but rather to place our Army in a position of readiness to perform its duty of defending the nation. The present international situation focuses public attention on everything pertaining to our security or defense, but let us hope that this interest will not lapse into the indifferent antagonistic attitude of the past, resulting in an emasculation of our military establishment and arrangements, and the same old story of refusing to spend ten million to provide what fifty million cannot procure in a crisis of our international affairs.

With all Americans the members of the United States Army join in the hope that during 1940 our country will continue to enjoy the blessings of peace. I know that all good citizens are grateful to know that our peace is being made more secure because we are building a more adequate defense.

In behalf of the Army, may I wish every one of you a Happy and a Peaceful New Year.

1 1 1

Chairman Granik:

Thank you General Andrews. And now the outlook for the American Farmer, will be discussed by our able Under-secretary of Agriculture, Milburn L. Wilson.

ADDRESS BY MILBURN L. WILSON

These last few hours of a decade are a time for long thoughts. And this night no Americans will be thinking longer thoughts than the farm people. The nineteen thirties have marked a turning point for American agriculture.

In the nineteen twenties, the foundations of rural life were crumbling though the rest of the nation was on a short-lived spree of prosperity. In the first years of the 'thirties, all the people joined the farmers in despair. The foundations of economic life and the security of society were going to pieces under our whole civilization in those dark days. We ate the bitter bread of our past mistakes.

Farm people and city people came to understand that things were different now from what they had been when we had an open frontier of good free land, when the world was eager to get our goods. In no branch of American society were the changes more profound than in agriculture.

The farmers had been trying through the 'twenties to obtain national action that would help them adjust to the new conditions and overcome some of the disadvantages they were under because the rest of the nation refused to face the new facts. In the late 'twenties the representatives of all the people in Congress conceded that national action was necessary in justice and in wisdom, but the Executive head of the Government at that time refused to grant approval. In the 'thirties both legislative and executive acted on behalf of the whole people and in the interest of the general welfare to bring a variety of assistance to help farm people in overcoming the evil results of past mistakes. There was help in adjusting production, balancing income as between farm and city, conserving the soil and water resources which are the fundamental basis of all our living, and conserving our rich human resources of rural people which were going to waste because of rural poverty.

Now as we start into the fifth decade of the Twentieth Century, the 1940's, farm people are learning to use democratically and efficiently new methods of working together to achieve these purposes. It is a new situation for American agriculture. And a promising situation, on the whole.

Slowly, and with setbacks here and there, the farm income has climbed upward from the rock bottom depths of 1932. With the exception of 1937, farm income this year stands at the high point of the decade. Farm production is abundant for all the needs of our own people, and for all the markets that are open overseas. More than four million farm families are taking part in the local and national programs to conserve soil and water and trees and grass and farm in a way that will make this a *permanent* country, not one of the vanishing lands which have washed or blown away from under great civilizations of the past. What other nations war over, we have—rich resources, skilled people, abundance potentially for all. Farm and city are sharing farm abundance through a food stamp plan and surplus distribution.

Looking into the new year farm people see as through a glass, darkly. "What will the effects of war be on our trade with the world in farm products?" they ask. What will the weather bring in the way of crop yields? They have found already that the trade controls being used now by the fighting nations work against exports of our farm products. The blockade shuts our products

out of Central Europe. Belligerents want to save their dollars to buy military goods; in their buying, they want to favor their own colonial possessions, and the neutrals whose goods may go to enemies.

Farmers know that the weather situation is disturbing over wide areas. The most intense fall drought in history has prevailed in many parts of the wheat country. The condition of winter wheat is very low on this last day of the old year. But the growers are protected against total loss of income by crop insurance—more than 300,000 of them; and they have been able to hold last year's crop through the loans of the Ever Normal Granary, and this time to realize for themselves the profits from price increases that speculators used to realize in such situations.

So the outlook as to production and markets abroad is clouded. But we have ample reserves in the Ever Normal Granary; we have a better prospective home market as employment and wage earnings pick up. And the general prospect is for higher prices and better incomes for farmers. However, they will not be getting the parity of income that is the declared policy of the Congress and the people, and the legislative branch will be considering ways and means of bringing farm income to a fair share of the national income during the coming session.

Even so, the prospect of the new decade in its first months is dismaying to the farm people, though economically it may turn out to be on the side of improvement. For farm people and all our people are sick at heart that the tragedy of war has come again to the world. And on this New Year's Eve, farm prayers join with city prayers that the human spirit may soon be spared the indignities of war and rejoice in the freedoms of peace.

Chairman Granik:

Thank you Secretary Wilson.

And now as our concluding speaker in tonight's American Forum of the Air presentation on "America's Outlook", we present Governor Paul McNutt, Federal Security Administrator, who will discuss Youth and Social Security. . . . Governor McNutt.

ADDRESS BY GOVERNOR PAUL McNUTT

One generation, having completed its task, relaxes its hold and leaves the nation's work to others. At the other end, a new generation slips imperceptibly into the ranks. In the meantime, those of us in the middle of life carry on. We momentarily bear the load. But those generations at the extremes are vitally important. The country must look to its youth if it is to retain its physical vigor. It must look *after* its aged if it is to maintain its spiritual strength. Democracy cannot afford to let hope die in the first group. Humanity *will* not let it die in the second. There are four million unemployed under twenty-five, old enough to work. There are eight million unemployable past sixty-five, too old to work. What prospect does the new year hold for these twelve million special wards of the Nation?

The National Youth Administration and the Civilian Conservation Corps will keep about a million young people occupied on important work projects. This will keep them healthy with exercise and decent food. It will afford an opportunity to acquire work habits and skill. It will fortify them in mind and spirit with the knowledge that they are performing useful services and contributing to the support of their loved ones. Moreover, they are coming to know and to love their country, because, on the many projects of conservation and public works, these boys are helping to build and remake America. In doing so, they become better Americans.

But what of the three million young people for whom no provision has

yet been made? I am happy to report that important forces are coming to the assistance of the Government in this problem. The recent report of the Youth Commission, representing wide business and industrial interests, is reassuring. It recognizes the necessity, at any cost, of adequate opportunity for the oncoming generation. Two weeks ago, a Youth Conference in this city, also representing far-flung business interests, agreed that private enterprise must mobilize its forces to close the gaps in the youth program. It will be a great day for America when business and government complete a cooperative program to conserve the most valuable asset of both—the Nation's youth.

The Federal Security Agency, on its part, pledges unremitting attention to the plight of young men and women without jobs. Throughout 1940, a heavy accent will be placed on youth. It will require time, thought, and money, but the investment is in capital goods. It is important that there be a balanced budget, but it is equally important that there be a balanced diet for those who must champion Democracy in the ensuing years.

For the aged, too, the outlook is brighter. At midnight, the 1939 amendments to the Social Security Act become effective. Thirty million workers will have the satisfaction of knowing that the initial monthly benefits are payable under the law designed to afford them security for the remainder of their lives. It is expected that more than 100 million dollars will be disbursed during 1940 on about 900,000 claims. It is estimated that these claims will be received at the rate of about 2,000 a day during the month of January. Both the number of beneficiaries and the size of benefits will increase vastly as wage credits are accumulated in the future years. 1940, however, will always be remembered as a significant milestone along the path which leads to independence and security for the aged.

The whole is no greater than its parts. Our collective social security is the sum of the security of each individual citizen. For both youth and old age the prospects are brighter than on the last New Year's Eve. We can expect them to be brighter still on the Eve of 1941.

1 1 1

Announcer McCormick:

Thank you, Gov. McNutt.

Mutual has presented a special New Year's Eve program, titled "America's Outlook." You have heard ten leaders in various phases of American life, discussing the immediate outlook for our country's future. Those on the program included United States Secretary of Labor Frances Perkins; Federal Security Administrator Paul V. McNutt; James Lawrence Fly, Chairman of the Federal Communications Commission; M. L. Wilson, Under-Secretary of Agriculture; Frank P. Graves, New York State Commissioner of Education; W. G. Carey, President of the United States Chamber of Commerce; Eugene Meyer, publisher of the Washington Post; Dr. Walter B. Cannon, President of the American Association for the Advancement of Science; Brigadier General Frank M. Andrews, present chief of operations of the U. S. War Department, and Sam A. Lewisohn, noted patron of the fine arts. This program was one in the regular series of the American Forum of the Air, arranged and directed by Theodore Granik, nationally known radio and newspaper commentator. In tonight's special broadcast, Mr. Granik was assisted by Alvin M. Josephy, Jr. Tickets to these broadcasts may be had by sending your request to Station WOR, New York or WOL, Washington.

In the interest of education, the Burland Printing Company of New York and Washington prints and distributes, free of charge, a limited number of copies of the entire proceedings of these broadcasts.

Address your requests and comments to Mr. Granik care of WOL.

Stephen McCormick speaking.

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The Proceedings Of

THE AMERICAN FORUM OF THE AIR

*As Initiated By WOL And WOR And Broadcast Over
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The proceedings of the American Forum of the Air are held every Sunday evening at 8 o'clock, Eastern Standard Time, in the Radio Studios of the Interior Department Building in Washington, D. C., before an audience of invited guests. If you desire to attend these broadcasts in person, please address your request for tickets to Station WOL in Washington, D. C.



State Department of Labor
80 Centre Street
New York, N. Y.

(Excerpts from address of Miss Frances Perkins, New York State Industrial Commissioner, on the subject "The New Challenge to Industry", before the Springfield Women's Club on January 27, 1932.)

It is the economic situation now confronting us that is the new challenge to industry---the challenge that employers make industry not only healthful and safe, but that they also make it secure for the men and women who work in it.

I think in this period of unemployment, when we see the disaster and the human wreckage caused by insecurity, we begin to realize the importance of developing somehow or other in our economic life security against old age, security against unemployment.

The people who work in any industry---whether it be coal, shoes, textiles, or stationery, are just as much committed to that industry as is the employer. It is their industry; it is their job. It is the only trade, the only technique they know. They are involved in it, and they may not with impunity be laid off here and there and now and then as orders indicate.

For one of the things we must recognize as a demand on industry is the realization of its responsibility for the people laid off, without regard to cause. There is a great deal of talk about a dismissal wage, and I think it greatly to the credit of thousands of employers in this country that they have paid such a wage of one week for every year the employee has been at work at the time he is laid off because of no work.

And there is talk also of unemployment insurance. Active unemployment insurance movements are under way in several states, and the State of Wisconsin has taken the lead by enacting the first unemployment insurance law. It is the pioneer enactment in this country of a state plan for unemployment reserve funds, with provision for limited benefits to be paid by industry under State supervision.

Under the Wisconsin plan employers will contribute 2% of the weekly payroll to establish a fund which will allow an unemployment benefit to each involuntarily unemployed worker. The maximum benefit is \$100 a year paid at the rate of \$10 a month. The law becomes effective July 1, 1933.

The greatest benefit of unemployment insurance in the future will be the keeping up of active purchasing power. The possession of even small purchasing power on the part of large numbers of wage earners in a depression period is of great importance in preventing the further decline of business.

THE OFFICIAL ADDRESS BY THE GOVERNOR. THE SUBJECT IS UNEMPLOYMENT

WHAT SHOULD WE DO NEXT TO FIGHT

What the State has done from 1929 to 1932 to

UNEMPLOYMENT AND TO HELP

THE UNEMPLOYED?

WHY?

The purpose of the conference.

HOW?

The policy of the administration and the

without will of the people respecting meeting

the needs of the distressed.

A PLANNING CONFERENCE CALLED BY THE GOVERNOR OF THE
STATE OF NEW YORK

THE HONORABLE FRANKLIN D. ROOSEVELT

AT ALBANY

IN THE EXECUTIVE MANSION

APRIL 1932

1. ...

THE OPENING ADDRESS BY THE GOVERNOR. For relief in 1932-1933

1. What private resources will be available?
What the State has done from 1930 to 1932 to
2. fight unemployment and the distress resulting
from it. Will the cities be able to contribute?
Will the counties be able to contribute?
The present situation. Will be expected to contribute?
3. What measures of raising public funds are feasible at
The purpose of the conference.
worthy of consideration?
4. The policy of the administration and the
evident will of the people respecting meeting
the needs of the distressed.

I. RELIEF OF THE UNEMPLOYED ORGANIZED NOW.

1. What are the prospective demands for relief in 1932-1933?
2. What private resources will be available?
3. What public funds will be required?
 - a. What will the cities be able to contribute?
 - b. What will the counties be able to contribute?
 - c. What will the state be expected to contribute?
4. What new measures of raising public funds are feasible or worthy of consideration?
5. Are government economies equalling the increased demands for public relief?
 - a. No new machinery.
 - a. Discontinuance.
 - b. Technological changes reducing labor demand.

III. IS THERE ANY PROSPECT OF ESTABLISHING UNEMPLOYED WORKERS ON FARM LAND?

II. EMPLOYMENT OF THE UNEMPLOYED.

1. Is there any evidence of increased employment of labor and clerical workers in industry and commerce in the state?
2. Are there any large scale private projects under consideration which will require additional labor?
 - a. Are such farms public property in whole or part?
3. Are there large scale state, federal or municipal projects that will require additional labor?
 - a. Are such farms privately owned and for sale or rent?
4. Are stabilization plans succeeding in keeping at work men on part time without undermining health and family life?
5. What is the status of the principal industries in the state with respect to the likelihood from present plans and prospects of returning in the near future to pre-depression levels of employment?
 - a. Discontinuances.
 - b. Technological changes reducing labor demand.

IV. SHALL WE RELY ON PUBLIC WORKS?

III. IS THERE ANY PROSPECT OF ESTABLISHING UNEMPLOYED WORKERS ON FARM LAND?

1. What relief work costs the state?
2. 1. What percentage of the arable land of the state has been abandoned?
 - a. To the public
2. Has, or can, a survey been made of these lands to ascertain where habitable farms are located which have been abandoned but might be reclaimed?
3. If there is an adequate supply of relief work jobs?
4. What plan to work produce most direct labor employment?
 - a. Are such farms public property in whole or part?
 - b. Are such farms privately owned and for sale or rent?
5. What information is available respecting resettlement efforts made in America or elsewhere?
6. What would it cost?
7. 4. Is there anything practical in the idea of putting the unemployed back on the land?
 - a. What facilities would be required by way of additional recreational facilities, such as forest and sun-side parks, which might now be built with the aid of the unemployed?
8. 5. If the idea is at all practicable, how much would it cost?
 - a. How would the cost be raised? What organization would be needed?
9. 10. Could a special emergency contingent?
10. 11. What the prevailing rates of wages be paid?
11. 12. Could the work be parcelled out on a need basis?
12. 13. Could suitable camps be provided for living quarters where men in number in excess of actual requirements could be accommodated in order to divide work and promote healthful living?
13. 14. Could any vocational work be carried out?

IV. SHALL WE SUPPLANT RELIEF WORK WITH PUBLIC WORKS?

1. What relief work costs the state?
2. What benefits result from it?
 - a. To the public
 - b. To the unemployed, for undertaking a slum clearance in the City of New York on a sufficiently large scale to give employment in substantial proportions?
3. Is there an adequate supply of relief work jobs?
4. What public works produce most direct labor employment?
5. If road making produces most direct labor employment, is a comprehensive state road program feasible to give work to the unemployed?
6. Could work be supplied for 50,000 heads of families? If not, for how many less?
7. What would it cost?
8. Could road making on this scale be financed by state funds?
9. What does the state require by way of additional recreational facilities, such as forest and sea-side parks, which might now be built with the aid of the unemployed?
10. Could a special authority be created for the purposes of carrying on the relief public works with specified and limited powers and fixed short term, renewable if the emergency continues?
11. Must the prevailing rates of wages be paid?
12. Could the work be parceled out on a need basis?
13. Could suitable camps be provided for living quarters where men in number in excess of actual requirements could be encamped in order to divide work and promote healthful living?
14. Could any vocational work be carried on?

VI. HOW MAY THE STATE COOPERATE WITH THE FEDERAL GOVERNMENT TO IMPROVE
V. DOES SLUM CLEARANCE OFFER A PRACTICAL MEANS OF PROMOTING EMPLOYMENT?
ECONOMIC CONDITIONS AND PROMOTE THE WELL-BEING OF SOCIALLY DISADVANTAGED IN-

1. What conclusions were arrived at as a result of the Washington Conference and other investigations, respecting the feasibility of conducting slum clearance on a large scale?
2. Is there any practical plan for undertaking a slum clearance in the City of New York on a sufficiently large scale to give employment in substantial proportions?
3. Shall such clearance be wholly a matter of public expenditure or would it be possible to enlist the cooperation of private capital?
4. What type of building would replace the areas clear?
5. Has the city of state constitutional power to undertake such expenditure?
6. What would be the effect on other properties in the city?
7. Would the benefits to the unemployed outweigh the disadvantages to the property owners and to those who would be dispossessed of their dwelling places?
8. Could the occupants evacuated find other dwelling places at rentals which are within their range?
9. How would new construction be financed?
10. Are there substantial reasons from the standpoint of public health for such an undertaking?
11. Does the necessity exist for so radical a departure from state policy as would be involved in such a slum clearance undertaking?

VI. HOW MAY THE STATE COOPERATE WITH THE FEDERAL GOVERNMENT TO IMPROVE ECONOMIC CONDITIONS AND PROMOTE NORMAL OR ARTIFICIALLY STIMULATED EMPLOYMENT? of review of the measures pending.

1. The program with respect to the railroads - finances and consolidations.
2. Assistance in stabilizing banking conditions.
3. Maintenance of working condition standards.
4. Policy with respect to immigration
5. Would a federal appropriation of public works of substantial proportions effectively stimulate business as well as give employment?

5. What private employers believe industry and other large employing business undertakings are prepared to do respecting unemployment reserves, now.

VII. WHAT SHOULD BE DONE NOW REGARDING UNEMPLOYMENT RESERVES?

1. Brief review of the measures pending.

2. The argument for postponing compulsory action in order to permit of private experiment.

3. The argument in favor of taking early action (next session of Legislature or special (?) session) to institute compulsory plans.

4. What private employers are doing to set up unemployment reserves.

5. What private employers believe industry and other large employing business undertakings are prepared to do respecting unemployment reserves, now.

VIII. ADJOURNMENT FOR THREE HOURS IN WHICH STABILIZATION COMMISSION AND
ADVISORY EXPERTS MAY DRAW UP RESUME OF RESULTS OF CONFERENCE.

SUBMISSION OF RESUME TO GOVERNOR.

Same evening or following day:

BROADCAST STATEMENT BY GOVERNOR OF HIS INTERPRETATION OF THE RESULTS
OF THE CONFERENCE.

Conference will meet:

2:30 P.M. First Day, continuing through buffet supper until 10:00 P.M.

Meeting second day at 10:30 A.M. until 1:30 P.M.

A PLANNING CONFERENCE CALLED BY THE GOVERNOR OF THE
STATE OF NEW YORK

THE HONORABLE FRANKLIN D. ROOSEVELT

AT ALBANY

IN THE EXECUTIVE CHAMBER

APRIL 1933

RECEIVED BY THE GOVERNOR
OFFICE OF THE GOVERNOR
ALBANY

Proposed
by Thomas Parker
Industrial
Commission

N. Y. 5160

THE CURRENT SITUATION BY THE GOVERNOR.

WHAT SHOULD WE DO NEXT TO FIGHT

What the State has done from 1929 to 1932 to

UNEMPLOYMENT AND TO HELP

Fight unemployment and the distress resulting

FROM IT. THE UNEMPLOYED?

The present situation.

WHY?

The purpose of the conference.

HOW?

The policy of the administration and the

interests of all the people participating in the

the work of the distressed.

**A PLANNING CONFERENCE CALLED BY THE GOVERNOR OF THE
STATE OF NEW YORK**

THE HONORABLE FRANKLIN D. ROOSEVELT

AT ALBANY

IN THE EXECUTIVE MANSION

APRIL 1932

1. **RELIEF OF THE UNEMPLOYED**

THE OPENING ADDRESS BY THE GOVERNOR.

1. **What relief measures will be available?**

What the State has done from 1930 to 1932 to

2. **fight unemployment and the distress resulting**

from it.

3. **What will the coming year's be contributed?**

The present situation.

The purpose of the conference.

The policy of the administration and the

evident will of the people respecting meeting

the needs of the distressed.

I. RELIEF OF THE UNEMPLOYED. ORGANIZED NOW.

1. What are the prospective demands for relief in 1932-1933?
2. What private resources will be available?
3. What public funds will be required?
 - a. What will the cities be able to contribute?
 - b. What will the counties be able to contribute?
 - c. What will the state be expected to contribute?
4. What new measures of raising public funds are feasible or worthy of consideration?
5. Are government economies equalling the increased demands for public relief?
 - a. No new machinery.

II. EMPLOYMENT OF THE UNEMPLOYED.

1. Is there any evidence of increased employment of labor and clerical workers in industry and commerce in the state?
2. Are there any large scale private projects under consideration which will require additional labor?
 - a. Are such large public property in whole or part?
3. Are there large scale state, federal or municipal projects that will require additional labor?
 - a. What information is available regarding potential projects?
4. Are stabilization plans succeeding in keeping at work men on part time without undermining health and family life?
5. What is the status of the principal industries in the state with respect to the likelihood from present plans and prospects of returning in the near future to pre-depression levels of employment?
 - a. Discontinuances.
 - b. Technological changes reducing labor demand.

IV. III. IS THERE ANY PROSPECT OF ESTABLISHING UNEMPLOYED WORKERS ON FARM LAND?

1. What would such work be?
2. 1. What percentage of the arable land of the state has been abandoned?
3. 2. Has, or can, a survey been made of these lands to ascertain where habitable farms are located which have been abandoned but might be reclaimed?
4. 3. a. Are such farms public property in whole or part?
5. b. Are such farms privately owned and for sale or rent?
6. 3. What information is available respecting resettlement efforts made in America or elsewhere?
7. 4. Is there anything practical in the idea of putting the unemployed back on the land?
8. 5. If the idea is at all practicable, how much would it cost?
9. 10. How would the cost be raised? What organization would be needed?
11. 11. What are the probable rates of return on such work?
12. 12. Could the work be parcelled out on a small scale?
13. 13. Could suitable camps be provided for living quarters, there being in number in excess of actual requirements and to be used in order to divide work and promote healthful living?
14. 14. Could any vocational work be carried on?

IV. SHALL WE SUPPLANT RELIEF WORK WITH PUBLIC WORKS?

1. What relief work costs the state?
2. What benefits result from it?
 - a. To the public.
 - b. To the unemployed.
3. Is there an adequate supply of relief work jobs?
4. What public works produce most direct labor employment?
5. If road making produces most direct labor employment, is a comprehensive state road program feasible to give work to the unemployed?
6. Could work be supplied for 50,000 heads of families? If not, for how many less?
7. What would it cost?
8. Could road making on this scale be financed by state funds?
9. What does the state require by way of additional recreational facilities, such as forest and sea-side parks, which might now be built with the aid of the unemployed?
10. Could a special authority be created for the purposes of carrying on the relief public works with specified and limited powers and fixed short term, renewable if the emergency continues?
11. Must the prevailing rates of wages be paid?
12. Could the work be parceled out on a need basis?
13. Could suitable camps be provided for living quarters where men in number in excess of actual requirements could be encamped in order to divide work and promote healthful living?
14. Could any vocational work be carried on?

V. DOES SLUM CLEARANCE OFFER A PRACTICAL MEANS OF PROMOTING EMPLOYMENT?
SUGGESTED QUESTIONS AND POINTS WORTH BEING CONSIDERED

1. What conclusions were arrived at as a result of the Washington Conference and other investigations, respecting the feasibility of conducting slum clearance on a large scale?
2. Is there any practical plan for undertaking a slum clearance in the City of New York on a sufficiently large scale to give employment in substantial proportions?
3. Shall such clearance be wholly a matter of public expenditure or would it be possible to enlist the cooperation of private capital?
4. What type of building would replace the areas clear?
5. Has the city or state constitutional power to undertake such expenditure?
6. What would be the effect on other properties in the city?
7. Would the benefits to the unemployed outweigh the disadvantages to the property owners and to those who would be dispossessed of their dwelling places?
8. Could the occupants evacuated find other dwelling places at rentals which are within their range?
9. How would new construction be financed?
10. Are there substantial reasons from the standpoint of public health for such an undertaking?
11. Does the necessity exist for so radical a departure from state policy as would be involved in such a slum clearance undertaking?

VI. HOW MAY THE STATE COOPERATE WITH THE FEDERAL GOVERNMENT TO IMPROVE ECONOMIC CONDITIONS AND PROMOTE NORMAL OR ARTIFICIALLY STIMULATED EMPLOYMENT? of review of the resources pending.

1. The program with respect to the railroads - finances and consolidations.
2. Assistance in stabilizing banking conditions.
3. Maintenance of working condition standards.
4. Policy with respect to immigration
5. Would a federal appropriation of public works of substantial proportions effectively stimulate business as well as give employment?

6. What private employers believe industry and other large employing business undertakings are prepared to do towards increasing employment resources, etc.

VII. WHAT SHOULD BE DONE NOW REGARDING UNEMPLOYMENT RESERVE?

VIII. EMPLOYMENT FOR WHICH WORKING IN WHICH STABILIZATION PROGRAMS ARE

ADVISED SHOULD BE MADE IN ORDER OF RESULTS OF CONFERENCE.

1. Brief review of the measures pending.
2. The argument for postponing compulsory action in order to permit of private experiment.
3. The argument in favor of taking early action (next session of Legislature or special (?) session) to institute compulsory plans.
4. What private employers are doing to set up unemployment reserves.
5. What private employers believe industry and other large employing business undertakings are prepared to do respecting unemployment reserves, now.

VIII. ADJOURNMENT FOR THREE HOURS IN WHICH STABILIZATION COMMISSION AND ADVISORY EXPERTS MAY DRAW UP RESUME OF RESULTS OF CONFERENCE.

1. Taxation and tax revenues.

SUBMISSION OF RESUME TO GOVERNOR.

2. Condition of the High State bonds.

3. Taxation (Same evening or following day):

4. Review of local and state governments - evaluating results - BROADCAST STATEMENT BY GOVERNOR OF HIS INTERPRETATION OF THE RESULTS OF THE CONFERENCE.

5. Will existing government positions and government policies affect substantial tax reduction? Will it impair essential services?

6. Is it possible to have tax burden offset by increase in value of state spending power of government employees?

Conference will meet:

2:30 P.M. First Day, continuing through buffet supper until 10:00 P.M.

Meeting second day at 10:30 A.M. until 1:30 P.M.

Part 3
to be handled

1. Taxation and tax resources.
2. Debt service.
3. Position of New York State bonds.
4. Variation in cities and counties in tax debt and tax resources.
5. Services of local and state governments - evaluation costs - duplication.
6. Will cutting government positions and government salaries effect substantial tax reduction? Will it impair essential services?
7. Is it sound? Does tax burden over-balance value of steady spending power of government employees?

Paul Douglas
L. Rodgers
L. Wilson
F. Harter
Clark
Coffey/Goodrich
Mitchell
Jovine
S. Wiley
Boush
Wilson, Wiley

John
Ferry Johnson - Pres. General Natl
J. Rucker - N. Y. Trust Co.
Stephen Smith - Pres. Natl Nat. Bank
Luis Pizarro (Vice) - Natl B
Barry O'Connell - Pres. - -
Arthur Johnson - J. Hoffmann - Natl B & C.
Holl
Wright } William Taylor - Buffalo

Part to
be handled

(Winer
(Olson
(Burns

Colby M. Chester of General Foods

Onida Community or Grosvenor Allen

Tone

Crucible Steele (Howard ?)

Beecham Packing Co. ?

Swaps

Larson of Syracuse Chilled Flow (part of ?)

Paul Douglas
L. Rodgers
L. Wolman
F. Moser
Clark
Carter/Goodrich
Mitchel
Jordan
R. Holey
Neumerer
Wilcox, Sidney

Bankers

Fercy Johnson - Pres. Chemical Bank
? Buckner - N. Y. Trust Co.
Winthrop Aldrich - Pres. Chase Nat. Bank
Lewis Pierson (V)(?) - Bank ?
Harvey Gibson - Pres. - - ?
Arthur Anderson - ? Leffingwell - Morgan & Co.
Raid))
Stockbury) Midland Marine - Buffalo

Business

see Straus?
Mr. Sloane Coffin - Sloane & Co. Furniture
Donald David - Standard Brands Food - Ziebar
Gerald Knauth - Macy & Co. (Dist.)

Transportation

? Williamson - Pres. N. Y. Central

Utilities

Schalkopf - Buffalo
Carlisle or ? - Pres. of Mohawk Valley Power Co. - Home begins
with R. He was in first Economic Council

Business

Dean D. Young

Agriculture

Warren Prof
Fynke

Farmers ? Ask Morgenthau Jr.

Helle Ogden
Cyrus Salzberger
Walter Lippman
Frank Bennett
Editor or owner of Telegram

Real Estate (1)
Henry Morgenthau
Chas. S. Brown - Upstate

Moral Leaders

Henry Fordick
Bishop O'Hern
Rabbi ~~xxxxxxxxxxxxxxxx~~ Joseph L. Fink of the Erie County Forum
League Women Voters?
Paul Kollogg

Nicholas Murray Butler
Pres. Cornell?
Pres. Vassar?
Rush Reese ? Pres. Roch. U.

Physicians

Dr. - Pres. Academy of Medicine?

Government

Robert Hoess
Gov. Commission
Pearson
McGuiness

Labor

Sullivan
O'Hara
Schneiderman
any other?

H. O. Alderman
E. M. Allen
E. J. Barcale
Arthur Batts
Geo. A. Bowen
W. A. Broadhead
John W. Brooks
H. D. Bruce
A. C. Davis
Sidney Detmure

Donald M. Dey
O. M. Dially
A. H. Droux
Fred L. Emerson
J. C. Ferguson
James E. Glenson
W. H. Gould
E. A. Halblaw
Cornell S. Hawley
Carl S. Hallauer

Martin F. Hilfinger
William L. Hinds
C. H. Honeck
Amory Houghton
W. C. Hull
Hermann Irion
Frederick H. Keefe
William J. Knapp
Philip Le Boutilier
F. W. Lovejoy

B. J. McCreevy
John W. McLoughlin
Edwin F. Metcalf
Henry D. Miles

J. E. Nash
R. Smith Payne
J. H. Rand, Jr.
Samuel W. Reburn
Samuel Rothschild
Daniel Sheehan

Weldon D. Smith
F. H. Swan
Gerard Swope
C. E. Titchener
Frank J. Tone
Wm. E. Westbrook
A. E. Winger
H. D. Wolfe
Herbert Dyett

Alderman Paper Box Corp.
The Mathieson Alkali Works, Inc.
Barcale Mfg. Co.
The Carborundum Co.
S. A. Cook & Co.
Jonestown Worsted Mills
Pass & Seymour, Inc.
The Solvay Process Co.
American Mfg. Concern

Day Brothers & Co.
Harrison Radiator Corp.
F. H. Burt Co. Ltd.
Sunn & McCarthy Co.
Eclipse Machine Co.
Gleason Works
Goulds Pumps Inc.
Delco Appliance Corp.
Consolidated Car Heating Co. Inc.
Bausch & Lomb Optical Co.

A. N. Nettleton Co.
Grouse-Hinds Co.
Batavia & N. Y. Wood Working Co.
Corning Glass Works
Oval Wood Dish Corp.
Steinway & Sons
The Newburgh-Beacon News
Union Carbide & Carbon Corp.
Best & Co.
Eastman Kodak Co.

The Yorks Shirt Co.
McLoughlin Textile Corp.
Columbian Rope Co.
Buffalo Foundry & Machine Co.

Worcester Salt Co.
Cluett, Peabody & Co. Inc.
Hexington-Sand, Inc.
Associated Dry Goods Corp.
G. Lever & Co. Inc.
Sheehan & Dean & Co.

Adas, Meldrum & Anderson Co.
Robeson Rochester Corp.
General Electric Co.
The Brewer-Titchener Corp.
The Carborundum Co.
Algonquin Paper Corp.
Alco Gravure, Inc.
Revere Copper & Brass, Inc.
General Cable Co.

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Falconer
147 Oxford Ave. Buffalo

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Lockport
Seneca & Hamburg Sts. Buffalo
Auburn
Elmira
Rochester
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Rochester
Albany
Rochester

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Syracuse
Batavia
Corning
Tupper Lake
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Newburgh
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373 Fifth Ave. N.Y.C.
Rochester

Glens Falls
Utica
Auburn
E. Ferry & Fillmore Ave.

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Elmira

Main St. Buffalo
Rochester
120 Broadway N. Y. C.
Binghamton
Niagara Falls
Ogdensburg
52 W. 19th St. N.Y.C.
Rome
Rome

H. C. Alderman
E. W. Allen
E. J. Barcalo
Arthur Batts
Geo. A. Bowen
W. A. Broadhead
John W. Brooks
H. D. Bruce
A. C. Davis
Sidney Detmers

Donald M. Day
C. H. Dhall
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Fred L. Emerson
J. C. Ferguson
James E. Gleason
H. H. Gould
E. A. Halbleib
Cornell S. Hawley
Carl S. Hallauer

Martin F. Hilfinger
William L. Hinds
C. H. Honeck
Amory Houghton
E. C. Hall
Hermann Iric
Frederick H. Keefe
William J. Knapp
Philip Le Soutillier
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Dalco Appliance Corp.
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Oval Wood Dish Corp.
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The Newburgh-Genesee News
Union Carbide & Carbon Corp.
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Eastman Kodak Co.

The Yorks Shirt Co.
McLoughlin Textile Corp.
Columbian Rope Co.
Buffalo Foundry & Machine Co.

Worcester Salt Co.
Cluett, Fenbody & Co. Inc.
Newington-Ward, Inc.
Associated Dry Goods Corp.
G. Lever & Co. Inc.
Sheehan, Deane & Co.

Adams, Meldrum & Anderson Co.
Robeson Rochester Corp.
General Electric Co.
The Brewer-Titchener Corp.
The Carborundum Co.
Algonquin Paper Corp.
Alco Drawers, Inc.
Revere Copper & Brass, Inc.
General Cable Co.

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Ogdensburg
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Rosa
Rosa

PUBLIC EMPLOYMENT OFFICES:

THEIR PRESENT POSSIBILITIES AND LIMITATIONS

An address to be delivered by W. Frank Persons, Director of the United States Employment Service, at the Second Metropolitan Conference on Employment and Guidance Procedure of the Welfare Council, New York City, October 26, 1934.

A discussion of the possibilities and limitations of public employment offices suggests two lines of approach. First, we may consider the theory underlying public employment work,—the theory of an organized labor market. We need to be conscious of the theoretical possibilities and limitations of public employment work before we give consideration to the second line of thought, namely the possibilities and limitations of the present system of public employment offices in this country.

Why do we have a Public Employment Service? What functions can a public employment service perform in an industrial society? Let us first consider it negatively and admit what a public employment service cannot do. It cannot create jobs. No public employment service by and of itself can in any way increase the total number of jobs available in a community. Jobs can be created only through the increased employment of workers in private industry or through the increased expenditure of public funds for work projects. An employment service which acts solely as an agency for bringing together jobs and workers qualified to fill them cannot create employment. Such a service is therefore no panacea for unemployment and we must not expect from it any miracles in society's attack on unemployment.

But having admitted these obvious limitations to the function of public employment work, we can still build a strong case for the existence of a public employment service. Although such a service is no panacea for unemployment, it is an indispensable link in the chain of any organized attack on unemployment or any program for social security.

The functions of public employment work may be grouped into two major classes. First, the placement function itself, and second, a group of functions which may contribute to or assist in an organized attack on unemployment.

In its performance of the placement function, the public employment service provides an employment exchange for bringing together applicants and jobs in private industry. The traditional methods, — hiring at the gate, through friends of present employees, are uneconomical and wasteful for both employers and workers. These methods are uneconomical in that only by chance is the best qualified worker placed in each job or is each worker placed in a job which makes maximum use of his abilities. These methods are wasteful of time in that employers have to interview unnecessarily applicants who are unsuitable for the positions which are open and that applicants for work have to go from place to place without any definite knowledge of where work may be obtained.

An effectively operated public employment service brings about the employment relationship in a more economical manner. Such a system at least makes an effort to obtain the best worker for each position and the best job for each worker. It makes some conscious attempt to avoid fitting a square peg into a round hole. Moreover, an effectively operated employment service minimizes the loss in time in bringing together jobs and workers.

This results not only in avoiding delays in production caused by delays in obtaining suitable work-people, but it also reduces the length of an individual's unemployment between jobs. This is therefore, one means by which a public employment service can reduce the amount of unemployment.

Another means available to public employment offices for reducing the volume of unemployment is to bring about an adjustment between an unsatisfied demand for labor in one locality and a surplus of workers in another. Through the clearance machinery of public employment offices it should be impossible for any job to go unfilled in any section of the country so long as a worker qualified to fill that job is unemployed in any other section of the country.

In addition to this geographical adjustment, it is also possible for a public employment service to assist in transfer of workers between definite occupations and industries. I shall have more to say on this point in a moment, when I am considering the research function of a public employment service.

Finally in its performance of the placement function, an organized employment service can be an important factor in the maintenance of the morale of unemployed workers. Even though an applicant cannot always get a job by applying at a public employment agency, the fact that there exists a government institution whose prime function is to have an interest in his greatest problem of the moment—namely, finding a job,—may serve as a buffer against the continuous pressure of discouragement which faces him. The fact that the public employment office is one place where an unemployed man or woman may go without any feeling of loss of self-respect or of seeking for charitable aid is of inestimable value in maintaining the employ-ability,

and in keeping up the morale of workers for whom society offers no opportunity to use their abilities.

It is this constructive influence for the maintenance of the morale of the unemployed which tends to avert the wasteful and fruitless migration of labor; this has been one of the most striking achievements of the N.R.S. The widely advertised Public Works projects of major importance, except for the existence of the N.R.S., would inevitably have resulted in wide-spread, unwarranted migration of labor. This has been averted by the public knowledge that workers are selected only on the basis of qualifications from among local bona fide residents and by public knowledge of the fact that those who register locally will have their fair opportunity for employment in their own community.

Thus far in the discussion of the principal function of a public employment service, reference has been made only to its possibilities in connection with its work as an exchange for information concerning employment possibilities in private industry. A public employment service may also be used to recruit labor for Public Works projects. In performing this function all of the theoretical advantages cited above in connection with its work as an exchange for private employment are equally applicable. In addition, the use of an effective and impartial public employment service as a recruiting agency for public works, removes public works from the realm of political spoils and insures greater efficiency on these projects.

I should like now to turn to the second group of functions,-- to those which contribute indirectly to an attack on unemployment or to a program for social security. First, the research function of a public employment service. It provides a source of accurate information on trends of employment and unemployment. It provides a source of information for analyzing

statistically the make-up of the mass of unemployed workers in a country. These types of information have been woefully inadequate in the past in the United States, and their inadequacy has been due chiefly to the lack of a Nation-wide Public Employment Service. England, Germany, Sweden, other European countries, all have had more authoritative and more exact information on unemployment than has the United States.

Another research function of Public Employment Services relates to the study of occupational specifications and standards with a view to facilitating effective placement and the transfer of workers from one occupation to another. The research functions of public employment work, therefore, contribute to the performance of effective placement work as well as to the formation of more general programs of attack on unemployment.

I should like at this point to digress for a moment from the consideration of public employment theory to mention the research projects of this nature which are now being conducted by the United States Employment Service. Under the title of a Program of Occupational Studies, a research project, financed jointly by the United States Employment Service and by two private foundations, is undertaking to analyze the operations and jobs in industry and trade, to develop an accurate terminology and reclassification of occupations, to determine the qualifications in terms of special training, personality and special abilities which are actually necessary in any particular occupation. This program will be of assistance in establishing a sound basis for intelligent vocational guidance, training and re-training. Furthermore, we hope that it will reveal occupations which require similar types of skills and abilities and between which transfer of workers may be facilitated. These research functions of a Public Employment Service provide

information which can guide vocational training programs. It can suggest occupations and industries in which employment opportunities are greatest and those in which the supply of labor is already overcrowded.

These same research functions may provide the basis for an intelligent program of vocational guidance. Such a program is needed not only for young workers entering industry for the first time, but also for unemployed workers who for economic or technological reasons cannot look to their former occupations for livelihood. There are also theoretical possibilities in public employment work for conducting vocational guidance. In all placement work there is an element of guidance. But there are practical limitations to the extensive inauguration of a program of testing and guidance per se. Vocational guidance must be conducted on an individual basis and it is necessarily costly and time-consuming. These considerations limit, at least for the present, the extent of any vocational guidance program.

The possibility of utilizing the research program of a Public Employment Service to indicate occupations to which workers from permanently depressed industries may transfer had already been mentioned. In the application of a program of re-training and transference, public employment offices may perform one additional function of vital importance. No agency is so well equipped to recruit or select the individuals to receive such training or to be transferred. No other public agency is able to assist in the placement of trained or transferred workers in a new occupation or locality.

In the early days of discussions on public employment theory considerable attention was given to the possibility of using employment agencies to decasualize certain occupations, particularly dock and longshoreman's work.

This figured prominently in arguments of that early and ardent advocate of public employment exchanges in England, Sir William Beveridge. He pointed out that it should be possible to organize employment procedures in casual occupations so that relatively steady employment could be provided through a succession of odd jobs. But this possibility is distinctly limited unless the number of workers engaged in casual occupations within a given area is limited by some means. It is on this difficulty—the limitation of numbers of workers engaged in the occupation—rather than the organization of employment procedure through public employment agencies that attempts at decasualization have failed. Public Employment Services should not lose sight of their possibilities for assisting in programs of decasualization, but it is well to realize that organization of employment work alone is not sufficient to bring about decasualization.

Similar to decasualization is the possibility of utilizing Public Employment Services to reduce the extent of seasonal unemployment. It is theoretically possible to dovetail seasonal occupations whose peak of activity falls at different times during the year and which require in their workers similar types of skills and abilities. Practically, very little seems to have been done in the way of dovetailing seasonal employment. Like decasualization, this type of program embraces a reduction of the total number of individuals who obtain their livelihood from these occupations, and a decided increase in the amount of employment offered any single individual in the more limited group.

Finally, and of greatest importance, should be mentioned the function of a Public Employment Service in the administration of unemployment insurance. Students of unemployment insurance are, with virtually no exceptions, agreed

that an effective administration of an insurance program can be accomplished only through an effective system of public employment offices. Unemployment is a risk, the incidence of which is more difficult to determine than are usual insurance risks,—life, accident, fire, theft, and so forth. In unemployment insurance, not only has the fact of unemployment to be determined, but also the availability of suitable opportunity for work, and the willingness of the individual to work. Only a Public Employment Service is in a position to test the opportunity and the willingness of benefit claimants to work. However, a limitation to effectiveness of this test must be admitted. A fundamental principle of the effective operation of public employment offices is that of selection of workers for referral to positions solely on a basis of their qualifications. The application of this principle necessarily means that the test of willingness to work will be applied to those individuals who are probably in least need of the test. Those malingerers who might be unwilling to work are very likely to be the least well qualified individuals and those to whom an offer of employment will be given only reluctantly by a public employment office. Despite this limitation to the effectiveness of the test of willingness to work there still seems to be agreement that a Public Employment Service is the most efficient and most economical administrative unit for a scheme of unemployment insurance.

Turning now from the theory to a consideration of the possibilities and limitations of the present system of employment offices in this country, I should like first to discuss the present status of the United States Employment Service.

The United States Employment Service came into being June 6, 1933,

by the passage of the so-called Wagner-Peyser Act. This act abolished the then-existing United States Employment Service which had been operating offices in competition and duplicating State employment offices in a number of localities. The act provides that the new service, which was established as a separate bureau of the Department of Labor, shall assist in the development and maintenance of Public Employment Services in the various States. It further requires the Federal Service to operate a Veterans' Placement Service, a Farm Placement Service, and a Public Employment Office for the District of Columbia. Under the terms of the act, the United States Employment Service is authorized to prescribe minimum standards of efficiency, to promote uniformity in administration and in statistical procedure, to publish information on employment opportunities and to maintain a system of labor-clearing between the States. An appropriation of \$1,500,000 was made for the first year of operation of the new Service; \$3,700,000 has been appropriated for the current fiscal year; and \$4,000,000 annually has been authorized for each of the next three succeeding years. Seventy-five percent of each annual appropriation is apportioned to the States on a basis of their population; the remainder is used for general administrative purposes, for the operation of Veterans' and Farm Placement Services and of the District of Columbia office.

Under the Wagner-Peyser Act, the State employment services are the units responsible for direct administration. A State service may become affiliated with the Federal Service and thus become eligible to receive Federal funds up to the maximum of apportionment to that State when certain requirements have been met. First, legislative acceptance of the provisions of the Wagner-Peyser Act; or an agreement between the Governor of the State and the Director of the United States Employment Service must have designated

a State agency to administer the State's employment service in accord with the agreement of affiliation with the Federal Service. Second, a State must match dollar for dollar the Federal funds it receives—a minimum of \$5,000 must be appropriated by the State. Third, a plan of operation of the State Employment service must be submitted by the State agency and approved by the Federal Service. In this plan, the State service must have agreed to conform to the standards of the United States Employment Service relating to personnel, premises, procedure and so forth, and to submit such reports of expenditure and operations as may be required. Finally, a State advisory council, composed of representatives of employers and employees and of the public at large, must be appointed. The purpose of these councils is to stimulate local interest in the public employment service and to assure an impartial administration. A similar type of advisory council, known as the Federal Advisory Council, is required under the law and has been appointed, with a membership from all sections of the country, to assist in the national administration of the United States Employment Service. Local advisory councils are recommended and have been appointed in a number of communities in which public employment offices are established.

Under these terms of affiliation, 21 State employment services have, up to the present time, become members of the coordinated Federal-State Employment Services. These State services include 168 employment offices located in 140 cities. They include the majority of the northern and eastern industrial States and operate offices in the most important large industrial centers. During the 14 months ending August 31, these offices have received a total of 3,025,771 new applications for employment and have succeeded in filling 1,439,058 openings.

During this period of development of the coordinated Federal-State Employment Service, certain phases of the Emergency Recovery Program have made necessary the development of a more wide-spread temporary emergency employment service which is known as the National Reemployment Service. Offices of the National Reemployment Service have been established primarily to serve as recruiting centers for workers on Public Works projects, but they have become also employment exchanges for private work opportunities.

The National Reemployment Service differs from the State employment services in that it is financed and administered exclusively by the Federal Government and is a temporary rather than a permanent organization. There is no overlapping or duplication of effort between these two parallel services and both perform the same functions for their respective localities.

There are at present slightly over 600 district reemployment offices, although the number of offices has been greatly reduced since the peak of almost 3,300 was reached during the height of the Civil Works Administration activities during December 1933.

The offices of the National Reemployment Service have, during the 14 months ending August 31, registered 9,636,338 new applicants and have made 5,971,153 placements. The combined United States Employment Service, embracing the National Reemployment Service, the affiliated State employment services and four State services not yet affiliated, has registered 13,358,377 new applicants and filled 7,584,789 jobs.

These then are the two parallel parts of which the United States Employment Service is now composed,—the 21 permanent affiliated State employment services, and the National Reemployment Service.

In several States, the State employment service and the auxiliary National Reemployment Service are operated under a unified administration.

This is true in New York State. What are the possibilities of developing from these two elements a permanent Nation-wide system of employment agencies in this country? The Wagner-Peyser Act provides the framework for such development. The success of that development rests primarily on the States and on the possibility of State appropriations. The financial condition of a number of our States immediately presents limitations to the quick realization of maximum development.

The National Reemployment Service occupies a position of peculiar importance in the development of a permanent national system. It is providing an effective demonstration in the potential values of a public employment service in a number of communities which have previously shown no interest in public employment offices. The Reemployment Service may, therefore, be a stimulus to State action which will assure the continued operation of these temporary offices on a permanent basis. Already, in four States, special sessions of their legislatures have voted to establish State employment services and have indicated the intention to absorb all or the greater part of the National Reemployment Service operating within their boundaries.

We are concerned not alone with the extent of development of the Employment Service, but even more so with the possibilities of increasing the quality of that development—of improving standards and efficiency of operation. The Wagner-Peyser Act has placed upon the United States Employment Service the legal and moral obligation to establish and to maintain standards of efficiency. These standards are represented in the bulletins and specifications of the United States Employment Service relating to personnel, premises, statistical procedure, State and local advisory council membership, and other essential practices and policies.

It is difficult to apply constantly rising standards of efficiency

to offices over which no direct administrative control can be exercised. There is no desire on the part of the Federal Service to dominate State employment offices, and there is complete realization in the Federal Service that, under our present system of operation on a cooperative Federal-State basis, actual progress in the application of higher standards must come from the States. It is, therefore, imperative under this system that the State employment services and the United States Employment Service cooperate to the fullest extent and pool their efforts to raise standards.

The possibilities for developing any new organization depend very greatly upon the personnel which is available for its administration. Public employment work on a professional basis is a new field in this country and trained and experienced personnel are not available in large numbers. Moreover, salaries offered for positions in public employment services have in the past been insufficient to attract the quality of personnel required. But our recent experience, particularly with national reemployment offices, has indicated the possibility of recruiting personnel of high standards and quickly training them in the details of public employment work.

In connection with personnel, the necessity for complete political freedom in the operation of public employment offices needs to be emphasized, and by political freedom I mean freedom from political pressure in regard to appointments to the staff of employment offices and in regard to the selection of applicants for referral to openings. In years past there has been all too much political pressure on Public Employment offices and this political pressure has severely limited efforts to improve the efficiency of the service and to extend its use by employers. An employer will use a Public Employment Service only if it is to his advantage to do so; only if by using the service he can save time in recruiting personnel or can obtain through the service a better

type of personnel than is available from other sources. The employer wants personal loyalty to him: he does not wish to pay some politician's debt for partisan service. An interest in political considerations is incompatible with selection of applicants solely on a basis of their qualifications. Complete freedom from political pressure is, therefore, necessary if the service is to be of maximum social usefulness.

An increasing number of State employment services are adopting a system of appointments on the basis of competitive examinations and are in this manner assuring themselves of obtaining personnel of high quality and of remaining free from political pressure.

In conclusion, let me recapitulate. It has been indicated that, in theory, not too much must be expected from public employment offices. They cannot create work and are not a panacea. Nevertheless, the theory remains sound. An organized labor market is a desirable and essential objective and it can be obtained through the operation of an effective Nation-wide Public Employment Service. The Wagner-Peyser Act provides a framework within which an adequate and efficient service can be developed in this country. We have recognized certain limitations inherent in the financial condition of a number of our States to the rapid development under this system, but we are at this time committed to this cooperative Federal-State system of organization and it is only reasonable that an entirely fair trial should be given to this system.

Possibilities for increasing the effectiveness of the operation of Public Employment Services are evident. The success of the application of progressively higher standards depends primarily upon the degree of cooperation between the States and the United States Employment Service.

For release Saturday
A.M. papers, Dec. 15, 1934.

(4288)

DEPARTMENT OF LABOR

RADIO ADDRESS OF SECRETARY OF LABOR PERKINS
ON INTERCOLLEGIATE COUNCIL PROGRAM OVER N.B.C. NETWORK
10:30 p.m. Dec. 14, 1934.

I have been asked to speak to you tonight on social insurance, which has been much in our thoughts in the past few months--increasingly so since last June, when President Roosevelt indicated that he was seeking to place before the coming Congress a definite program to provide security for the average citizen and his family. That security has been conspicuously lacking in our whole economic structure, and yet it is one of the first necessities to the well-being of our people. At present most of us are completely at the mercy of those vicissitudes of life over which we have no control--the loss of a job, sickness, accident, dependent old age, death of the wage earner, hazards which, like spectres, are always haunting the background of our consciousness.

Is there no way, we are asking, in which we can build up for ourselves a line of defense on which to fall back in time of trouble--a sound, sure line of defense which will give us that feeling of security which is indeed a vital necessity to a settled and contented way of life?

There is a way to build part of that line of defense. The best tried method is that of social insurance. Social insurance is a means by which, through spreading the cost of these hazards over a long period of time, and amongst the greatest possible number of people, we can provide assistance, as a right that has been bought and paid for, to those who at any particular moment are the victims of these hazards.

We never know who those victims will be, but we do know one thing. We know that 90 percent of the American people are at all times in a position of insecurity. That is the way that at least 9 out of every 10 families have not sufficient reserves to provide for old age or to tide them and their children over emergencies caused by unemployment, sickness, untimely death of the bread winner or some similar catastrophe that cuts off earnings.

It has been brought home to us very emphatically in the past few years how large a part unemployment plays in this whole question of security. It has been a shock to most of us to learn that even in our so-called prosperous years there was considerable unemployment, with as many as two million people out of work in the boom year of 1929. Not only that, but experts believe that even with the return of prosperity normal industry will be unable to absorb an increasingly large number of those who are willing and able to work.

At the present time we have $4\frac{1}{2}$ million families and 700,000 single people in addition depending on relief for their very existence. At least 80 percent of the families seeking this relief have been compelled to do so solely because the bread-winner could not find work. The other 20 percent show the picture of sickness handicaps, old age, widowhood etc.

This problem of unemployment is not one which affects only a certain section of the population. It is one which indirectly affects all of us.

We are apt to forget--not to realize, perhaps--that it is the daily purchase of the small necessities of life which keeps the wheels of industry turning. It is the steady, day by day, buying, not only of the wealthy, but of that 90 percent of our people with quite small incomes which keeps business going. When a large number are thrown out of work, that buying power is suddenly cut off and the effect is very soon felt all the way up the line. Cause and effect are closely interrelated in a vicious and ever-widening circle of depression which reaches into the lives of every one of us. It is in mitigating this evil that we believe unemployment insurance can plan an important part.

I do not want to enlarge tonight on the causes of unemployment, or even the consequences. What I want to discuss with you is how we can best build up protection against the insecurity which it causes.

Social insurance, of course, does not apply by any means only to the unemployment problem. It is even more clearly applicable to some of the other hazards which the Committee on Economic Security has been studying in its efforts to develop a comprehensive and well-coordinated program on which sound legislation may be based.

In developing our recommendations to the President, the Committee has sought the advice of representative men and women from many different fields. At a National Conference which met on November 14, and in the Advisory Council, which

has been meeting frequently in the past few weeks, we have been fortunate in having the cooperation and suggestions of outstanding labor leaders, industrialists, social workers, and others with wide practical knowledge and experience of the problems involved in building up a sound and worthwhile system of social insurance.

Before I go any further, I want to point out that no one believes for a moment that unemployment insurance will take care of all our troubles. The best cure for unemployment is, of course, employment. It is work that men want above everything else and the efforts of the Administration, as you know, have been concentrated on a program of recovery that will give work to the greatest number.

But the ranks of the employed and the unemployed are constantly interchangeable. For those who are now unemployed, assistance will have to be provided, as far as possible through extensive work programs and suitable relief.

Unemployment insurance is intended to build up in the course of time security for the large majority who, while at present they may have a job, do not know how long they may hold it, or when they too may find themselves unemployed. It is the old principle of laying by for a rainy day. Under modern conditions it is practically impossible for the individual worker, however thrifty, to lay by, through his own efforts, sufficient to tide him over the rainy day of prolonged unemployment or loss of earnings due to sickness or advancing age. Under a properly worked out system of unemployment insurance, in which there is a systematic and cooperative saving towards the cost of that rainy day we put within his reach the means of tiding himself over periods of difficulty.

While few will question the social desirability of such a plan, there will occur to most the practical consideration of its cost. Some interesting estimates of the probable cost and benefits have been made by experts in this country, and we can draw on a vast body of experience with this kind of insurance in countries abroad. In England, for instance, unemployment insurance has been in operation for nearly 25 years, and there the cost is borne equally by the employer, the employee and the Government. Just how the cost would be shared here remains to be decided as a matter of policy by Congress and the President. In the past, as I have said, it has been customary to permit the full risk of unemployment to be borne by the individual worker himself, although he probably is the individual in our community least able to bear such an enormous risk. Today we recognize the soundness of the principle of insurance against that risk, and realize that it can be considered a part of the overhead cost of production. At the same time that charge, for insurance of employees, added to the total cost of production, would be relatively so small as to be almost negligible. It should make no really appreciable addition to the cost of goods to the consumer, although actually the cost of the risk would be spread more or less over the whole community, which, as I have said, itself suffers indirectly from the results of unemployment.

And the benefits? Granting that a certain amount of unemployment is unavoidable, there can surely be no question insurance benefits are infinitely to be preferred to relief. Under unemployment insurance, a man losing his job receives automatically as a right, a weekly sum of money which bears a direct relation to the length and other conditions of his former employment, and to the amount which has been contributed on his account to the insurance system. This sum, while less than his regular wage, is adequate to tide him over normal periods of unemployment, until he finds a job and is once more earning regular wages.

The payment of such unemployment insurance benefits abroad has been shown to have had a very definite and beneficial effect, not only on industry as a whole, but on the health, morale and general standard of living of the worker himself.

The Great Britain, for instance, a considerable sum of money was kept in circulation through the payment of these insurance benefits. It was spent on the daily necessities of life, and saved thousands of small merchants from ruin. At the same time, it kept the wheels of industry turning, more slowly than if employment had been normal, of course, but still turning. As a result, although the depression there lasted 10 years, it stayed more or less on a level, and never went so deep as it did here, and at no time was the percentage of unemployed there nearly as high as it has been in this country since 1929. It is believed that if we had had some such system in operation in this country a few years ago, it would have acted as a brake to check the rapid break-up of our home markets and the consequent rapidly increased unemployment.

The Ohio State Commission on Unemployment estimated that if they had started an insurance system in 1923, by 1929, the first year of the depression, they could have distributed benefits to their unemployed of more than \$69,000,000, during the

second year nearly \$110,000,000 and at the beginning of the third year would have still had available a surplus of \$11,000,000. It is argued that if such payments had been available in every State it would have gone a long way towards stabilizing industry and reducing the widespread effects of the depression--effects which, I am sure, have been felt with more or less severity by practically everyone who is listening to me tonight.

Let us turn for a moment to the other circumstances against which we hope in the near future to build up a bulwark of security.

There is a strong and growing enthusiasm for systematic provision for the indigent aged--and rightly so--but I believe there is real danger that old people and their relatives are being led to expect the impossible by visionary schemes for providing old people, whatever their circumstances, with impossibly large free pensions. Small, steady allowances built up by regular contributions during early and middle life is a definite possibility for us.

Twenty-eight States already have old age pension laws, which under certain conditions, grant a small annuity to the old person who reaches old age without adequate means of support. Those laws, as you no doubt know, are in many cases far less effective than they were intended to be, chiefly due to the financial strain of the depression. Those of you who want to help the cause of the aged can do so most effectively at the present time by turning your thoughts and efforts to the strengthening and improving of your State laws. Any federal cooperation which may be given would of necessity be contingent on acceptable action in the States themselves.

These State pensions are not of course based on any insurance principle and can be granted only to those in actual need. But it is the essence of any social insurance plans that benefits shall bear a direct relation to contributions. For those who are still young, or even middle aged, we can, through old age insurance, build up during the productive years a fund from which a man, on reaching a certain age, and regardless of his circumstances, can draw as a right for which he has paid, instead of as a public charity, a regular income for the rest of his life.

At the other end of the scale in our problem of providing security are the children. We do believe, however, that here again, through social insurance, translated into terms of improved child welfare work and mothers' aid laws, in addition to unemployment insurance, we can build up a bulwark against the insecurity of which so many children are victims.

In building up security against these major hazards, the Administration can lead the way. However, the measure of real accomplishment will depend largely on the States themselves.

At present only one State, Wisconsin, has a law designed to give its workers protection in times of unemployment--a law that has just gone into effect after 20 years of pioneering effort. At least 10 more States have made studies and gone a long way towards working out systems suitable to their own needs. Almost every State legislature has had before it unemployment insurance proposals, and in five at least there was favorable action in one house. Discussion, I think, has been wide spread, but now the time for definite action has come.

Federal legislation, as the President has said on more than one occasion, must be framed to meet the requirements of our constitution. It will permit of the fullest cooperation by the State and will yet leave them free to adopt the kind of laws they want.

It is obvious that in the best interests of the worker and industry there must be a certain uniformity of standards. It is obvious, too, that we must prevent the penalizing of competitive industry in any State which plans the early adoption of a sound system of unemployment insurance, and provide effective guarantees against the possibility of industry in one State having an unfair advantage over that of another. The lack of some such guarantee, I believe, is one thing that has delayed many progressive States from putting into operation their own systems of unemployment insurance in the past. With such guarantees assured through the passage of a Federal law, it will be possible for the States to go forward with promptness and confidence in the development of their individual laws.

It is essential, indeed, if we are to have effective action on social insurance, that the States themselves get busy without delay on their own legislative programs. If they do not get busy, if legislation is not adopted in the coming sessions of the State legislatures, nothing can be done, as you know, for months to come. There is need for decisive, constructive and immediate action on the part of the States. The Administration can lead the way--the rest is in your hands.

"Social Insurance for U. S."

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Speech

of

Hon. Frances Perkins

The Secretary of Labor



Hon. Frances Perkins

+

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I have been asked to speak to you tonight on the administration's program for economic security which is now, as you know, before Congress. It seems to me that few legislative proposals have had as careful study, as thorough and conscientious deliberation as went into the preparation of these measures. The program now under consideration represents, I believe, a most significant step in our National development, a milestone in our progress toward the better-ordered society.

As I look back on the tragic years since 1929, it seems to me that we as a Nation, not unlike some individuals, have been able to pass through a bitter experience to emerge with a newfound insight and maturity. We have had the courage to face our problems and find a way out. The heedless optimism of the boom years is past. We now stand ready to build the future with sanity and wisdom.

The process of recovery is not a simple one. We cannot be satisfied merely with makeshift arrangements which will tide us over the present emergencies. We must devise plans that will not merely alleviate the ills of today, but will prevent, as far as it is humanly possible to do so, their recurrence in the future. The task of recovery is inseparable from the fundamental task of social reconstruction.

Among the objectives of that reconstruction, President Roosevelt in his message of June 8, 1934, to the Congress placed "the security of the men, women and children of the Nation first" He went on to suggest the social insurances with which European countries have had a long and favorable experience as one means of providing safeguards against "misfortunes which cannot be wholly eliminated in this man-made world of ours."

Subsequent to this message he created the Committee on Economic Security, of which I have the honor to be the chairman, to make recommendations to him with regard to these problems. The recommendations of that committee are embodied in the economic security bill, now pending in Congress. The measures we propose do not by any means provide a complete and permanent solution of

our difficulties. If put into effect, however, they will provide a greater degree of security for the American citizen and his family than he has heretofore known. The bill is, I believe, a sound beginning on which we can build by degrees to our ultimate goal.

We cannot hope to accomplish all in one bold stroke. To begin too ambitiously in the program of social security might very well result in errors which would entirely discredit this very necessary type of legislation. It is not amiss to note here that social legislation in European countries, begun some 25 years ago, is still in a developmental state and has been subjected to numerous changes as experience and changing conditions dictated.

It may come as a surprise to many of us that we in this country should be so far behind Europe in providing our citizens with those safeguards which assure a decent standard of living in both good times and bad, but the reasons are not far to seek. We are much younger than our European neighbors. Our abundant pioneer days are not very far behind us. With unlimited opportunities, in those days, for the individual who wished to take advantage of them, dependency seemed a reflection on the individual himself, rather than the result of social or economic conditions. There seemed little need for any systematic organized plan, such as has now become necessary.

It has taken the rapid industrialization of the last few decades, with its mass-production methods, to teach us that a man might become a victim of circumstances far beyond his control, and finally it "took a depression to dramatize for us the appalling insecurity of the great mass of the population, and to stimulate interest in social insurance in the United States." We have come to learn that the large majority of our citizens must have protection against the loss of income due to unemployment, old age, death of the breadwinners and disabling accident and illness, not only on humanitarian grounds, but in the interest of our National welfare. If we are to maintain a healthy economy and thriving production, we need to maintain the standard of living of the

lower income groups in our population who constitute 90 per cent of our purchasing power.

England, with its earlier industrialization, learned this lesson earlier, as well. The world depression caught up with Great Britain sooner than it did with us. She has known the haunting fear of insecurity as well as we. The foresight of nearly three decades has, however, found her somewhat better prepared with the basic framework of a social insurance system. Social insurance in Great Britain has proceeded progressively since the first decade of the century. Championed by the liberal Lloyd George and beginning with the old age pension act of 1908, it has known many revisions and extensions. Since its inception, however, it has gradually overcome the opposition of its critics, and there has never been any thought of abandoning the system. It is today in a healthy state of growth.

Practically all the other industrial countries of Europe have had similar experiences. In the trial and error procedure of Europe's quarter century of social legislation—in that concrete experience—is contained sound truths as well as mistakes from which we can learn much.

But we cannot build solely on European experience. We, with our particular kind of State-Federal Government, our wide, expansive country, with its varying economic and social standards, have many needs different from those of the more closely knit, homogeneous European countries.

The American program for economic security now before our Congress follows no single pattern. It is broader than social insurance, and does not attempt merely to copy a European model. Where other measures seemed more appropriate to our background or present situation, we have not hesitated to deviate from strict social insurance principles. In doing so we feel that we have recommended the measures which at this time seemed best calculated under our American conditions to protect individuals in the years immediately ahead from the hazards which might otherwise plunge them into destitution and dependency.

Our program deals with safeguards against unemployment, with old-age security, with maternal aid and aid

to crippled and dependent children and public health services. Another major subject—health insurance—is dealt with briefly in the report of the Committee on Economic Security, but without any definite recommendations. Fortunate in having secured the cooperation of the medical and other professions directly concerned, the committee is working on a plan for health insurance which will be reported later in the year. Our present program calls for the extension of existing public health services to meet conditions accentuated by the depression. Similarly, the provisions for maternal aid and aid to dependent and crippled children are not new departures, but rather the extension and amplification of safeguards which for a number of years have been a recognized part of public responsibility.

Let me briefly describe the other measures now under consideration which do represent something of a departure from our usual course.

Recognizing unemployment as the greatest of all hazards, the committee gave primary emphasis to provisions for unemployment—employment assurance. This measure is embodied in the \$4,800,000,000 public works resolution, which is separate from, but complementary to, the economic security bill itself. Employment assurance, the stimulation of private employment and the provision of public employment for those able-bodied workers whom private industry cannot yet absorb is to be solely a responsibility of the Federal Government and its major contribution in providing safeguards against unemployment. It should be noted that this is the largest employment program ever considered in any country. As outlined by the President, it will furnish employment for able-bodied men now on relief, and enable them to earn their support in a decent and socially useful way. It will uphold morale, as well as purchasing power, and directly provide jobs for many in private industry who would otherwise have none.

For the 80 per cent of our industrial workers who are employed, we propose a system of unemployment compensation, or insurance, as it is usually called. In our concern for the unemployed, we must not overlook

this much larger group who also need protection.

No one who is now employed can feel secure while so many of his fellows anxiously seek work. Unemployment compensation, while it has distinct limitations which are not always clearly understood, is particularly valuable for the ordinarily regularly employed industrial worker who is laid off for short periods because of seasonal demands or other minor industrial disturbances. He can, during this period when he has a reasonable expectation of returning to work within a short time, receive compensation for his loss of income for a limited period as a definite, contractual right. His standard of living need not be undermined, he is not forced on relief nor must he accept other work unsuited to his skill and training.

Unemployment insurance, wherever it has been tried, has demonstrated its value in maintaining purchasing power and stabilizing business conditions. It is very valuable at the onset of a depression, and even in the later stages will serve to carry a part of the burden of providing for the unemployed. For those who have exhausted their rights to unemployment benefits and for those who, in any case, must be excluded from its provisions, we suggest that they be given employment opportunities on public work projects. In these two measures, employment assurance and unemployment compensation, we have a first and second line of defense which together should form a better safeguard than either standing alone.

The unemployment compensation system has been designed to remove an obstacle which has long prevented progressive industrial States from enacting unemployment insurance laws—fear of interstate competition with States not having such laws. Having removed that obstacle, the law allows the States full latitude to develop the kind of unemployment compensation systems best suited to their individual needs.

The bill provides for a Federal tax on pay rolls against which credit is allowed the employer for contributions to an approved State unemployment compensation fund. By this Federal tax every employer will be placed on

the same competitive basis from a National standpoint, and at the same time, aside from compliance with a few minimum Federal standards, every State will be free to adopt the kind of law it wants.

One of the most important of the Federal requirements is that all unemployment compensation funds shall be deposited with the Federal Treasury in Washington, so as to assure their availability when needed and make it possible to utilize the reserves which will accumulate in conformity with the credit policy of the Nation.

We feel that this is a most fortunate time for the Government to take action on unemployment insurance. There has been a rapidly growing enthusiasm for it in the States for years. Many States have already prepared excellent legislation of this kind or are studying the subject, and they are but waiting word from Washington, so that they may proceed with the plans which have been so long under consideration.

I come now to the other major phase of our program. The plan for providing against need and dependency in old age is divided into three separate and distinct parts. We advocate, first, free Federally-aided pensions for those now old and in need; second, a system of compulsory contributory old-age insurance for workers in the lower income brackets, and third, a voluntary system of low-cost annuities purchasable by those who do not come under the compulsory system.

Enlightened opinion has long since discarded the old poor-house method of caring for the indigent aged, and 28 States already have old-age pension laws. Due to financial difficulties, many of these laws are now far less effective than they were intended to be. Public sentiment in this country is strongly in favor of providing these old people with a decent and dignified subsistence in their declining years. Exploiting that very creditable sentiment, impossible, hare-brained schemes for providing for the aged have sprung into existence and attracted misguided supporters. But the administration is confident that its plan for meeting the situation is both humane and practical and will receive the enthusiastic support of the people.

We propose that the Federal Gov-

ernment shall come to the aid of the State pension systems already in existence and stimulate the enactment of similar legislation elsewhere by grants-in-aid equal to one-half the State expenditures for such purposes but not exceeding \$15 per month. This does not necessarily mean that State pensions would not anywhere exceed \$30 per month. Progressive States may find it possible to grant more than \$15 per month as their share. The size of the pension would, of course, be proportionate to the need of the applicant and would quite likely vary with conditions in different States. A larger pension would, for example, be necessary in certain industrial States than in communities where living conditions are easier.

For those now young or even middle-aged, a system of compulsory old-age insurance will enable them to build up, with matching contributions from their employers, an annuity from which they can draw as a right upon reaching old age. These workers will be able to care for themselves in their old age, not merely on a subsistence basis, which is all that gratuitous pensions have anywhere provided, but with a modest comfort and security. Such a system will greatly lessen the hazards of old age to the many workers who could not, unaided, provide for themselves and would greatly lessen the enormous burden of caring for the aged of future generations from public funds. The voluntary system of old-age annuities is designed to cover the same income groups as does the compulsory system, but will afford those who for many reasons cannot be included in a compulsory system an opportunity to provide for themselves.

Many of you will be interested to know that the two proposed annuity systems in no way infringe on the commercial annuity markets. Officials of insurance companies have themselves remarked that these measures would touch a strata of our population for whom commercial annuities are prohibitively expensive. These officials feel that the measures we propose will prove advantageous to their companies rather than the reverse, in so far as they promote public interest in the insurance movement.

This, in broad outlines, is the program now before us. We feel that it

is a sound and reasonable plan and framed with due regard for the present state of economic recovery. I can do no better than to pass on to you the words with which President Roosevelt closed his letter submitting these recommendations to the Congress now in session:

"The establishment of sound means toward a greater future economic security of the American people is dictated by a prudent consideration of the hazards involved in our national life. No one can guarantee this country against the dangers of future depressions, but we can reduce these dangers. We can eliminate many of the factors that cause economic depressions, and we can provide the means of mitigating their results. This plan for economic security is at once a measure of prevention and a method of alleviation.

"We pay now for the dreadful consequence of economic insecurity—and dearly. This plan presents a more equitable and infinitely less expensive means of meeting these costs. We cannot afford to neglect the plain duty before us. I strongly recommend action to attain the objectives sought in this report."



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JOINT CONFERENCE ON VOCATIONAL READJUSTMENT

BENJAMIN FRANKLIN HOTEL

PHILADELPHIA, PENNSYLVANIA

February 1, 1935

Luncheon Meeting

Presiding: Dr. Parke R. Kolbe, President, Drexel Institute, Chairman
of Educational Committee, Philadelphia Chamber of Commerce

Speaker

W. Frank Persons, Director, United States Employment Service

Chairman: We are particularly fortunate in having as speakers today two men who belong unquestionably to the royal family in the field of personnel activity, the first speaker representing one of the greatest corporations of its kind in the world, and the second speaker representing the Government itself.

It gives me very great pleasure to introduce to you Mr. W. Frank Persons, Director of the United States Employment Service.

Mr. Persons: An individual has his personal rights and privileges, for this is a country of common opportunities for all. Society has tolerated and encouraged the organization of industry on a mass basis of operation. In consequence, the old-time crafts and trades have been broken down into repetitive routine processes, and the man himself, who earlier with his tools and plans, made the completed object, is now working on a certain part of the work, and not the whole thing. Thus he has become the victim of a mass movement of industry and he cannot

take care of himself as well as he used to. With that then goes the obligation for society to organize and look after him, his interests, and his family.

No single obligation upon the American Government today, it seems to me, can be more clearly obvious than to take such constructive and logical and permanent steps of organization as are required to help the mass of the unemployed again to find work that is suitable for them, and with which they may regain their livelihoods and some measure of contentment and satisfaction. Individually they are helpless. The question is whether we can construct an organization to help them solve these personal problems and at the same time, solve the grave social problems which now face us in the midst of this depression.

It does seem to the United States Employment Service that upon that organization rests the responsibility of helping to meet this situation. In consequence, we have set up what may be called by some a "research project." To me it seems the most natural of practical and sensible planning. We are doing two things, and we are doing them together.

The employment offices within the United States Employment Service now have on file the active applications of more than 6,500,000 workers. These workers represent more than a thousand occupations on the basis of their experience and qualifications.

One-third of them are experienced in occupations in which on the basis of the actual conditions and apparent trend of affairs there is little reason to expect renewed opportunity for employment. Another third are young persons who have not as yet had much work experience.

The United States Employment Service is trying to save these millions of workers from that hopeless unemployment which may be their fate if they cannot be considered for any job unless they have had detailed experience in that job.

Employers quite rigidly insist that the worker shall have had actual experience on the particular job to be filled. This is a natural consequence of earlier conditions and practices.

It is necessary to break down these barriers and to simplify the task of getting these people to work. So far as possible this should be done without elaborate and costly retraining of the unemployed man. Many a man is well qualified to work at some job but is shut out because the employer has too rigid requirements and insists on actual, specific, experience on that job.

Eight field workers are now getting accurate statements of what is really needed to qualify workers to fill types of jobs that are important and numerous in industry. This information is sent to our offices in Washington where it is tabulated and sent to the local employment offices. The local office placement man then knows exactly what the worker has to do on each such job and can judge who is qualified to do that job. If there is an order for a worker to construct or repair airplane instrument panels and the placement office has no one with that particular experience, he can send an unemployed watchmaker with the assurance that such skill is a reasonably good qualification to do that kind of work.

Many employers are cooperating with us in this program to simplify their job requirements. They are supplying information which

shows the relation of one job to another; that is, how a job in one industry is enough like many jobs in the same or in other industries so that a single earlier experience becomes a qualification much more generally applicable, and hence greatly increases the prospects of the unemployed man.

We have, in cooperation with P.W.A., simplified the classification of all construction jobs. Both the P.W.A. engineers and the contractors cooperate with us in rapidly clearing all needed workers. For example, for P.W.A. purposes, instead of nine classes of carpenters we now have just two--carpenter and carpenter's helper.

We have made such inquiries and have prepared helpful data for use in our employment offices concerning cotton textiles and petroleum. We are now at work in the automobile industry.

This service is helping the employment offices to break down the artificial, rigid requirements which prevent good men from getting jobs which they can do satisfactorily. That is what is being demonstrated.

A little later we are going to study the men who do these jobs so that we can define more clearly this idea of fitting people into work they have never done before. I have purposely telescoped that part of my talk because I have something else I want to talk about now.

The two fundamental resources of any Nation are its natural resources, and its human resources. The President's Recovery Program embraces most properly both of those conceptions. The Natural Resources Board has brought in a well-developed plan which provides for the planned expenditure within a generation of \$40,000,000,000 and ultimately,

for the investment of \$105,000,000,000. So much for the announced intention to reconstruct and conserve our natural resources.

In your judgment, are the human resources of this Nation any less valuable or less important than its natural resources? The present Economic Security Committee is planning to conserve human resources and to advance opportunities for the development of the comfort and outlook of our civilization. Where must we begin?

Is there any better place to begin than in helping people with the least expenditure of effort on their part, and with the greatest efficiency so far as society is concerned, to readjust themselves out of unemployment into self-sustaining work? If so, this "Research Program", (which I prefer not to call a "Research Program"), it seems to me, is a definitely necessary practicality of immediate planning, and is amply justified. It can't work, ladies and gentlemen, unless there exists throughout this Nation an employment service which covers every community in the Nation.

In this country now, there are 750 district employment offices; 550 are National Reemployment Offices. The Reemployment Service is operated by the United States Employment Service. It operates in close cooperation with the 200 offices of the State Employment Services.

In these employment offices, there are now on file the registrations and occupational classifications of more than 14,000,000 people, and of those, now, 6,500,000 are in our active files. These offices have been trained to register people properly, to classify them properly, and to make proper contact by referrals with the employer to his satisfaction.

During the period of seventeen months just ended, when we have

filed 14,000,000 applications, we have placed in jobs eight and one-third million people.

We have put about 2,000,000 people in that period, into private employment, about half of them by the State Employment Services and half by the National Reemployment Service.

During that time, we have made 1,215,000 calls upon employers. The public, both employed and unemployed, has become "public employment service" conscious. When we get, voluntarily, the registration of over 14,000,000 people, and when we have the persistent reapplication every thirty days of nearly 7,000,000, it must be that they believe in the Service.

It has been a stabilizing influence, in my judgment, upon the contentment of this country during the period of this unemployment. What would have happened if there had been no place that a man could go and register and find some assurance of work in his community? This country would have been filled, our highways would have been overcrowded, with people running hither and thither looking for jobs. The relief problem would have been vastly greater.

It seems to me that an employment service that is to undertake the discharge of responsibility must be a dignified service, one the public believes in, one that is not molested, one that is not duplicated, one that is esteemed by the public to be an essential element in economic security. It must have a monopoly if it is to be worth anything at all.

The President's Program embraces not only economic security in the sense of unemployment insurance, but it embraces a program of work relief for the unemployed.

There are 14,000,000 registrations now on file in our established employment offices. There is an occupational classification for each one of them. There is an established relationship between that unemployed man, whoever he is, and the employment service. If he registers there, he looks forward to getting out of relief, if he is on relief, into the group of self-employed persons some time or other. He knows his registration is there even though he is on a work relief job, and that means that his record is amplified by the record of his work, establishing his desire to have self-sustaining employment outside of the relief organization.

The employer who comes to the Employment Office will take the man referred as the best one on the list without asking whether he is on relief or not. Suppose, however, it is proposed to fill these jobs absolutely and exclusively from relief rolls. Can such a thing be done by the Employment Service? It can. It is being done in this State by both the National Reemployment Service and by the State Employment Service.

Let's say that in a certain county, the Work Relief Division sets up an Employment Office for its own purposes. There also exists a Reemployment Office. Then there are two to which the private employer is privileged to go. But where is he expected to get the best men? From that group who have kept their chins up, no matter what privation, and have kept off relief? Or, is he going to go where the men are getting help by relief?

If he, the typical private employer, decides to go to the Reemployment Office and not to the Relief Employment Office, does it not result in a sad situation so far as the man on work relief is concerned?

Those who are so unfortunate as to be on relief become a segregated group cut off from the opportunity of having recorded in the Employment Office their manifest abilities, energies, and ambitions, and cut off from the voluntary application by the employer for jobs he can provide.

And why in the name of common sense, should any county have two Employment Services? Why the duplication of experience and records? And why the necessity of a man registering in two places in order to have a chance at a job?

(2217a)

RADIO ADDRESS DELIVERED BY

W. FRANK PERSONS

DIRECTOR, UNITED STATES EMPLOYMENT SERVICE

PITTSBURGH, MARCH 12, 1935

Ladies and gentlemen of the radio audience:

The United States Employment Service is at work in every community of this Nation. It is, in your home town, today, bringing workers and jobs together.

There are now 750 districts in which district employment offices are maintained. In these districts, in addition to the 750 principal offices, there are more than a thousand suboffices, so placed as to serve the varying needs of public and private employment throughout the Nation.

It has been our purpose to plant the roots of this Service deep in the good will and confidence of each community. Only as this happens, will the worker, the unemployed person, and the employer be ready to take fullest advantage of these facilities.

I am gratified to say that our Service has won, in large measure, the support and the patronage of the people who are locally informed of its purposes and facilities.

This conclusion is warranted by the fact that a substantial part of the expenses of operation is derived from voluntary local contributions. It is further warranted by the fact that more than fifteen million different individuals have registered with local employment offices within the past twenty months.

These people have been seeking either private employment or opportunity to work on public projects. To their search for work, this has been the answer: Eight and one-half million jobs have been filled by these community employment offices.

Every month about one million people come into the offices of the United States Employment Service. Some, now employed, come seeking better jobs. Others return to reregister when their previously-found employment has ended, or when their application for work has lapsed. Some come in to keep their work records up to date. Some come to remind us that they are still seeking work, and to ask that their application be kept alive. About three hundred thousand each month are new applicants—those who have never registered before.

All of these people have learned to know that the employment office is the one central place where information, advice, and assistance is available for the solution of individual employment problems.

About 250,000 of the one million contacted during each four weeks' period, are placed in employment. At the present time about one-half of these placements are with private employers with whom the United States Employment Service, through its employer-visiting program, is rapidly developing an effective relationship.

Not alone do the worker and the unemployed person realize the value of a central employment exchange. The employer, also, is calling upon the public employment office to provide workers carefully selected with regard to the nature of the work to be done, and the fitness of the applicant for the job.

The employment offices within the United States Employment Service now have on file the active applications of more than 6,500,000 workers. These workers represent more than 1,000 occupations on the basis of their experience and qualifications. One-third of them have worked at occupations in which there is little reason to expect renewed opportunity for employment. Another third are young persons who have not as yet had much work experience.

These two-thirds of the army of unemployed face a fateful fact. Employers, customarily, quite rigidly insist that the worker shall have had actual experience on the job to be filled. This is the natural consequence of earlier conditions and practices. Are these people to be barred from employment because they may not be considered for any job in which they have not had specific experience? The United States Employment Service is trying to save these millions of workers from just such an unpromising vocational future.

We are trying to find out what job requirements are too rigid in terms of the actual, specific, experience, hitherto thought necessary.

We are trying to break down such barriers and to simplify the task of getting people back to work. So far as possible this should be done without elaborate and costly retraining.

Our field workers are now getting accurate statements of what is really needed to qualify workers to fill types of jobs that are important and numerous in industry. Many employers are cooperating with us in this program to simplify the statement of job requirements.

They are supplying information which shows the relation of one job to another; that is, how a job in one industry is similar to many jobs in the same or in other industries. Thus a single earlier experience becomes a much wider qualification. This greatly increases the prospects of the unemployed man.

The information collected is sent to our offices in Washington where it is tabulated and sent back to local employment offices. The local office placement man then knows exactly what the worker has to do on each job. He can better judge who is qualified to do that job as determined by his earlier work experience.

If, for example, there is an order for a worker to construct or repair aeroplane instrument panels, the placement officer does not decline the order because he knows of no one with that particular experience. He can send an unemployed watch-maker with the assurance that such skill is a reasonably good qualification to do that kind of work.

On public construction jobs we have learned that it is not necessary to have files of nine classes of carpenters. We now have just two classifications--carpenter and carpenter's helper. In this connection we have had the sympathetic and helpful cooperation of engineers of the Public Works Administration and of the contractors on such projects.

These demonstrations are helping the employment offices to break down the artificial, rigid, requirements which prevent good men from getting jobs which they can do satisfactorily. A little later we are going to study the characteristics and the skills of the men who do

these jobs so that we can define even more clearly this selection of people who are fitted for work they have never done before.

There should be no unbridged chasm between millions of unemployed workers on one side, and actual or potential work opportunities which await them on the other side. The public employment service is the bridge across that chasm.

It is an essential instrumentality in the process of recovery. How futile the program of recovery would be if we isolated those now in need by reason of unemployment, leaving them on the opposite bank with no connecting link to private employment, no bridge to normal economic life.

When a man registers with the employment service he looks forward to crossing that bridge from unemployment and relief to his former occupation or to a new one for which he is qualified.

That bridge between people and jobs, which is the public employment service, must become a wider pathway. It must be strengthened and reinforced. It must be supported by strong public confidence, founded upon understanding of its purposes. That spirit of public confidence and understanding can be firmly based only upon actual experience with our Service. We seek your acquaintance. We shall do our best to fulfill our duties and our opportunities, and to win your approval.

This last statement I make on behalf of the six thousand workers in our local offices, and with full confidence in their individual loyal purpose and constant good will.

For release Friday A.M. papers.
March 15, 1935.

Summary of talk of Secretary of Labor Perkins before the Central Branch Y.W.C.A. in New York, Thursday night, March 14, 1935.

Secretary of Labor Frances Perkins expressed the hope that New York would be among the first States to enact economic security legislation in speaking before the Central Branch of the Y.W.C.A. last night (Thursday). She praised the Byrne--Killigrew Bill as being an ideal measure and in keeping with the national program as outlined in the Wagner--Lewis--Doughton measure now before the Congress.

The Federal bill will become a law within a few weeks, she declared, pointing out that the bill is now about ready for action in the House and that the Senate Committee is ready to take it up as soon as reported to the House.

State legislatures, according to Miss Perkins, do not necessarily have to wait for a few weeks until the Economic Security Act has become law before acting. "Any State may pass legislation based upon the Economic Security Bill and be safe in doing so", she said. "It seems highly probable that those bills will meet all requirements of the Federal act as finally passed."

"The Committee on Economic Security had no thought that the Federal government should decide all questions of policy and dictate what the States shall do. If I judge the temper of Congress correctly it is not inclined to place more restrictions upon the States. Certain it is that if the States do not want additional restrictions, the Congress will not enact them.

"It is important that the States go ahead with their own legislation. Practically all the bills introduced in the State legislatures are measures which can be supported without any compunctions. They include all standards which some people insist should be written into the Federal law. All who believe in unemployment insurance will do well to get behind these bills and secure their enactment to advance the cause of economic security.

"The Economic Security Bill is free from all unnecessary restrictions upon State action. It is truly designed to help the States with problems they will otherwise have to face alone. Some parts of the program will cost the States considerable money, but not nearly as much as they would otherwise have to carry all alone.

"With full responsibility for the care of the unemployables being turned back to the States, they must find funds to provide subsistence for their aged dependents and the many dependent children in families deprived of a father's support. Under the Economic Security Bill, the Federal Government will assist the States in carrying these burdens. Similarly, it will be to the interests of all States to enact unemployment compensation laws, so that employees may derive some benefit from the pay-roll-taxes the employers will have to pay in any event. People who believe in this program should give attention to the pending State bills no less than the proposed Federal Act.

"Great interest is being manifested in practically all States in the economic security legislation and as usual New York is a leader. In six States interim legislative committees have recommended the enactment of State unemployment insurance laws, and in six other States committees appointed either by the governor or the legislature are now studying this problem. Unemployment insurance bills have been introduced in thirty States and old-age pensions bills in an even larger number.

"Public opinion is strongly favorable to unemployment insurance and old-age pensions and is becoming crystalized in favor of the measures proposed for the security of children and for the extension of preventive public health services. From many States we are getting reports that they are prepared to pass the necessary State legislation as soon as the Economic Security Act has become law."

Secretary Perkins pointed out possible courses of action open to the States to enable them to take advantage of the Economic Security legislation. She said that alternate model State unemployment insurance bills and suggestions for a State old-age pension bill were available upon request to serve where wanted as a guide in framing State law. She said that States whose legislative sessions end this month will desire to hold special sessions later in the year to take definite action, on economic security and other emergency matters and suggested that these might deem it advisable to appoint interim committees to keep in touch with the progress of the Federal legislation and to prepare State bills for the consideration of the legislature in the special session. A similar course, would be open to legislatures with unlimited sessions whose other work will be completed before the Economic Security Act becomes law. Such legislatures, she said might prefer to recess to a specified date later in the year, providing for a study of the problem in the interim.

Radio speech

Passage of the social security measure means that in the
 future this will be a better country for all of us. As the
 different States act on unemployment insurance, old age pensions,
 security of children and extension of preventive public health
 services our people will have a real measure of security from
 the cradle to the grave. There will be fewer and less severe
 depressions and we can grow old without being haunted by the
 spectre of poverty ridden old age or being a burden on our
 children. I have been advocating such legislation as this for
 fifteen years and I know it will be enacted by the different
 States, now that Congress has shown the way, because the people
 want it.

The Social Security program is perhaps the most forward
 looking legislation in the interest of wage-earners in the entire
 history of the United States,

~~the fact of regarding as well~~
 as of other responsibility for its
 good administration that we
 see this new human ~~law~~
 become law of the ~~land~~
 The Congress has

Radio Address by Secretary of Labor Frances Perkins
over Station W.J.S.V., Earle Building, Room 317
April 29, 1935, 5:50 p.m.

It is now almost a year since the Congress of the United States, by an overwhelming vote of both the Senate and the House, passed the Joint Resolution which authorized the President to accept membership in the International Labor Organization. We do not have to guess at the reasons for that action, because in the Resolution itself Congress recited the three different points of view which it took into consideration. Congress carefully explained why, from the point of view of the worker, from the point of view of the employer, and from the point of view of the Government of the United States, it was desirable for us to accept membership in the ILO.

First, let us look at the action from the point of view of the worker.-- Congress stated that "The International Labor Organization has advanced the welfare of labor throughout the world through studies, recommendations, conferences and conventions concerning conditions of labor." In other words, the International Labor Organization, in one of its aspects, is to the world the equivalent of what the Federal Department of Labor is to the people of the United States. It is an organization deeply concerned with an intelligent consideration of the welfare of the wage earner. It studies the problems of the workers, points out ways for removing their difficulties, and increasing their security.

But Congress recognized that the ILO ought also to be looked at from the point of view of the American employer. Between American

employers and employers in countries with less developed labor and social legislation, there is constant industrial competition; and in this competition the employer with the less developed standards has an advantage which sometimes not merely enables him to capture the world market, but also tends to break down social and valuable American standards. To these considerations Congress in the Joint Resolution directed specific attention, for the Resolution recites that "The failure of a nation to establish humane conditions of labor is an obstacle in the way of other nations which desire to maintain and improve the conditions in their own countries;" and "Progress toward the solution of the problems of international competition in industry can be made through international action concerning the welfare of wage earners." In other words, Congress realized that from the point of view of the employer the ILO offered the possibilities of international codes of fair competition, which are parallel in some respects to the national codes of fair competition formulated by the NRA for the protection of American standards in interstate commerce.

Third, and undoubtedly the most important, aspect from which Congress considered membership in the ILO desirable, was that of the Government of the United States. Congress was aware of the extent to which international peace and international good will depend upon a sympathetic understanding of the problems of different countries. And it was equally aware of the fact that between different nations there is no more powerful incitement to strife than unregulated economic rivalry. Of course, in the international, as well as in the national, field, competition is to be expected and is to be encouraged. But if

that competition is to further trade and not to stifle it, if it is to carry with it friendship and not hatred, it cannot be ruthless, but must be based upon a decent regard by all governments for the welfare of wage earners throughout the world. And Congress in favoring our participation in the work of the ILO, merely reaffirmed a traditional international policy of the United States, for, as the Joint Resolution reminds us, "The United States early recognized the desirability of international cooperation in matters pertaining to labor."

Bearing in mind this tradition and those significant considerations which motivated the Congress, the President on August 20, 1934, accepted, on behalf of the United States, membership in the International Labor Organization. From our association and membership we expect to derive frequent aid in the treatment and solution of our problems in the field of labor. And to the Organization we shall endeavor to bring not merely technical assistance but a whole-hearted cooperation in the fulfillment of its high purposes.

Governor Winants selection bears great promise of good work and increase in beneficial participation.

Inkblen
April 29
5:50 PM
Station W J S V
Garle Bldg
Room 817

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*In many respects
has great promise
work of the organization - political*

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over Station W.J.S.V., Earle Building, Room 817
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Governor Winante's selection bears great promise of good work and increase in beneficial participation.

For Release Tuesday
June 11, 1935

(4400)

The Outlook to 1935
SPEECH OF SECRETARY OF LABOR FRANCES PERKINS
BEFORE NATIONAL CONFERENCE OF SOCIAL WORK
AT MONTREAL MONDAY NIGHT, JUNE 10, 1935
Supper
— Lunch

Social workers hardly need a reminder that social security as a national objective is something new in the United States. True enough, social legislation is nothing new in the land, but it was only the sobering influence of adversity which trained our thinking upon resort to the broad powers and resources of organized society to minimize the major hazards which threaten family life and individual welfare. Like the children of Israel, who thought not of the Lord in days of plenty, the average citizen experienced no serious concern about the security of our social order so long as things were "looking up." Economic well-being was enough.

The actual insecurity of the decade preceding the depression has been brought starkly to light by statistics relative to mortality, morbidity, accidents, concentration of wealth, employment, earnings and dependency. The annual toll from industrial and traffic accidents has been alarming. Occupational diseases, tuberculosis and the social diseases have brought thousands to premature death or disability. The maternity death rate is still notoriously high. The lowering of infant mortality could have been substantially accelerated had proper care been available. A direct correlation between infant mortality and annual earnings has been disclosed. This is especially significant in the light of the fact that in 1929 the per capita income of all salaried workers was only \$1,475 and 18,000,000 persons, constituting 44 percent of all those gainfully employed, exclusive of farmers, had annual earnings of less than \$1,000.

May I ask you to bear in mind the conditions under which the "New Deal" was born? You will recall the public hysteria which precipitated the banking crisis of March 1933. Business was panicky, labor despairing and apathetic, agriculture without markets, and home owners and farmers were being squeezed out by foreclosure. Many municipalities and other public corporations were so embarrassed financially that schools were closed and other public services jeopardized. The crisis was national, not local. The new Administration accepted the challenge to develop by government leadership, cooperation and action an orderly method of preserving human welfare and human values in the midst of the economic confusion.

Banking was restored to a stable position; and the interests of small depositors were safeguarded by insurance. The Federal Government assumed responsibility for relief of the unemployed through a diversified relief and work program. The Agricultural Adjustment Administration was established to relieve the plight of the farmer—unable to cope privately with the unhappy situation confronting him.

The National Industrial Recovery Administration was seized upon as a method of using the growing emphasis upon cooperative action by functional economic groups as a tool with which to introduce order, stability and better labor conditions into private industry. The codes promulgated under that act with governmental sanction outlawed the more flagrant unfair competitive practices. The advances made by the codes in lifting minimum labor standards and improving the position of labor in the bargaining struggle were especially significant. Child labor in industry was abolished, minimum standards as to wages, hours and working conditions were established. Self-organization and collective bargaining were promoted by specific provision.

The National Industrial Recovery Administration made another attack upon unemployment through an ambitious public works program. It is worthy of notice at this moment that in public works projects which are continuing N.R.A. standards of fair competition and conditions of labor will still be maintained. That activity and the terms of work on such activities is not, of course, governed by the Supreme Court decision declaring the National Industrial Recovery Administration unconstitutional.

File

The recent Schechter decision indicated important constitutional limits upon Federal action in the rehabilitation and ordering of our industrial life. It did not and could not wipe out all that we have gained. The people of the United States may not be expected to give up the philosophy of fair play and cooperation underlying the N.R.A. codes, which has given a real moral boost to our industrial life, simply because that philosophy has not as yet found adequate legal expression. The task now is to find the adequate legal expression for a moral purpose. Our people are achieving a conception of industrial relations and human welfare which will provide the vital sanction requisite to the execution of a social security program. It is highly significant that the outlawing of unfair competitive practices, on the one hand, and the establishment of standards and conditions of employment calculated more nearly to secure to the worker the minimum advantages of modern life, on the other, have, in the course of two years, found a place in our patterns of thought and action. This achievement is one of the most heartening factors in the prospect for social security in the United States.

It is the part of a responsible government official as well as that of an impartial observer to weigh soberly the merits of what has already been done. It is clear that we are still far from our goal. Despite the efforts of the Government through agencies conducting emergency conservation work, emergency work programs and by financing public construction projects, unemployment remains a major problem. The present emergency relief and work program will, however, tend to alleviate the condition by providing a wide variety of governmental employment for 3,500,000 of those persons not yet absorbed by private enterprise. The Emergency Relief Act will expand the civilian conservation program to include 600,000, or more, young men.

A general expansion in business is, of course, essential to take up the slack for more than a temporary period. On that score it may be said that we are witnessing hopeful and unmistakable signs of business recovery. In the manufacturing industries as a whole employment in December 1934, was 5 percent above that of December 1933, at which time employment had already risen 26 percent above the depression low, and pay rolls had risen by 47 percent. Recovery was marked in the non-durable goods industries while the heavy goods industries lagged rather badly. Since the turn of the year, however, employment and pay rolls in the durable goods industries have risen much more rapidly than in the non-durable goods group. In the former employment increased 11.4 percent from December 1934 to April 1935, and in the latter 1.4 percent. Over the same period pay rolls increased 22.6 percent in the heavy industries and 3.5 percent in the non-durable groups.

The lift in wages has not been matched by a like increase in prices. The buying power of the farmer and the worker is definitely greater. On the basis of data compiled by the Bureau of Labor Statistics it is estimated that from March 1933 to March 1935, the cost of living of wage earners and lower salaried employees advanced approximately 12 percent. Compared with these figures average hourly earnings in the manufacturing industries and 13 non-manufacturing industries combined rose from 45.3 cents to 57.4 cents, or 27 percent. The actual increase in hourly wages after adjustment to the cost of living was 13 percent. With respect to weekly wages, which are a better index to the buying power of the individual employee than hourly wages, the figures reveal that per capita weekly wages in the manufacturing industries increased from \$15.32 to \$20.87, or 36 percent, during the two years from March 1933 to March 1935. In terms of adjustment to the cost of living, this means that the net purchasing power of the weekly earnings of the average worker in the manufacturing industries rose from \$15.32 in March 1933 to \$18.97 in March 1935, or 24 percent. Due to a reduction in average weekly hours in the non-manufacturing industries the per capita weekly earnings in the manufacturing industries and 13 non-manufacturing industries combined increased from \$17.77 to \$21.07, or 19 percent. Expressed in terms of purchasing power, as modified by price changes, this represents an 8 percent advance in actual weekly wages. In terms of weekly pay rolls, which are of primary significance as a sustaining basis for business activity, the rise was quite marked. In manufacturing industries weekly pay rolls almost doubled from March 1933 to March 1935. In non-manufacturing industries the changes were largely favorable, but far from uniform. The increase in manufacturing and 13 non-manufacturing industries combined was from \$188,063,000 to \$281,890,000, or 50 percent. This represents a net increase in purchasing power of 36 percent. These notable advances in weekly pay rolls and in the net purchasing power of wage earners were due only in part to

increases in rates of pay and per capita earnings. They were brought about primarily by a rise in employment, which definitely reflects an expansion of business activity. In the manufacturing industries and 13 non-manufacturing industries combined, employment rose from 10,583,000 to 13,376,000, or 26 percent. This increase in employment is not explained by a reduction in the hours of labor for average weekly hours in March 1933, were less than two hours per week greater than in March 1935.

Minimum economic security is an essential phase of social security. But we cannot wait until we have attained the former before attacking on a wide front the great hazards to individual well-being and the security of the community itself which exist in our social system.

When we concern ourselves with the broad problems of social security our vision must penetrate far beyond economic clouds such as those which have overhung much of the past six years. But it may be well to say in passing that the financial burden of the social security program cannot seriously be thought to jeopardize economic recovery. It is the very part of an intelligent recovery effort to attack the social ills which have operated so actively to cause human and economic waste.

Nor can we by a single legislative enactment produce full-blown a perfect set of legal tools with which to bring our social order into adjustment. Human frailty pervades the whole picture, whether we act through our political institutions or by private enterprise. It is open to doubt whether the American Federal system, moreover, as authoritatively conceived by the Supreme Court, permits a thorough-going Federal social security program, not participated in by the States, and that apart from the feasibility of such a scheme.

The Social Security Bill, now under consideration in the United States Senate, constitutes a very significant step in grounding a well-rounded, unified, long-range program for social security. In brief, the Bill, in its present form makes provision for Federal aid to the States for old-age assistance, aid to the blind, aid to dependent children, maternal and child welfare and public health. No direct contribution is made to the cost of unemployment compensation but the Bill does grant Federal aid to the States for meeting the administrative costs of their unemployment compensation systems.

In addition to assistance to the aged through grants-in-aid to State pension systems the Bill establishes "an old-age reserve account" in the United States Treasury from which old-age benefits will be payable to every individual past 65 years of age who has received not less than \$2000 in wages for private employment after December 31, 1936, and before he attained the age of 65, some part of which employment related to service in each of at least five different calendar years. The Senate Finance Committee has added a new title to the Bill, which makes provision for the issuance of United States annuity bonds through the voluntary acquisition of which a thrifty person may make provision for old age. As you doubtless know, our Canadian friends have had a similar annuity system for a number of years.

Prior to 1935, 28 States had old-age assistance laws. Under the stimulus of the projected Federal program other States have followed suit this year. Thus assistance to the aged has become a practical reality. The Federal bill sets up minimum standards of State legislation and administration, but responsibility for the success of the system rests primarily upon the State and local officers actually engaged in administering the State laws.

The public health and child welfare features of the bill have provoked little dissent. They follow well-marked precedents for grants-in-aid to the States. Their administration is entrusted to agencies of the Federal Government with large experience in those fields of social welfare--the Bureau of the Public Health Service in the Treasury Department, and the Children's Bureau in the Department of Labor. The assistance and cooperation of these bureaus may be expected to contribute largely to the effectiveness of the State agencies which will be charged with the administration of the funds provided jointly by the Federal Government and the States.

The focus of social well-being is the health and welfare of children. The public health and child welfare provisions of the Social Security Bill bear promise of

a studied attack upon conditions, which, due to ignorance, neglect, and lack of social and health services, have witnessed needless suffering and waste of human life. These provisions will make it possible to extend the aid now made available to fatherless children in their own homes under mothers' aid laws now in effect in 45 States.

Unemployment compensation or insurance is in its infancy in the United States. Prior to 1935 Wisconsin, alone of all the States, had enacted such legislation. Carefully drawn measures have been developed in other States and since the first of this year the legislatures of four other States, New York, Washington, Utah, and New Hampshire, enacted unemployment compensation laws, which are in general harmony with the principles of the Federal bill.

The Bill before Congress does not purport to set up a Federal unemployment compensation system. Its design is both to enable and to stimulate the States to establish systems of their own. To this end grants-in-aid to the States to be devoted to the administration of State laws are provided and there is imposed a uniform pay-roll tax on employers, which is subject to a credit of 90 percent of the tax for contributions to unemployment compensation funds set up pursuant to State law. The leveling influence of a uniform Federal pay-roll tax combined with the offset device is calculated to place the States on an even competitive basis unaffected by the failure of a particular State to adopt an unemployment compensation system. As a condition upon which aid to the States to meet administrative expenses is granted the bill requires that all contributions to State unemployment compensation funds be deposited in the United States Treasury in the "Unemployment Trust Fund" created by the bill. The Treasury may invest the funds at not less than the average rate of interest on all interest-bearing obligations of the United States, in interest-bearing obligations of the United States, or special non-negotiable obligations bearing the required rate of interest. The Treasury is simply made a trustee of State funds, the actual disbursement of which in compensation payments would be left to the States.

It is not the design of the Social Security Bill to cramp the States in their development of unemployment compensation systems. They remain free to determine whether they will have a pooled-fund arrangement as against the individual employer account type or a compromise of the two, whether employee contributions to the fund will be required, and other matters. There is, in short, wide latitude for State initiative and experimentation.

In anticipation of the enactment of the Federal measure a number of State legislatures have already passed laws authorizing general cooperation in the security program. We may hopefully expect wide-spread legislative participation in the program.

The bare enactment of social security legislation, however important, is only a beginning. As we have seen the outlook for that requisite step is pleasing. But the happy fruition of the program will depend more upon the quality of personnel and administration than upon the character of legal machinery erected for the purpose. Experience will in time go far toward perfecting an administrative technique. Many of the problems cannot be provisioned. Others that we do perceive are new and difficult; we cannot be sure in advance just how to proceed. Thus a deal of experimentation, or, if you will, plain trial and error, is inevitable.

Social workers can render a substantial service by devoting their thought and energies to the effective extension to their communities of the benefits of the security program. Their interest and experience may certainly be expected to stimulate ideas helpful in improving local administration. On their insistence upon efficiency, sound practice and a modern social point of view much will depend. Surely you have here an expansive field for study and experimentation. I am confident that this great profession will meet the challenge.

For the most part the States face the unsolved problem of providing adequate facilities for the effectuation of the security program. Only nine States have civil-service systems in operation. Yet it is quite important that civil-service methods be extended to social welfare personnel in order to insure selection upon the basis of fitness for the job if we are to be assured of the sound continuance and

expansion of governmental participation in the quest for social security. More than that, the public service should be made an attractive career for young people of ability and vision. The translation of that idea into action is directly associated with the possibilities of developing adequate governmental facilities for furthering social welfare.

The Social Security program in the United States is a thoroughly mutual venture. Cooperation between Federal and State governments and their agencies is vital to the fruition of the undertaking. We have before us a Federal-State relationship somewhat new to American Government—State and National governments coordinating their efforts on one plane behind a single program.

Only in the enforcement of minimum standards will the Federal Government speak with finality. There is a definite national interest in the maintenance of a minimum standard of social security. Low local standards may be a veritable fester upon the body politic. Thus the general interest does not sanction the permitting of particular communities to be free to ignore minimum standards. The Federal Government can be especially effective at this point in giving general conceptions of policy specific meaning in administrative technique and standards. The grant-in-aid device is the sanction which assures observance of minimum standards.

This is an opportune time to launch a far-sighted security program. Recovery has not proceeded to the point that we have forgotten the social ills produced by the depression. The American public has been awakened to a conception of the social responsibilities of government which renders the public mind receptive to a plan to minimize the economic and spiritual risks to the individual which he in his own strength cannot control. If we can lay the groundwork upon which a system of social insurance capable of minimizing those risks may be perfected we will have made an auspicious beginning in the most significant undertaking of our generation.

SPEECH OF SECRETARY OF LABOR FRANCES PERKINS
BEFORE NATIONAL CONFERENCE OF SOCIAL WORK
AT MONTREAL, MONDAY NIGHT, JUNE 10, 1935.

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Social workers hardly need a reminder that social security as a national objective is something new in the United States. True enough, social legislation is nothing new in the land, but it was only the sobering influence of adversity which trained our thinking upon resort to the broad powers and resources of organized society to minimize the major hazards which threaten family life and individual welfare. Like the children of Israel, who thought not of the Lord in days of plenty, the average citizen experienced no serious concern about the security of our social order so long as things were "looking up." Economic well-being was enough.

The actual insecurity of the decade preceding the depression has been brought starkly to light by statistics relative to mortality, morbidity, accidents, concentration of wealth, employment, earnings and dependency. The annual toll from industrial and traffic accidents has been alarming. Occupational diseases, tuberculosis and the social diseases have brought thousands to premature death or disability. The maternity death rate is still notoriously high. The lowering of infant mortality could have been substantially accelerated had proper care been available. A direct corre-

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lation between infant mortality and annual earnings has been disclosed. This is especially significant in the light of the fact that in 1929 the per capita income of all salaried workers was only \$1,475. and 18,000,000 persons, constituting 44 percent of all those gainfully employed, exclusive of farmers, had annual earnings of less than \$1,000.

May I ask you to bear in mind the conditions under which the "New Deal" was born? You will recall the public hysteria which precipitated the banking crisis of March 1933. Business was panicky, labor despairing and apathetic, agriculture without markets, and home owners and farmers were being squeezed out by foreclosure. Many municipalities and other public corporations were so embarrassed financially that schools were closed and other public services jeopardized. The crisis was national, not local. The new Administration accepted the challenge to develop by government leadership, cooperation and action an orderly method of preserving human welfare and human values in the midst of the economic confusion.

Banking was restored to a stable position; and the interests of small depositors were safeguarded by insurance. The Federal Government assumed responsibility for relief of the unemployed through a diversified relief and work program. The Agricultural Adjustment Administration was established to relieve the plight of the farmer - unable to cope privately with the unhappy situation confronting him.

The National Industrial Recovery Administration was seized upon as a method of using the growing emphasis upon

cooperative action by functional economic groups as a tool with which to introduce order, stability and better labor conditions into private industry. The codes promulgated under that act with governmental sanction outlawed the more flagrant unfair competitive practices. The advances made by the codes in lifting minimum labor standards and improving the position of labor in the bargaining struggle were especially significant. Child labor in industry was abolished, minimum standards as to wages, hours and working conditions were established. Self-organization and collective bargaining were promoted by specific provision.

The National Industrial Recovery Administration made another attack upon unemployment through an ambitious/^{public} works program. It is worthy of notice at this moment that in public works projects which are continuing N.R.A. standards of fair competition and conditions of labor will still be maintained. That activity and the terms of work on such activities is not, of course, governed by the Supreme Court decision declaring the National Industrial Recovery Administration unconstitutional.

The recent Schechter decision indicated important constitutional limits upon Federal action in the rehabilitation and ordering of our industrial life. It did not and could not wipe out all that we have gained. The people of the United States may not be expected to give up the philosophy of fair play and cooperation underlying the N.R.A. codes,

which has given a real moral boost to our industrial life, simply because that philosophy has not as yet found adequate legal expression. The task now is to find the adequate legal expression for a moral purpose. Our people are achieving a conception of industrial relations and human welfare which will provide the vital sanction requisite to the execution of a social security program. It is highly significant that the outlawing of unfair competitive practices, on the one hand, and the establishment of standards and conditions of employment calculated more nearly to secure to the worker the minimum advantages of modern life, on the other, have, in the course of two years, found a place in our patterns of thought and action. This achievement is one of the most heartening factors in the prospect for social security in the United States.

It is the part of a responsible government official as well as that of an impartial observer to weigh soberly the merits of what has already been done. It is clear that we are still far from our goal. Despite the efforts of the Government through agencies conducting emergency conservation work, emergency work programs and by financing public construction projects, unemployment remains a major problem. The present emergency relief and work program will, however, tend to alleviate the condition by providing a wide variety of governmental employment for 3,500,000 of those persons not yet absorbed by private enterprise. The Emergency Relief Act will expand the civilian conservation program to include 600,000, or more, young men.

Statistical
Bureau

A general expansion in business is, of course, essential to take up the slack for more than a temporary period. On that score it may be said that we are witnessing hopeful and unmistakable signs of business recovery. In the manufacturing industries as a whole employment in December 1934, was 5 percent above that of December 1933, at which time employment had already risen 26 percent above the depression low, and pay rolls had risen by 47 percent. Recovery was marked in the non-durable goods industries while the heavy goods industries lagged rather badly. Since the turn of the year, however, employment and pay rolls in the durable goods industries have risen much more rapidly than in the non-durable goods group. In the former employment increased 11.4 percent from December 1934 to April 1935, and in the latter 1.4 percent. Over the same period pay rolls increased 22.6 percent in the heavy industries and 3.5 percent in the non-durable groups.

The lift in wages has not been matched by a like increase in prices. The buying power of the farmer and the worker is definitely greater. On the basis of data compiled by the Bureau of Labor Statistics it is estimated that from March 1933 to March 1935, the cost of living of wage earners and lower salaried employees advanced approximately 12 percent. Compared with these figures average hourly earnings in the manufacturing industries and 13 non-manufacturing industries combined rose from 45.3 cents to 57.4 cents, or 27 percent.

The actual increase in hourly wages after adjustment to the cost of living was 13 percent. With respect to weekly wages, which are a better index to the buying power of the individual employee than hourly wages, the figures reveal that per capita weekly wages in the manufacturing industries increased from \$15.32 to \$20.87, or 36 percent, during the two years from March 1933 to March 1935. In terms of adjustment to the cost of living, this means that the net purchasing power of the weekly earnings of the average worker in the manufacturing industries rose from \$15.32 in March 1933 to \$18.97 in March 1935, or 24 percent. Due to a reduction in average weekly hours in the non-manufacturing industries the per capita weekly earnings in the manufacturing industries and 13 non-manufacturing industries combined increased from \$17.77 to \$21.07, or 19 percent. Expressed in terms of purchasing power, as modified by price changes, this represents an 8 percent advance in actual weekly wages. In terms of weekly pay rolls, which are of primary significance as a sustaining basis for business activity, the rise was quite marked. In manufacturing industries weekly pay rolls almost doubled from March 1933 to March 1935. In non-manufacturing industries the changes were largely favorable, but far from uniform. The increase in manufacturing and 13 non-manufacturing industries combined was from \$188,063,000 to \$281,890,000, or 50 percent. This represents a net increase in purchasing

power of 36 percent. These notable advances in weekly pay rolls and in the net purchasing power of wage earners were due only in part to increases in rates of pay and per capita earnings. They were brought about primarily by a rise in employment, which definitely reflects an expansion of business activity. In the manufacturing industries and 13 non-manufacturing industries combined, employment rose from 10,583,000 to 13,376,000, or 26 percent. This increase in employment is not explained by a reduction in the hours of labor for average weekly hours in March 1933, were less than two hours per week greater than in March 1935.

Minimum economic security is an essential phase of social security. But we cannot wait until we have attained the former before attacking on a wide front the great hazards to individual well-being and the security of the community itself which exists in our social system.

When we concern ourselves with the broad problems of social security our vision must penetrate far beyond economic clouds such as those which have overhung much of the past six years. But it may be well to say in passing that the financial burden of the social security program cannot seriously be thought to jeopardize economic recovery. It is the very part of an intelligent recovery effort to attack the social ills which have operated so actively to cause human and economic waste.

Nor can we by a single legislative enactment produce full-blown a perfect set of legal tools with which to bring our social order into adjustment. Human frailty pervades the whole picture, whether we act through our political institutions or by private enterprise. It is open to doubt whether the American Federal system, moreover, as authoritatively conceived by the Supreme Court, permits a thoroughgoing Federal social security program, not participated in by the States, and that apart from the feasibility of such a scheme.

The Social Security Bill, now under consideration in the United States Senate, constitutes a very significant step in grounding a well-rounded, unified, long-range program for social security. In brief, the Bill, in its present form makes provision for Federal aid to the States for old-age assistance, aid to the blind, aid to dependent children, maternal and child welfare and public health. No direct contribution is made to the cost of unemployment compensation but the Bill does grant Federal aid to the States for meeting the administrative costs of their unemployment compensation systems.

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the State agencies which will be charged with the administration of the funds provided jointly by the Federal Government and the States.

The focus of social well-being is the health and welfare of children. The public health and child welfare provisions of the Social Security Bill bear promise of a studied attack upon conditions, which, due to ignorance, neglect, and lack of social and health services, have witnessed needless suffering and waste of human life. These provisions will make it possible to extend the aid now made available to fatherless children in their own homes under mothers' aid laws now in effect in 45 States.

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The Bill before Congress does not purport to set up a Federal unemployment compensation system. Its design is both to enable and to stimulate the States to establish systems of their own. To this end grants-in-aid to the States to be devoted to the administration of State laws are

provided and there is imposed a uniform pay-roll tax on employers, which is subject to a credit of 90 percent of the tax for contributions to unemployment compensation funds set up pursuant to State law. The leveling influence of a uniform Federal pay-roll tax combined with the offset device is calculated to place the States on an even competitive basis unaffected by the failure of a particular State to adopt an unemployment compensation system. As a condition upon which aid to the States to meet administrative expenses is granted the bill requires that all contributions to State unemployment compensation funds be deposited in the United States Treasury in the "Unemployment Trust Fund" created by the bill. The Treasury may invest the funds at not less than the average rate of interest on all interest-bearing obligations of the United States, in interest-bearing obligations of the United States, or special non-negotiable obligations bearing the required rate of interest. The Treasury is simply made a trustee of State funds, the actual disbursement of which in compensation payments would be left to the States.

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In anticipation of the enactment of the Federal measure a number of State legislatures have already passed laws authorizing general cooperation in the security program. We may hopefully expect wide-spread legislative participation in the program.

The bare enactment of social security legislation, however important, is only a beginning. As we have seen, the outlook for that requisite step is pleasing. But the happy fruition of the program will depend more upon the quality of personnel and administration than upon the character of legal machinery erected for the purpose. Experience will in time go far toward perfecting an administrative technique. Many of the problems cannot be previsioned. Others that we do perceive are new and difficult; we cannot be sure in advance just how to proceed. Thus a deal of experimentation, or, if you will, plain trial and error, is inevitable.

Social workers can render a substantial service by devoting their thought and energies to the effective extension to their communities of the benefits of the security program. Their interest and experience may certainly be expected to stimulate ideas helpful in improving local administration. On their insistence upon efficiency, sound practice and a modern social point of view much will depend. Surely you have here an expansive field for study and experimentation. I am confident that this great profession will meet the challenge.

For the most part the States have the unsolved problem of providing adequate facilities for the effectuation of the security program. Only nine States have civil-service systems in operation. Yet it is quite important that civil-service methods be extended to social welfare personnel in order to insure selection upon the basis of fitness for the job if we are to be assured of the sound continuance and expansion of governmental participation in the quest for social security. More than that, the public service should be made an attractive career for young people of ability and vision. The translation of that idea into action is directly associated with the possibilities of developing adequate governmental facilities for furthering social welfare.

The Social Security program in the United States is a thoroughly mutual venture. Cooperation between Federal and State governments and their agencies is vital to the fruition of the undertaking. We have before us a Federal-State relationship somewhat new to American Government - State and National governments coordinating their efforts on one plane behind a single program.

Only in the enforcement of minimum standards will the Federal Government speak with finality. There is a definite national interest in the maintenance of a minimum standard of social security. Low local standards may be a veritable fester upon the body politic. Thus the general interest does not sanction the permitting of particular communities to be

free to ignore minimum standards, The Federal Government can be especially effective at this point in giving general conceptions of policy specific meaning in administrative technique and standards. The grant -in-aid device is the sanction which assures observance of minimum standards.

This is an opportune time to launch a far-sighted security program. Recovery has not proceeded to the point that we have forgotten the social ills produced by the depression. The American public has been awakened to a conception of the social responsibilities of government which renders the public mind receptive to a plan to minimize the economic and spiritual risks to the individual which he in his own strength cannot control. If we can lay the groundwork upon which a system of social insurance capable of minimizing those risks may be perfected we will have made an auspicious beginning in the most significant undertaking of our generation.

ADDRESS BY W. FRANK PERSONS BEFORE
CONFERENCE OF STATE ADMINISTRATORS
WORKS PROGRESS ADMINISTRATION
JUNE 17, 1935

Mr. Chairman, Ladies and Gentlemen: As it happens, I personally have a dual relation with the members of this group, and Aubrey Williams has asked me to take about a minute and a half to refer to my relationships with you as representing State Relief Administrations in relation to selection of men for the Civilian Conservation Camps.

As a representative of the Department of Labor I shall continue to maintain those relationships with the State Directors of Relief. That work will not fall upon the shoulders, in any State, of the Works Progress Administrator of the State. For two years we have selected men for the CCC. A million different men have been selected. The procedures are well established and the enrollment which began today, which will require the selection and enrollment of 340,000 young men, will proceed on the same basis as heretofore, and with the same staffs in the States. The only changes concern the standards of eligibility.

Henceforth the age limit is eighteen to twenty-eight and not eighteen to twenty-five. Henceforth the boy, to be eligible, must come from a family on the public relief rolls, and not, as heretofore, in the discretion of the State selecting agency, from borderline cases.

There has been a relaxation of the rule so far as re-enrollment is concerned and now, speaking generally, those who have been in the corps and have been honorably discharged may be reselected if they have served a minimum of four months and have not exceeded, at this time, a maximum service of thirteen months. Those are the principal changes.

One other thing, however, has been said by Mr. Hopkins, with the approval of the President and of Mr. Fechner, which is very important; namely, that an eligible boy who is a member of a family on public relief may be selected and enrolled without precluding the local employment of another member of that family on a Works Relief project. That is very important. Do not permit eligible boys who can go to this service to be restrained by the assumption, the erroneous assumption, that thereby no member of the family can be employed on a local project.

We wish, of course, as you do, to maintain the high standard of the Corps that is selected. The boys should be qualified physically and in other respects for this service.

Now as to our part in the Works Progress program: We are proud to have the responsible position in that program that has been assigned to us. We shall enter upon our duties in that respect with the complete and confident expectation of harmony, cooperation, and a mutual satisfaction in our acquaintance and in the conduct of our respective duties. We shall hold ourselves responsible to do the job right and well. We shall not permit any statements to go unchallenged, or any situation to go unchallenged, which can be alleged properly to represent unsatisfactory service on the part of our organization. As we conceive the situation, we have enlisted our forces with yours in a program to get out of relief and to get the unemployed into a status of self-sustaining employment, not temporarily but as a settled policy of this program of recovery.

The Relief Administrations are to be disbanded as their term of usefulness expires. It is important, then, that the relationship between the unemployed man and the prospective jobs shall be established inside an

organization that is to be permanent, and that has the securing of opportunities for work and the referring of fit candidates for work as its precise and its conspicuous responsibility. There is a fine psychology, a wholesome morale-building quality, in a man getting a job through an employment agency, on his merits, and having a place where a record is maintained of his sufficiency and efficiency as a worker. That is his record of employability; it is a part of what he has invested in his life and that of his community. Nothing could seem to us more appropriate than to put this reconstructive phase of your effort in the way of being identified with the purpose of self-support on the part of the presently unemployed. So we are going to do our utmost to make that work.

There are four things we are going to do to hold up your hands.

In the first place, we are going to refer the unemployed on the relief rolls to those projects. In the second place, we are going to refer them according to the terms of the employer's order, not according to anybody's whim or anybody's dictation outside of our own respective organizations. We are going, in the third place, to maintain good occupational classifications and to refer fit people to the jobs that are specified as waiting to be filled. And, fourth, we are going to develop and intensify our organization and our efforts to put people in private employment.

We have got to expand our organization to meet the local requirements of your responsibilities. And, as we expand our organization and have more points of contact with prospective private employers, we are going to do our utmost in every community to enlist the patronage of private employers with our employment agencies. We are going to refer to private employment the qualified man registered with us who is best fitted for that job, and if that man, best qualified for that job and registered with us, is at the moment

employed on a Works Progress project, that man is going to get the call and be transferred to private employment.

This intensification of the effort to increase our service to private employers will have that advantage to you, in getting people off of relief rolls, off of works projects, into private employment; and, also, it will have the advantage, no less great, of helping to put into stable, private employment, the self-sustaining now unemployed, who are prospective applicants for relief unless they do get work.

It seems to me to be taken for granted that an employment service which can encourage the desire for self-support on the part of the unemployed by giving them a permanent agency for the seeking of employment, which can prevent people from coming on to public relief rolls by getting them into private jobs, and which can encourage those that get Works Projects jobs to look to that agency for chances for permanent private employment, is the agency that we should both accept, you and I, as something that has to be built up, developed, and used. As I said before, we are going to be held, by you, responsible, and we acknowledge that we must discharge the job in that spirit and with full efficiency.

I want to take a moment to tell you what the United States Employment Service is. It is a group of State Employment Services. There are twenty-eight or -nine States that have State Employment Services. With two exceptions these State Employment Services do not cover the full area of their respective States. In two States they do. So that, in twenty-six States, the National Reemployment Service exists to supplement the activities of the established State Employment Service Offices; and in twenty States, where there are no State Employment Services, the National Reemployment Service takes the whole of the responsibility in those States. But there is

an employment service that serves every community. We have had, at one time, as many as 3,270 employment service districts. That was in the CWA period, when we organized on a county basis, and sometimes on a township basis, to serve the needs of the CWA. At the present time we have 750 employment service districts. Two hundred of these are district offices of State Employment Services, and 550 are the employment service districts of the National Reemployment Service. There are, therefore, 750 principal or district employment offices, and in addition there are 1,200 branch offices located at strategic points within these 750 districts.

We are going to conform to your needs, both as to the requirement for efficiency and as to the matter of organization. Our employment service districts embrace a single county, or, in some cases, in sparsely settled areas, as many as twenty counties. We have organized in that fashion for this reason: We can get more efficiency by putting the best trained and qualified people in the administration of a district (with sub-offices in the hands of those less qualified), than we can by denaturing the whole thing and scattering the better qualified people too far, and having a superficial service everywhere. We don't need to change our plan or organization to conform with yours, except in this respect: In any State in which, for example, you have five district areas and we have thirteen, let us say, if the Works Progress Administrator for the State and the NRS Director for the State believe, mutually, that it is better to so change our district areas that a group of our district areas completely fills one of your district areas, so that no one of our district managers operates in cooperation with two of your district managers, we can do that. That may be necessary.

In general, the State Directors of our service have the same kind of responsibility that Mr. Hopkins has just said shall be yours, and the

State Works Progress Administrator can, with complete confidence, establish relationships with the State Director of the NRS or the State Director of the State Employment Service, and expect to have his questions settled there. If, perchance, a question of policy comes up that is new, and our man recognizes it has a national significance, he may telephone to us to get that straightened out. But, within hours, there is no question that you can bring up concerning the Employment Service with our State Director that cannot be settled at once and on the spot.

I spoke of the Employment Service as being permanent. The State Services are permanent. Nineteen State Services have been established since I took office on the first of July 1933, and they are growing. And when the social security program is adopted every State will have to have a permanent, State-wide employment service.

In the meantime we have this advantage: The organization of the NRS is flexible—much more flexible than the organization of a State service, and the NRS is controlled from Washington, and the changes that need to be made can be made for all of the States at the same time, and not by the decision of State Directors of State Services individually in their respective States. We have good relationships with the Directors of the State Services and we can, I think, assure you that there will be the same quality of cooperation with them as with the State Directors of the National Reemployment Service.

We expect to be adequately financed for the year beginning July 1, 1935, in the National Reemployment Service and we are going to continue to build up, as we have in the past two years, a kind of service in the NRS that the State services, when they are developed and set up, will be proud to inherit. The records of these registrations and these placements, the records

of these attainments of skill, the records of these fitnesses for employment that your clients are going to establish in our offices are permanent records. They will be permanent assets to them and to their communities.

I don't think it is necessary here to tell the details of this plan of registration and referral. It is set out in this manual; it will be set out in other instructions that will come to you through Mr. Williams and to our people from my office.

But there are two or three things that are fundamentally to be understood which I will mention. In the first place, the requirement that a man is a recipient of public relief is a responsibility that you must share with us. We cannot take the man's word for it. We must be advised by you, the State Relief Administrators and your assistants, that this certificate means that this man is now getting relief. That becomes, then, a certification upon our registration of that man.

This registration of the people on your books should be made promptly. Incidentally we have, in our files, the registration cards of 16,000,000 different individuals in the country now, and it is my guess that seventy-five percent or more of the people on the relief rolls are already registered, but we may not know that John Jones, registered with us, is also on your books. The first thing, therefore, is for us to get a list of the relief recipients, compare that with our registration, and then call in only the people not yet registered and put on our records the notation that this man is on the relief roll if we have not already done it.

Now, when it comes to referrals to jobs, we cannot move until we have a written order for a certain number of people of certain qualifications.

If you choose, you may ask for precisely the number that you expect to put to work, and we will refer exactly that number. If you have one hundred

jobs you can ask us for 150 names. We will send you the 150 best qualified according to our records, and from that number you can select the one hundred to do the job.

We do not put people to work. The employer puts them to work. The employer tells them where to go to work and where they will get paid. We refer competent, qualified people, according to the terms of the employer's order. As I have said, if you wish an excess number of referrals, they will be made in the terms of that employer's request.

It doesn't need to be said, but we will not fill employer's orders that consist of a list of names. We expect you to refer to us the list of occupations and the number required, and we shall select on the basis of their fitness for the jobs, but it is impossible for an employment office to abrogate its responsibilities and to become a mere clerk, to notify somebody to work that somebody else has selected, and that is the very thing that I understand Mr. Hopkins wishes to avoid, as we do. Unless the Employment Service maintains, in its communities, the reputation of selecting people with regard to their qualifications, private employers will have nothing to do with it, and we can commit suicide in no speedier fashion, to your detriment and ours, than to be looked upon as a non-qualified agency that somebody else is dictating to. If we are going to be of any service we must be able to say we can select these people according to their qualifications. We will study your needs and we will professionally discharge that responsibility.

So far as difficulties are concerned, they are almost as common in our experience as they are in that of Mr. Williams, and we have a technique which, in general, is to ascertain the facts promptly and to act speedily and in conference with those who have the complaint. And may I earnestly plead

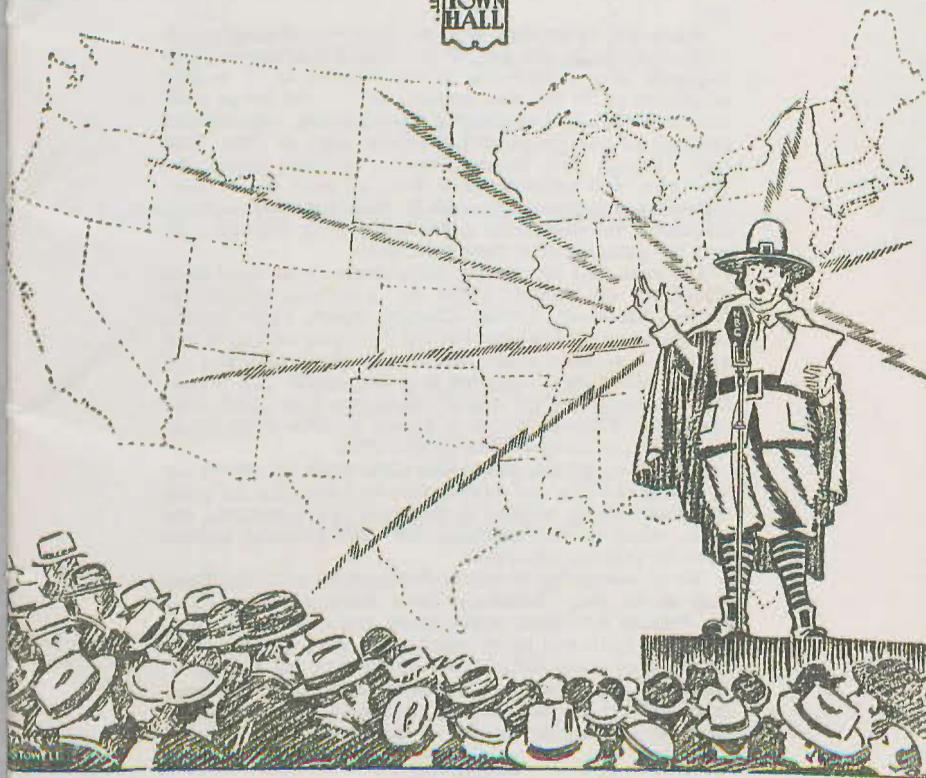
with you, when you are advised of or when you observe a practice or a failure to practice good procedure, that you will not talk about it and regard it as settled, as something irremedial, but bring that to the attention of the State Director of our service, and we will guarantee that it will be settled to your satisfaction on the basis of the facts that warrant the decision— and promptly.

If I have not misunderstood the purpose of this whole thing, there can possibly be no difference of purpose. The thing, therefore, is to allow nobody to defeat that mutual purpose by a meddlesome or by an erroneous assumption that either you or us are not working in harmony and together.

AMERICA'S TOWN MEETING OF THE AIR

DECEMBER 19, 1935

NUMBER 8



Should We Plan for Social Security?

FRANCES E. PERKINS

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GEORGE E. SOKOLSKY

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AMERICA'S TOWN MEETINGS

BROADCAST OVER WJZ AND ASSOCIATED STATIONS OF
THE NATIONAL BROADCASTING COMPANY

Thursday Evenings 9.30-10.30 E.S.T. from Town Hall, N. Y.

ONE of the most typically American institutions for political education was the old New England town meeting. For nearly a century and a half the town halls of America were centers for political education as well as political action. Indeed, in many American small towns today the town meeting flourishes as an active force in local political life.

When the Town Hall of New York was established fifteen years ago by the League for Political Education, then a quarter of a century old, it was founded as "a modern adaptation of the old New England idea." For fifteen years the League has been conducting a non-partisan, non-sectarian program of political education in the heart of New York City. Through daily lectures, debates, and joint discussions, the Town Hall audiences have heard all sides of important controversial questions discussed by eminent authorities from all parts of the world, and in practically every case the audience has participated in these discussions.

The town hall idea is now being taken up in many cities throughout the country. There are "town hall courses" in Detroit, Cleveland, Toledo, Chicago, Dallas, Cedar Rapids, to mention only a few; and last fall the Town Hall of Washington was founded in the nation's capital. In each case the Town Hall of New York has been the model. This institution, however, has no official connection with these other town halls, although one of its officers supervised the organization of the Town Hall of Washington.

How, then, can this Town Hall idea, which has grown out of America's oldest and most democratic institution for political education, be adapted to this great new instrument, the radio, which is fast becoming the most powerful modern force for political education?

We are attempting to answer this question with The Town Hall of the Air, "America's Town Meeting." The League for Political Education, which owns, and conducts its work in, Town Hall, will be responsible for the programs which are arranged under the personal direction of Mr. George V. Denny, Jr., the Associate Director of the League. The meetings will last for an hour, approximately fifty minutes of which will be devoted entirely to discussion.

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THE LEAGUE FOR POLITICAL EDUCATION, INC.

The Town Hall, New York

A NATIONAL FORUM FOR THE DISCUSSION OF PUBLIC QUESTIONS



America's
Town Meeting
of the Air

SHOULD WE PLAN FOR SOCIAL SECURITY?



*Broadcast from
The Town Hall, New York,
over Station WJZ and Associated Stations,
under the Auspices of
THE LEAGUE FOR POLITICAL EDUCATION, INC.
and the
NATIONAL BROADCASTING COMPANY*

EDITED BY
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Columbia University*

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PREFACE

WHEN things were booming along a few years ago, there was very little talk in the newspapers or on public platforms about "security." Men seemed to be much more interested in adventure than in being safe. Only the old and the infirm and the poor thought of the business world as an unsafe place, and they had little to say in public. Now that we have all had a taste of bad luck we realize that our country was far behind other civilized nations in providing for emergencies.

Emergencies happen in private lives and in the affairs of society as a whole. There can be sudden sickness or accident. There can be sudden dislocations of our business system and thousands are helpless. The present national administration is redeeming a pledge in setting up new laws to protect our people against both kinds of trouble.

Objections are offered against the social security legislation, however. Will workers be less industrious if they are not afraid? Will security cost too much? Is the present law too generous? Or, as many social workers say, not generous enough? Does its financial arrangement promise to work out? In such a question there is great danger that anyone who criticizes the present laws will be accused of disregarding the rights of the unfortunate. This is a time of hasty passion, and some of us will have to keep cool enough to be sure that a generous impulse is put into practical and workable form.

Lyman Bryson

December 19, 1935

AMERICA'S TOWN MEETING OF THE AIR

DECEMBER 19, 1935

MR. GEORGE V. DENNY, JR., ASSOCIATE DIRECTOR
OF THE LEAGUE FOR POLITICAL EDUCATION, MODER-
ATOR:

GOOD evening, neighbors. At our meeting last week we came very near treading on the subject of our meeting tonight, which is, "Should We Plan for Social Security?" Let me explain at once that this is not a debate. It is a joint discussion in which two qualified authorities approach this problem from two widely different viewpoints. As we have said before, these meetings are conducted in the interest of the welfare of the whole American people, and in presenting two or more conflicting views at the same meeting during the same hour, we believe a highly constructive and useful purpose is served. We are to have the privilege this evening of hearing from United States Secretary of Labor, the Honorable Frances E. Perkins, whose career and achievements mark her as one of America's most distinguished women.

Our second speaker, Mr. George E. Sokolsky, has attained fame in two fields, as an authority on far Eastern affairs, and as a consultant in the field of industrial relations. Mr. Sokolsky is the author of *Labor's Fight for Power*.

SECRETARY FRANCES E. PERKINS:

CERTAINLY such a question as "Should We Plan for Social Security?" deserves the thought and consideration of all of us. As Chairman of the President's Committee on Economic Security, upon the report of which the present Social Security Act is based, and from an experience of more than fifteen years in studying the question in its different phases, my answer is unreservedly in the affirmative.

We can define security as reasonable freedom from fear and anxiety with confidence of safety and hence assurance.

Security for the men, women, and children of the nation is, like liberty, one of the chief objectives of our association as a nation, and is embraced within the famous words of the Declaration of Independence, "life, liberty and the pursuit of happiness," for life and the pursuit of happiness in modern America certainly include the conception of economic security. To attain these objectives, under modern ideas of what these abstractions really mean in modern society, requires forethought by individuals, forethought by society itself, together with organization and systematic performance along the lines of an agreed upon plan. Organized foresight, in other words, is necessary both for society and for individuals and for both in common to overcome the modern hazards, the modern economic hazards as they afflict the individual.

The modern conception of the possibilities and needs of life is much larger than it used to be. Today's necessity for group or community planning is obvious because transportation, communication, and

machinery have served to reduce place and time and space as factors of life and have made co-operation essential to the production and distribution of goods and services. This element of co-operation and mutuality has become so basic in our daily life that we rarely stop to consider the implications but move forward instinctively to more co-operation when new problems present themselves. Co-operation and social action a hundred or two hundred years ago developed a machine production that largely overcame the hazard of want based on scarcity of goods. The same co-operation of individuals, men, and money really lay back of the building and operating of railroads, telephones, and automobiles.

Men found their answer to the needs for education by social and co-operated action for schools, libraries, museums, and fairs. The systems of life insurance, fire, and accident insurance which are commonplaces of today are fundamentally extensions of the principle of co-operation and social action. Men pool small contributions in an insurance fund and withdraw from that fund according to their special disaster needs. In a political democracy such as ours, functioning as it does within an economic society, where machinery and systems of exchange make possible plentiful goods, and a stimulating material and intellectual civilization, there is bound to develop a great awareness of individual problems and hazards within the social structure. Co-operation and mutuality being well nigh compulsory in an economic life in order to get the goods we need, it becomes natural for us to use the same technique for handling these individual problems and hazards. The progressive social consciousness of the last 20 years

in American life is largely the result of this deduced program of action.

Government in a democracy is an instrument of co-operation and mutual service and has been helpfully used by the American people in this way for generations. Now the time has come to apply this technique to the more obvious individual economic hazards that still exist within the social and economic system. There are many such hazards which the individual alone cannot provide against under the terms of modern life. Therefore social plans and provisions should be made against these. One of the challenges that grows out of modern ways of life is the effect of interplay of individual effort and social effort, but the plans for social security must be made effective first. The obvious, readily admitted modern economic problems of individual life are (1) involuntary unemployment, (2) unprovided-for old age, (3) childhood without minimum financial safety, (4) dependency due to special physical handicap such as blindness and the like. There are others of course, but these stand out accusingly in our modern civilization and challenge us to make a social plan that will provide individuals with a life net in case they are caught within one of these all too common predicaments. No one knows on which one of us these hardships may fall, but certainly they will fall on some of us. Let us use the old reliable means of co-operation and mutuality in which we all make a contribution of some sort so that a systematic and orderly provision may be made as a matter of course for those of us in the future who suffer from one or more of these afflictions.

There has been a progressive feeling of public

responsibility for these hazards, which, passing through the purely philanthropic stage, now manifests itself in the demand for practical, systematic assistance. The security of the wage earner has become a definite matter of national concern partly because it is seen that the economic health of a country depends on the economic stability of the whole community and upon regular purchasing power. The cost of insecurity in loss of internal markets is a large one. Idle labor with no pay envelopes to spend, old people without normal purchasing power do not encourage the increase of production of our industries. Experience in many countries has shown that it is possible through the development of social insurance to check much of this waste and somewhat to stabilize internal markets even in a depression.

The operation of the Social Security Act and its development by experience will not only carry us a long way toward the goal of economic security for the individual but also a long way toward the promotion and stabilization of mass purchasing power without which the present mass production system cannot be maintained. The terms of this act provide the majority of our people with a substantial measure of security in infancy and childhood, in the economic crises of their working life, and in their old age. It will be one of the forces working against the recurrence of severe depressions in the future as the principle of sustained purchasing power in hard times makes itself felt through unemployment compensation. Certainly there is need for planning to accomplish these things.

The Act in its outlines recognizes and deals with a wide variety of the social distress and maladjust-

ment which has long been present in American life in times of plenty as well as in times of depression. The measure provides at present a modest degree of protection against the known hazards. It is reasonable and if it errs it is in the direction of safety—of taking on only known problems and making the original provision well within the capacity of our present business structure and outlook.

Growth of the program on these principles will inevitably and naturally take place as a response to the experience and testing which come only with the attempt of conscientious officers to make just and fair application of a new law and to recommend technical changes based on administrative experience. The vitality of legislation of this sort consists in its capacity for sound growth from orderly and solid foundations. The present act is a foundation, conservative in its limitations and mood, and forward looking in its scope.

The Social Security Act provides Federal Welfare Grants for—

1. Old Age Pensions—The federal government will match states, dollar for dollar, up to \$15 a month, in providing free pensions for old people without other means of support. States must comply with certain standards, including an age limit of 65 (70 until 1940) and a residence requirement of not more than 5 years out of the 9 preceding application. Thirty-nine states already have old age pensions, but many state laws may have to be revised. The needy blind may get similar federal-state support. Twenty-eight states make provision for blind pensions.

2. Mothers' Pensions—Although forty-six states have pension laws for mothers and dependent chil-

dren, funds are so inadequate that only about 109,000 families are receiving mothers' aid under state laws compared with over three times that number of fatherless families on relief. States may now secure federal aid of one third of the total expenditures up to \$18 a month for one child and \$12 for each additional child in a household, to enable mothers to care for their children at home. The inadequacy of the state funds and the irregularity of their administration has been the cause of this anomaly.

3. Child and Maternal Health Care—Each year over 12,000 mothers die in childbirth, of whom half, at least, could be saved. Likewise thousands of babies die unnecessarily. A federal appropriation of \$3,800,000 a year to co-operating states will permit the Children's Bureau of the United States Department of Labor to continue its splendid mother-child health projects, especially in rural areas. This, of course, will be an extraordinarily good expansion of a principle of taking care of dependent children in their own homes.

4. Aid to Neglected and Handicapped Children—If state plans are approved, the federal government will apportion sums for more adequate state and local child welfare work, treatment of crippled children, and vocational teaching for the handicapped.

5. Health Protection—A federal appropriation of \$8,000,000 a year will be allotted to states for strengthening their public health services.

Then the Act provides for Compulsory Old Age Insurance under United States Government supervision.

The problem of the wage-earner "too old to be hired" grows yearly. Today 6 per cent of our popula-

tion is 65 years of age and over; by 1965 the percentage will be doubled. To prevent future old age dependency as far as possible, a national system of compulsory old age insurance is set up. In order to be actuarially sound, it is operated wholly by the federal government.

Contributions are by employers and employees jointly. Beginning January 1, 1937, a tax of 1 per cent each is levied on payrolls and wages up to \$3,000, increasing gradually until it reaches 3 per cent each in 1949. Benefits begin January 1, 1942.

Recipients are all workers except casual, domestic, and agricultural labor, and employees of governments, religious, charitable, scientific, literary, and educational organizations.

Benefits, on retirement at 65 years, range from \$10 to \$85 a month depending on pay and length of service. Thus a young man who is 35 years old in 1937 will receive a monthly pension of \$42.50 after 30 years of work if his average monthly wage is \$100. He will have contributed only \$900, but if he lives out a normal lifetime he will receive \$6,000. Should he die before he gets what he paid in, the balance goes to his dependents. This is based on sound actuarial planning.

The contributions needed under this title will prove no fearful burden on industry. What are the possible alternatives? Free pensions to the needy are very necessary, but during the past year it became doubtful whether we could maintain the principle that free pensions be given only to those old people without adequate means and without children willing and able to support them. It seemed reasonably likely that unless a contributory old age insurance

system was established, this country would be driven to free pensions for all citizens who reach a specified age regardless of need or personal contribution. A pension of \$30 per month to all those now over 65 would cost two and one-half billion dollars annually, and we must remember that within a generation the number of those over 65 will be doubled, as the proportion of older people in the population is tending to increase, according to all vital statistics. Contributory old age insurance, as provided in the Social Security Act, is not nearly so costly as an alternative of free pensions for all old people in the country without regard to need.

As you know, the Security Act also provides for unemployment insurance by federal-state co-operation. Unemployment varies somewhat by localities and by states, and for that reason it has been put upon a basis of co-operation between the federal and state governments.

Old age comes to all alike and can be treated nationally. But unemployment varies between states. The Social Security Act meets this difficulty by an American plan whereby each state may enact a law suited to its special needs yet conforming to minimum federal standards for all states. It is so fair that already eight more states and the District of Columbia have joined Wisconsin.

Contributions are in the form of a uniform federal payroll tax starting at 1 per cent in 1936 and rising to 3 per cent by 1938 on every employer of 8 or more persons throughout the country, except domestic and agricultural labor and employees of governments, religious, charitable, scientific, literary, or educational organizations. However, if an employer contributes

to an approved state insurance system, the federal government credits him with such contributions up to 90 per cent of the federal tax, taking only 10 per cent for administration.

Benefits are left entirely to state law. The states will decide who gets benefits, how much and how long benefits be paid (half-pay up to \$15 a week for 15 or 16 weeks is suggested), what type of insurance plan shall be established and whether employees as well as employers shall contribute.

Administration is through public employment offices set up for federal-state arrangement. Here the unemployed will register for jobs to test their willingness to work, and receive their insurance checks. All funds must be deposited with the United States Treasury and all collections (except the 10 per cent) must be used for benefits. But not one penny can be distributed until a state passes a law in accord with federal rules.

The principal arguments for social security planning are:

1. By lending a helping hand to those in distress it will restore their hope and help to make them self-sustaining members of society.
2. It will reduce relief costs.
3. It will continue and build up our internal markets.
4. It will bring about stabilization of employment.
5. It will permit wage earners to make provision, through joint contributions with their employers, so that they may retire in their old age and not be dependent upon relatives or public charity.

MR. GEORGE E. SOKOLSKY:

THE subject, "Should We Plan for Social Security?" puzzled me when my friend, George Denny, asked me to discuss it. Should who plan? The federal government? The state government? Individual employers? Or the individual himself? Who is the "We?" For instance, I am privately planning for my own and my family's social security, but I am certain that a discussion of that was not intended—even though that, in the United States, has been the normal procedure for a century and a half.

Again, the word "plan" puzzled me. Because these days everyone seems to have a plan, from Upton Sinclair's Epic to Dr. Townsend's carnival of the dodderers.

Curiously enough, all the plans look fairly sound on paper, particularly as they are all prepared by sincere persons who want to help humanity. But we must have more than security; we must have a philosophy of action, a measure of conduct so that we are not constantly to be shifted about from one theory of life and government to another. We want to know in which direction these plans are leading.

The people of every country face today the same political and economic problem. Everywhere men and women are seeking for stability and security, not only in national existence, but in their individual lives. Everywhere the dangers of uncertainty, of insecurity, of the fear that comes from insecurity, forces men and women not only to search for more perfect economic systems, but even to question the wisdom of existing political structures.

It is obvious that in a measure perfect security can

be achieved by reducing the entire population to a fixed caste stratification, as was done in India. There each individual, within his caste, enjoyed complete security but few enjoyed much else.

But we cannot accept security at that cost, nor does anyone propose that we should here. On the other hand, in Europe, it has been proposed and it has been accepted that for the sake of security, for the sake of intensified state efficiency, men should sacrifice all human rights, all liberties won by centuries of human struggle, for the single right of being assured a modicum of bread during the whole of one's existence.

In many countries, war-ridden, post-war suffering individuals have actually paid that price for a government-promised security. In Germany, Russia, Italy, and many other countries, all human rights have been concentrated in a political dictatorship, the individual subjecting himself to the whim and will of such leadership in the hope that only by such avoidance of the inefficiencies of democracy can security be achieved.

Democracy and the capitalist system have their values, but they can never hope to be perfectly efficient nor to produce an utter equality. The very liberties which they guarantee produce a measure of waste and a measure of ineffective and even futile operation. The very nature of a profit and loss system in economics and of a Town Hall system of politics is predicated upon such a measure of lost motion.

It is altogether possible that under a dictatorship perfect efficiency for the individual and for the collective citizenry of the state is possible. Under dicta-

torships, men can be forced into a virtual economic slavery with subsistence guaranteed by the state. They can eat, and as a matter of fact, their standards of living in time may be as high as ours, but they cannot hope to be free, free to differ, free to consult, free to debate as we are doing tonight. They must obey or go to a concentration camp. Can you imagine a mere journalist debating a state problem with a cabinet officer in Russia or Germany or Italy?

Human liberty is a rare privilege, not lightly gained nor to be sacrificed for bread alone. For without it, the guaranteed, the secured bread becomes the wages of the driven slave.

It is from this standpoint that I discuss our subject tonight. I too should cherish a system under which there are no poor, no unemployed, no indigent. But I also want liberty; I want the human rights which my ancestors never enjoyed but which to me are more precious than life, for without them life is a conscious, a crushing death.

It is upon this basis that I shall now devote myself to a specific plan for social security, the federal government's Social Security Act, passed by Congress and signed by the President, and now the law of the land.

When we talk about that, we have something very specific before us—pretty close to five billion dollars annually within the next fifteen years to be met by taxes which will produce increased prices, reduced profits, and possibly even reduced employment of labor. We need not be abstract or idealistic about this plan. It is here with us and we have to face it.

Curiously enough, one of the first obstacles we encounter in this plan arises from our form of government. Clearly, the right to provide for unemploy-

ment insurance rests with the states. But the federal government has the right to tax its citizens. The authors of this bill faced there a dilemma which at times we all must encounter; they wanted to do something which they were not allowed to do. They got around their difficulty by a very simple device. They would tax all the payrolls in the United States and then they would remit 90 per cent of the tax if the burdened citizens could force their state legislators to pass such an act as the federal government wanted passed.

Here is a new principle of politics, a new departure from liberty. The federal government cannot coerce the states to pass a law, but it can offer the citizens of each state a bait, a monetary bait to have the law passed. Ninety per cent of the federal tax is to be remitted if the state passes a law to conform to federal standards. The remaining ten per cent remains with the federal government. But the federal government does not engage in the unemployment insurance business, except to make grants in aid to states. The actual administration of the business is admittedly the function of the state. Therefore, the remaining 10 per cent has no function. It is either a clear profit for the federal government, a hidden form of taxation, or it is a service charge for coercion.

But we go a step further: the federal government has set up certain standards for the states. The remission of 90 per cent to the citizens of each state is to be made available only if the state has fulfilled certain requirements. These requirements give the federal government a control over state administration not intended in our form of government. The theory of the act is that the state administration must

be subject to the control of the Social Security Board.

But the Act does not guarantee that the states may not tax additional amounts, nor does it, as the Social Security Board clearly points out, "prescribe the kind of unemployment compensation plan which the states must adopt (except for a few minimum standards)." So that after an employer has paid 1 per cent in 1936 and 2 per cent in 1937, and 3 per cent in 1938 and thereafter on his payrolls, the states can levy additional sums, which are partly to be offset by the remitted 90 per cent. There are no limitations upon the size of the state levy and it may vary in different states.

How will the employer meet the federal unemployment and old-age and the state unemployment taxes—four separate taxes? Wherever he can, he will pass it on to the consumer. That makes of the measure a disguised sales tax. When, because of competitive prices or sales resistance, or for other reasons, he cannot pass the tax on, he will take it out of profits, if any, or by increased mechanization, increased labor-saving devices, decreased employment. As profits are currently either small or merely prospective, many firms will immediately go out of business through this increased burden, thus, increasing the danger of monopolistic enterprises in the United States. As seasonal or occasional labor increases the tax bill of the employer, he will either avoid taking on new men or he will seek and probably find ways for increasing the work time of his current staff. In a word, nothing in the act encourages one to feel that it will lessen unemployment or benefit the small business man. Here the plan seeks to be so complete and perfect that it confuses its objectives.

Again, I am moved to comment on the excluded classifications: seven classes are excluded from both the tax and the benefits. A saxophone player employed in a night club would benefit, but a violinist of the Philharmonic would be excluded. A nurse at Mount Sinai Hospital would be excluded, but a nurse in a private hospital would benefit. Farm labor and seamen would be excluded, but longshoremen would benefit. Surely, if the object is unemployment insurance and old age pensions for those who labor, how can a distinction be made between one laborer and another—how can it be said that an elevator boy in the Empire State Building should enjoy the benefits of this act and an elevator boy here in the Town Hall should not? Yet the Act says just that.

Old age, according to the Act, begins at 65 and in the year 1942. Therefore, our immediate problem, that is 7,500,000 persons of 65 and over today, of whom 1,000,000 are now on relief, is not solved except by relief measures.

And, the amount eventually to be paid as a pension is quite trivial. Wages paid in and after 1937 are the base. To get the maximum of \$85 a month, a man would have had to work 45 years at a salary of \$250 a month without interruption. No one therefore can possibly receive the maximum of \$85 a month until 1982—which is a long way off.

To get any benefit, even as low as \$10 a month, a man must have worked 5 years after 1936 during which he received a total of \$2,000. The man who is now around the sixties at present unemployed and who does not get a non-governmental, non-municipal job by 1937 may be permanently out of luck. No man who is now over 60 can qualify, because it is

necessary to work five years before reaching the age of 65 after 1936. Those old folks must still go to the poor house or get relief in some manner.

The entire schedule is very much lower than many private firms provide today in the old age pension funds. These firms will undoubtedly abandon their systems in the face of the new taxes. The cost is terrific to the community; the benefit to the individual is trivial.

There are two other points that I wish to make and then I fear my time will be up. In the first place, an insurance policy is a contract in which the policy holder has a tenure. Once the premium is paid, the contract stands. But here is an act which does not provide a contract. The rules may be changed by the state or the federal government. Or even more than that, if the federal government is dissatisfied with the state's administration of the funds or any changes that may be made by state legislatures, then it may withhold the drawback or the contribution for administration. What political juggling, what party politics, what trickery is possible under such a scheme in a democracy where every four years we have a national election. Here is an act which involves a contract but which contains a provision to vitiate the contract. Here is an act which definitely permits its own violation.

And the second thing is that to operate the act efficiently, it will be necessary to have a card index of millions of American citizens, their biographies, their industrial histories, their competences and incompetences. All we need is fingerprints to produce a German system. It may be said that a liberal government will not abuse such a system. But who can en-

visage all the possibilities for political juggling and even the coercion of the individual in such a card cataloguing of citizens.

I could not in 15 minutes analyze this bill in detail. I have not touched on its financial set-up, on the dangers of vast government reserves and the concentration of liquid wealth in government bonds, on the taxation problems, on the constitutional aspects of the bill.

I had time only to deal with such phases of this measure as arose from my original premise, namely, does this bill endanger our liberties even if it does provide a greater economic security than now exists?

I think that I have indicated that its benefits are trivial, its administration confused, and its plan of uncertain advantage. But even if it were perfect, I should echo the words of President William Green of the American Federation of Labor at the 1931 convention: "We can't have unemployment insurance without agreeing to a set-up that will, to a large degree, govern and control our activities. You can't have it all one way. If you are to agree to submit consideration to this proposal and the operation of this plan, then you must be willing to give up some of the things you now possess. And what can we give up and yet maintain our movement? You can't have an unemployment insurance plan without employment exchanges. You can't have unemployment insurance plan without registration. You must report, you must subject yourself in every way to the control of the law."

I should go even further and say to you: watch your individual liberties, safeguard your human rights. We must remain a democracy, in which the

federal government is the servant not the master of the states and of the individual citizen. No \$15 a month pension, not even Dr. Townsend's \$200 a month pension, can compensate us for the concentration of power in the federal government which these measures involve. We are naturally torn between two emotions: we despair at unemployment and hunger in old-age; and yet, we fear even more the consequences of government control of our lives, for we now know the terrors of that.

We must achieve a corrected distribution of wealth through a wider participation of the worker in the earnings of industry, for a higher standard of living, for an equalization of opportunity. But whatever we do, let it remain within the framework of a democracy of free individuals.

CHAIRMAN DENNY: Town Hall is filled to capacity tonight, and I know that many of you here are eager to ask the Secretary and Mr. Sokolsky some questions, but before we get started, we have had several questions from the radio audience, and I am going to ask just one of them because that is about all we have time for.

Madam Secretary, here is a question from Mr. Alex W. Johnson, New York City:

"Are not the payroll taxes levied against industry going to vitally affect the future protection writings of life insurance?"

SECRETARY PERKINS: I don't know that I altogether understand the purport of Mr. Johnson's

question. But my impression would be that the contrary would be true. There are all too few people who have themselves taken advantage of the private purchase of annuities through the straight insurance companies. It would appear to me and to all of us who have examined these proposals that the granting of regular annuities to those who are covered by the official old age insurance system would encourage those who are not covered, those in the higher income groups, to make provision for themselves by annuity. As for the purchase of straight life insurance, I can't see that it would have any effect one way or the other.

MR. OLMARTIN (to Mr. Sokolsky): Which would you conceive of more importance in a crisis, individual initiative or liberty or the salvage of human beings in an effort to raise the standard of living?

MR. SOKOLSKY: We have in this country over a period of six years, facing the greatest crisis perhaps that ever faced any country in the world, through two political administrations, taken care of 10,000,000 unemployed and possibly between 30 and 40 million people without losing our personal liberties and without destroying our structure of government.

MR. LOWE (to Secretary Perkins): Should we not merge all life insurance companies into a national system of life insurance, thereby guaranteeing life insurance savings of the people as bank deposits have been guaranteed?

SECRETARY PERKINS: It would occur to me that is a debate for another evening. It has nothing whatever to do with this subject.

MR. CHECHOOT (to Secretary Perkins): The life insurance statistics show the average man dies at the age of sixty, while you give him a pension at the age of sixty-five. (Laughter)

SECRETARY PERKINS: These pensions are not for the average man but for those who live until sixty-five and over and become a burden upon themselves, the community, their children, and other young people, if no provision is made for them.

Under the bill the contributions made by a person who dies before he becomes sixty-five years of age go to his dependents; so that his dependents get the benefit of the savings he may have contributed to the system. Also, if after he begins to receive benefits he dies before he has received as much as he has paid in, that balance also goes to his dependents.

MR. SLACK (to Mr. Sokolsky): Mr. Sokolsky is afraid of losing his liberties if the millions of people in this country obtain social security. Great Britain has had social—

CHAIRMAN DENNY: Question!

MR. SLACK: Will Mr. Sokolsky not admit that in Germany and Italy the loss of liberties is due not to social security but to the lack of it?

MR. SOKOLSKY: In Germany they have one of the most scientifically worked out plans for social security that the world has ever seen and they have had a long experience with it since the days of Bismarck. I think that you misstated what I said, entirely, and I can't let you get by with that. I never said that I am afraid that if millions have social security that we shall lose our liberties. I want millions to have so-

cial security, but I don't want to lose our liberties by having a concentration of federal power while we are finding for these millions a way to social security. (Applause)

MR. BERTRAND (to Mr. Sokolsky): Are we compelled to accept the pessimistic conclusion that because the present American plan, as well as some of the European experiments, is impossible that that ends the question? Is there no other ideal that we can find?

MR. SOKOLSKY: I am very glad you asked that question, because we have our ideal and we have it with us all the time. Where we fall down is that we are impatient, we are in a hurry. We don't realize what a tremendous advance not only we as a race but each one of us as human beings has actually made decade by decade as we have moved along from the pre-capitalist, the poverty-stricken life that we knew wherever we started, to the high standard of living which we now have here in the world, even in times of depression everywhere, and after a great war. We are too impatient, now that we have begun to see ways of achieving a high standard of living and security, to put our methods into effect before we have thought them out, before we have worked them out, before we have discovered how to do them without at the same time destroying what we have already achieved. Even Lenin saw the wisdom occasionally of stepping back to go forward, and we don't have to step back as far as he did. (Applause)

CHAIRMAN DENNY: I am going to read one of these questions handed in.

"Miss Perkins, in enforcing the system of compulsory employer-employee old age insurance, a huge complicated network of government supervisory agencies must be set up, agencies similar to those of the N.R.A. which broke down under their own weight. How will this difficulty be met in the administration of the old age insurance act? Helen Retcher."

SECRETARY PERKINS: I think it will not be anything like so necessary as it is assumed in this question to have a network of complicated government agencies. The method of administering insurance companies on a national basis or an international basis is fairly well known and the technique is very well worked out. You have but to go into one of the large insurance companies and look at this method of handling records and administration to realize that although it is complicated to those who don't understand it, it is simple to those who know how to work it. Those who either pay their premiums or receive their benefits are hardly aware of the operation of the system of the life insurance company. So it will be for those who pay their premiums in old age insurance and receive the benefits when they are due. Many of us own, or have bought years ago, annuities on a part-payment plan. We are not aware of the complicated movements that are made by the insurance company back of the scenes. We do know that we pay when we receive a bill; we get our benefits when they are due and it is as simple as that. The administration will be on an extremely simple basis. The only participation of the worker being his keeping of his number, keeping in his own mind and in

his papers a record of his number on the file, so that he can be identified at age sixty-five as the same individual, whether he changes his name or dyes his hair or whatever he does, who made the original contribution.

I don't think that there will be anything like a confused or complicated system and one should not look forward to that. Certainly the present plans are being worked out with the advice of competent people who have had long and vast experience in large insurance practice. (Applause)

CHAIRMAN DENNY: Madam Secretary, here is one more question from Jim Turner, Chicago, Ill.:

If the old age pension act becomes a law, what will be the exemption from a financial point? For instance, two old people having a small piece of property worth about \$5,000, but which couldn't be given away now, are depending on a single daughter who is sacrificing her life to look after this old couple. These people have denied themselves many things in the way of pleasures and even necessary things in order to have this property. What will be their exemption under this old age pension law?

SECRETARY PERKINS: I think we should remember—and this also ought to have been said in answer to someone who asked about the sixty and sixty-five year age—that people who are now aged and indigent are covered by the Pension Act and not by the Insurance Act, and that the Insurance Act, of course, will affect only people who are now young or, as the insurance companies call it, half old. The Pension Act will apply to persons who are beyond the half old age and will be eligible for pensions

beyond any contributions they can have made. That, of course, is what will be set up as security for those who are too old at the present time to build up by contributions into an insurance fund the proper offset to any payments that may be made to them.

An old couple depending upon a pension to see them through because they are aged and needy will recover under the state act, whatever it happens to be. Most states have an exemption which permits a person to own free and clear property up to the value of \$3,000 and still be eligible for a pension. Those who administer the act in this particular state will have to determine with this particular old couple whether or not their piece of property is worth \$3,000 or \$5,000 or whatever the exemption of that state is. If it is as described in the question, that it has no value, no sale value, they will, of course, be permitted to keep it and be eligible for a pension. (Applause)

CHAIRMAN DENNY: I know you won't believe that the hour is up, but it is. I am sorry we haven't time to answer all the questions, but we hope you will continue your discussions among yourselves.

