SOCIAL SECURITY AMENDMENTS OF 1955

HEARINGS

BEFORE THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

EIGHTY-FOURTH CONGRESS

SECOND SESSION

ON

H. R. 7225

AN ACT TO AMEND TITLE II OF THE SOCIAL SECURITY ACT TO PROVIDE DISABILITY INSURANCE BENEFITS FOR CERTAIN DISABLED INDIVIDUALS WHO HAVE ATTAINED AGE FIFTY, TO REDUCE TO AGE SIXTY-TWO THE AGE ON THE BASIS OF WHICH BENEFITS ARE PAYABLE TO CERTAIN WOMEN, TO PROVIDE FOR CONTINUATION OF CHILD'S INSURANCE BENEFITS FOR CHILDREN WHO ARE DISABLED BEFORE ATTAINING AGE EIGHTEEN, TO EXTEND COVERAGE, AND FOR OTHER PURPOSES

JANUARY 25, 26, 27, 31, FEBRUARY 1, 2, 8, AND 9, 1956

PART 1

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SOCIAL SECURITY AMENDMENTS OF 1955

WEDNESDAY, JANUARY 25, 1956

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to recess, at 10:15 a. m., in room 312, Senate Office Building, Senator Harry Flood Byrd (chairman) presiding.

Present: Senators Byrd, George, Kerr, Frear, Long, Martin, Williams, Malone, and Bennett.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will come to order.

The bill under consideration is H. R. 7225, a copy of which I now submit for the record as well as a report thereon by the Bureau of the Budget and the United States Civil Service Commission.

(The bill and reports referred to follow:)

[H. R. 7225, 84th Cong., 1st sess.]

AN ACT To amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Security Amendments of 1955."

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

CONTINUATION OF CHILD'S INSURANCE BENEFITS FOR CHILDREN WHO ARE DISABLED BEFORE ATTAINING AGE EIGHTEEN

SEC. 101. (a) Section 202 (d) (1) of the Social Security Act (relating to child's insurance benefits) is amended by striking out "or attains the age of eighteen" and inserting in lieu thereof "attains the age of eighteen and is not under a disability (as defined in section 223 (c) (2) and determined under section 221) which began before the day on which he attained such age, or ceases to be under a disabiilty (as so defined and determined) on or after the day on which he attains the age of eighteen."

(b) The first sentence of section 203 (a) of such Act (relating to maximum benefits) is amended by striking out "after any deductions under this section," each place it appears and inserting in lieu thereof "after any deductions under this section, after any deductions under section 222 (b), and after any reduction under section 224,".

(c) Section 203 (b) of such Act (relating to deductions from benefits on account of certain events) is amended by adding after paragraph (5) the following:

"For purposes of paragraphs (3), (4), and (5), a child shall not be considered to be entitled to a child's insurance benefit for any month in which an event specified in section 222 (b) occurs with respect to such child. In the case of any child who has attained the age of eighteen and is entitled to child's insurance benefits, no deduction shall be made under this subsection from any child's in-

surance benefit for the month in which he attained the age of eighteen or any subsequent month."

(d) Section 203 (d) of such Act (relating to occurrence of more than one event) is amended by inserting after "(c)" the following: "and section 222 (b)".

(e) Section 203 (h) of such Act (relating to circumstances under which deductions not required) is amended to read as follows:

"CIRCUMSTANCES UNDER WHICH DEDUCTIONS AND REDUCTIONS NOT REQUIRED

"(h) In the case of any individual—

"(1) deductions by reason of the provisions of subsection (b), (f), or (g) of this section, or the provisions of section 222 (b), shall, notwithstanding such provisions, be made from the benefits to which such individual is entitled, and

"(2) any reduction by reason of the provisions of section 224 shall, notwithstanding the provisions of such section, be made with respect to the benefits to which such individual is entitled,

only to the extent that such deductions and reduction reduce the total amount which would otherwise be paid, on the basis of the same wages and self-employment income, to such individual and the other individuals living in the same household."

(f) The amendment made by subsection (a) shall apply only in the case of a child (as defined in section 216 (e) of the Social Security Act) who attained the age of eighteen after 1953, and then only with respect to monthly benefits under section 202 of such Act for months after December 1955; except that—

(1) in the case of such a child whose entitlement (without regard to the amendment made by subsection (a), but with regard to the last sentence of this subsection) to child's insurance benefits under such section 202 ended with a month before January 1956 solely by reason of having attained the age of eighteen, such amendment shall apply—

(A) only if an application for monthly insurance benefits by reason of such amendment is filed by such child after the month in which this Act is enacted and such child is under a disability (as defined in section 223 (c) (2) of the Social Security Act and determined as provided in section 221 of such Act) at the time he files such application, and

(B) only with respect to such benefits for months after whichever of the following is the later: December 1955 or the month before the month in which such application was filed, and

(2) for purposes of title II of such Act (other than section 202 (d) (1)), a child referred to in paragraph (1) of this subsection shall not, by reason of the amendment made by subsection (a), be deemed entitled to child's insurance benefits before the month determined as provided in paragraph (1) (B) of this subsection.

For purposes of the amendment made by subsection (a), and for purposes of applying this subsection, a child who attained the age of eighteen after 1953 and before 1956 and who did not file application for child's insurance benefits under section 202 of such Act before he attained such age shall be deemed to have filed an application for child's insurance benefits under such section on the last day of the month preceding the month in which he attained such age.

RETIREMENT AGE FOR WOMEN

SEC. 102. (a) Section 216 (a) of the Social Security Act is amended to read as follows:

"Retirement Age

"(a) The term 'retirement age' means—

"(1) in the case of a man, age sixty-five, or

"(2) in the case of a woman, age sixty-two."

(b) (1) Except as provided in paragraphs (2) and (4), the amendment made by subsection (a) shall apply only in the case of monthly benefits under title II of the Social Security Act for months after December 1955 and in the case of lump-sum death payments under section 202 (i) of such Act with respect to deaths after December 1955.

(2) In the case of any individual whose entitlement to wife's or mother's insurance benefits under section 202 of the Social Security Act (as in effect prior to the enactment of this Act) ended with a month before January 1956, the

amendment made by subsection (a) shall apply, for purposes of subsection (b) or (e) of such section 202, only in the case of monthly benefits under such subsection for months after December 1955 and then only if an application is filed by such individual after December 1955.

(3) For purposes of section 215 (b) (3) (B) of the Social Security Act (but subject to paragraph (1) of this subsection)—

(A) a woman who attained age sixty-two prior to 1956 and who was not eligible for old-age insurance benefits under section 202 of such Act (as in effect prior to the enactment of this Act) for any month prior to 1956 shall be deemed to have attained age sixty-two in 1956 or, if earlier, the year in which she died;

(B) a woman shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before January 1956 or the month in which she died, whichever month is the earlier; and

(C) the amendment made by subsection (a) shall not be applicable in the case of any woman who was eligible for old-age insurance benefits under such section 202 for any month prior to 1956.

A woman shall, for purposes of this paragraph, be deemed eligible for old-age insurance benefits under section 202 of such Act for any month if she was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

(4) For purposes of section 209 (i) of such Act, the amendment made by subsection (a) shall apply only with respect to renumeration paid after December 1955.

DISABILITY INSURANCE BENEFITS FOR CERTAIN DISABLED INDIVIDUALS WHO HAVE ATTAINED AGE FIFTY

SEC. 103. (a) Title II of the Social Security Act is amended by inserting after section 222 the following new sections:

"DISABILITY INSURANCE BENEFIT PAYMENTS

"Disability Insurance Benefits

"SEC. 223. (a) (1) Every individual who—

"(A) is insured for disability insurance benefits (as determined under subsection (c) (1)),

"(B) has attained the age of fifty and has not attained retirement age (as defined in section 216 (a)),

"(C) has filed application for disability insurance benefits, and

"(D) is under a disability (as defined in subsection (c) (2) and determined under section 221) at the time such application is filed,

shall be entitled to a disability insurance benefit for each month, beginning with the first month after his waiting period (as defined in subsection (c) (3)) in which he becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: his disability ceases, he dies, or he attains retirement age.

"(2) Such individual's disability insurance benefit for any month shall be equal to his primary insurance amount for such month determined under section 215 as though he became entitled to old-age insurance benefits in the first month of his waiting period.

"Filing of Application

"(b) No application for disability insurance benefits which is filed more than nine months before the first month for which the applicant becomes entitled to such benefits shall be accepted as a valid application for purposes of this section; and no such application which is filed in or before the month in which the Social Security Amendments of 1955 are enacted shall be accepted.

"Definitions

"(c) For purposes of this section—

"(1) An individual shall be insured for disability insurance benefits in any month if—

"(A) he would have been a fully and currently insured individual (as defined in section 214) had he attained retirement age and filed

application for benefits under section 202 (a) on the first day of such month, and

"(B) he had not less than twenty quarters of coverage during the forty-quarter period ending with the quarter in which such first day occurred, not counting as part of such forty-quarter period any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage.

"(2) The term 'disability' means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required.

"(3) The term 'waiting period' means, in the case of any application for disability insurance benefits, the earliest period of six consecutive calendar months—

"(A) throughout which the individual who files such application has been under a disability, and

"(B) (i) which begins not earlier than with the first day of the sixth month before the month in which such application is filed if such individual is insured for disability insurance benefits in such sixth month, or (ii) if he is not so insured in such month, which begins not earlier than with the first day of the first month after such sixth month in which he is so insured.

Notwithstanding the preceding provisions of this paragraph, no waiting period may begin for an individual before July 1, 1955; nor may any such period begin for an individual before the first day of the sixth month before the month in which he attains the age of fifty.

"REDUCTION OF BENEFITS BASED ON DISABILITY

"SEC. 224. (a) If—

"(1) any individual is entitled to a disability insurance benefit for any month, or to a child's insurance benefit for the month in which he attained the age of eighteen or any subsequent month, and

"(2) either (A) it is determined under any other law of the United States or under a system established by any agency of the United States (as defined in subsection (e) that a periodic benefit is payable by any agency of the United States for such month to such individual, and the amount of or eligibility for such periodic benefit is based (in whole or in part) on a physical or mental impairment of such individual, or (B) it is determined that a periodic benefit is payable for such month to such individual under a workmen's compensation law or plan of a State on account of a physical or mental impairment of such individual,

then the benefit referred to in paragraph (1) shall be reduced (but not below zero) by an amount equal to such periodic benefit or benefits for such month. If such benefit referred to in paragraph (1) for any month is a child's insurance benefit and the periodic benefit or benefits referred to in paragraph (2) exceed such child's insurance benefit, the monthly benefit for such month to which an individual is entitled under subsection (b) or (g) of section 202 shall be reduced (but not below zero) by the amount of such excess, but only if such individual would not be entitled to such monthly benefit if she did not have such child in her care (individually or jointly with her husband, in the case of a wife).

"(b) If any periodic benefit referred to in subsection (a) (2) is determined to be payable on other than a monthly basis (excluding a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments), reduction of the benefits under this section shall be made in such amounts as the Secretary finds will approximate, as nearly as practicable, the reduction prescribed in subsection (a).

"(c) In order to assure that the purposes of this section will be carried out, the Secretary may, as a condition to certification for payment of any monthly insurance benefit payable to an individual under this title (if it appears to him that there is a likelihood that such individual may be eligible for a periodic benefit which would give rise to a reduction under this section), require adequate assurance of reimbursement to the Trust Fund in case periodic benefits, with

respect to which such a reduction should be made, become payable to such individual and such reduction is not made.

"(d) Any agency of the United States which is authorized by any law of the United States to pay periodic benefits, or has a system of periodic benefits, which are based in whole or in part on physical or mental impairment, shall (at the request of the Secretary) certify to him, with respect to any individual, such information as the Secretary deems necessary to carry out his functions under subsection (a).

"(e) For purposes of this section, the term 'agency of the United States' means any department or other agency of the United States or any instrumentality which is wholly owned by the United States.

"SUSPENSION OF BENEFITS BASED ON DISABILITY

"SEC. 225. If the Secretary, on the basis of information obtained by or submitted to him, believes that an individual entitled to benefits under section 223, or that a child who has attained the age of eighteen and is entitled to benefits under section 202 (d), may have ceased to be under a disability, the Secretary may suspend the payment of benefits under such section 223 or 202 (d) until it is determined (as provided in section 221) whether or not such individual's disability has ceased or until the Secretary believes that such disability has not ceased. In the case of any individual included under an agreement with a State under section 221 (b), the Secretary shall promptly notify the State of his action under this subsection and shall request a prompt determination of whether such individual's disability has ceased. For purposes of this section, the term 'disability' has the meaning assigned to such term in section 223 (c) (2)."

(b) Section 222 of such Act is amended to read as follows:

"REHABILITATION SERVICES

"Referral for Rehabilitation Services

"SEC. 222. (a) It is hereby declared to be the policy of the Congress that disabled individuals applying for a determination of disability, and disabled individuals who are entitled to child's insurance benefits, shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of such individuals may be rehabilitated into productive activity.

"Deductions on Account of Refusal To Accept Rehabilitation Services

"(b) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under sections 202 and 223 for any month in which such individual, if a child who has attained the age of eighteen and is entitled to child's insurance benefits or if an individual entitled to disability insurance benefits, refuses without good cause to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act.

"Service Performed Under Rehabilitation Program

"(c) For purposes of sections 216 (i) and 223, an individual shall not be regarded as able to engage in substantial gainful activity solely by reason of services rendered by him pursuant to a program for his rehabiiltation carried on under a State plan approved under the Vocational Rehabilitation Act. This subsection shall not apply with respect to any such services rendered after the eleventh month following the first month during which such services are rendered."

(c) (1) Section 202 (a) (3) of such Act (relating to old-age insurance benefits) is amended to read as follows:

"(3) has filed application for old-age insurance benefits or was entitled to disability insurance benefits for the month preceding the month in which he attained retirement age,"

(2) Section 202 (k) (2) (B) of such Act (relating to entitlement to more than one benefit) is amended by striking out "who under the preceding pro-

visions of this section" and inserting in lieu thereof "who, under the preceding provisions of this section and under the provisions of section 223,".

(3) Section 202 (n) (1) (A) of such Act (relating to denial of benefits in certain cases of deportation) is amended by inserting "or section 223" after "this section".

(4) Section 215 (a) of such Act (relating to computation of the primary insurance amount) is amended by adding at the end thereof the following new paragraph:

"(3) Notwithstanding paragraphs (1) and (2), in the case of any individual who in the month before the month in which he attains retirement age or dies, whichever first occurs, was entitled to a disability insurance benefit, his primary insurance amount shall be the amount computed as provided in this section (without regard to this paragraph) or his disability insurance benefit for such earlier month, whichever is the larger."

(5) Section 215 (g) of such Act (relating to rounding of benefits) is amended by striking out "section 202" and inserting in lieu thereof "section 202 or 223".

(6) The first sentence of section 216 (i) (1) of such Act (defining "disability" for purposes of preserving insurance rights during periods of disability) is amended by striking out "The" at the beginning and inserting in lieu thereof "Except for purposes of sections 202 (d), 223, and 225, the".

(7) The first sentence of section 221 (a) of such Act (relating to determinations of disability by State agencies) is amended by striking out "(as defined in section 216 (i))" and inserting in lieu thereof "(as defined in section 216 (i) or 223 (c))".

(8) Section 221 (c) of such Act (relating to review by Secretary of determinations of disability) is amended by striking out "a disability" the two places it appears and inserting in lieu thereof "a disability (as defined in section 216 (i) or 223 (c))" the first place it appears and "a disability (as so defined)" the second place it appears.

(d) (1) The amendment made by subsection (a) shall apply only with respect to monthly benefits under title II of the Social Security Act for months after December 1955.

(2) For purposes of determining entitlement to a disability insurance benefit for any month after December 1955 and before June 1956, an application for disability insurance benefits filed by any individual after January 1956 and before July 1956 shall be deemed to have been filed during the first month after December 1955 for which such individual would (without regard to this paragraph) have been entitled to a disability insurance benefit had he filed application before the end of such month.

EXTENSION OF COVERAGE

Service in Connection With Gum Resin Products

SEC. 104. (a) Section 210 (a) (1) of the Social Security Act is amended to read as follows:

"(1) Service performed by foreign agricultural workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;".

Employees of Federal Home Loan Banks and of the Tennessee Valley Authority

(b) (1) Section 210 (a) (6) (B) (ii) of such Act is amended by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank,".

(2) Section 210 (a) (6) (C) (vi) of such Act is amended to read as follows:

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);".

Share-Farming Arrangements

(c) (1) Section 210 (a) of such Act is amended by striking out "or" at the end of paragraph (14), by striking out the period at the end of paragraph (15) and inserting in lieu thereof "; or", and by adding after paragraph (15) the following new paragraph:

"(16) Service performed by an individual under an arrangement with the owner or tenant of land pursuant to which—

"(A) such individual undertakes to produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land,

"(B) the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between such individual and such owner or tenant, and

"(C) the amount of such individual's share depends on the amount of the agricultural or horticultural commodities produced."

(2) Section 211 (a) (1) of such Act is amended by adding at the end thereof the following: "except that the preceding provisions of this paragraph shall not apply to any income derived by the owner or tenant of land if (A) such income is derived under an arrangement, between the owner or tenant and another individual, which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production of such agricultural or horticultural commodities, and (B) there is material participation by the owner or tenant with respect to any such agricultural or horticulaural commodity;".

(3) Section 211 (c) (2) of such Act is amended to read as follows:

"(2) The performance of service by an individual as an employee (other than service described in section 210 (a) (14) (B) performed by an individual who has attained the age of eighteen, service described in section 210 (a) (16), and service described in paragraph (4) of this subsection);".

Professional Self-Employed

(d) Paragraph (5) of section 211 (c) of such Act is amended to read as follows:

"(5) The performance of service by an individual in the exercise of his profession as a physician (determined without regard to section 1101 (a) (7)) or as a Christian Science practitioner; or the performance of such service by a partnership."

Effective Dates

(e) The amendments made by paragraph (1) of subsection (c) shall apply with respect to service performed after 1954. The amendments made by paragraphs (2) and (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendments made by subsection (a) and (b) shall apply with respect to service performer after 1955. The amendment made by subsection (d) shall apply with respect to taxable years ending after 1955.

TIME FOR FILING REPORTS OF EARNINGS AND FOR CORRECTING SECRETARY'S RECORDS

SEC. 105. (a) The second sentence of section 203 (g) (1) of the Social Security Act (relating to report of earnings to Secretary) is amended by striking out "third" and inserting in lieu thereof "fourth". The amendment made by the preceding sentence shall apply in the case of monthly benefits under title II of such Act for months in any taxable year (of the individual entitled to such benefits) beginning after 1954.

(b) Section 205 (c) (1) (B) of such Act (relating to period of limitations for correcting records) is amended by striking out "two" and inserting in lieu thereof "three".

COMPUTATION OF AVERAGE MONTHLY WAGE

SEC. 106 (a) Section 215 (b) (1) of the Social Security Act is amended to read as follows:

"(b) (1) An individual's 'average monthly wage' shall be the quotient obtained by dividing the total of his wages and self-employment income after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), by the number of months elapsing after such starting date and prior to such closing date, excluding from such elapsed months—

"(A) the months in any year prior to the year in which he attained the age of twenty-two if less than two quarters of such prior year were quarters of coverage, and

"(B) the months in any year any part of which was included in a period of disability except the months in the year in which such period of disability

began if their inclusion in such elapsed months (together with the inclusion of the wages paid in and self-employment income credited to such year) will result in a higher primary insurance amount.

Notwithstanding the preceding provisions of this paragraph when the number of the elapsed months computed under such provisions (including a computation after the application of paragraph (4)) is less than eighteen, it shall be increased to eighteen."

(b) Section 215 (d) (5) of such Act is amended by striking out "any quarter prior to 1951 any part of which was included in a period of disability shall be excluded from the elapsed quarters unless it was a quarter of coverage, and any wages paid in any such quarter shall not be counted." and inserting in lieu thereof "all quarters, in any year prior to 1951 any part of which was included in a period of disability, shall be excluded from the elapsed quarters and any wages paid in such year shall not be counted. Notwithstanding the preceding sentence, the quarters in the year in which a period of disability began shall not be excluded from the elapsed quarters and the wages paid in such year shall be counted if the inclusion of such quarters and the counting of such wages result in a higher primary insurance amount."

(c) Section 215 (e) (4) of such Act is amended to read as follows:

"(4) in computing an individual's average monthly wage, there shall not be counted—

"(A) any wages paid such individual in any year any part of which was included in a period of disability, or

"(B) any self-employment income of such individual credited pursuant to section 212 to any year any part of which was included in a period of disability,

unless the months of such year are included as elapsed months pursuant to section 215 (b) (1) (B)."

(d) The amendments made by this section shall apply in the case of an individual (1) who becomes entitled (without the application of section 202 (j) (1) of the Social Security Act) to benefits under section 202 (a) of such Act after the date of enactment of this Act, or (2) who dies without becoming entitled to benefits under such section 202 (a) and on the basis of whose wages and self-employment income an application for benefits or a lump-sum death payment under section 202 of such Act is filed after the date of enactment of this Act, or (3) who becomes entitled to benefits under section 223 of such Act, or (4) who files, after the date of enactment of this Act, an application for a disability determination which is accepted as an application for purposes of section 216 (i) of such Act.

ADVISORY COUNCIL ON SOCIAL SECURITY FINANCING

SEC. 107. (a) There is hereby established an Advisory Council on Social Security Financing for the purpose of reviewing the status of the Federal Old-Age and Survivors Insurance Trust Fund in relation to the long-term commitments of the old-age and survivors insurance program.

(b) The Council shall be appointed by the Secretary after February 1957 and before January 1958 without regard to the civil-service laws and shall consist of the Commissioner of Social Security, as chairman, and of twelve other persons who shall, to the extent possible, represent employers and employees in equal numbers, and self-employed persons and the public.

(c) (1) The Council is authorized to engage such technical assistance, including actuarial services, as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Council such secretarial, clerical, and other assistance and such actuarial and other pertinent data prepared by the Department of Health, Education, and Welfare as it may require to carry out such functions.

(2) Members of the Council, while serving on business of the Council (inclusive of travel time), shall receive compensation at rates fixed by the Secretary, but not exceeding $50 per day; and shall be entitled to receive actual and necessary traveling expenses and per diem in lieu of subsistence while so serving away from their places of residence.

(d) The Council shall make a report of its findings and recommendations (including recommendations for changes in the tax rates in sections 1401, 3101, and 3111 of the Internal Revenue Code of 1954) to the Secretary of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund, such report to be submitted not later than January 1, 1959, after which date such Council shall cease to exist. Such findings and recommendations shall be included in the

annual report of the Board of Trustees to be submitted to the Congress not later than March 1, 1959.

(e) Not earlier than three years and not later than two years prior to January 1 of the first year for which each ensuing scheduled increase (after 1960) in the tax rates is effective under the provisions of sections 3101 and 3111 of the Internal Revenue Code of 1954, the Secretary shall appoint an Advisory Council on Social Security Financing with the same functions, and constituted in the same manner, as prescribed in the preceding subsections of this section. Each such Council shall report its findings and recommendations, as prescribed in subsection (d), not later than January 1 of the year preceding the year in which such scheduled change in the tax rates occurs, after which date such Council shall cease to exist, and such report and recommendations shall be included in the annual report of the Board of Trustees to be submitted to the Congress not later than the March 1 following such January 1.

DEFINITION OF SECRETARY

SEC. 108. As used in this Act and in the provisions of the Social Security Act set forth in this Act, the term "Secretary" means the Secretary of Health, Education, and Welfare.

AMENDMENTS PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE AND SURVIVORS INSURANCE

SEC. 109. (a) Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "1954" and inserting in lieu thereof "1955".

(b) Section 5 (f) (2) of the Railroad Retirement Act of 1937, as amended, is amended—

(1) by striking out "age sixty-five" each place it appears and inserting in lieu thereof "retirement age (as defined in section 216 (a) of the Social Security Act)"; and

(2) by striking out "section 202" each place it appears and inserting in lieu thereof "title II".

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODE OF 1954

DISTRICT OF COLUMBIA CREDIT UNIONS

SEC. 201. (a) Subchapter B of chapter 21 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new section:

"SEC. 3113. DISTRICT OF COLUMBIA CREDIT UNIONS.

"Notwithstanding the provisions of section 16 of the Act of June 23, 1932 (D. C. Code, sec. 26–516; 47 Stat. 331), or any other provision of law (whether enacted before or after the enactment of this section) which grants to any credit union chartered pursuant to such Act of June 23, 1932, an exemption from taxation, such credit union shall not be exempt from the tax imposed by section 3111."

STAND-BY PAY

(b) Section 3121 (a) (9) of the Internal Revenue Code of 1954 is amended to read as follows:

"(9) any payment (other than vacation or sick pay) made to an employee after the month in which—

"(A) in the case of a man, he attains the age of 65, or

"(B) in the case of a woman, she attains the age of 62,

if such employee did not work for the employer in the period for which such payment is made; or".

SERVICE IN CONNECTION WITH GUM RESIN PRODUCTS

(c) Section 3121 (b) (1) of such Code is amended to read as follows:

"(1) service performed by foreign agricultural workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468), or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;".

EMPLOYEES OF FEDERAL HOME LOAN BANKS AND OF THE TENNESSEE VALLEY AUTHORITY

(d) (1) Section 3121 (b) (6) (B) (ii) of such Code is amended by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank,".

(2) Section 3121 (b) (6) (C) (vi) of such Code is amended to read as follows:

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 (46 Stat. 470; 5 U. S. C. 693) does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);".

SHARE-FARMING AGREEMENTS

(e) (1) Section 3121 (b) of such Code is amended by striking out "or" at the end of paragraph (14), by striking out the period at the end of paragraph (15) and inserting in lieu thereof "; or", and by adding after paragraph (15) the following new paragraph:

"(16) service performed by an individual under an arrangement with the owner or tenant of land pursuant to which—

"(A) such individual undertakes to produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land,

"(B) the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between such individual and such owner or tenant, and

"(C) the amount of such individual's share depends on the amount of the agricultural or horticultural commodities produced."

(2) Section 1402 (a) (1) of such Code is amended by adding at the end thereof the following: "except that the preceding provisions of this paragraph shall not apply to any income derived by the owner or tenant of land if (A) such income is derived under an arrangement, between the owner or tenant and another individual, which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production of such agricultural or horticultural commodities, and (B) there is material participation by the owner or tenant with respect to any such agricultural or horticultural commodity;".

(3) Section 1402 (c) (2) of such Code is amended to read as follows:

"(2) the performance of service by an individual as an employee (other than service described in section 3121 (b) (14) (B) performed by an individual who has attained the age of 18, service described in section 3121 (b) (16), and service described in paragraph (4) of this subsection);".

PROFESSIONAL SELF-EMPLOYED

(f) Section 1402 (c) (5) of such Code is amended to read as follows:

"(5) the performance of service by an individual in the exercise of his profession as a physician or as a Christian Science practioner; or the performance of such service by a partnership."

FILING OF SUPPLEMENTAL LISTS BY NONPROFIT ORGANIZATIONS

(g) The third sentence of section 3121 (k) (1) of such Code is amended by inserting "or at any time prior to January 1, 1958, whichever is the later," after "the certificate is in effect,".

EFFECTIVE DATE FOR WAIVER CERTIFICATES FILED BY NONPROFIT ORGANIZATIONS

(h) The fifth sentence of section 3121 (k) (1) of such Code is amended by striking out "the first day following the close of the calendar quarter in which such certificate is filed," and inserting in lieu thereof "the first day of the calendar quarter in which such certificate is filed or the first day of the succeeding calendar quarter, as may be specified in the certificate,".

EFFECTIVE DATES

(i) (1) The amendments made by subsections (a) and (b) shall apply with respect to remuneration paid after 1955. The amendments made by subsections (c) and (d) shall apply with respect to service performed after 1955. The

amendments made by paragraph (1) of subsection (e) shall apply with respect to service perfromed after 1954. The amendments made by paragraphs (2) and (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendment made by subsection (f) shall apply with respect to taxable years ending after 1955. The amendment made by subsection (h) shall apply with respect to certificates filed after 1955 under section 3121 (k) of the Internal Revenue Code of 1954.

(2) Any tax under chapter 2 of the Internal Revenue Code of 1954 which is due, solely by reason of the enactment of paragraph (2) of subsection (e) of this section, for any taxable year ending on or before the date of the enactment of this Act shall be considered timely paid if payment is made in full on or before the last day of the sixth calendar month following the month in which this Act is enacted. In no event shall interest be imposed on the amount of any tax due under such chapter solely by reason of the enactment of paragraph (2) of subsection (e) of this section for any period before the day after date of the enactment of this Act.

CHANGES IN TAX SCHEDULES

SEC. 202, (a) Section 1401 of the Internal Revenue Code of 1954 is amended to read as follows:

"SEC. 1401. RATE OF TAX.

"In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

"(1) in the case of any taxable year beginning after December 31, 1955, and before January 1, 1960, the tax shall be equal to 3¾ percent of the amount of the self-employment income for such taxable year;

"(2) in the case of any taxable year beginning after December 31, 1959, and before January 1, 1965, the tax shall be equal to 4½ percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1964, and before January 1, 1970, the tax shall be equal to 5¼ percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1969, and before January 1, 1975, the tax shall be equal to 6 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1974, the tax shall be equal to 6¾ percent of the amount of the self-employment income for such taxable year."

(b) Section 3101 of such Code is amended to read as follows:

"SEC. 3101. RATE OF TAX.

"In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121 (a)) received by him with respect to employment (as defined in section 3121 (b))—

"(1) with respect to wages received during the calendar years 1956 to 1959, both inclusive, the rate shall be 2½ percent;

"(2) with respect to wages received during the calendar years 1960 to 1964, both inclusive, the rate shall be 3 percent;

"(3) with respect to wages received during the calendar years 1965 to 1969, both inclusive, the rate shall be 3½ percent;

"(4) with respect to wages received during the calendar years 1970 to 1974, both inclusive, the rate shall be 4 percent;

"(5) with respect to wages received after December 31, 1974, the rate shall be 4½ percent."

(c) Section 3111 of such Code is amended to read as follows:

"SEC. 3111. RATE OF TAX.

"In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121 (a)) paid by him with respect to employment (as defined in section 3121 (b))—

"(1) with respect to wages paid during the calendar years 1956 to 1959, both inclusive, the rate shall be 2½ percent;

"(2) with respect to wages paid during the calendar years 1960 to 1964, both inclusive, the rate shall be 3 percent;

"(3) with respect to wages paid during the calendar years 1965 to 1969, both inclusive, the rate shall be 3½ percent;

"(4) with respect to wages paid during the calendar years 1970 to 1974, both inclusive, the rate shall be 4 percent;

"(5) with respect to wages paid after December 31, 1974, the rate shall be 4½ percent."

(d) The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1955. The amendments made by subsections (b) and (c) shall apply with respect to remuneration paid after December 31, 1955.

Passed the House of Representatives July 18, 1955.

Attest:

RALPH R. ROBERTS, *Clerk.*

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., September 16, 1955.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate, Washington 25, D. C.

MY DEAR MR. CHAIRMAN: This is in reply to your letter of July 21, 1955, requesting a report from the Bureau of the Budget on H. R. 7225, a bill to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

It is also in response to your requests for reports on the following related bills: S. 1639 and S. 2387, bills to provide for disability benefits; S. 521, S. 591, S. 865, S. 979, S. 1579, S. 2184, S. 2185, and S. 2186, bills to reduce various age requirements for the payment of benefits; and S. 2094 and S. 2293, bills to provide for disability benefits and also reduce various age requirements for the payment of benefits.

H. R. 7225, the most comprehensive of these bills, would bring about substantial revisions in the old-age and survivors insurance program. It would reduce the retirement age for women to 60; to provide disability benefits for persons of 55 who have 15 years of coverage; it would raise the employer and employee taxes to defray the added cost of these provisions; and it would make other changes in the Social Security Act. Most of the other related bills would lower retirement age, either for women alone or for all covered persons. Several would provide for the payment of benefits to disabled persons or their dependents.

There is no question about the desirability of strengthening and improving the old-age and survivors insurance system. It is intended as a primary bulwark against poverty by reason of old age or death of the family wage earner. As such, it should be available to as many people as possible on an adequate basis.

However, the magnitude of the changes proposed in these bills is such as to warrant very careful and detailed study prior to adoption. The proposed extension of protection to cover a new risk, disability, and the proposed substantial reduction of the retirement age must be considered in the light of the added cost, the effect on covered employees generally, and the importance of avoiding any impairment of employment opportunities for older people. For this reason, the Department of Health, Education, and Welfare has recommended that no action be taken on proposals of this kind until the effects have been fully analyzed and an opportunity given for the expression of public opinion.

Pending such careful consideration, the Bureau of the Budget does not favor enactment of the proposed bills.

Sincerely yours,

———— ————, *Deputy Director.*

UNITED STATES CIVIL SERVICE COMMISSION,
Washington 25, D. C., January 26, 1956.

HON. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate,
Senate Office Building.

DEAR SENATOR BYRD: Further reference is made to your letter of July 21, 1955, relative to H. R. 7225, a bill to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

As its title indicates, the proposal is basically a Social Security Act amendment, and it affects a law administered by the Civil Service Commission only indirectly and in only one respect. Under the new section 224 of the Social Security Act, added by section 103 of the bill, if an individual, entitled to a disability insurance benefit for any month or to a child's insurance benefit for the month in which he attained age 18 or any subsequent month, is eligible for a periodic benefit by reason of disability under a Federal retirement system, his insurance benefit under the bill would be reduced by the amount of the cited periodic benefit. Accordingly, if an employee granted disability annuity under the Civil Service Retirement Act were also eligible for a disability insurance benefit based on outside employment, the Commission would, upon request from the Department of Health, Education, and Welfare, furnish the Department the information necessary for adjustment. Our annuity would continue without change, the adjustment being made in the disability insurance benefit.

Since this provision does not amend any statute administered by the Commission, we do not feel warranted in commenting on its merits but see no reason to offer objection thereto.

Section 224 contains a minor error; the word "reduce" in line 14, page 12, should be corrected to read "reduced."

I might comment on one other item. The bill (p. 19 and beginning on p. 29) would amend the Social Security Act and the Internal Revenue Code by according Social Security coverage to employees of the Tennessee Valley Authority subject to the retirement system applicable to employees of the Authority. There would be retained, however, the exclusion which denies social-security coverage to employees subject to other Federal retirement systems. We are not informed of the reason for this one exception, but offer no objection thereto.

By direction of the Commission:

Sincerely yours,

PHILIP YOUNG, *Chairman.*

The CHAIRMAN. Our first witness is Mr. Robert J. Myers, Chief Actuary of the Social Security Administration. Mr. Myers, you may proceed, sir, with your explanation of the bill.

STATEMENT OF ROBERT J. MYERS, CHIEF ACTUARY, SOCIAL SECURITY ADMINISTRATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Mr. MYERS. Mr. Chairman and members of the committee, my name is Robert J. Myers. I am the Chief Actuary of the Social Security Administration in the Department of Health, Education, and Welfare. At the request of the Secretary of Health, Education, and Welfare and the Commissioner of Social Security, I am appearing to give testimony on the actuarial cost aspects and on the general provisions of H. R. 7225, the Old-Age and Survivors Insurance bill that is now before the committee. At the close of this formal statement, with your permission, I shall give a description of what the bill provides, section by section. My testimony will not cover any questions of policy in

regard to the bill; these will be dealt with in the testimony of the Secretary, who will appear later.

In essence, the bill does three things. It expands the coverage of the system; it pays additional benefits; and it raises taxes to pay for these benefits. An estimated 1,050,000 persons would receive the additional benefits in the first full year of operation. These beneficiaries would consist of the following principal groups:

1. Retired women workers aged 62 to 64	300,000
2. Wives aged 62 to 64 of retired workers aged 65 or over	300,000
3. Widows aged 62 to 64	200,000
4. Disabled workers aged 50 to 64	250,000

A quite accurate estimate may be made as to the number of wives aged 62 to 64 of retired workers since we know the number of married men on the roll and the age distribution of their wives. It is unlikely that a large number of men would retire solely because their wives are aged 62 to 64 and would become eligible for benefits. Likewise, the estimate of the number of widows aged 62 to 64 is also probably subject to relatively little variation since we know the age distribution of those in this category now at or just over age 65.

On the other hand, the estimate for the number of women workers aged 62 to 64 who will retire and claim benefits is subject to variation and conjecture, depending among other matters on the desires of the women themselves and on the practices of their employers.

Finally, the possible number of disability beneficiaries is subject to much more likelihood of fluctuation. Not only do actuarial experiences differ widely in this field, as will be discussed in more detail later, but also it is difficult to predict the lags in filing of claims by prospective beneficiaries and in administration for a completely new type of benefit such as this, insofar as the old-age and survivors insurance system is concerned.

To pay for the additional cost of the new benefit protection that would be provided by the bill, taxes on covered payrolls and self-employment earnings would be increased. Approximately 53,500,000 persons are in covered employment and self-employment at any one time, while during the course of a year about 65 million persons in the aggregate are covered and pay taxes. The combined employer-employee contribution rate would be increased at once from the present 4 percent to 5 percent, while the rate for the self-employed would be increased from 3 percent to 3¾ percent. A worker earning $300 a month, which is approximately the average currently for full-time employment, would pay an additional $18 a year in taxes, as would also his employer. A self-employed person with the same earnings would pay an additional $27 a year in taxes. For those with the maximum taxable earnings of $4,200 a year, or an average of $350 a month, the increased tax would be $21 a year for both the employee and the employer and $31.50 for a self-employed person.

PRESENT OLD-AGE AND SURVIVORS INSURANCE PROGRAM

The system now provides the basic protection of retirement and survivor benefits for the vast majority of those who are gainfully employed in this country. In September of last year about 53½ million persons were in covered employment. These represented 85 percent of the 62½ million persons in paid civilian employment. A

considerable number of additional persons work in employment that could be covered under old-age and survivors insurance upon elective action—such as employees of State and local governments, employees of nonprofit institutions, and ministers. Many of these individuals will be covered under old-age and survivors insurance in the near future since actions for election of coverage are continuously underway.

As a result of the extensive coverage of the old-age and survivors insurance system, its current financial obligations are of considerable scope. In calendar year 1955 the total contribution or tax income was about $5.7 billion and the interest earnings were about $460 million, while the total outgo for benefit payments was about $5 billion and for administrative expenses about $120 million, making a net balance of income over outgo of about $1.1 billion. Under present law, these figures will continue to increase in future years. Thus, for the fiscal year beginning July 1, 1956, it is estimated that benefit payments will amount to about $6.1 billion, while contribution income will be about $6.7 billion.

If the present employer-employee contribution rate of 4 percent were maintained without change, then outgo from the trust fund for benefits and administrative expense would exceed income from tax contributions and interest earnings of the trust fund in about 1960 according to the intermediate-cost estimate based on high-employment assumptions. The high-cost estimate or low-employment assumptions would, of course, bring this crossing point sooner.

At this point I might explain that our cost estimates are made on a range basis. We have a low-cost and a high-cost estimate, depending upon possible experience under different cost factors, such as mortality rates, retirement rates, and so forth. The figures given previously are intermediate figures. If we used high-cost assumptions, such as assuming that there will be a greater retirement among aged eligible persons who could claim benefits, then, of course, the disbursements of the system would increase, and that would bring the crossing point of where the income falls below the outgo somewhat sooner.

Likewise, our cost estimates are based on high-employment assumptions somewhat paralleling present conditions. If for some reason or other there were a serious business decline, then, of course, the income to the system in the form of contributions or taxes would decrease, and at the same time benefits would increase somewhat as more people would tend to claim their retirement benefits.

For example, if contribution income decreased 10 percent in the next year over what was estimated, it would be about equal to the benefit payments of that year.

Not only will benefit disbursements continue to increase in the future, but this will also be the case for tax income, even if there is no change in earnings levels, provided that the increases in the taxes now scheduled in the law take place. The combined employer-employee rate—payable on the first $4,200 of annual earnings—is scheduled to rise from the present 4 percent to 5 percent in 1960, 6 percent in 1965, 7 percent in 1970, and 8 percent in 1975.

Thus, the ultimate rate prescribed under present law is 8 percent of payroll, payable half by the employer and half by the employee.

At the same time, self-employed individuals, such as storekeepers and farmers, pay three-fourths of the combined employer-employee rate. At present the self-employed pay 3 percent of the first $4,200 of their net earnings from self-employment, and beginning in 1960, this rate will rise gradually, until 1975, and thereafter it will be 6 percent.

Senator WILLIAMS. Is that the rate under the existing law or under the proposed law?

Mr. MYERS. That is the rate under the existing law.

Senator WILLIAMS. That is what I thought.

Senator KERR. Do you anywhere in this statement give the amount of the present accumulated reserve?

Mr. MYERS. No, I don't give a statement of that, but the figure for the accumulated trust fund at the end of the calendar year 1955 was $21.7 billion.

Senator KERR. Thank you.

Mr. MYERS. Let us now examine briefly how the old-age and survivors insurance system is financed. Clear statements of intent as to the financing basis have been made in the committee reports for the 1950 and subsequent amendments. That is, the committee reports of this committee and the committee reports of the House Ways and Means Committee.

It has frequently been brought out that the system should be on a completely self-supporting basis from contributions of workers and employers, plus interest receipts on the accumulated trust fund. Accordingly, tax schedules have been incorporated which, on the basis of intermediate cost estimates, were intended to make the system self-supporting within reasonable limits—or in actuarial balance—as nearly as can be foreseen under existing circumstances.

Senator FREAR. How often is the interest added to the fund? Is it paid annually or semi-annually?

Mr. MYERS. There are a number of different types of securities in the trust fund. Most of them have interest paid semiannually, but some of them are annually.

Senator FREAR. Are the securities listed in the securities anything other than Government bonds?

Mr. MYERS. The securities are all Government bonds. The majority are special issues, but others are regularly marketable bonds, a few of which have been bought on the open market, and others have been bought at issue when the Secretary of the Treasury offered them to the public.

Senator FREAR. What is the average rate of interest?

Mr. MYERS. The average rate of interest of the trust fund is now about 2.4 percent. Most of the issues carry a rate of 2⅜ percent, but there are a few investments that have been bought on the open market at 2½ and 3 percent and a few of the 3¾ percent bonds that were issued several years ago.

Senator FREAR. Do the specially issued bonds or the bonds of special issue carry a different rate than the normal Government bonds that would be put on the market at that time?

Mr. MYERS. Yes; according to the provisions of the law, the special issues carry a rate which is approximately the same as the average interest rate on the entire Government debt. When I say approximately the same, I mean it is rounded down to the next one-eighth of a percent.

Senator FREAR. But that is the average current rate?

Mr. MYERS. Yes, sir.

Senator BENNETT. Mr. Chairman, isn't it the average rate of all outstanding Government bonds?

Mr. MYERS. Yes; it is based on that.

Senator BENNETT. Which wouldn't be the current rate.

Senator FREAR. It is the current average.

Senator BENNETT. Yes; the current average of all outstanding bonds.

Senator FREAR. Are the special issuance of the Treasury listed in our national debt?

Mr. MYERS. Yes, they are.

The CHAIRMAN. For a time the fund received 3 percent interest; did it not?

Mr. MYERS. Yes, Mr. Chairman. Under the law as it existed before the 1939 amendments and covering the experience from 1937 through 1939, the law provided that these special issues would carry a fixed rate of 3 percent, but the law was then changed to reflect the average rate of all outstanding debt.

The CHAIRMAN. In other words, there is no subsidy involved in the interest payments such as there was before?

Mr. MYERS. No, sir; not as I would see it.

At the same time, the committees have recognized that future experience might differ from the assumptions underlying the estimates so that the estimated cost of the program would be subject to modification. Any necessary revision in tax rates could, of course, readily be determined by the Congress after a period of time.

The cost of the old-age and survivors insurance system is best measured against covered payroll because the program is financed by taxes directly related to such payroll. The best single measure of cost of the system or of any proposed changes is the so-called level-premium cost as a percentage of payroll according to the intermediate estimate. It will, of course, be recognized that any long-range actuarial cost estimates have a considerable range so that generally it is our practice to give both low-cost and high-cost estimates. The intermediate-cost estimate is the average of the low-cost and high-cost estimates. The level-premium cost is, in essence, the average cost over the long-distance future, expressed as a percentage of payroll and taking interest into account. This concept may also be considered as representing the level combined employer-employee tax rate necessary to finance the program—or, in the case of proposed changes, the level increase required to finance the additional benefits if it were to be added to the existing contribution schedule.

The CHAIRMAN. Are the receipts from the taxes based on a continued increase in wages or the existing scale of wages?

Mr. MYERS. My cost estimates are based on a continuation of a given set of wage-level assumptions. In other words, the latest estimates, as I will present here, are based on a continuation of the 1954 wage levels.

The CHAIRMAN. With no increases?

Mr. MYERS. Yes, with no increases. If the wage level increases, that will mean that the income of the system will increase more than the outgo because of the weighted nature of the benefit formula. In

other words, as you will recall, Senator, under the benefit formula in the law the lower paid individuals receive relatively higher benefits than the higher paid.

Senator KERR. Relatively higher increased benefits. The increases were relatively higher for the low-income workers.

Mr. MYERS. Yes, sir. For example, a worker with a $100 a month average wage gets a $55 benefit.

Senator KERR. That was an increase of how much?

Mr. MYERS. This is on the present law.

Senator KERR. I understand. But when the present law was enacted, when the present law was passed, certain increases were provided for by the bill. I think it is a matter of record, and I think what you are saying is that at that time increases provided for the lower brackets exceeded those provided for the higher brackets percentagewise and costwise.

Mr. MYERS. That is correct; yes, sir. That has been the general practice as the law has been amended from time to time.

Senator KERR. So that if the income, if the wage level raises, that will apply primarily to those in the higher wage groups that are covered and the percentage of taxes applicable to it will bring in relatively greater revenue for those who, under the bill, receive relatively smaller increases.

Mr. MYERS. That is correct. As the wage level increases, the income to the system will increase more than the additional benefits.

Senator KERR. Because the number of those between $2,400 and $4,200 or between $3,000 and $4,200 will increase and those that were in the lower levels will remain static.

Mr. MYERS. I believe those in the lower levels would decrease percentagewise as wages moved up.

Senator KERR. They wouldn't decrease. They would still be getting that much. The number getting that much wouldn't decrease, because when their wage level raises, they then would be among both the groups; that is, those still receiving a limited amount and those receiving the increased amount, because they would be in both groups. If I were getting $2,400 now and then begun to get $4,200, the number receiving $2,400 wouldn't decrease. The number receiving $4,200 would increase, and the number receiving at least $2,400 would remain the same.

Mr. MYERS. Receiving at least $2,400?

Senator KERR. Yes.

Mr. MYERS. Yes, sir.

The CHAIRMAN. As I understand, you based these estimates on the wage level of 1954.

Mr. MYERS. The final estimates presented here are on that basis.

The CHAIRMAN. And you made no allowance for increase in wages above 1954 in estimating the receipts to the Trust Fund.

Mr. MYERS. Yes, sir; that is correct.

The CHAIRMAN. You have taken that as the standard?

Mr. MYERS. Yes, we have always followed that practice in our cost estimates because of the fact that it would seem if the wage level changes greatly, then the whole benefit structure itself needs reexamination, as the Congress has done over the past two decades that the program has been in operation.

Senator KERR. If I understand you, the reason that estimate is safe, insofar as this hearing is concerned, is that any increase in the wage level increases the safety factor that you are using, rather than comparing it.

Mr. MYERS. That is correct, Senator Kerr.

Senator WILLIAMS. Likewise, I understand that you have taken this on the assumption that there will be no period of lower employment than that prevailing today.

Mr. MYERS. That's correct.

Senator WILLIAMS. If there is any lower employment, that would diminish the safety of the fund.

Mr. MYERS. That is correct.

Senator FREAR. Was the average wage level higher or lower in 1954 as compared to 1955, 1954 being the year you based your figures on?

Mr. MYERS. We, of course, do not have all the wage data in yet because of the lag in processing. It would seem that the wage level was somewhat higher in 1955 than 1954.

Senator FREAR. By wage level you mean the average wage per employee?

Mr. MYERS. That is correct.

Senator KERR. It is a matter of record that both the wage level and the number employed were greater in 1955 than in 1954.

The CHAIRMAN. When the minimum wage scale goes into effect in 1956, won't that increase the level of wages?

Mr. MYERS. Yes; that would tend to increase the wage level.

The CHAIRMAN. But you have not taken that into consideration in these estimates.

Mr. MYERS. No; I haven't.

The CHAIRMAN. You based it on 1954.

Mr. MYERS. Yes, sir.

The CHAIRMAN. Which is a conservative estimate.

Mr. MYERS. Yes, sir.

The CHAIRMAN. You regarded it as a conservative estimate.

Mr. MYERS. Yes, sir.

The CHAIRMAN. Of course, if there is increased unemployment, as Senator Williams brought out, it will level it off to some extent, but you think that 1954 is a conservative estimate of the future receipts of the fund so far as this bill is presently concerned?

Mr. MYERS. Yes. In our cost estimates we never try to be overconservative. We try to make the estimates as near to what we think is possible as we can. As to wage levels, we adjust our estimates to reflect the experience in a relatively recent year.

The CHAIRMAN. Have your estimates been accurate in the past?

Mr. MYERS. On that, I would say in some ways they have and in other ways they haven't. Going back to 1935, if those estimates were compared with the present in terms of dollars, considering all the changes in the act, they wouldn't look very accurate because of the price inflation, and so forth.

The CHAIRMAN. Based upon the same legislation, at the time you made the estimates, have they been approximately correct? In other words, if you allowed for the increase in wages that have occurred in recent years? How far in advance do you make these estimates?

Mr. MYERS. These estimates are carried out for more than 50 years in the future, not that we think they are accurate predictions, but rather to show the upward trend as the system matures, which we know is inevitable.

The CHAIRMAN. You would hardly expect to make an accurate estimate for 50 years in advance, would you?

Mr. MYERS. No. We only expect to show the likely trends, and we think the estimates in terms of percentage of payroll are reasonably reliable.

The CHAIRMAN. There must be some estimates, though, within a reasonable period that you could make an intelligent estimate on. Nobody could make an intelligent estimate 50 years in advance. Do you attempt to make a yearly estimate 50 years in advance as to the receipts for the fund?

Mr. MYERS. As to that, we make an estimate at 5-year intervals. I think it is quite certain that the basic factor, the aged population of the country will increase for the next 50 years.

The CHAIRMAN. I am speaking of the revenues. I should think that 5 years would be the limit to an intelligent estimate. Probably that would be very difficult. What are these estimates you have been giving here, for what length of time, as to receipts in the fund?

Mr. MYERS. The figures that I have given previously were just the actual experience in the last calendar year, and the expected experience in the next fiscal year, which I think can quite reasonably be expected unless business conditions were to take a sudden change one way or the other.

Senator WILLIAMS. You projected your estimates here today about 25 years.

Mr. MYERS. Yes. Later, I give figures that are projected for the more distant future, because we are quite certain that the costs of this program, including the costs of the changes proposed by the bill, will be of a definitely increasing nature in the future, and the first year costs taken by themselves are not really indicative of what the actuarial effect of the changes would be.

The CHAIRMAN. I want to repeat the question because I think it is an important one. All of these estimates are based upon the wage scale of 1954, is that correct?

Mr. MYERS. Yes, Mr. Chairman.

The CHAIRMAN. Five years, 10 years, 25 years in advance?

Mr. MYERS. That is correct.

The CHAIRMAN. All right.

Senator GEORGE. Not the high cost, and not the low cost, but the intermediate; is that what you use?

Mr. MYERS. Senator George, the wage assumptions, the earnings assumptions, are the same for all three of those estimates. The estimates differ because of different assumptions as to the longevity of people and the retirement rates.

Senator GEORGE. I see. Thank you very much, Mr. Myers.

Mr. MYERS. The cost estimates made at the time of enactment of the 1954 legislation were based on earnings levels in 1951–52. The intermediate estimates show the level-premium cost of the benefits as 7.77 percent of payroll, as compared with the level-premium equivalent of the graded tax schedule amounting to 7.29 percent. According to these figures, there is a net difference, or lack of actuarial balance, of

0.48 percent of payroll. This actuarial insufficiency, while important, should not be overemphasized. The 0.48 percent figure is after taking into account a one-fourth of 1 percent reduction in the lack of actuarial balance effectuated by the 1954 amendments. Thus, the financing basis of the 1954 amendments was such that not only was the additional cost of the liberalizations fully financed, but also some reduction was made in the existing actuarial insufficiency of the previous law.

Current estimates prepared on the basis of 1954 earnings levels, rather than those of 1951–52, indicate that the level-premium cost of the benefits of the present law is 7.51 percent of the payroll, as against the level-premium equivalent of the taxes amounting to 7.29 percent. Thus, according to the latest estimate, the lack of actuarial balance is reduced to 0.22 percent of payroll. This is a relatively negligible amount considering the variation possible in the cost estimates and the possibly lower cost that would result if complete data were available so that 1955 earnings levels could be used in the cost estimates. As a practical matter, it is neither desirable nor necessary to make adjustments in the contribution schedule to take account of relatively small imbalances that may disappear in a few years as a result of slight changes in cost factors.

Now, turning to the provisions of the bill that have financial and acturial cost aspects, let us examine each feature in turn.

Senator KERR. Let me ask a question right there, Mr. Myers, if I may. You refer here to an estimate made in 1954 using as a basis the earnings of 1951 and 1952. You refer to another estimate made on the basis of 1954 earning levels. You arrive first at 7.77 percent of payroll as being the level of premium costs of the benefits, and in the second instance 7.51 percent of payroll, being the level of premium costs for the benefits.

In making those estimates, what percentage of those eligible to receive the benefits did you contemplate would be beneficiaries under the operation of the act? In other words, the beneficiaries are eligible to take the benefits at age 65. What percentage of those reaching the age of 65 did you estimate would become claimants?

Mr. MYERS. In answer to that question, Senator, I might say that in both of the estimates the same assumptions were made. The difference between the two estimates was only the change in the wage assumption.

Senator KERR. I understand that.

Mr. MYERS. In regard to the proportion that we assume to retire, we have rather a complex set of assumptions about retirement rates, which result in assuming that eventually, according to the intermediate estimate, about 70 percent of those who are 65 to 69 actually retire, and for those between 70 and 71, the percentage would probably be somewhere around 90 to 95, and of course, after 72 the benefits are payable automatically regardless of retirement.

Senator FREAR. Do you pay them automatically without a claim?

Mr. MYERS. No, sir. I meant automatic upon application.

Senator KERR. Your estimate, then, was based on the assumption that 70 percent of those eligible would become recipients in the age group 65–69, and 95 percent of those in the age group 69 to 72 would

become recipients. Hasn't the trend been that the percentage of those claiming of the eligibles entitled to the claim gradually decreased?

Mr. MYERS. No; I believe the experience has been the other way. For example, in the early 1940's, of course, largely due to the war, for workers aged 65 to 69, only about 25 to 30 percent claimed benefits. That percentage gradually rose after the war. In 1948 it was 35 percent. In 1950 it rose to 44 percent. In 1954 it was 54 percent. In 1955 it will be about 59 percent. We estimate it will gradually increase.

The figure I gave you of 70 percent is not something we expect this year, but that is sort of the average figure that we will build up to.

Senator KERR. That is what you figure will be the overall average for the time from the date of your estimate until the time when that will be the level figure of claims?

Mr. MYERS. That is right. We assume that it will grade up from the present somewhat lower level up to a figure of about that much.

Senator KERR. Thank you very much.

The CHAIRMAN. The committee has before it a bill known as a survivors benefit bill which contemplates the coverage under social security of all the members of the armed services. Have you taken that into consideration in your estimates?

Mr. MYERS. No; I have not taken this bill into consideration at all, in these estimates. I could say offhand, however, that it would have a somewhat favorable effect on the financing of the system, as does any extension of coverage.

In other words, the new groups that would be covered would tend to bring in somewhat more income than the additional benefits would use up.

Senator WILLIAMS. You would have an immediate beneficial effect, but in the long-range it would be to the disadvantage; is that not correct?

Mr. MYERS. No, Senator. As you point out, there would be an immediate substantial benefit to the system because mostly there would be the contributions coming in and relatively few benefits, but I think even over the long-range, the balance would be in favor of the system, because so many of these individuals would, in any event, receive benefits from civilian covered employment. The military coverage would not tend to make them eligible for benefits, but rather only to increase the benefits that they would get anyhow.

The CHAIRMAN. Suppose a war occurred and they had a large number of casualties, what would be the effect, then?

Mr. MYERS. That, of course, would be different. I should have limitd my statement to the assumption that there is no war. Depending upon the type of war, it could have a very great effect on the system as it now exists.

Senator WILLIAMS. Either as to the effect on civilians or the military.

Mr. MYERS. That is correct.

Senator BENNETT. I am interested in your comment that taking these age groups or age periods, you are estimating that 70 percent of those between 65 and 69 would become claimants, and that above that point it would approximate 100 percent. Have you estimated it with respect to the average life of the average claimant and can

you reduce that figure to a figure which would show us what overall proportion of the potential claims will never be called for? Are we dealing here with a system where we know in advance that 25, 30, 40 percent of the money that is set aside will never be claimed and is that taken into consideration in making your estimates?

Mr. MYERS. That factor of deferment is taken into account in the cost estimates. The system is viewed as a program of providing retirement protection and not a straight annuity at 65. The system doesn't really make a profit from the group that doesn't retire, because that is supposedly taken into account in establishing the contribution rates to support the system. As to the beginning of your question, the average man of 65 will live for about 13 years under present mortality conditions. No doubt that figure will increase somewhat as time goes by.

On the average, retirement is deferred for about 4 years, under our present experience, so that——

Senator BENNETT. So approximately one-third of your potential benefits you expect will never be called for. If everybody retired at 65, you would increase your total burden by—I have to get my bases straight here now—25 percent.

Senator KERR. 50 percent.

Senator BENNETT. Am I backwards? I am capable of making that kind of an arithmetical error.

Mr. MYERS. For the retirement benefits alone, we would be paying for 13 years, so that that is an increase of about 40 percent. The retirement benefits, of course, are only part of the cost of the program. I was referring only to the cost for retired men and their wives' benefits, and so forth. We have made estimates, assuming that either everybody retired at 65 or there was no retirement test and the benefits were paid automatically at that age, the costs of the program would be increased about 20 percent overall.

Senator WILLIAMS. Your estimate is based on the law of averages just as it is based on the assumption of the prevailing wage scale.

Mr. MYERS. Yes. Our assumption is based on the law of averages as to retirement just as it is as to mortality.

Senator WILLIAMS. It would increase the cost of this particular phase of the program potentially from 40 to 50 percent, but actually, when you take the whole thing into consideration, you estimate that it would increase the cost of the program 20 percent if everyone claimed his full benefits.

Mr. MYERS. At the earliest possible age.

Senator WILLIAMS. Mr. Myers, if I understand correctly, the major provisions in this bill which you are discussing here; namely, reducing the age limit for women from 65 to 62 and reducing the disability to 50, you estimate the immediate effect of that would be a cost of about $600 million a year; is that correct, for the combined benefits?

Mr. MYERS. Yes.

Senator WILLIAMS. And you recommend in the bill an increase of 1 percent to take care of that; is that correct?

Mr. MYERS. The bill contains an increase of 1 percent in the combined employer-employee tax rate to take care of the cost of these additional benefits.

Senator WILLIAMS. That would be a half percent to the employer and one-half to the employee, and three-quarters of 1 percent to the

self-employed, which would be a little less than 1 percent; is that correct?

Mr. MYERS. That is correct, Senator.

Senator WILLIAMS. I notice that the present law provides for an increase from 4 percent today to 8 percent in 1975. If you project the cost of these 2 provisions, going from 400 million on the cost of reducing the women from 65 to 62 today, it will go to $1.2 billion in 20 years and the cost of the disability clause will go from $200 million to $900 million or an increase of a little better than 4 times, but I notice in projecting the figures here in 1975, you still carry the 1 point. You loose three points, 3 percent, there; don't you? In 1975 under the bill you are raising the rates to 9 percent instead of the projected 8 percent.

In other words, you only have 1 extra percent when you get to 1975 to take care of this cost.

Mr. MYERS. Yes, sir.

Senator WILLIAMS. Whereas, under the cost estimates you are giving us, you say it will take a little better than 4 percent to pay and if you are going to project your costs on the same basis, assuming that this bill is enacted as the present law is projected, would it not be necessary to change that figure to 12 percent in 1975 rather than the 9?

Mr. MYERS. No, sir; I believe not. The 1 percent that we mention here will more than pay for the first year's cost.

Senator WILLIAMS. How much more? What is your revenue?

Mr. MYERS. The 1 percent will bring in approximately $1.6 billion a year.

Senator WILLIAMS. Bring in $1.6 billion?

Mr. MYERS. Yes, sir.

Senator WILLIAMS. You think that the 1 percent over this period will finance the entire program up to 1975?

Mr. MYERS. And even beyond that; yes, sir.

Senator WILLIAMS. You think it will be actuarially sound at the 1-percent schedule carried through to 1975?

Mr. MYERS. Yes, sir. The 1 percent added on top of the present contribution schedule should, according to the intermediate estimate, meet the additional cost of the benefits provided in the bill.

Senator WILLIAMS. If it is, then the 8 percent is too high.

Mr. MYERS. No.

Senator WILLIAMS. If one will pay for all of this, then 8 percent is too high. The figures won't compare, as I get it, because the cost that is projected that will be paid for by the 1 percent will not pay for the cost that is supposed to be taken care of by the 8 percent.

Mr. MYER. You mentioned a figure of 4 percent eventually. I don't quite understand.

Senator WILLIAMS. No. I said you would increase your expenditures estimated under these 2 provisions about 4 times as much 20 years from now as they are today.

Mr. MYERS. That is correct. But today the increased expenditures are not nearly 1 percent of payroll. One percent of payroll brings in $1.6 billion, but the increased expenditures are $600 million, which is only about four-tenths of a percent of payroll. The 1 percent that is coming in today, according to the additional tax in the bill, would more than meet the cost of the first year's benefits which were $600 million.

Senator WILLIAMS. Well, we will let it go for the moment, but I still don't understand.

The CHAIRMAN. Go ahead, Mr. Myers.

Senator MARTIN. You may have explained this, because I was delayed in arriving this morning. You say that a certain percentage will never avail themselves of the advantage. How do you arrive at that?

Mr. MYERS. The figure that was given was that roughly 30 percent of those persons who are between age 65 and 69 will be continuing in substantial work and won't draw the benefits. They might draw them later as they reach 69 or 70, and so forth. Those same individuals may benefit eventually, but at any one time they are not retired and therefore not receiving the retirement benefit. The way the estimate is obtained for that is in part by examining the past experience as to the employment of persons aged 65 and over in the sytsem, and then estimating what the trend will be in the future.

Senator MARTIN. The reason I am bringing that up, Mr. Chairman, the tendency now in the large corporations is to require retirement at 65 by executives and clear down the line, and I was just wondering. I am not saying your conclusions are not correct. I was wondering what you base it on, because it has gotten to the place now—take the United States Steel. They make everyone retire at 65. It is compulsory.

Mr. MYERS. Yes, Senator. That is why we have a range in these cost estimates, which depend to a considerable degree on what the retirement rates will be in the future. If corporations move in the direction you indicate, then the costs of the system will be higher. On the other hand, there is considerable thought being given to the fact that it is desirable to keep people at work. One large insurance company recently raised its compulsory retirement age from 65 to 68.

Senator MARTIN. That is one out of a great number. That is the only one that I have noticed. I have just been going into this a little. I don't doubt but what you are correct, but I would like to have had a little explanation on the figures that you may have to base it on. Of course, you know that I am hoping that people in the United States will work way beyond 65, because there are a lot of us on this committee who are past 65.

Mr. MYERS. It is difficult, of course, to predict just which way this cost factor will move in the future experience, and that is why we have a range in our cost estimates.

(The following memorandum on this subject was subsequently supplied for the record by Mr. Myers.)

TRENDS IN PROVISIONS FOR DEFERRED RETIREMENT UNDER PRIVATE PENSION PLANS

FEBRUARY 17, 1956.

There is no very conclusive evidence as to the trends in compulsory (or automatic) retirement ages under private retirement plans. Such information as we have suggests that, if anything, the compulsory retirement age is being raised.

The National Industrial Conference Board made some studies in 1944, 1948, and 1954. In 1944, they found that 62 plans out of 199 analyzed, or 31 percent, had a compulsory retirement age. The corresponding figures for 1954 were 195 plans out of 327, or 60 percent. The earlier figure is probably so low because the study relates to a period during World War II. In 1954, another 25 percent of the plans allowed the employees to continue beyond normal retirement age without the consent of the employer.

In addition to the analysis of plans in effect in 1954, NICB studied a considerable number of amended plans. Among these were 25 that made changes in the normal or compulsory retirement age provisions during the period 1950–55. The changes were as follows:

A. Changes indicating less restrictive retirement practices:	
Normal [1] retirement age increased	2
Normal [1] retirement age increased, women only	8
Discretionary instead of compulsory retirement age	2
Increased compulsory age	4
Deferred retirement added	2
Credit for services after 65	2
B. Changes indicating more restrictice retirement practices:	
Normal [1] retirement age lowered	1
Compulsory instead of discretionary retirement age	3
Decreased compulsory age	1

[1] Normal retirement age is minimum retirement age at which full benefits are paid.

In this study, 85 percent of companies with a compulsory retirement age permit continuance beyond this age in order that the employee may qualify for old-age and survivors insurance benefits.

The NICB 1948 study showed that retirement was compulsory at normal retirement age for wage earners in 35 percent of the companies with retirement plans and for salaried workers in 44 percent. The 1954 study showed that in 40 percent of the companies retirement was compulsory at normal retirement age for wage earners and salaried workers combined. This was not reported separately for wage earners and for salaried workers. Thus, the two studies show no significant trend in this respect. The 1954 study also stated that there was no trend toward a higher normal retirement age since there are very few plans with normal retirement age above 65.

The CHAIRMAN. Go ahead, Mr. Myers.

Mr. MYERS. Yes, sir.

EXTENSION OF COVERAGE

The bill would extend coverage as of the beginning of this year—and I might point out at this point that the bill as it passed the House last year, in general, had an effective date of January 1, 1956—to all self-employed professional groups now excluded except physicians, to certain farmowners receiving income under share agreements, to turpentine and related workers, and to certain employees of the Tennessee Valley Authority and the Federal home-loan banks.

As to the additional individuals to be covered, about 215,000 are the self-employed professional persons, 20,000 are turpentine workers, 13,000 are employees of Federal instrumentalities, and an unknown number are farmers, not now covered, who have farm rental income from operations in which they participate materially.

Senator FREAR. This year is the calendar year?

Mr. MYERS. Calendar year 1956. The bill had an effective date of January 1, 1956, including the changes of benefits and the contribution rates, as well.

Senator WILLIAMS. It has an effective date as far as the payments are concerned. You pay in 1956, but they are in reality paying for 1955.

Mr. MYERS. No. As to the contributions the employees who are covered by the bill would start paying out of their first paycheck in 1956. For the self-employed people, the farmers and so forth, the increased contribution would not be payable until April 1957.

Senator WILLIAMS. But they will be paying on 1955.

Mr. MYERS. They will be paying on 1955 income in April of this year, but at the rate in existing law.

Senator BENNETT. These newly covered people would not begin to contribute until after January 1 of this year, payable in 1957. So the newly covered people would pay nothing on 1955.

Mr. MYERS. That is correct.

Both contribution income and benefit outgo of the system would be increased by this extension of coverage. The net cost effect on the system would, however, be relatively small. The contribution income for the first full year of coverage of this group would be increased by about $30 million.

It is estimated that over the long run the additional income from this group would somewhat more than offset the additional outgo in respect to their coverage. This arises primarily because a considerable number of such individuals would be covered more nearly for their entire working lifetime. Accordingly, their average wage for benefit purposes would be higher—more nearly approximating the individual's actual earnings level—and thus the benefit cost would be relatively lower because of the weighted benefit formula. As a matter of fact, it is estimated that the net effect is a reduction in the level-premium cost amounting to 0.01 percent of payroll.

The CHAIRMAN. It is your position that the more under the system the stronger the system will be financially?

Mr. MYERS. Yes, Mr. Chairman.

The CHAIRMAN. That takes the whole period too, not only the beginning of taking in new people, it is the whole future.

Mr. MYERS. Yes, sir.

The CHAIRMAN. The more you get in the stronger the system will be?

Mr. MYERS. Yes, sir.

The CHAIRMAN. For the years ahead of us when you start to pay the benefits?

Mr. MYERS. Yes, sir. That includes the long-term future.

A second change would be to reduce the minimum retirement age for women from 65 to 62. The retirement age for men would be left at 65. This would apply not only for women workers, but also for wives of retired insured workers and for widows and dependent mothers of deceased insured workers.

According to this change, an insured woman worker could begin drawing monthly benefits at age 62 rather than at age 65 as in present law, if she meets the conditions of the retirement test.

In essence, the retirement test provides that benefits will be paid for every month in the calendar year if the individual's earnings are $1,200 or less. If earnings are above $1,200, the test provides in effect that a sliding-scale basis will apply so that there is an equitable and orderly procedure established for those who have somewhat higher earnings. In any event, individuals who are continuously employed throughout the year and who earn over $2,080 do not receive any benefits.

Senator WILLIAMS. The immediate effect of adoption of that would be greater in cost the first year than in the immediate years following due to the fact that all of those between 62 and 65, you would have a 3-year limit, but they could all be eligible at one time but later

when it gets to functioning you only have those approaching the age 62 alone.

Mr. MYERS. It is quite correct that the number of new claimants would be more.

Senator WILLIAMS. In the first immediate year.

Mr. MYERS. The additional ones put on the roll immediately would be highest in the first year, but the number on the rolls and receiving benefits would, for the next 3 years, include the people put on the rolls immediately. As the system matures, the average number of new cases each year would be greater.

Senator WILLIAMS. The first immediate effect would be a greater drain on the fund the first year with all this extra age limit going in at one time.

Mr. MYERS. No; I don't believe so. You see even in the future we will still be continuing payments to somebody who is 62 at time of filing claim for 3 years, so each year we will have, as it were, three crops of individuals still on the rolls.

Senator WILLIAMS. You will, but after you once get those from 62 to 65 on the rolls, each year your addition alone will be that group which attains the age of 62, whereas the first year you will have that group which attained the age of 62, 63, 64, up to 65.

Mr. MYERS. The addition to the roll will be greater in the first year, but the number on the roll and receiving benefits each month will be gradually larger each year as we go on.

Senator WILLIAMS. Certainly, yes.

Mr. MYERS. That is why, as I point out later, this cost starts out at a relatively high figure as to dollar disbursements. Then the dollar disbursements build up slowly from that, rather than a sharp rise over a number of years.

The reduction in the minimum retirement age for women will result, in some instances, in the earlier payment of benefits to wives of retired workers. Under present law, if a man retires at age 67 and his wife is aged 63, the additional wife's benefit is not payable until she attains age 65. Under the provisions of the bill, this wife would begin receiving payments immediately upon the man's retirement. Considering another case, if the wife is aged 55 when the man retires, then under the provision of the bill no additional wife's benefit would be payable until 7 years later when she attained age 62. Under present law, of course, the period of nonpayment of wife's benefits in such case would be 10 years—that is, until she attained age 65.

Similarly, for a widow of an insured worker, whether he died before or after retirement, under present law benefits are payable if she does not have eligible children under age 18, only upon her attainment of age 65. Under the provisions of the bill, the widow's benefits could begin as early as age 62.

For example, a woman widowed at age 64 and without eligible children present would have to wait 1 year under present law before monthly benefits would begin, whereas under the provisions of the bill she would receive benefits immediately.

Likewise, a woman widowed at 55 and without eligible children present would have to wait 10 years under present law before she could receive monthly benefits, whereas under the bill this period would be shortened to 7 years. The same principles also apply to

the parent's benefits payable to dependent mothers of deceased insured workers—a relatively minor category insofar as number of beneficiaries is concerned.

In the first full year of operation, the estimated increase in benefit disbursements as a result of lowering the retirement age for women to 62 would be about $400 million. Monthly benefits would go to about 800,000 additional women in the first year. The additional 800,000 beneficiaries would consist of about 300,000 women workers, 300,000 wives of retired workers, and 200,000 widows and 3,000 dependent mothers of deceased workers. Disbursements 25 years from now would, it is estimated, be increased by about $1.3 billion per year if this change were made.

The CHAIRMAN. This is based on the women not continuing to work after 62, is it not?

Mr. MYERS. These figures are based on certain assumptions as to how many women between 62 and 65 will retire. Of course, as you can see, these have to be very much in the nature of assumptions because we have no experience on the retirement rates of women below age 65. We don't know whether employers will change their retirement practices which, of course, would have a serious cost effect on our operations and so forth.

But we don't assume that every woman between 62 and 65 retires.

Senator WILLIAMS. You do not?

Mr. MYERS. No, sir.

The level-premium cost of the program would be increased by 0.56 percent of payroll as a result of this change. Or in other words about a half percent of payroll. As indicated previously, we have information for ages 62 to 64 as to wives and widows, but not as to the number of working women who will retire or be retired. This is even more the case as to the long-range estimates.

Senator WILLIAMS. In that long-range estimate from now, would the cost be almost on a line gradually or would there be a leveling off? Would the greater part of the cost be in the first 10 years?

Mr. MYERS. No.

Senator WILLIAMS. I know the greater cost would not be but the greater percentage.

Mr. MYERS. The cost of the additional benefits for lowering the retirement age for women would be a gradually increasing one, although it would start off as indicated here at a fairly high level because of taking in immediately all those who are now 62 and not yet 65.

Senator WILLIAMS. In other words you got your cost today and you have it projected to 20 years. Ten years from now you will be about half way between that point, is that what you figure?

Mr. MYERS. Very roughly, yes, sir.

Senator BENNETT. You estimate that there are approximately 300,000 wives of retired workers. That is the number that would be immediately benefited and could we assume that once the system got operated there would be a hundred thousand wives of retired workers added every year, because you have the age 62, 63, and 64 who would be immediately affected.

Is that a fair estimate?

Mr. MYERS. Yes, Senator; that is a fair estimate. It would be a little more than a hundred thousand a year as the aged population in the country increases.

Senator BENNETT. How many men in covered employment reach age 65 every year?

Mr. MYERS. I would say about 500,000.

Senator WILLIAMS. How do you get 300,000 women reaching the age and 500,000 men when the women have a longer life span?

Senator BENNETT. Will you hold that and let me continue my program of questioning? Must we then assume that one-fifth of all the men are married to women 3 years younger than themselves, because women who are less than 3 years younger than their husbands cannot retire at 62. They have to wait until their husbands become 65.

Senator KERR. They can retire at 62.

Senator BENNETT. Yes, but the effect is that they don't get the full benefit of this program.

Senator BENNETT. I am backwards, am I not. Women who are 1 year younger—now they can't get the benefits until their husbands retire. Can the wife get the benefit until her husband retires?

Mr. MYERS. No.

Senator KERR. That is the married women.

Senator BENNETT. I am talking only about that one category, Senator.

Mr. MYERS. Take this figure of 500,000 men reaching 65 each year. Some of them are no longer married. They were either not married to start with or are widowers. That might account for possibly a hundred thousand of them. As to the remaining 400,000 men, a few of them would have wives 65 or over that would be getting benefits under the existing law and roughly a hundred thousand would have wives between 62 and 65 and the rest would have wives under 62.

Senator BENNETT. What is the average relative ages of husband and wife in the United States, isn't it much closer than 3 years, the difference between the average age.

Mr. MYERS. The average difference between the age of husband and wife at the younger ages is only 1 or 2 years, but for people 65 the difference is much wider, about 4 or 4½ years, because a number of men remarry and they marry women much younger than themselves which increases the average difference.

Senator BENNETT. I am interested in that average difference. Do you have figures for that?

Mr. MYERS. We have figures from the actual operations of the program for workers who attained age 65 in a given year. Of those workers, 20 percent had wives the same age or over.

Senator BENNETT. O. K.

Mr. MYERS. And 22 percent had wives between 62 and 65. These are all workers who are married and have wives. Of the remainder, roughly 50 percent had wives aged 61 and under. The figures don't add up to 100 percent because there are some wives of unknown age.

Senator KERR. You mean some wives whose ages are unknown to the department.

Mr. MYERS. Yes. They are probably under 65 because if they were over 65, they would have claimed benefits.

The CHAIRMAN. What is the percentage in that category, ages unknown?

Mr. MYERS. It is about 7 or 8 percent.

Senator BENNETT. It is that missing 8 percent.

Mr. MYERS. I am sure they are mostly all under 65. I can't say what the distribution is.

Senator BENNETT. The benefits of this bill then will affect only 22 percent of the wives of covered workers. The other 78 percent are either to young or too old.

Mr. MYERS. That is about right.

Senator KERR. You mean the first year.

Senator BENNETT. No; 22 percent are between 62 and 64.

Senator KERR. Those that are under 62 will gradually attain that.

Senator BENNETT. But the whole program moves along with them. I think I would stand on the idea that the effect of this bill, is beneficial only to 22 percent of the wives in covered employment. The other 78 percent are not affected.

Mr. MYERS. That of course is the immediate effect but I think as Senator Kerr——

Senator BENNETT. You have taken the women between 62—62 and 64 and that class will continue—there will still continue to be a class between 62 and 64 as the age pattern moves on. You are not saying to us that this is a condition that exists only at this point in time. It is a pattern that has existed all through, isn't it?

Mr. MYERS. Yes, that is right. That will be reflected in the overall experience because 5 years later some of the women who have now benefited because of being under 65 will be 68 and they would have benefited under existing law.

Senator BENNETT. So the effect of this law is to give help only to 22 percent of the wives of covered employees who would benefit at age 65?

Mr. MYERS. That is at any one point in time.

Senator BENNETT. Yes.

Senator KERR. That disregards that 8 percent of those whose ages are unknown.

Senator BENNETT. They may suddenly discover they are 62.

Senator KERR. They may suddenly be willing to let their ages be known.

Mr. MYERS. Probably of that 8 percent, half are 62 to 65 and half are under 62.

Senator KERR. So there is no way to arbitrarily say that only 22 percent of the wives of the men of that age would be beneficiaries under this bill?

Senator BENNETT. Even if you throw the whole 8 percent in.

Senator KERR. Let's not throw them in. Let them come in.

Senator BENNETT. That would raise it to 30 percent and I think less than 8 percent are in this narrow 3-year period.

Senator WILLIAMS. At the last session of Congress we amended the Social Security Act to provide that those covered under the Railroad Retirement Act could likewise draw social-security benefits if they had qualified under the social-security system as a result of additional earnings outside. Is that correct?

Mr. MYERS. That is correct. In 1954, the Railroad Retirement Act was amended so that retired workers could draw both their full railroad-retirement benefit and their full social-security benefit without an offset between the two benefits which had been in previous law.

Senator WILLIAMS. The question was raised to me that in doing that we did not extend that whereby the widows of those workers would be eligible under both; that this wage earner who is qualified under both and is eligible to draw benefits under the law from both, that when he died the widows' benefits were not extended under social security to the wives of a retirement worker.

Mr. MYERS. That is correct.

When the widows' benefits are payable, the wage records under the two systems are combined and a combined benefit is payable.

Senator WILLIAMS. In other words it was corrected only in regard to the man as long as he lived, is that correct, and was not corrected to extend the same benefits to the wives?

Mr. MYERS. The change was made only in regard to the benefits for the retired worker and in addition last year in this session of Congress there was a change made which was part way in between those two, namely if a widow of a railroad worker was also eligible for social security on her own earnings, she could receive both separately, whereas previously the one was offset against the other.

Senator WILLIAMS. When we changed that as we did last year, what was the reasoning behind not changing it all the way? I supported the bill but I didn't realize we had not done it for the widows. What was the reason for not extending it all the way if we were going to extend it. We deliberately left that out as I understand it, in the legislation.

Mr. MYERS. I think the reason is that the survivor benefits, when they are all based on the same individual's earnings are considered as a whole, whereas the change made last year was when there were 2 separate workers, the woman worked and the man worked, and then the 2 benefits were kept separate.

Senator WILLIAMS. As I understand that, that rule is not applicable in any other instance if I am correct. For instance, a Government employee or one of we Members of Congress can qualify for benefits under the Social Security system and we can qualify under the Civil Service Retirement System and we can extend survivorship benefits to our wives under both.

Mr. MYERS. That is correct.

Senator WILLIAMS. If you extend the coverage to the TVA employees assuming that we do, they can qualify under the TVA system which is a Government system and extend survivorship benefits to the wives under that. They can qualify under social security if this is extended and extend survivorship benefits under that if this bill were enacted.

Mr. MYERS. If this bill were enacted, the TVA employees could get both retirement benefits. But as I understand it, in the TVA system there are no survivor benefits other than a return of contributions.

Senator WILLIAMS. I think you are in error on that.

Senator KERR. Let's have it checked.

Senator MARTIN. Let's have that checked. That is important.

Senator WILLIAMS. If the TVA system does have survivorship benefits in any degree it does not in any way affect the eligibility of the widows of the TVA employees under this to get survivorship benefits under both.

Mr. MYERS. That is correct.

(The following memorandum on this subject was subsequently submitted by Mr. Myers:)

SURVIVOR BENEFIT PROVISIONS OF THE TENNESSEE VALLEY AUTHORITY RETIREMENT SYSTEM

FEBRUARY 9, 1956.

The question has been raised as to the provisions of the Tennessee Valley Authority retirement system in regard to monthly benefits for survivors of both workers and deceased annuitants. The following statement is based on the material on pages 159–160 of part 1 of Senate Document No. 89, 83d Congress, 2d session (dated January 22, 1954), which is still current.

In general, the death benefit provisions for those dying in active service merely provide a return of the employee contributions with interest, plus a lump sum of 50 percent of current annual salary for those with less than 10 years of service and 100 percent of such salary for those with 10 or more years of service. This payment may be converted to an annuity by a designated survivor beneficiary. Such annuity cannot truly be called a survivor benefit such as those available in the old-age and survivors insurance system or the civil service retirement system where, upon the death of an eligible worker in active service, monthly benefits are available which are not directly related to contributions paid but rather vary according to number and type of surviving dependents. Under the old-age and survivors insurance system, monthly survivor benefits are not in lieu of a lump-sum payment, but are in addition thereto.

As to survivor benefits for death after retirement, under the Tennessee Valley Authority plan, such benefits are available, only if the retired member elected to receive a reduced annuity so that a designated beneficiary would receive an annuity in the event that such beneficiary survives the retired worker. The amount of the reduction for a particular survivor benefit is determined on an actuarial basis so that no additional cost to the system is involved. Again, this provision could not be said to be truly a survivor benefit in the sense of those payable under the old-age and survivors insurance system where survivor benefits are paid without reducing the benefits of the retired worker but rather the survivor benefits are payable in addition. Under the civil service retirement system, a somewhat different procedure is adopted. In general, in order to obtain survivor benefit protection, the retired worker must elect a reduced annuity. The amount of reduction, however, is, according to the law, significantly less than it would be on an actuarial basis. Accordingly, there is some element of additional survivor benefit protection present.

Senator WILLIAMS. The only group of widows that are excluded from drawing both are the widows of the railroad retirement workers.

Mr. MYERS. That would be the only case I know of.

Senator WILLIAMS. The point was raised to me. I did not quite understand it. I wish there may be some reason behind it. I would like to have it. If we are going to adopt the principle of extending it to everybody else I don't know why we left out one group.

Senator KERR. I would like, in company with Senator Williams, to ask the witness to check and advise us if the assumption is correct and if he finds it correct then the reason for it.

Senator WILLIAMS. I think so. There may be reasons for it with which we may agree but I couldn't think of them. It was called to my attention. I just wondered if there were not many who supported that change without realizing that we had left that out. I know I was one

that did. I wish you would advise the committee on that. It is a negligible item but it is important to those involved.

Mr. MYERS. I will submit a statement on that.

(The following memorandum was subsequently secured for the record:)

REASONS FOR COORDINATION OF SURVIVOR BENEFITS UNDER THE RAILROAD RETIREMENT AND OLD-AGE AND SURVIVORS INSURANCE SYSTEMS

FEBRUARY 14, 1956.

Under present law, as it has existed since the 1946 amendments to the Railroad Retirement Act, railroad wages and earnings under the old-age and survivors insurance system are combined in computing survivor benefits in respect to the death of a particular individual. In all cases where the deceased person has less than 10 years of railroad service, the resulting benefit is payable by the old-age and survivors insurance system. Where the individual has 10 or more years of railroad service and has a "current connection" with the railroad industry, the railroad retirement system ordinarily pays the resulting benefit. Finally, if the individual has 10 or more years of railroad service and does not have such a "current connection," the resulting benefit is ordinarily payable by the old-age and survivors insurance system. In 1951, certain additional coordinating provisions were incorporated. One of these provides, in effect, that a survivor benefit under the railroad retirement program will not be less than would have been payable under the old-age and survivors insurance formula.

In brief, the reason that the survivor benefit provisions are coordinated and integrated is so that, between the two systems, an equitable and rational level of survivor protection is maintained. In other words, the resulting survivor benefits will be a reasonable floor of protection against the loss of earnings due to the death of the breadwinner. If each system had completely separate survivor benefits, then, considering the flow of workers between the two systems, some individuals would lose out, while others would have fortuitously large benefits—on a more or less haphazard basis.

With two separate and noncoordinated systems, some individual might well fail to have insured status under either one and, accordingly, their survivors would have no benefit protection. Again, there would be individuals who would qualify under one system but not under the other so that survivor protection would flow only from the one system and the contributions to the other system would not produce any benefit protection. Finally, those fortunate enough to qualify under both systems would have survivor benefit protection that would, in many cases, be excessively high (and thus costly to both programs) since, unlike private insurance, social insurance benefits are not directly related to the contributions paid. Rather, social insurance benefits are generally weighted so as to be relatively higher for low-paid individuals and for short-service individuals. Thus, a worker who moved back and forth between the two systems might, as it would turn out, be considered to be a low-wage earner by each system (since his average earnings under each system would be lowered because of the time he spent under the other system, even though, in fact, his total earnings were at a relatively high level. Thus, he would receive larger survivor benefit protection by being considered as two low-earnings persons rather than by being considered, as he actually was, as a steadily employed high-earnings person.

For more details, as to the reasons for coordination and as to the past legislative history of such proposals, see chapter 9 of the Report of the Joint Committee on Railroad Retirement Legislation, part 1, Issues in Railroad Retirement, Senate Report No. 6, 83d Congress.

Senator WILLIAMS. Am I correct in my understanding that in the proposed extension in all these instances it would be extended to them, to the widows and survivorship benefits?

Mr. MYERS. The retirement and any survivor benefits under old-age and survivors insurance would be separate from those under any other system.

Senator BENNETT. This is extraneous and I know it, but I am still puzzled and maybe here is a good basis for a doctor's thesis in sociol-

ogy, how in younger ages the average difference between men and women is around a year and women live longer than men, their life expectancy is 4 years longer than men, but, if covered workers retire, 50 percent of their wives are 4 years younger than they are.

Senator KERR. I would make one suggestion that is very influential on that set of facts. Any relationship between age and marital status is purely coincidental. The Senator will find that there are far more widows than widowers above 60 years of age.

Senator BENNETT. I am sure that is right because women live longer than men.

Senator KERR. That explains the quandary which seems to puzzle the Senator from Utah.

Senator BENNETT. The Senator is still puzzled. He can't understand how that explains it. That explains the longevity difference between men and women when one of them dies.

Senator KERR. I would hope that it would not.

Senator BENNETT. When one survives into their sixties, 50 percent of the men are 4 years older than their wives.

Senator KERR. The fact that the average woman lives 4 years longer than the average man, Senator, in view of the fact that so many more of them are not married. That might explain why they live longer.

Senator BENNETT. That's right.

Senator KERR. But that fact of itself certainly explains why it is possible for there to be that difference in the age of those who are married.

Senator BENNETT. The Senator is still confused. I won't take up any more of the committee's time, but, if you have those figures in the department, I am very curious to find out how that thing turns around from an almost equal age of young married couples to the point where at 65, half of the women, half of the wives are 4 years or more younger than their husbands.

Senator GEORGE. That is the average.

Senator BENNETT. I am through. I hope that the agency can explain the figures which will straighten this out in the Senator's mind.

Mr. MYERS. Mr. Chairman, could I take just one moment on that?

The CHAIRMAN. Yes.

Mr. MYERS. This same situation is not solely in OASI data. It also appears in census data.

Senator BENNETT. It must be basic but I don't see how it gets there.

Mr. MYERS. Of men aged 65 there are two groups, those who have been married continuously since the younger ages.

Senator KERR. Those who are still married for the first time and those who are married for the second and third time.

Mr. MYERS. For this first group, the difference is only 1 year. The remaining married men have remarried or married at an older age. Perhaps they remarried when they were aged 40 or 50, and they married a woman who was 10 years younger. When you average the two groups, the group with the 1 year differential and the group with the 10-year differential, it averages out to be a 4-year differential.

(Mr. Myers later furnished the following for the record:)

THE DIFFERENTIAL IN AGES OF HUSBANDS AND WIVES

FEBRUARY 2, 1956.

Married men who claim benefits at age 65 under the old-age and survivors insurance system have wives who are, on the average, about 4 years younger than themselves. Based on 1953 data (see Social Security Bulletin, December 1955, p. 25), the difference in median ages is 4.1 years (i. e., 65.5 for the husbands and 61.4 for the wives.) The actual age distribution is summarized below:

Age of wife:	*Percentage of retired workers*
Under 60	36.3
60 to 61	13.6
62 to 64	22.0
65 and over	19.9
Age unknown	8.2
Total	100.0

In calculating the median, wives of unknown age were eliminated. It is likely that virtually all of these are under age 65, so that if their ages were known the median age of wife would have been a little lower and thus the differential a little larger than the 4.1 years arrived at.

In view of the general observation that the age differential between husband and wife is only a year or so at the younger ages, the question has been raised why there should be a differential of as much as 4 years when persons near age 65 are considered. This is explained by the fact that married couples at age 65 include not only those who marry at the younger ages but also those who marry (or remarry) at the middle and later ages. The following table (based on data from the Statistical Bulletin of the Metropolitan Life Insurance Co. for May 1954, p. 5) gives data on age of bride and groom at marriage for Massachusetts during 1947–51:

Age group of groom	Median age of groom	Median age of bride	Difference in medium age of groom and bride
20 to 24	22.5	21.5	1.0
25 to 29	27.5	23.9	3.6
30 to 34	32.5	27.8	4.7
35 to 39	37.5	32.2	5.3
40 to 44	42.5	36.6	5.9
45 to 49	47.5	40.6	6.9
50 to 54	52.5	44.9	7.6
55 to 59	57.5	49.4	8.1
60 to 64	62.5	53 6	8.9

These data show that the differential at time of marriage for those marrying in their twenties is only about 2 years, but that it is considerably higher for those who marry at the older ages. Accordingly, it is quite reasonable that, for couples where the husband is near age 65, the average difference (considering that the marriages took place at different ages, rather than merely at the youngest ages) should be about 4 years.

Mr. MYERS. A third change would be to provide monthly benefits at or after age 50 to insured workers who are totally and permanently disabled. In order to be insured for such benefits, the individual would have to meet three qualifications as to length of coverage at the time he became disabled. These can be stated in general terms as follows: (1) 1½ years of coverage in the last 3 years, (2) 5 years of coverage in the last 10 years, and (3) coverage for half the time since 1950 or, alternatively, for 10 years. Determination of total and permanent disability would be made by cooperating State agencies—usually the vocational rehabilitation agency—in conformance with standards set by the Department of Health, Education, and Welfare. The dis-

ability would have to be in existence for at least 6 months before monthly benefits would be payable.

Considerable emphasis would be placed upon the disability beneficiaries undertaking vocational rehabilitation; benefits would be suspended in case of refusal without good cause to accept such rehabilitation, while, on the other hand, benefits would be continued during the first year of return to work after rehabilitation so as to give the individual a chance to get firmly reestablished in the labor market.

The CHAIRMAN. What is the House bill definition of a permanently disabled person?

Mr. MYERS. The bill itself does not use the term totally and permanently disabled although the House Ways and Means Committee report does. I might read to you the relatively brief definition of the term, "disability," as used for qualification for these benefits.

The CHAIRMAN. What is the term? What term does the bill use?

Mr. MYERS. The term used is "disability" and then the bill defines it.

Senator KERR. Then defines it?

Mr. MYERS. Yes, sir.

The CHAIRMAN. What is the definition in the bill?

Mr. MYERS. "The term 'disability' means inability to engage in any substantial gainful activity——"

Senator KERR. Where is this to be found?

Mr. MYERS. On page 10 of the bill beginning on line 12.

The CHAIRMAN. All right.

Mr. MYERS (reading):

> The term "disability" means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long continued and indefinite duration.

The CHAIRMAN. Would that mean a farmhand who could not do farm work but could act as a watchman, would be totally and permanently disabled under that definition?

Mr. MYERS. No, sir, I feel certain he would not be adjudged disabled because he would be able to engage in a substantial gainful activity.

The CHAIRMAN. Suppose he was not offered such a position and said he could not get a position as a watchman?

Senator KERR. The provision as I understand it is not calculated to be an insurance of employment but an insurance against disability to be employed.

The CHAIRMAN. Does that mean he is not able to work at any kind of occupation?

Senator KERR. Not physically able.

Senator BENNETT. Or mentally able.

Senator KERR. Or mentally able.

The CHAIRMAN. He could not perform some minor work of some kind?

Mr. MYERS. If he could perform any kind of substantial work, he would not be considered to be disabled. As you recognize there are always boundary line questions—as to if he could do a very small amount of work or as to where it would get to be substantial.

The CHAIRMAN. What is substantial in terms of? What percentage of work he normally did when he was a well man? What definition of substantial?

The substantial, gainful activity. The reason I am asking these questions is that it seems to me there will be great difficulty in interpreting this definition of permanent and total disability. What is "substantial gainful activity" in your judgment?

Mr. MYERS. That term of course is being used in the present administration of the so-called disability freeze provision, and there are a quite thorough set of rules that have been established in the administration thereof. I could give you a statement of what our actual practices are on that.

The CHAIRMAN. A man who could work 1 hour a day for example, would that be substantial?

Mr. MYERS. I couldn't really answer that question without looking into it a bit more.

The CHAIRMAN. Will you furnish the committee a memorandum on these different definitions here; what is substantial, gainful activity, also the other provisions, determine what will be the standard and state how the determination would be made. Is some individual doctor going to decide such a person cannot engage in substantial gainful activity and who is to employ the doctor and how is that examination to be made?

Mr. MYERS. On that point, the determination of disability will be made by various State agencies that through the State have agreed to do this, mostly the vocational rehabilitation agencies.

The CHAIRMAN. That is to be done by the medical profession largely isn't that true?

Mr. MYERS. Yes.

The CHAIRMAN. Will they be doctors employed by the State or the vocational agency or will they be outside doctors or how? How will it be done?

Mr. MYERS. As I understand it, that will depend on how the State itself establishes the procedures, whether or not it has its own doctors under the vocational rehabilitation agency.

The CHAIRMAN. Won't the Social Security have to issue some regulations as to how this will be done if this bill is passed?

Mr. MYERS. Yes, the Department will establish standards that will guide the States in their determination of disability so there will be uniformity.

The CHAIRMAN. That is a definition that will be made then on a State level and not by the Social Security itself.

Mr. MYERS. That is correct. The Social Security Administration will review the cases.

Senator KERR. It will fix the standards.

Mr. MYERS. It will fix the standards, but it will be the primary responsibility of the States to adjudicate the cases.

Senator KERR. To determine whether or not disability exists in accordance with the standards which have been prescribed by the Department?

Mr. MYERS. That is correct.

The CHAIRMAN. Have those standards been prepared yet?

Mr. MYERS. There are standards that have been prepared and which we are now operating under for the so-called disability freeze pro-

vision that is in present law, under which an individual when he is disabled has his rights frozen as of that time.

The CHAIRMAN. Will you furnish the standards for the record?

Mr. MYERS. I will furnish a statement on that.

(The following was subsequently submitted for the record:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
SOCIAL SECURITY ADMINISTRATION,
OFFICE OF THE COMMISSIONER,
Washington, D. C., February 24, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington 25, D. C.

DEAR MR. CHAIRMAN: During Mr. Myers' testimony on January 25, 1956, before the Senate Finance Committee, you asked that the committee be furnished a statement on the disability evaluation standards adopted by the Department of Health, Education, and Welfare for the disability "freeze" under the old-age and survivors insurance program. You also inquired about the administrative interpretation given to such terms in the law as "disability" and "inability to engage in substantial gainful activity."

I am enclosing for the information of the committee the guides for evaluating disability that have been developed to describe the levels of severity of medical factors to be considered in a finding of disability. This material is taken from our Disability Freeze State Manual, an official document distributed only to State and Federal personnel involved in making determinations of disability, and is restricted in its circulation. These standards were developed in consultation with State agencies and with the advice and assistance of a national medical advisory committee. They are under constant scrutiny for improvement and clarification.

The medical advisory committee has strongly recommended to us that these guides, and especially the medical descriptions, should not be released to the general public. We have not published them because we feel this might affect adversely the validity and probity of the evidence submitted in some individual cases. Rights of individuals cannot be adversely affected by this policy since each case is adjudicated on its own merits and the listing of impairments is only intended to provide administrative guidelines. I trust you will concur in our judgment that this material should not be included in the official record of your committee's hearings.

However, I am also enclosing a separate statement in which the Department's disability evaluation standards are described in general terms. I feel that this general statement explains the standards in sufficient detail so that interested members of the public can see how the Department operates and understand the most important administrative interpretations it has adopted. We would be glad to have this statement included in the record of the hearings of the committee.

Sincerely yours,

CHARLES I. SCHOTTLAND,
Commissioner.

(The Disability Freeze State Manual referred to above was filed for the information of the committee only.)

ADMINISTRATION OF THE DISABILITY FREEZE

(Statement in Response to Request of the Chairman, Senate Finance Committee)

Under the social-security amendments of 1954 the Secretary of the Department of Health, Education, and Welfare is required to make, or to enter into agreements with State agencies for making determinations of disability with respect to individuals who meet specified eligibility requirements and furnish evidence of disability. Pursuant to section 221 of the act the Secretary has entered into agreements with appropriate agencies in all States for such determinations to be made by a State agency with respect to individuals in the State. Except as specifically provided in section 221, these determinations, which establish the existence or nonexistence of disability (as defined in the act), become the determinations of the Secretary on the basis of which a period of disability must be awarded or disallowed by the Secretary. The personnel utilized by the State

agency in making determinations of disability, including its medical consultants, who must approve every determination, are selected by and responsible to the State agency. (A copy of the model agreement on the basis of which individual State agreements have been negotiated is appended.)

The right to a determination of whether or not a period of disability exists is a Federal right. The determination basically affects the computation of benefits and eligibility under the old-age and survivors insurance program. While the determination of disability is made by a State agency, Congress [1] intended that it be made under standards and procedures that are reasonably uniform and that will afford all applicants for old-age and survivors insurance benefits equal treatment wherever they reside. Guides for evaluating disability have been developed in consultation with State representatives and with the advice and assistance of a national medical advisory committee.

The determination of disability required under the disability freeze provision is basically the same as would be required under H. R. 7225. The same fundamental procedures would be used under H. R. 7225 as those adopted for the disability freeze.

PROCESSING FREEZE APPLICATIONS

Briefly this is how a typical application for the disability freeze is handled. The disabled individual has his initial dealings with the local old-age and survivors insurance district office, where he can ascertain whether his record of covered work makes him potentially eligible. He receives information as to his rights and obligations, and he is given assistance in filing an application and securing necessary proofs. It is at the district office that many individuals who cannot meet basic eligibility requirements (including persons who recognize that their disability may not be severe enough or long-lasting) may decide not to file an application for the freeze. (The applicant's case is not sent to a State agency for a determination until he has filed an application for the freeze and until he or someone on his behalf has provided evidence of disability.) The district office also informs the applicant that vocational rehabilitation services may be available within the State and, under appropriate criteria furnished by the State vocational rehabilitation agency, refers the applicant (as well as inquirers who may not be eligible for the freeze) to the State agency.

As it is the applicant's responsibility to furnish basic medical evidence concerning his disability, the district office provides him with one or more medical report forms which he can send or take to his physician (and if necessary, also to a hospital or other appropriate source of information about his impairment) for completion and return to the district office. The use of this form is not mandatory. The applicant or reporting physician may give the needed data in any form. A report form is supplied simply for the convenience of the physician who would want to know the kind of medical information he should report. The physician or other medical sources is assured that the information furnished will be held confidential and is also told that old-age and survivors insurance cannot pay for the medical report or any examination that is made. Because of the expressed preference of the Veterans' Administration, medical information in its files pertaining to veterans who have filed disability freeze applications is requested on a prescribed form signed by the applicant.

When the file is complete, i. e., when it contains the medical evidence, along with other available information on the individual's employability, work experience, education, and training, it is forwarded by the district office to the State agency making determinations of disability for old-age and surviors insurance. (Some backlog cases [2] are not covered by some State agreements; these are sent to the Baltimore office of the Bureau of the Old-Age and Survivors Insurance for adjudication.)

The State agency evaluates all the evidence the individual has submitted and, if necessary, takes further steps to complete the case workup in order to determine

[1] S. Rept. No. 1987, 83d Cong., 2d sess. (1954), p. 21.

[2] An individual may be eligible if he could have met the work history and other requirements for eligibility at the time he became disabled (even though the disability occurred some years ago) and if he has since been continuously disabled; he may file an application at any time before July 1, 1957, and have his disability retroactively established.

The backlog includes not only eligible disabled persons who have not yet reached age 65 but also individuals now over age 65 who are on the old-age insurance benefit rolls and whose monthly retirement benefits are lower than they would have been, had the individual not been disabled. Retired individuals who are beneficiaries may apply to have their benefits recomputed and increased beginning with payments for July 1955.

if the applicant is under a "disability," as that term is defined in the law. The State agency may recontact the applicant for additional information, may request needed supplementary medical information from the physician or other medical source which had already furnished a medical report, or may obtain employment and other information from appropriate sources. In addition, where necessary, the State agency may purchase a verifying medical examination for purposes of protecting the trust fiund against unwarranted allowances. The States agency makes arrangements for such an examination in the same manner in which it procures necessary examinations in its regular program.

In most States the determinations are made by the vocational rehabilitation agency; in a few by the public-assistance agency administering a program for aid to the permanently and totally disabled. In contacts with physicians, hospitals, and other sources of medical information, the State agency relies, insofar as possible, on relationships with these individuals and organizations already established in the agency's own programs.

The State agency's determination as to whether or not the applicant is under a disability and the date of onset or termination of such disability is made by the State's disability team, consisting of a medical consultant and a lay member who is qualified to evaluate the medical and other aspects of the case. After the determination is made, it is sent, along with the complete file, to the Bureau of Old-Age and Survivors Insurance office in Baltimore.

The Baltimore office at the present time examines all State determinations, denials as well as allowances, primarily to assure consistency of understanding of the concept of disability. A followup date is established for cases that will be rechecked in the future as to the status of the individual's disability. The Bureau of Old-Age and Survivors Insurance Baltimore office corresponds with State agencies whenever it has any question about the State agency's handling of the case. Consistency of approach is sought through such correspondence and through regional and State conferences. The Bureau has legal authority to reverse a State agency's finding that disability exists or to establish a date of onset of disability on a later date than found by the State agency. The Bureau does not, however, have legal authority to change a State agency finding that no disability exists or to fix a date of onset earlier than that established by the State agency. The recourse of an individual in these latter instances, if he disagrees with the State's decision, is through the appeals process.

In the cases handled directly by the Bureau of Old-Age and Survivors Insurance (principally backlog cases not covered by agreements in some States), the Bureau follows the same evaluation guides applicable to the State agencies in the determination of disability. (The heavy volume of initial determinations now being carried by the Bureau will eventaully diminish as the backlog is liquidated; ultimately State agencies will be making nearly all determinations under the freeze.)

In the final step, the Bureau of Old-Age and Survivors Insurance formally notifies the applicant of the determination made in his case. The applicant is informed, in both allowance and denial cases, of his right to a reconsideration or a hearing. In cases that are allowed, the applicant is informed that he must report any improvement in his condition. The Bureau also "flags" the individual's old-age and survivors insurance account to reflect the establishment of his period of disability and to assure that any future earnings that may be reported on his account will come to the attention of disability evaluators. In addition to the cases that are diaried for medical reexamination to see whether there has been improvement in the applicant's condition, a future general spot check is planned.

If the individual feels that the denial of his application is erroneous, or that the beginning of his period of disability should have been established at an earlier date, he may request a reconsideration of his freeze application and submit additional evidence or information to support his allegation. If the initial determination was made by a State agency, the Bureau of Old-Age and Survivors Insurance returns the file to that agency for reconsideration. After reconsideration, a new notice, affirming or reversing the previous action, is sent to the applicant. The individual may also request a hearing before a referee of the Social Security Administration. The hearing process, which is the same as that used in other old-age and survivors insurance claims, is conducted by a referee of the appeals council. If denied on appeal, the individual also has the right to take his case to a Federal court

DETERMINATION OF DISABILITY

In determining disability the State agency's evaluation team must consider the application of an individual who has completed a 6-month waiting period and alleges disability throughout that time. He has also met the tests of substantial and recent earnings in covered work.

The requirement of a waiting period clears up the great preponderance of temporary ailments. Most acute conditions are cured or stabilized at the end of 6 months to the point where the degree of severity of the permanent residual can be assessed. Those not stabilized by this time usually show clearly that they can be expected to be of long-continued or indefinite duration, or that they are improving to the point where it can be concluded that they do not meet the definition of disability.

The applicant must present sound medical evidence to establish that he has a medically determinable impairment. This evidence will include medical reports giving history of his condition, diagnosis, and the clinical findings; the latter must indicate not only the nature of the impairment but also its severity. The file also includes pertinent nonmedical information elicited from the applicant and other sources such as employers.

The team must determine the severity of the impairment and whether it is one which can be expected to be of long-continued and indefinite duration when viewed at the time of filing the application and at the end of the 6-month period. It is important to note that the requirement of "long-continued and indefinite duration" refers to the medical condition. When it is reasonable to infer from the nature and severity of the impairment that the individual's absence from work at the time of filing is due to the medical condition and that this condition will continue, a prediction that the individual may never gain a new ability to work is not required. On the contrary, efforts toward rehabilitation are encouraged.

GUIDES AND STANDARDS

The Department's policy, in line with precedents set by the courts and in line with the experience of other disability programs, is that each case must be considered on all its facts. To achieve a community of judgment among evaluators in the State agencies and in the Bureau of Old-Age and Survivors Insurance review operation, the Department has prepared detailed guides for evaluators in appraising the severity of impairments. If an individual meets the suggested level of severity of impairment in these guides (in terms of diagnosis, symptoms, and medical findings, and with due regard to all other facts in the case), it is presumed in the absence of facts to the contrary, that his absence from work is attributable to the impairment.

These guides are intended to serve as descriptions of the level of severity of impairments that justify a finding of disability. They describe anatomical damage, functional loss, loss of vital capacity, physical and mental disorders, and other impairments in clinical terms that demonstrate great severity; they identify more than 130 categories of the most common and most severely disabling diseases. These guides are not to be applied mechanically, however. The presumptions that flow from them may be rebutted by evidence that shows the individual actually did or could work despite his impairment, as when he has special vocational experience or skills. On the other hand, an individual's condition might fall somewhat short of the described level of severity of any one condition, but he might have multiple impairments that, in combination, may approximate in effect the severity of a described condition. Such cases are also allowable. Impairments that are partially disabling or are amenable to safe and acceptable treatment are not allowable bases for granting a "period of disability"; neither are personality defects, alcoholism, or drug addiction. (The descriptions are implemented by representative case decisions that are distributed to all evaluators. These serve to emphasize particular fact situations. The guide material does not have the force of regulation and is not published. It is available to the State agencies for official purposes only.)

While the individual's ability or inability to do substantial gainful work is largely indicated by the nature and extent of his medical impairment, previously demonstrated skills and functional capacities that should enable him to overcome his handicaps are "facts to the contrary" and would rebut the presumption of disability arising out of the severity of the medical impairment. These skills and capacities are shown by individuals' previous occupational history and education.

SUBSTANTIAL GAINFUL ACTIVITY

There are only very few cases that have arisen so far where a severely impaired person has presented his claim while still engaged in work or where, having had a period of disability established, he has actually returned to work. Thus, the crux of the disbility determination in many cases is the nature and extent of the medically determinable impairment; and initial consideration is focused on the impairment. Disability freeze experience with the problem of "substantial gainful activity" also indicates that in the few cases where there is employment the work and earnings involved are almost always clearly either substantial or insignificant. The very small number of cases presenting a real issue of definition of "substantial gainful activity" are being handled on the basis of the individual fact situation.

The concept of "substantial gainful activity" has been treated by the courts, and the Department is developing experience in this area with due regard to the precedents. Where some ability to work despite very severe impairment is evidenced by the individual's actually engaging in work the following guides are used:

Substantial gainful activity means the performance of substantial services with reasonable regularity in some competitive employment or self-employment. It relates to the range of activities the individual can perform.

Any work by an individual is some evidence of his ability to perform substantial gainful activity. However, complete helplessness is not necessary to a finding of an allowable disability. Sporadic or infrequent activity would not necessarily establish ability to engage in substantial gainful activity.

The results, however, depend upon each factual situation. In determining whether services are substantial, both the nature of the work and the amount of earnings derived from the work are considered. Thus, an individual possessed of special knowledge and skills who works 1 hour daily as a highly paid consultant could be considered not disabled. Another individual who is limited to manual labor could be considered disabled if he were capable of only 1 hour of work daily. If the services that a very severely impaired individual is capable of rendering are a small fraction—say one-third or less—of his former services and he receives only a small fraction of his former earnings for such services, he might be considered "unable to perform substantial gainful activity." An exception would be where present earnings—although a small fraction of former earnings—were nonetheless considerable.

Some continuous activities which are gainful do not of themselves contradict a finding of disability. Such activities may occur as part of rehabilitation training as sheltered or "made" work.

Income as distinguished from earnings is not considered in evaluating substantial gainful activity. Demonstration of capacity to work regularly and substantially by a self-employed person would rebut disability even though he operates at a loss.

ROLE OF THE ATTENDING PHYSICIAN

The Department's procedures for the disability freeze have as two of their major objectives to preserve doctor-patient relationships and to minimize the reporting burden on attending physicians. The patient's doctor is never asked to certify that his patient is or is not permanently and totally disabled. The attending or reporting physician is asked to report the clinical facts as he found them during treatment or examination of his patient. The State agencies and the Bureau of Old-Age and Survivors Insurance need a medical picture of the patient. This is usually derived from a variety of independent examination reports supplied by sources in addition to the attending physician—e. g., case files, of hospitals and other institutions: reports and records from other governmental programs. The evaluation teams must then also consider such nonmedical factors as education, training, experience, and age. The reporting physician, thus, does not have and may not assume the responsibility for the determination of disability under this law; he is asked to provide the evaluation team with clinical information from which the team may draw its own conclusion.

To simplify the work of the reporting physician the Department has adopted, in essence, the uniform medical report form generally used by the life-insurance industry. As previously indicated, while this form is supplied for the physician's convenience, its use is not prescribed; a narrative report or a report in any other form the physician may choose is acceptable.

MODEL AGREEMENT

(To carry out provisions of sec. 221 of the Social Security Act)

The Secretary of Health, Education, and Welfare, hereinafter referred to as the Secretary, and the State of _____, acting through (name of State agency), hereinafter referred to as the State agency, for the purpose of carrying out the provisions of section 221 of the Social Security Act (providing for the making of determinations of disability by State agencies), hereby agree to the following:

A. DEFINITIONS

For purposes of this agreement—

1. The term "disability" means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration; or blindness. The term "blindness" means central visual acuity of 5/200 or less in the better eye with the use of correcting lens. An eye in which the visual field is reduced to 5° or less concentric contraction shall be considered as having a central visual acuity of 5/200 or less.

2. The term "determination of disability" includes one or more of the following determinations: (*a*) Whether or not an individual is under a disability; (*b*) the date as of which the individual's disability began; and (*c*) the date as of which the individual's disability ceased.

3. The term "managing trustee" means the Federal official designated in the Social Security Act, and directed by such act to pay from the trust fund (established by sec. 201 thereof) such moneys as may be certified by the Secretary to him for payment.

4. The term "Secretary" means the Secretary of Health, Education, and Welfare or his delegate.

5. The term "necessary cost" shall include indirect as well as direct costs.

B. ADMINISTRATION

1. Upon request by the Secretary, the State agency will make determinations of disability with respect to individuals in the State [1] who have applied to the Secretary for a disability determination under section 216 of the Social Security Act, including cases in which such individuals have previously been determined to be under a disability for the purposes of such section of the act.

2. In making determinations of disability, the State agency will apply the term "disability" (as defined in pt. A of this agreement) in conformity with section 216 (i) of the Social Security Act and such standards as may be promulgated by the Secretary.

3. The Secretary shall, if he finds necessary, promulgate standards, with respect to determinations of disability, to insure (*a*) the prompt and orderly processing of requests for such determinations, (*b*) equality in the treatment of individuals within the State, and (*c*) equality in the treatment of such individuals with the treatment accorded individuals in other States with which similar agreements have been entered into by the Secretary. If such standards are promulgated, the State agency will adopt such policies and procedures as may be necessary to conform to such standards so that the provisions of (*a*), (*b*), and, insofar as practicable, the provisions of (*c*) of this paragraph, are effectuated.

4. In any case in which the State agency is requested to make a determination of disability, the Secretary will furnish to the State agency any pertinent evidence he may have relative to the individual. The State agency will, in accordance with such standards as may be promulgated by the Secretary, secure from or through the individual or from other sources such additional medical or other evidence as the State agency considers necessary to enable it to make a determination of disability.

5. Each determination of disability will be certified by the State agency to the Secretary on such form or forms as may be provided by the Secretary. The State agency will also furnish the Secretary with the evidence considered in making its determination of disability in individual cases. Any such evidence forwarded to the Secretary by the State agency will be returned upon request. Except as provided in subsections (c) and (d) of section 221 of the Social Secu-

[1] If the agreement is to cover not all individuals in the State, but only certain classes of individuals, the class or classes should be specified.

rity Act, any determination of disability made by the State agency shall be the determination of the Secretary for the purposes of title II of the Social Security Act. The State agency shall not, however, be a party to nor assume any responsibility for defending the determination made by the Secretary pursuant to subsections (c), (d), and (g) of section 221 of the Social Security Act. Notification to the individual of the determination of disability will be made by the Secretary at the same time such individual is notified whether his insurance rights under title II of the Social Security Act are preserved on account of his disability.

6. From time to time the Secretary will review such standards as he may issue pursuant to this agreement and, to the extent feasible, will consult with, and take into consideration the experience of, States or such group of States as he may consider representative, with which agreements have been entered into to carry out section 221, to determine the standards that are necessary and sufficient to effectuate the purposes of this agreement.

C. PERSONNEL [2]

In carrying out this agreement, the State agency will follow its approved personel standards in its plan under the Vocational Rehabilitation Act (29 U. S. C., secs. 31, et seq.). If there is no approved personnel standard for a particular position, the State agency will, in the selection, tenure of office, or compensation of any individual in such position, apply such standards as are consistent with the personnel standards in its plan under the Vocational Rehabilitation Act; or

In carrying out this agreement, the State agency will follow the provisions of the merit system under which it operates.[3] If there is no approved personnel standard for a particular position, the State agency will, in the selection, tenure of office, or compensation of any individual in such position, apply such standards as are consistent with the proivsions of the merit system under which it operates; or

In carrying out this agreement, the State agency will follow Standards for a Merit System of Personnel Administration issued by the Department of Health, Education, and Welfare, Social Security Administration, September 1, 1948, as amended.

D. ORGANIZATION

1. As may be agreed upon by the State agency and the Secretary, the State agency will provide such facilities, employ such qualified personnel, and provide such medical consultative services as are necessary to develop expeditiously evidence with respect to disability determinations. Such personnel shall be subject to the jurisdiction of the State agency.

2. The determination of disability based upon the evidence developed by such personnel shall be made by a medical consultant and by another individual or individuals qualified to interpret and evaluate medical reports relating to the physical or mental impairment (as referred to under the definition of "disability" in part A of this agreement) and to determine the capacity of the individual, with respect to whom a determination of disability is necessary, to engage in substantial gainful activity. The personnel utilized by the State agency to make determinations of disability shall be placed in such offices as may be agreed upon by the State agency and the Secretary.

3. The State agency will establish cooperative working relationships with other public agencies concerned with problems of the disabled and insofar as practicable, utilize the services, facilities, and records of such agencies (*a*) to assist the State agency in the development of evidence with respect to and in the making of determinations of disability, and (*b*) to assure that the congressional policy promulgated in section 222 of the act (relating to the referral of disabled individuals for rehabilitation services) will be effectively carried out. Such public agencies may be reimbursed for such services, facilities, or records furnished pursuant to subparagraph (a), and the State agency shall include such

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[2] Three alternatives are provided in this part. The first one will be used if the State agency administers a plan approved under the Vocational Rehabilitation Act; the second, if the State agency is some other agency and follows a merit system; the third, if such other State agency does not follow a merit system.

[3] "Merit system" refers to the State's civil-service or other comparable system relating, among other things, to the selection, tenure of office, and compensation of individuals employed by the State and operating under personnel standards established and maintained on a merit basis. If such system can be referred to by a State statutory citation, the statutory citation might be used.

costs in the estimates or requests for reimbursement furnished pursuant to part G.

4. Under procedures established with the (agency of the State administering program for the blind), the State agency will utilize the services of such former agency to assist it in the development of evidence as to whether an individual is under a disability by reason of blindness and in the making of determinations of disability in such cases. The (agency of State administering program for the blind) shall be reimbursed by the State agency for its necessary cost in making determinations of disability pursuant to this provision and the State agency shall include such cost in the estimates or requests for reimbursement furnished pursuant to part G. The State agency will make such arrangements with the (agency of the State administering program for the blind) as may be necessary to conform to the provisions of part G. [Paragraph to be held in reserve in the event the State requests that its agency for the blind should make disability determinations in blind cases.]

E. MEDICAL EXAMINATIONS

In making arrangements for medical or other examinations and tests necessary to make determinations of disability, the State agency will pay the prevailing fees or costs for such examinations and tests, in accordance with the fee schedule in effect for purposes of the State program it administers.[4]

Where a particular examination or test is not included in an established fee schedule, the State agency will not bind itself to pay any fee or cost for such examination or test which is in excess of the highest rate paid by Federal or State agencies in the State for the same or similar type of services.

F. REPORTS AND RECORDS

The State agency will make such reports in such form and containing such information as the Secretary may require, and will comply with such provisions as the Secreary finds necessary to insure the correctness of such reports, including provisions made for the inspection and review of fiscal, statistical, and other records and the review of operations within the scope of this agreement.

G. FISCAL

1. The Secretary will provide funds, either in advance or by way of reimbursement, as may be mutually agreed upon, for the necessary cost to the State agency of making determinations of disability authorized by this agreement. Such funds will be paid periodically by the managing trustee to_____[5] upon certification by the Secretary, and will be used solely for such expenses. Where, for purposes of the State program it administers, the State agency utilizes any service or material purchased or contracted for by it pursuant to this agreement, the cost of such service or material shall, pursuant to standards issued by the Secretary, be prorated and only that part which is attributable to the making of disability determinations authorized by this agreement shall be considered a necessary cost for the purpose of this agreement.

2. The State agency will submit estimates of anticipated costs for such periods, at such times, and in such manner as may be requested by the Secretary. After considering all pertinent information, the Secretary will determine the amount of funds that are necessary for the State agency to administer its agreement under section 221 of the Social Security Act for a particular period and that are available to keep within the limits of Federal funds allocated to carry out the purposes of such section. The Secretary will notify the State agency the amount which will be certified for payment to it for such period. The State agency will not incur or make expenditures for such period which will exceed the amount the Secretary certifies for such period unless in advance of making

[4] This provision will be used only if the State program is operated under a plan which, pursuant to Federal statute, has the approval of the Secretary (e. g., a State vocational rehabilitation program, or a program under title XIV of the Social Security Act). If not, then the following provision will be used: "In making such arrangements the State agency will pay the prevailing fees or costs for such examinations and tests in accordance with the fee schedule established by the agency of the State administering a plan under the Vocational Rehabilitation Act (29 U. S. C., sec. 31 et seq.).

[5] There should be inserted here the appropriate State official who is authorized to act as custodian of the moneys paid by the Federal Government to the State to carry out this agreement. Indicate title to office, not the name of the incumbent.

or incurring such expenditures the State agency obtains approval of the Secretary for such expenditures.

3. After the close of a period for which funds have been certified in advance to the State agency, the State agency will submit a certified report of its actual expenditures for such period in such manner and within such time as may be designated by the Secretary. After considering all the pertinent information, the Secretary will determine whether such expenditures were necessary in making determinations of disability authorized by this agreement under standards in effect at the time such expenditures were made or incurred. If, pursuant to such standards, the Secretary determines that any such expenditure was not necessary for such purpose, the Secretary shall so inform the State agency of tentative exceptions taken with full explanation of such tentative exceptions. The State agency will be given a reasonable length of time to justify such expenditures. If such expenditures cannot be justified by the State agency, the total amount of expenditures actually made and incurred in such period shall be reduced by any expenditures determined by the Secretary to be not necessary in making determinations of disability authorized by this agreement. The difference between the advance payment made to the State agency and the expenditures determined to be necessary for such period will be adjusted, within the limits of available funds, either by appropriate increase or reduction in the amount certified for advance by the Secretary for subsequent period.

4. Where funds are to be paid to the State agency by way of reimbursement for expenditures made or incurred by the State agency in a particular period, the State agency will submit a certified report of such expenditures in such manner and within such time as may be designated by the Secretary. After considering all the pertinent information, the Secretary will determine whether such expenditures were necessary in making determinations of disability authorized by this agreement under standards in effect at the time such expenditures were made or incurred. If, pursuant to such standards, the Secretary determines that any such expenditure was not necessary for such purpose, the Secretary shall so inform the State agency of tentative exceptions taken with full explanation of such tentative exceptions. The State agency will be given a reasonable length of time to justify such expenditures. If such expenditures cannot be justified by the State agency the total amount of expenditures actually made and incurred in such period shall be reduced by any expenditures, determined by the Secretary to be not necessary in making determinations of disability authorized by this agreement. Where such total amount exceeds the amount that will be certified to the State agency as determined by the Secretary pursuant to paragraph 2, it shall be reduced as may be necessary in order to keep within the limits of Federal funds available to carry out the purposes of section 221 of the act. The amount so determined shall be certified by the Secretary to the managing trustee for payment to _____[6]

5. Any moneys paid to the State which are used for purposes not within the scope of this agreement shall be returned to the Treasury of the United States for deposit in the trust fund.

6. All estimates and reports of expenditures and other reports will be prepared in accordance with appropriate budgetary and accounting methods, and administrative practice as recommended by the Secretary and agreed to by the State agency. The State agency will furnish or make available such supplemental accounts, records, or other information as are required to substantiate any estimate, expenditure, or report, as requested by the Secretary or as may be necessary for auditing purposes or to verify that expenditures were made only for purposes authorized by this agreement.

7. The State agency will comply with such standards as the Secretary may promulgate with respect to the responsibility of, and the accountability by, the State agency for property purchased by it with funds certified by the Secretary to it under this agreement.

H. CONFIDENTIAL NATURE AND LIMITATIONS ON USE OF DISABILITY DETERMINATION INFORMATION AND RECORDS

In accordance with standards promulgated by the Secretary, the State agency will adopt policies and procedures to insure that information contained in its records and obtained from others in connection with carrying out its disability determination functions under this agreement will be used solely for the purpose

[6] Insert here the name of appropriate State official as under footnote 5.

of making determinations of disability. Such information shall be disclosed only as provided in section 1106 of the Social Security Act and regulations promulgated thereunder by the Secretary.

I. MODIFICATION OF AGREEMENT

This agreement may be modified at any time by mutual consent of the parties to the agreement.

J. TERMINATION BY STATE AGENCY

This agreement may be terminated by the State agency on _____ advance notice in writing to the Secretary, or without such advance notice if it certifies to the Secretary and, if requested by the Secretary, such certification is accompanied by an opinion of the attorney general of the State, that it is no longer legally able to comply substantially with any provision of this agreement.

K. TERMINATION BY THE SECRETARY

The Secretary may terminate this agreement on _____ advance notice in writing to the State agency. He may terminate it without such notice if he finds that he is no longer legally able to comply substantially with any provision of this agreement and so notifies the State agency in writing, or after affording an opportunity for hearing to the State agency, he finds that the State agency is no longer legally able or has failed to comply substantially with any provision of this agreement. If, under this part or part J, this agreement is terminated, any funds paid to the State agency under part G of this agreement which have not been expended or encumbered in accordance with the terms of this agreement prior to the date as of which the agreement was terminated and any property purchased with funds paid to the State agency under part G of this agreement, shall be accounted for with due regard to the equities of the parties to such funds and property.

L. EFFECTIVE DATE

This agreement shall be effective as of _____.
This agreement is entered into the __ day of _____, 19 __, by _____, Commissioner of Social Security, acting herein by virtue of authority vested in him by _____, Secretary of Health, Education, and Welfare and the State of _____, acting herein through _____.
(Name of State agency)

_____
(Name of State agency)
By (Signed) _____
(Title)
Secretary of Health, Education, and Welfare.
By (Signed) _____
Commissioner of Social Security.

The CHAIRMAN. In your judgment those same standards will be used if this legislation is enacted?

Senator BENNETT. On page 6 of the House report in the second paragraph is this statement:

Basically the present framework for carrying out the disability freeze provisions established by the 1954 amendments would be used for the payment of monthly disability benefits—

So that is the House position.

Mr. MYERS. There is one significant difference between the definition of disability as currently used and this one. In the definition as used for the disability freeze, individuals who are blind are automatically presumed to be disabled regardless of whether they are really fully engaged in employment. But for the payment of monthly benefits that provision is not included. The blind must, like anybody else,

not be able to engage in any substantial gainful activity. Other than that, I think the two definitions tend to be about the same.

The CHAIRMAN. You will furnish that information as far as you can.

Mr. MYERS. Yes, Mr. Chairman.

Senator KERR. Before you go further let us go back to the middle of that first paragraph. As I understand it, in order to be eligible, all of these qualifications would have to be met rather than any one of them.

Mr. MYERS. That is correct, Senator.

Senator BENNETT. To which qualifications are you referring, the period of coverage?

Senator KERR. One and a half years of coverage in the last 3 years, 5 years of coverage in the last 10 years. Coverage for half time since 1950 or alternatively for 10 years.

Senator BENNETT. Must all of those be met?

Mr. MYERS. All three of those must be met.

Senator KERR. There is an alternative but it is within the third one and one of the alternatives of the third plus both of the first two must exist.

Mr. MYERS. That is correct. As of the present time, and for the next few years, anybody who meets the second requirement will automatically meet the third one because the 5 years of coverage required will also represent coverage for half of the time after 1950.

Senator BENNETT. That is a variation of the general pattern of social security which gives the man an opportunity to be covered after one and a half years of coverage have been paid in.

Mr. MYERS. That is correct.

Senator BENNETT. In order to qualify for this a man must have been covered over a period of at least 10 years.

Mr. MYERS. At least 5 years out of the last 10.

Senator KERR. If he had been covered during the last 5 years prior to the enactment of this, that would make him covered in 5 out of the last 10. That would cover the first one and the third one doesn't go into effect on a graduated basis until after the 10-year period.

Senator BENNETT. Then to be specific a man must have been covered at least 5 years out of the last 10 that is the minimum and maybe full coverage for the last 5 years or half coverage for the last 10 but this one and a half coverage for the last 3 must fall within the second provision.

Mr. MYERS. That is correct.

Senator KERR. And would only be valid if it were a part of the second.

Senator BENNETT. Yes.

Mr. MYERS. In other words, considering a man who is disabled at a certain point in time, if in the previous 10 years he had worked just the first 5 years, although he met the first condition, he would not meet the second one. If he was covered the last 5 years out of those 10, then he would meet both of them.

Senator BENNETT. I wanted to get that straight. I had assumed they were mutually inclusive but they are not. They are mutually exclusive.

Mr. MYERS. No benefits would be payable to dependents of the disabled worker, so that the amount of benefit would range from a

minimum of $30 a month to a maximum of $108.50 a month, and would probably average about $70 to $80 per month. The bill provides that benefits are to be reduced by any other Federal disability benefit and by any workmen's compensation benefit payable.

It should be especially noted that these monthly disability benefits are payable only at and after age 50.

Under present law, the disability freeze provision adopted in the 1954 amendments preserves the benefit rights and benefit amounts of individuals who are permanently and totally disabled regardless of their age.

Senator KERR. A man then could possibly meet these eligibility requirements without having actually met them physically by reason of the fact that this time, he at this time is covered under the disability, under the disability freeze provision of the 1954 act.

Mr. MYERS. That is correct, Senator.

Senator KERR. In other words, there could be certain assumptions under the provision of that act of which would meet the requirements that are here on page 9 by reason of the application of the law in lieu of experience as specified.

Mr. MYERS. That is correct. For example, a man who worked continuously from 1937 through 1941, in other words for 5 full years, and was then disabled can now come under the disability freeze.

Senator KERR. Under the present law he is under the disability freeze?

Mr. MYERS. Yes.

Senator KERR. That would mean that by reason of that law, that would enable him to meet these requirements when otherwise without the disability freeze law he could not?

Mr. MYERS. That is right. Because his status was frozen as of 1941, if this individual now is age 50 or over, under the bill he would immediately start getting monthly benefits.

Senator WILLIAMS. In order that we might have the benefit of any experience that has been gained through an operation of the disability clause, could you tell us——

Senator KERR. The disability freeze, Senator.

Senator WILLIAMS. The disability section. How many of our existing retirement systems of the United States Government carry disability benefits?

Mr. MYERS. I believe that all of the systems that I know of have disability benefits such as the civil service retirement system does.

Senator WILLIAMS. I mean comparable to this which is proposed under this law.

Mr. MYERS. There are none that are exactly comparable because each system has different types of provisions. In the railroad retirement system benefits are payable regardless of age after the individual has 10 years of service.

Senator WILLIAMS. I was referring more specifically to those retirement systems that are operated for Government employees.

Mr. MYERS. Under civil service retirement the benefits are payable after 5 years of service and regardless of age.

Senator WILLIAMS. Military is pretty much the same way.

Mr. MYERS. Under the military retirement program, benefits are payable regardless of length of service as long as the injury or disability was in line of duty.

Senator WILLIAMS. Mr. Chairman, I am wondering whether it might be worthwhile to have the committee supplied with a list of all the retirement systems of the Government along with questions answered as to their benefits and their contributions that are made on these various systems and their experience percentagewise as to number of retired employees that are drawing disability benefits?

The CHAIRMAN. Also the health and disability provision.

Senator WILLIAMS. Yes, that is what I mean.

The CHAIRMAN. That would be very valuable information.

Senator WILLIAMS. So we can see what percentage of the annuitants of these various systems are classified as disabled. So we can have some picture.

The CHAIRMAN. Can you furnish that through the social security or not?

Mr. MYERS. Yes, I will furnish such information for the systems for Federal employees.

Senator WILLIAMS. Yes, no matter what agency or division they are. A list of all of them and with that the number of employees that are covered under each system, the rate of contributions that are made to the system both by the Government and the employees. I think we might just as well have the benefits that are payable under it, both disability and others. Then we can compare it.

The CHAIRMAN. Ages for retirement.

Mr. MYERS. That data can readily be obtained from the studies of the Kaplan committee about a year ago and can be summarized from those reports.

(The following memorandum on this subject was subsequently supplied for the record by Mr. Myers:)

DISABILITY PROVISIONS OF RETIREMENT SYSTEMS FOR FEDERAL CIVILIAN EMPLOYEES

FEBRUARY 15, 1956.

This memorandum will analyze the provisions for disability monthly benefits in the various retirement systems established by the Federal Government for its civilian employees. Not only will the provisions of these plans be discussed, but also their actual experience will be given (except for several of the plans that have extremely small coverage and thus have no significant experience).

Altogether there are 9 different retirement systems for Federal civilian employees. In making this classification, the civil service retirement system is defined as including not only general employees, but also Members of Congress, legislative employees, and investigated employees, all of whom have certain special provisions applicable. Also, the Federal judiciary are considered to have only one plan, although certain special provisions apply for the judiciary of the territories, District of Columbia judiciary, and judiciary of the Tax Court. Each plan will be discussed separately as to qualifications, benefit amounts, and contributions, and then there will be a general analysis of the experience of the larger systems.

CIVIL SERVICE RETIREMENT SYSTEM

The definition of disability is inability to work in a regular position, as determined by the Civil Service Commission. The benefits are payable immediately without any waiting period, except, of course, they cannot be paid while sick leave is being used. There is a minimum requirement of 5 years of civilian service. The resulting benefits are proportional to length of service and, accordingly, are relatively small for those with the minimum qualifying period. The benefit formula is 1½ percent of the average salary during the 5 highest consecutive years (or 1 percent thereof, plus $25—if higher) times years of service. These disability benefits cannot be paid if benefits under the employees' compensation system (for work-connected disabilities) are being received. No provision is made for vocational rehabilitation. Upon recovery, the annuity is continued for a maximum of 1 year, until the employee can find an appropriate

position. Annual examinations are required unless disability is permanent in character. The contribution rate of the system is 6 percent but this is, of course, not solely for the disability coverage. Members of Congress, legislative employees, and certain investigative employees are also covered by this system and have the same disability protection, the only difference being that the benefit formulas are higher than for general employees (i. e., a larger percentage of pay is given for each year of service).

FOREIGN SERVICE

The definition of disability is total disability for useful and efficient service, as proven by medical examination. Benefits are payable immediately without a waiting period but, of course, are not available when sick leave is being paid. The minimum service requirement is 5 years. The benefit amount is 2 percent of average salary during the last 5 years preceding disability multiplied by number of years of service. For those with between 5 and 20 years of service, there is a minimum-benefit provision, such that these individuals are assumed to have 20 years of service. Under a maximum provision, no more tnan 30 years of service can be counted. If the individual is eligible for benefits under the employees' compensation system, he may elect either benefit. There are no provisions or requirements for vocational rehabilitation. Annual examinations are required, unless the disability is permanent, but there are no direct restrictions on any earnings that the individual might have. Upon recovery, benefits cease immediately. The contribution rate under this system is 5 percent, but this, of course, does not relate solely to disability benefits.

TENNESSEE VALLEY AUTHORITY

Disability is defined as the individual being incapacitated for further performance of duty, with such incapacity likely to be permanent. The disability must be proven by medical examination, with an annual examination during the first 5 years and then examination every 3 years. Disability benefits are payable without any waiting period, except, of course, they cannot overlap with sick leave. The service requirement is 5 years. The disability benefit is 1.35 percent of average pay during the highest 5 consecutive years of service multiplied by the number of years of service. For those with 5 to 18 years of service, there is a special minimum provision, so that the benefit will always be at least 25 percent of average pay (unless this is more than the individual could have obtained by remaining in service until age 60). If the individual is also eligible for employees' compensation benefits, the result of a work-connected disability, he may only receive benefits under one system, whichever he elects. There are limitations on earnings that the disability beneficiary may have—his earnings when added to his benefit cannot exceed his salary at time of retirement (if this should occur, the benefit is reduced accordingly). The employee contribution rate varies with sex and age at entry ranging from 4.3 to 8.9 percent (for individuals entering in their twenties, the rate is roughly 5 percent).

DISTRICT OF COLUMBIA TEACHERS

The definition of disability is inability to perform duty as proven by medical examination under the direction of the health officer of the District of Columbia. Disability benefits begin immediately except that they can, of course, not be payable while the individual is receiving sick leave. The service requirement is 10 years. The amount of benefit is the same as under the civil service retirement system (1½ percent of average salary over the highest 5 consecutive years—or if greater, 1 percent of such salary plus $25—multiplied by years of service), but there is a minimum provision such that those with 10 to 20 years of service will always be credited with 20 years of service (although not more in any case than would have been obtained if employment had continued to age 62). Also there is a provision that the salary to be used in the computation will not be less than $4,330 a year. Individuals eligible for benefits for work-connected disability under the employees' compensation system may elect to receive benefits under only one of these systems. There are no requirements or provisions for vocational rehabilitation. Annual physical examinations are required, except for disability of a permanent nature. If an individual recovers from the disability, the annuity continues to be payable until he is reappointed (or refuses to accept such appointment). The contribution rate under this system is 6 percent, but this, of course, applies to all types of benefits and not merely to disability benefits.

DISTRICT OF COLUMBIA POLICEMEN AND FIREMEN

The definition of disability is that the individual must be permanently disabled and incapacitated for performance of duty. No benefits are payable (under the retirement system) for disability in the line of duty, since benefits in respect thereto are payable under a different system. The minimum qualifying requirements are age 55 and 25 years of service. The amount of benefit is fixed by the Commissioners but cannot exceed 50 percent of salary received at time of retirement. The employee contribution rate is 5 percent, but this is applicable not only to disability but to all other benefits under the system.

BOARD OF GOVERNORS, FEDERAL RESERVE SYSTEM

The definition of disability is total disability for useful and efficient service in the regular job, as proven by medical examination. There is no waiting period for benefits but these, of course, cannot overlap with salary or sick leave. The minimum service requirement is 5 years. The amount of the benefit is determined in the same way as under the civil service retirement system. When an individual is disabled as a result of his employment, he may choose either this benefit or workmen's compensation benefits. Annual examination is required unless disability is permanent. There is no limitation on the earnings that the individual can have, although, of course, he is still subject to medical examination as to continuance of disability. The contribution rate is 6 percent, although this is applicable for all types of benefits under the system and not merely for disability benefits.

CIVILIAN TEACHERS AT THE NAVAL ACADEMY

Disability is defined as being totally disabled for useful and efficient service. There is no waiting period for benefits except, of course, benefits cannot overlap with sick leave. The benefit amount is 1.43 percent of average pay during the highest 5 consecutive years of service multiplied by the number of years of service (not in excess of 35 years of service). A minimum benefit provision of $1,200 a year applies to members who were in the system before 1936. If the individual is eligible for benefits under the employees' compensation system, he may have his choice of benefits under only one of these two systems. There are no requirements for vocational rehabilitation. There is an annual examination to determine continuance of disability, unless it is permanent in character. If the individual recovers, the annuity is continued unless he is offered reemployment by the Government or is reemployed elsewhere. Otherwise, there is no restriction on earnings during the receipt of disability benefits, other than the individual being subject to medical examination as to continuance of disability. The employee contribution rate is 5 percent, but this, of course, applies for all types of benefits under the system but not just for disability benefits.

FEDERAL JUDICIARY AND OTHER JUDGES

The Federal judiciary has a non-contributory system. Special provisions apply to the judiciary of the Territories, to District of Columbia judiciary, and judiciary of the Tax Court; for all these special categories, there is no special disability provision other than the normal age and service requirement provisions. The following discussion will thus relate solely to the Federal judiciary. The definition of disability is permanent disability for performing regular duties, as certified by the beneficiary and by the judge who is his superior. The benefit is payable immediately without a waiting period, although it cannot, of course, overlap with salary. There is no service requirement. The amount of benefit is 50 percent of the prevailing salary of the office if the individual has less than 10 years of service and is full salary if he has 10 or more years of service. There is no offset by other benefits nor are there any requirements for vocational rehabilitation or periodic examination No employee contributions are payable.

CANAL ZONE—LOCAL RATE EMPLOYEES

The definition of disability is unfitness for further useful service. The service requirement is 10 years. The amount of the monthly benfit is $1 for each year of service up to a maximum of $25. Information is not available as to provisions dealing with continuance of disability. The system is noncontributory.

EXPERIENCE OF MAJOR SYSTEMS

Table 1 presents data on the number of disability beneficiaries under the four largest systems described previously. Actual data are shown for past years and estimated data for future years (where available). It should be understood that the number of disability beneficiaries shown includes those who have passed the minimum normal retirement age. A proper analysis of disability costs should, of course, consider the latter group as age retirements, since they do not represent additional cost to the program over what would have been payable if there were no disability benefits.

Table 2 considers data on disability benefit costs as a percentage of payroll for the different systems. Once again, the benefit-cost figures include the cost for continuing benefits upon retirement age. The cost estimates shown for the provisions for H. R. 7225 which add disability benefits to the old-age and survivors insurance system include only the cost of such benefits up to the minimum eligible age for old-age benefits. The cost of disability benefits under the civil service retirement system have been somewhat less than 1 percent of payroll in past years but are expected to rise in the future to about 2 percent. The level or decreasing trend in the past is the result of the fact that the number of Federal employees and the corresponding payrolls rose more rapidly than the number of disability annuitants. If, however, in the future, Federal employment is level, the number of disability annuitants will continue to grow, and correspondingly the cost of disability benefits. Similarly, in the Foreign Service system, the cost in the past has been about 0.5 percent of payroll but is expected to rise to about 1½ percent as the system matures. The relatively low cost of disability benefits under the Tennessee Valley Authority plan is due to the newness of this program; level-premium cost figures indicate that the disability cost will ultimately be about 1½ percent of payroll. The cost of disability benefits under the District of Columbia teachers plan has risen steadily from about 1 percent of payroll 20 years ago to about 3 percent currently (and is anticipated to rise to about 4 percent eventually).

TABLE 1.—*Data on number of disability beneficiaries under selected Federal employee retirement systems*

As of June 30—	Civil-service retirement	Foreign Service	Tennessee Valley Authority	District of Columbia teachers
NUMBER OF DISABILITY BENEFICIARIES				
1935	10,000	10	----------	72
1940	15,000	10	1	105
1945	23,000	14	12	120
1950	43,000	18	21	194
1953	52,000	22	31	225
1960	(1)	33	(1)	276
1980	(1)	48	(1)	369
2000	(1)	50	(1)	373
DISABILITY BENEFICIARIES AS PERCENT OF COVERED EMPLOYEES				
1935	2 3	1.4	----------	2.4
1940	2.2	1.3	0	3.3
1945	.8	1 6	.1	4.0
1950	2.6	1.4	.3	6.3
1953	3.1	1 5	.3	6.8
1960	(1)	2.5	(1)	8.2
1980	(1)	3.7	(1)	11.0
2000	(1)	3 8	(1)	11 1
DISABILITY BENEFICIARIES AS PERCENT OF AGE BENEFICIARIES				
1935	26	17	----------	40
1940	32	12	----------	38
1945	37	10	32	33
1950	38	7	21	37
1953	37	7	21	37
1960	(1)	7	(1)	37
1980	(1)	7	(1)	34
2000	(1)	7	(1)	32

[1] Not available.

NOTE.—Persons who become disability beneficiaries are considered in this category even after they reach the prescribed normal retirement age.

Source: Pt. 4, S. Doc. No. 89, 83d Cong.

TABLE 2.—*Disability benefit costs as percent of payroll under selected Federal employee retirement systems*

Fiscal year	Civil service retirement	Foreign Service	Tennessee Valley Authority	District of Columbia teachers
1935	0.90	0.71	----------	0.95
1940	.93	.51	----------	1.32
1945	.32	.61	0.03	1.43
1950	.68	.52	.04	2.29
1953	.76	.47	.04	2.83
1960	1.15	.91	(1)	3.21
1980	2.01	1.46	(1)	4.34
2000	2.09	1.65	(1)	4.44

[1] Not available.

NOTE.—Persons who become disability beneficiaries are considered in this category even after they reach the prescribed normal retirement age.

Source: Pt. 4, S. Doc. 89, 83d Cong.

Mr. MYERS. Thus, for example, under present law an individual disabled at age 55 has his rights protected so that when he reaches age 65, he will receive the same benefit as if he had continued working and paying taxes at the same average wage as he had had up to age 55. The bill, however, would make this same benefit payable immediately, at age 55. On the other hand, an individual disabled at, say, age 35 would receive no additional benefits under the bill than he would under present law unless he attains age 50, at which time, if he were still disabled, monthly benefits would begin, rather than the individual having to wait until age 65 as under present law.

In the first full year of operation, the estimated additional benefits payable under the disability provisions just described would be about $200 million in respect to 250,000 individuals. In 25 years' time, almost 1 million disability beneficiaries would receive payments of roughly $900 million a year. The level-premium cost of the program would be increased about 0.39 percent of payroll according to the intermediate-cost estimate based on high employment assumptions.

Senator KERR. Of 1954?

Mr. MYERS. Yes, sir.

Senator KERR. On the 1954 basis?

Mr. MYERS. Yes, sir.

The preceding figures are based on the premise that the retirement age for women would be reduced to 62. Under such circumstances, a disabled woman worker between ages 62 and 65 would be classified as a regular retirant rather than a disability beneficiary. If the retirement age were maintained at 65 for women, then the cost of the disability benefits would be somewhat higher. The level-premium cost would then be 0.42 percent of payroll, rather than 0.39 percent. Similarly, it might be mentioned that if disability benefits were payable without regard to age, the cost would be about 50 percent higher, or a level-premim cost of about 0.63 percent of payroll.

The CHAIRMAN. The 1 percent additional payroll tax would bring in what revenue?

Mr. MYERS. It would bring in about $1.6 billion a year.

The CHAIRMAN. For the first year you have an additional cost of $400 million by reducing the age limit for women and for the first year $200 million for the disability, that is $600 million.

Mr. MYERS. Yes, sir.

The CHAIRMAN. Could you furnish the committee a statement segregating this particular bill on the basis of these costs for the future and show how much, to what extent these two items will increase over a 10-year period?

Mr. MYERS. Yes, sir. I can furnish that statement. I have them available here if you would like.

The CHAIRMAN. The income is $1.6 billion and the outgo was $600 million. That is just for 1 year as I understand it, the first year, which this is in operation.

Mr. MYERS. Yes.

The CHAIRMAN. Then project that further as to the increases that will exist over a 10- or 15- or 20-year period. I see you have an item here for 25 years.

Mr. MYERS. Yes.

The CHAIRMAN. It will be $900 million for this disability in 25 years. What I want to do is get a clear idea of what this specific increase in the payroll tax, how long that will take care of these additions we are making, this addition under the act in these two particulars.

Mr. MYERS. I can supply those figures.

The CHAIRMAN. While I am on that subject, I would like this further information. The trust fund today as I understand it is 21 billion. I would like that projected on the basis of the existing law, not this bill, but existing law, with the rates that are increased under the existing law say for a period of 25 years and then another table prepared on the basis of the pending bill as to what the effect would be on the trust fund, what will be the balance of the trust fund at the end of fiscal year for a period of 25 years, have I made it clear?

Mr. MYERS. Yes, sir. Would you like that for each year or for every fifth year?

The CHAIRMAN. I would like if possible say for the next 10 years to get it on a yearly basis. First under the existing law, to what extent the present trust funds would be increased or diminished under existing law and then take this pending bill and make another estimate on that.

Mr. MYERS. Yes.

The CHAIRMAN. Allowing for the increases that are made in the rates. How far are these rates prompted—until what date, the increase in rates?

Mr. MYERS. The contributions are increased by 1 percent all along the line from now on out but until 1975 the ultimate rate——

The CHAIRMAN. The present law is projected to 1975.

Mr. MYERS. The last increase in the rates in the present law comes in 1975.

The CHAIRMAN. Take that period then and give us the information as to how the trust fund is affected.

Mr. MYERS. Yes, sir.

Senator WILLIAMS. In connection with that question in making your projection for 20 years you had to break it down by years?

Mr. MYERS. Yes.

Senator WILLIAMS. So you would be able to furnish this information broken down for each year?

Mr. MYERS. Yes; we have the figures for each calendar year separate.

Senator WILLIAMS. You already have them?

Mr. MYERS. That will be no trouble at all.

(The following memorandum on this subject was subsequently submitted by Mr. Myers:)

PROJECTION OF COSTS OF H. R. 7225 AND OF PRESENT PROGRAM

FEBRUARY 15, 1956.

Information has been requested as to data on the old-age and survivors insurance system for the next 25 years (with figures for the next 10 years shown by individual years) on the additional cost for reduction in the minimum eligibility age for women from 65 to 62 (for all types of benefits) and for monthly disability benefits begining at age 50, according to the provisions of H. R. 7225. In addition, similar information has been requested for the progress of the old-age and survivors insurance trust fund under existing law and under the bill.

Table 1 shows the estimated increases in cost due to reducing the minimum eligibility age for women and due to the monthly disability benefits—both in terms of dollars and in percentages of payroll. These figures are based on the intermediate-cost estimate, using high-employment, level-wage assumptions. The reduction in the minimum eligibility age for women involves increased cost of about $400 million for the first year of operation and steadily increased amounts in each subsequent year, with the increase 25 years hence being $1.3 billion per year. The corresponding increases as percentages of payroll are approximately 0.25 percent in the initial years and 0.6 percent in 25 years. The added cost of the disability benefits is about $200 million in the first year of operation, almost $300 million in the next year of operation, rising steadily to over $500 million 5 years hence, and about $850 million 25 years hence. Expressed in percentages of payroll, the disability costs rise from 0.1 percent in the early years to 0.4 percent ultimately. It should be recognized that these are intermediate-cost figures and, accordingly, if the experience were unfavorable, especially as regards disability, the cost would be materially higher.

Table 2 shows the estimated progress of the trust fund under present law. These figures are based on the intermediate-cost estimate, using high-employment, level-wage assumptions. The trust fund grows steadily during the 25-year period considered, rising from the present level of about $22 billion to $70 billion 25 years hence. In most of the years in this period, contribution income exceeds benefit outgo, although, in the years just before the contribution rate is scheduled to increase (namely, 1959, 1964, 1969, and 1974) contribution income tends to be slightly lower than benefit payments. This deficiency, however, is more than offset by the interest earnings on the trust fund, so that at no time is it shown to decrease according to this estimate. As will be appreciated, under the low-cost estimate, the trust fund is estimated to build up much more rapidly, while under the high-cost estimate the reverse will be the case.

If an increasing wage assumpion is used instead of a level-wage assumption, the trust fund would, of course, build up much more rapidly than shown in table 2. This would be due to the fact that contribution income would rise more rapidly than benefit outgo—in part because most of those on the benefit roll would have their payments based on past earnings and so would be unaffected by any future rise in earnings, and in part because of the weighted nature of the benefit formula (such that those with lower earnings receive relatively higher benefits than those with higher earnings, and accordingly as the earnings level rises, the relative cost of the program is lower). The progress of the trust fund for the next 5 years, under the assumption of continuation of high levels of economic activity acompanied by a rising of earning levels shown in table 3. A rising earnings level of about 20 percent in the 5-year period, as shown in this estimate, would seem to involve the necessity of a reexamination of the benefit level and adequacy of the program.

Table 4 gives the estimated progress of the trust fund under the system as it would be modified by H. R. 7225—including both the benefit changes and the increases in the tax schedule. These figures are consistent with those of table 2 since they are on an intermediate-cost basis using high-employment, level-wage assumptions. The trust fund builds up quite steadily from the present level

of about $22 billion to a figure of $84 billion 25 years hence. Contribution income exceeds benefit payments in all years under consideration, although the difference is never more than 20 percent and, in most cases, is close to 10 percent.

TABLE 1.—*Estimated increase in cost of H. R. 7225 over present law, by type of change,[1] intermediate-cost estimate, high-employment, level-wage assumptions*

Calendar year	Amount (in millions)		In percent of payroll [2]	
	Reducing retirement age for women to age 62	Monthly disability benefits after age 50	Reducing retirement age for women to age 62	Monthly disability benefits after age 50
1956	$389	$200	0.23	0.11
1957	455	278	.26	.16
1958	519	355	.30	.20
1959	584	433	.33	.25
1960	650	511	.36	.29
1961	683	533	.38	.30
1962	716	555	.40	.31
1963	750	577	.41	.31
1964	783	599	.42	.32
1965	816	621	.44	.33
1970	1,006	742	.50	.37
1975	1,185	814	.56	.38
1980	1,292	859	.59	.39

[1] Not shown here are the relatively small increases in cost for continuation of child's benefits beyond age 18 when disabled (about $5,000,000 to $6,000,000 a year, after the first few years of operation) or the additional benefit payments arising under present provisions in respect to the extended coverage under the bill.
[2] Taking into account lower contribution rate for self-employed as compared with employer-employee rate.

NOTE.—Data includes effect of railroad coverage under financial interchange provisions.

TABLE 2.—*Estimated progress of trust fund under present law, intermediate-cost estimate, high-employment, level-wage assumptions, 2.4 percent interest*

[In millions of dollars]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Fund at end of year
1956	$6,826	$5,855	$131	$534	$23,224
1957	6,883	6,276	132	563	24,262
1958	6,941	6,699	133	584	24,954
1959	6,998	7,120	134	596	25,294
1960	8,482	7,540	135	616	26,716
1961	8,926	7,982	142	651	28,168
1962	9,031	8,427	145	682	29,308
1963	9,137	8,871	149	704	30,130
1964	9,243	9,316	152	720	30,624
1965	10,861	9,760	156	746	32,314
1970	13,598	11,926	176	931	40,473
1975	16,474	13,940	194	1,224	53,364
1980	17,498	16,045	211	1,624	69,936

NOTE.—Data includes effect of railroad coverage under financial interchange provisions.

TABLE 3.—*Estimated progress of trust fund under present law, assuming continuation of high levels of economic activity accompanied by a rising level of earnings*

[In millions of dollars]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Fund at end of year
1956	$6,547	$5,694	$128	$530	$22,918
1957	6,833	6,349	137	576	23,841
1958	7,068	6,877	137	595	24,490
1959	7,284	7,408	127	608	24,847
1960	9,019	7,942	130	632	26,426

NOTE.—Except for interest, estimates exclude effect of railroad coverage under financial interchange provisions.

TABLE 4.—*Estimated progress of trust fund under H. R. 7225, intermediate-cost estimate, high employment, level-wage assumptions, 2.4 percent interest*

[In millions of dollars]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Fund at end of year
1956	$8,198	$6,446	$135	$544	$24,011
1957	8,630	7,028	140	594	26,067
1958	8,702	7,594	146	637	27,667
1959	8,774	8,159	151	670	28,800
1960	10,278	8,725	156	708	30,906
1961	10,744	9,226	160	758	33,022
1962	10,871	9,725	164	804	34,808
1963	10,998	10,226	168	843	36,255
1964	11,126	10,726	172	873	37,356
1965	12,770	11,226	176	912	39,636
1970	15,643	13,713	197	1,160	50,376
1975	18,639	15,981	217	1,502	65,338
1980	19,744	18,247	235	1,948	83,709

NOTE.—Data includes effect of railroad coverage under financial interchange provisions.

Above figures include effect of the increase in all years of 1 percent in the combined employer-employee tax rate.

The CHAIRMAN. Sorry to interrupt you. You may proceed.

Mr. MYERS. One point should be made especially clear in regard to the cost estimate for disability benefits. Actuarial studies and experience on such factors as death rates and retirement rates show relatively little variation existing in such rates.

On the other hand, disability rates under various experiences differ significantly, at least in part because of such factors as differences in definitions, provisions, and so forth. There are no completely pertinent and valid data to give a precise estimate of the cost of disability benefits under the old-age and survivors insurance program.

The various available experiences, however, do give a basis for making cost estimates, although within a relatively wide range. Thus, for example, the intermediate cost estimate based on high employment assumptions for the level premium cost of the disability benefits provided in H. R. 7225, is as indicated before, 0.39 percent of payroll. According to the low-cost estimate this figure could be as little as 0.26 percent of paroll or, conversely according to the high cost estimate, could be as high as 0.54 percent of payroll.

The previous figures are based both on the assumption that administration of the disability benefits would be strict and tight and on the assumption that there would be high employment conditions. If either of these assumptions did not materialize, the costs would be considerably higher. This has been the experience both in foreign systems and in private pension and insurance plans in this country.

Senator WILLIAMS. Can you give the committee an estimate of the percentage of beneficiaries who would be drawing benefits under the disability clause as compared to the overall percentage that would be drawing benefits?

Mr. MYERS. Yes; I can give you the information on that very readily, that is the disability beneficiaries as compared with the old-age retired workers.

Senator WILLIAMS. Yes; your estimate on that. I figure when you supply us with this other information in connection with the other funds which are operating we can compare your estimate with the actual results in those systems.

Mr. MYERS. Yes.

(The following memorandum was subsequently supplied for the record by Mr. Myers:)

COMPARISON OF ESTIMATED DISABILITY BENEFICIARIES AND OLD-AGE BENEFICIARIES UNDER H. R. 7225 IN FUTURE YEARS

FEBRUARY 16, 1956.

Information has been requested comparing the estimated number of disability beneficiaries (men aged 50–64 and women aged 50–61) under the provisions of H. R. 7225 as a percentage of the number of retired workers (women aged 62 and over, and men aged 65 and over) under the old-age and survivors insurance system as it would be modified by H. R. 7225, for various future years.

The attached table gives these data for the low-cost estimate, the high-cost estimate, and the intermediate-cost estimate for 1960 and certain subsequent years. For the intermediate-cost estimate, this ratio starts off at 11 percent and decreases slowly to an ultimate level of about 7 percent. This decrease occurs because the disability roll tends to reach a stable condition much more rapidly than the number of retired workers (since the latter depends upon the aged population of the country, which will increase for many years to come).

Under the low-cost estimate, the disability beneficiaries will be about 7 percent of the number of retired workers during the early years of operation and slightly less later. On the other hand, under the high-cost estimate, the ratio is about 14 percent in 1960 and decreases thereafter to an ultimate level of about 8 percent.

Disability beneficiaries[1] as percentage of old-age beneficiaries[2] under old-age and survivors insurance system as modified by H. R. 7225 as estimated for various future years

Calendar year:	Low-cost estimate	High-cost estimate	Intermediate-cost estimate
	Percent	*Percent*	*Percent*
1960	7	13	10
1970	7	12	10
1980	6	10	8
1990	5	8	6
2000	5	9	7
2020	5	6	6

[1] Men aged 50–64 and women aged 50–61.
[2] Old-age beneficiaries are retired insured workers (men aged 65 and over, and women aged 62 and over).

Senator BENNETT. The effect of your testimony is that the experience in foreign countries and private pension plans indicates that administration has neither been strict nor tight and it tends to become more liberal and the costs tend to become higher.

Mr. MYERS. I am not saying that exactly. I am saying that has happened. I did not mean to imply that that always happens.

Senator BENNETT. Your testimony is if either of these assumptions did not materialize it would be a higher, considerably higher cost. This has been the experience both in foreign countries and in private pension insurance plans.

Senator KERR. I think he means there that the experience in foreign systems and private pension insurance plans has been that if the administration is not tight, the cost goes higher.

Mr. MYERS. That is what I meant.

Senator BENNETT. Can you give the committee any idea about the average experience abroad? Has it been toward liberalization?

Mr. MYERS. I couldn't very well generalize on that. I know certain examples where very considerably liberalizations were made. For in-

stance the notable example I think is Germany during the 1920's, because, perhaps, of the presence of many people who were disabled during the war and so forth. The administration, at least according to the available statistics, seemed to become laxer and laxer, and the beneficiary roll built up rapidly.

Senator WILLIAMS. In supplying the information which we have already asked from these other retirement funds, could you go back and give us the same percentage ratios of those systems 5 years ago and 10 years ago and we can see how the trend is in our own country? If we can get that trend we can get that experience.

Senator BENNETT. I think that is quite significant.

Mr. MYERS. I will do that.

A fourth change would be the continuation beyond age 18 of monthly benefits to children who were on the benefit roll before age 18 and who became totally and permanently disabled before age 18. Under present law, when a child beneficiary reaches age 18, he is automatically removed from the roll whether or not, in fact, he is still dependent on the retired worker, or, in the case of a surviving orphan, dependent on the widowed mother or some other adult.

Such dependency could occur for a number of reasons, such as permanent and total disability, continuation of his education, or inability to find employment.

The bill would continue this child's benefits in the case where the child continued to be dependent because of disability. No such benefits would be provided by the bill in the case of death of an insured worker not receiving retirement benefits who was supporting a disabled son or daughter aged 18 or over, even though the disability had lasted continuously from before age 18.

The child's disability benefits provided under the bill would continue for the duration of the individual's disability, possibly many years beyond age 18. The benefit would cease, of course, upon recovery from disability or upon marriage. In all cases where disability benefits are payable to children aged 18 or over, the mother would also be eligible for benefits although this might not be a case of additional benefits being payable over present law since she might receive benefits in respect to younger children in her care.

Rehabilitation provisions would also be applicable to this category of disabled persons.

From a cost standpoint, this continuation of child's benefits is a relatively minor change. Latest estimates indicate that the eventual increase in the benefit roll would be about 10,000 children. The corresponding benefit payments would total about five to six million dollars a year. The numbers of beneficiaries and the benefit payments in the early years would, of course, be much lower. The level-premium cost of this change would be negligible when related to payroll.

The net effect of the foregoing changes would be an increase in the level-premium cost of the program amounting to 0.94 percent of payroll, thus increasing the total cost of the program to 8.45 percent of payroll.

The bill would finance this increased cost by an immediate increase in the combined employer-employee contribution rate of 1 percent. Moreover, this 1-percent increase in the tax rate would be added into the contribution schedule in existing law for each year in the future.

Thus, under the bill, the combined employer-employee rate would be 5 percent through 1959, rising again by 1 percent in 1960 and every fifth year thereafter until reaching an ultimate level of 9 percent in 1975.

Correspondingly, the bill would increase the tax rate for self-employed persons to 3.75 percent immediately, and again by three-quarters of 1 percent in 1960, rising again by three-quarters of 1 percent every fifth year thereafter until reaching an ultimate level of 6.75 percent in 1975.

Under present law the maximum tax payable by an employee in each year through 1959 is $84, with the same amount payable by his employer; under the bill this would be increased by $21 each, to a total of $105 each.

Correspondingly, for a self-employed individual the maximum tax payment under present law is $126 a year from now through 1959; under the bill his tax would be increased by $31.50 to a total of $157.50.

Based on the intermediate cost estimate, the increase in tax rates provided by the bill would slightly more than offset the cost of the benefit changes, and the actuarial status of the program would thus be slightly improved.

It should be observed that even though the lack of actuarial balance according to the intermediate cost estimate would be slightly reduced—from 0.22 percent of payroll to 0.16 percent—the system would still not quite be in balance, or in other words would not be overfinanced. That is, the system would be still somewhat underfinanced.

In conclusion, I want to assure the committee that I will be very happy to cooperate with you and your staff at any time in regard to the actuarial cost aspects of the pending legislation or in regard to any alternative that you might wish to consider.

The CHAIRMAN. I want to commend you on a very able factual statement on a very difficult subject.

Mr. MYERS. Thank you.

The CHAIRMAN. Are there any questions?

We will adjourn to reconvene tomorrow morning at 10:30 o'clock.

(Whereupon, at 12:15 p. m., the hearing was adjourned to reconvene at 10:40 a. m., January 26, 1956.)

SOCIAL SECURITY AMENDMENTS OF 1955

THURSDAY, JANUARY 26, 1956

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to recess, at 10:40 a. m., in room 312, Senate Office Building, Senator Harry Flood Byrd (chairman) presiding.

Present: Senators Byrd (chairman), George, Frear, Barkley, Martin, Williams, Malone, Long, and Bennett.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will come to order.

Our first witness this morning is the Honorable James Roosevelt, a Representative from California.

Mr. Congressman, we are delighted to have you, sir. Please proceed in your own way.

STATEMENT OF HON. JAMES ROOSEVELT, A REPRESENTATIVE IN CONGRESS FROM THE 26TH CONGRESSIONAL DISTRICT OF THE STATE OF CALIFORNIA

Mr. ROOSEVELT. Thank you, Mr. Chairman, and members of the committee.

May I first express my deep appreciation to you, sir, for the privilege of being here and the opportunity of joining my remarks with those other Members of Congress in support of H. R. 7225. It is my firm conviction that this bill contains most needed amendments to the Federal Social Security Act.

The strong public opinion behind H. R. 7225 was evident when on July 18, 1955, the House gave the bill its approval by 372 votes for and only 31 votes against it.

The proposed legislation corrects many inequities and brings many of the benefits to a more nearly up-to-date status. Among these are:

1. Disability insurance benefits to be provided at age 50 and over for workers who can meet certain coverage requirements. It is estimated that this will affect some 250,000 persons in the first year.

2. The age of eligibility for all women beneficiaries—widows, wives, and women workers—will be lowered from 65 to 62. It is estimated that in the first year these benefits would be paid to almost 800,000 additional women. If I have any regret on this provision it is that the age could not be lowered to 60 and also be applied equally to men. Reluctantly, it is seemingly necessary to accept the fact that these additional and, in my belief, worthy changes, are not financially feasible at this time.

3. Disabled children who are disabled before they are age 18 would continue to receive benefits after that age. It is estimated that eventually 5,000 children and their mothers will receive benefits.

4. Coverage would be extended to lawyers, dentists, osteopaths, veterinarians, chiropractors, naturopaths, optometrists, Tennessee Valley Authority, Federal Home Loan Bank employees, and gum naval store employees.

It took me a long time to find out what gum naval store employees were. It also clarifies present law dealing with self-employed sharecroppers.

5. Provides that at least 2 years before social security taxes are scheduled to increase, an advisory council would be appointed by the Secretary of the Health, Education, and Welfare Department to take a look at the system, the benefits and income, and make recommendations on these items.

Mr. Chairman, in my opinion that may be, perhaps, the most important provision in the bill because it would seem to me that the time has come when we should completely revise or completely go over our whole Federal social security system. An overall study of it would seem to be well in order on a very broad basis.

6. These new benefits and coverage provisions are not made irresponsibly from a fiscal point of view—I believe you had testimony on that before the committee yesterday—for the bill makes provision that they be paid for by a tax increase of one-half percent on both the employer and employee—a total of 1 percent, plus a three-quarter percent tax on self-employed persons.

Considering the times, the economy and the needs of the people of this country, the amendments as contained in H. R. 7225 are long overdue. I have read some criticism that these changes were rushed through without due consideration. You gentlemen know much better than I do that most of these amendments have been reviewed and deeply considered at least over the last 10 years.

As long ago as the 80th Congress the advisory council appointed by the Senate recommended disability insurance payments by a vote of 15 to 2 and unanimously recommended, as long ago as that, that the eligibility age for women be lowered not to 62 but to 60 years.

What right thinking person can argue against extending coverage to disabled children under 18 whose deceased parents helped to pay for such coverage or that benefits continue to be withheld from workers disabled at age 50?

Understanding the problem that women over 35—let alone older—years of age have today, in seeking employment, how can anyone deny them old-age and survivors benefits at age 62?

H. R. 7225 seeks to embrace under social-security coverage certain professional people now not covered, thereby assuring them of a small measure of security in their old age. The vast majority of the professional people affected have, I think the record will show, indicated their earnest desire that they be included in this coverage.

But, gentlemen, much as I am in favor of the provisions of H. R. 7225, I earnestly and deeply hope that the Members of the Senate and of this committee will realize that it only does half the job, that it leaves undone much which not only needs to be done, but should have been done many years ago. I have brought most of these features

which pertain to title I of the Social Security Act, in contrast to the fact that H. R. 7225 is wholly devoted to title II, together into the bill, which I introduced late in the last session. It was introduced by, I believe, Senator Kefauver on the Senate side. It is numbered H. R. 7848.

I, therefore, respectfully urge that the members of this committee turn an eye toward amending the provisions contained in H. R. 7225, which is under discussion, but add these suggested amendments to title I of the Social Security Act. In general, my suggestions would amend the public assistance provisions to provide increased income, eliminate certain inequities and restrictions, and permit a more effective distribution of Federal funds.

It would appear fair and just that the Congress establish a single standard of qualification for the applicants and recipients—thereby creating a more uniform administration of the Public Assistance Act through the Nation.

In the event that old-age and survivors insurance benefits are lowered to age 62 for women, it follows, does it not, that the public assistance section of the act should likewise be lowered to age 62 for women applicants and recipients. My bill, of course, provides for that.

It is generally found that the survivors and old-age benefit payments are so low—especially among women—that to exist they must apply for public assistance to augment their income and enable them to just barely have the necessities of life. Surveys made of those on public assistance in the various States all reveal a far greater percentage of women recipients than men. And I bring this out, Mr. Chairman, because I believe a former Secretary of Health, Education, and Welfare made some comments before this committee that she did not think we had much to worry about, about the different position of women in the picture.

Now, while director of the Department of Social Welfare of the State of California, Charles D. Schottland, now Federal Social Security Administrator, made a study on the social and economic characteristics of old-age assistance recipients and issued a report in March 1954. His report showed that almost two-thirds of the caseload consisted of women, and that the dependency rate for women is 1½ times greater than that of men.

It was found that three-fifths of the women on aid were widows, whereas only one-fourth of the men were widowers.

The substantially higher dependency rates for women derive from many factors. Among the most important are the following:

(1) Women have traditionally assumed a more dependent economic role in our society, concentrating on home management rather than outside employments.

(2) Because of limited employability, they require public assistance at an earlier age. This is confirmed by the fact that there is a larger concentration of women at the younger age levels of 65 years.

I might just explain that "younger" age is the age at which they have now become eligible, so they are eligible at 65 at the present time, and there is a larger concentration of them at that age.

We are all aware, I am sure, of the great increase in the cost of living and this applies not only to the well to do, but perhaps in even greater

degree to those who are forced to seek public assistance. If you have to adjust your very limited budget to the cost of living, and the cost of living goes up, you just have to give up some item which you have considered a necessity in order to continue to be able to live at all; while people in the upper brackets, of course, can make readjustments in what we would call the "luxuries of life," and so it is a somewhat easier adjustment for them.

I would therefore suggest that the ceiling on the matching of Federal funds to the State, which is now restricted to $55 a month, offering the States little incentive to provide properly for their needy, be raised.

That Congress must encourage the States to grant the needy enough to meet the increased cost of living and to bring about a more realistic and uniform standard of payment is made obvious when we look at the December 1955 Social Security Bulletin, issued by the United States Department of Health, Education, and Welfare, and study the amounts paid during the month of September to those on public assistance.

That report shows, that bulletin shows, that 2,552,598 recipients of old-age assistance received a nationwide average of only $52.50 a month. Of course, in California I know that any of us would have a hard time to live, barely live, on $52.50 a month, even if we didn't have to pay any rent.

The average payments per month in the individual States ranged from $86.57 a month paid by Connecticut down to $27.70 paid in West Virginia.

The 104,256 recipients of aid to the blind received a nationwide average of only $57.03 per month. The average payments in the individual States ranged from $93.26 a month paid by Connecticut down to $31.94 paid in West Virginia.

The 240,877 recipients of aid to the permanently and totally disabled received a nationwide average of only $55.23 per month. Again Connecticut let the parade with a payment of $114.07, and the States ranged down to a payment of $24.59 in Mississippi.

The 2,191,300 recipients of aid to dependent children, including 1 adult relative, received a nationwide average of only $24.12 per month. In other words, the mother was being asked to support this child on a payment of $24.12 a month, and the child might be of fairly good age. The average payments in the individual States ranged from $43.13 a month paid by Connecticut to $7.44 paid in Mississippi.

Public demand has compelled many States to pay their aged, blind, and physically handicapped more than the $55 a month. The Federal Government will not pay more than a total of $35 toward a recipient to whom the State is paying $55 a month or more.

This, what I think is an unrealistic approach, is practiced in the aid to dependent children where the Federal Government will not pay more than a total of $19.50 to one needy child and adult, where the State is paying the maximum monthly allowance.

In order that it may be clear what the formula which I have included in H. R. 7848 would mean to the Federal Government in its contribution to the individual States, I included in a little chart, which I think I have made available to the members of the committee, the following examples of Federal contributions to the varying State payments to

the aged, blind, physically handicapped, and in aid to dependent children.

Now, the interesting thing about that chart is, and I want to emphasize that, this proposal is still a voluntary one for the States. There is nothing mandatory about it, but if the States took advantage of it, the cost to them individually per recipient is, as I think you can see, not excessive. It would tend to equalize the payments over the country, and I think it would come nearer to giving a decent standard of living to those who are forced by circumstances, to seek needy aid.

(The chart referred to follows:)

State	Per capita income, 1954, percent of United States	Present law, October 1955		State's share under H. R. 7848 if benefit not changed	Average benefit under H. R. 7848 if State continues present benefit pay	State percent, contribution benefits above $25 but below $100, H. R. 7848
		Average aged aid	State's share			
Louisiana	74	$51.15	$18 07	$14.68	$60.32	37.0
Colorado	95	92.73	57.73	37.17	96.28	47.5
Delaware	134	42 88	13.94	13 94	42.88	50.0
Georgia	70	37 97	11.48	9.54	43.51	35.0
Oklahoma	83	61.87	26.87	20.30	69.41	41.5
Utah	84	59.83	24.83	19.63	66.45	42.0
Virginia	84	30.37	7.68	7.26	31.38	42.0
California	122	70.20	35.29	27.60	85.40	50.0

Mr. ROOSEVELT. May I now point out a few of the great injustices that now exist in title I of the Social Security Act.

An aged or handicapped recipient, under present laws imposed by Congress, is sentenced to idleness and prohibited from earning even the smallest amount under the threat of having such earnings deducted from their aid payments.

Under H. R. 7848, I have proposed that the aged and handicapped would be allowed to earn up to $50 per month. This privilege, incidentally, is already granted by the Congress to the blind, and I cannot see why, if it is available to the blind, it should not also be made available to the aged or handicapped recipients. I think it is a pure matter of fairness and a matter of mental health which is largely involved in this issue.

Now, children, especially of school age I think, should be encouraged to better their lot, instead of being forced into idleness because of the Federal provision that all "outside income and earnings" be deducted from the amount of aid granted them.

My bill would permit needy children to earn up to $30 per month to supplement their assistance and encouraging self-reliance. And again I think you will find this will have a direct effect on juvenile delinquency. It does not seem reasonable or proper to me that simply because a child, by no control of his own, is born into a family that has to seek public assistance, that he should be denied the right to become a newspaper carrier, for instance, or many of the other initial jobs that we try to give to young people in order to instill into them our basic principles of self-reliance.

A floor under the ownership of real and personal property, I think, should be established, and I have called for that in the bill, and made a provision that there be no imposition of a lien on such a home as a condition to receiving aid.

Some years ago, the Federal Social Security Agency adopted the following policy, and I would like to quote it:

> Compulsory transfer of control of property in order to qualify for assistance violates cardinal principle on which the Social Security Act is based—that needy persons should not be differentiated by reason of their need and that recipients of assistance have the same right of self-determination by reason of their need in the use of their resources as others in the community.

That is a principle which I believe is sound, which is being violated, and which I hope you gentlemen will correct.

H. R. 7848 eliminates practices where the public-assistance laws of certain States are used to enforce collections from recipients' relatives, and of course, that is true in my own State of California.

Again, some years ago, the Social Security Agency recommended the elimination of these clauses from State welfare codes in a statement which read in part as follows, and may I again quote:

> * * * we recommend that provisions conditioning eligibility for assistance on the ability of relatives to support the applicant be eliminated from public-assistance laws.
>
> The assistance laws in many States provide not only that assistance received from relatives shall be taken into account in determining an applicant's need, but also that the existence of relatives considered able to support shall make an applicant ineligible for aid.

As it has worked out in practice, for instance, if I had to seek public aid and it could be proven that my mother was able to support me, or to give something to my support, and she refused to do so, I would automatically receive nothing. And even though she contributed nothing to me, I would, because it was her wish not to do so, I would be ineligible and it would be impossible for me to get any public aid.

Now, that just does not seem to me to be a fair provision. To continue the quotation for a moment:

> In some instances it may be known that the relative is actually not contributing to the support of the applicant and yet, because of the State law, assistance must be denied * * *.
>
> * * * The income and resources of an applicant that are considered in determining need should be actual and not merely potential.
>
> The general support laws of the States provide the means of enforcing support from relatives if the individual or State wishes to take such action. The public-assistance laws should not be used as a means of enforcing the support laws of the States.

Lastly, I would add a few features which may seem minor, but which are of the greatest importance to those involved.

First, that the needy need not be penalized because of marriage. Unfortunately today in many States if a recipient of assistance becomes married, they immediately cut down the assistance on the theory that 2 can live more cheaply than 1.

I don't believe that is a sound theory when you are down in these levels of income.

Secondly, I would recommend that persons receiving aid shall not be deemed paupers or that their names be published for the purpose of shaming them off the rolls.

Thirdly, that the program be administered in each State to insure uniform treatment in all of its political subdivisions.

Now the inevitable question arises: How do we pay for these improvements? We just cannot get away from it. It is, I hope, well known and recognized that payments under title II are secured by the levying of taxes paid directly into the Social Security fund.

Benefits under title I, however, have always been paid from general revenues and appropriations. I do not propose that further taxes be levied or that any different system be adopted. It would seem more equitable to continue paying such additional costs as will be necessitated by these suggestions from general revenue. Concretely, it would seem to me that, if we are going to be successful in defeating communism and in making democracy an example of the best system of government to provide for the just and proper needs of people, we first need to pay attention to our own problems here at home.

I am a strong supporter of economic aid to our allies and potential friends, but I also firmly believe that we can cut down in the waste of our military expenditures and that, if necessary, we should curtail the amount of our billions that we are planning to spend abroad to the extent that it is necessary to do so in order to pay for these improvements here at home.

At worst, it will be a small percentage of the money we are willing to spend for economic aid abroad. Certainly, our own most needy citizens have a prior claim.

In my opinion and that of many others, improvements in the public assistance section of the Federal Social Security Act have been shamefully neglected. The laws of no two States are alike. Congress, it seems to me, has the responsibility to correct this and to make our public assistance laws uniform throughout the Nation.

Mr. Chairman, I respectfully urge that the members of the committee not only adopt H. R. 7225, but also amend into it the features of H. R. 7848, and give our needy, aged, blind, physically handicapped, and dependent children their right to human dignity.

Finally, Mr. Chairman, if I may say, of course, I recognize that I have been on the pro side of this argument and that there is also an argument on the other side. And I secured from the Legislative Reference Service a summary done by Miss Helen E. Livingston, of the Government division, as of December 28, 1955, in which she summarizes many of these suggestions, and she points out in the concluding summary of arguments against these suggestions, that the bill's more rigid Federal standards are opposed. And by the bill she means my bill. That they are believed to constitute Federal intervention in areas which have traditionally been reserved for State jurisdiction.

In the same way, the establishment of a Federal program for persons unable to meet State or local residence requirements is regarded as a Federal intervention, which might also result in more liberal programs for nonresidents than for residents.

Mr. Chairman, I would agree that that is a sincere argument. But may I also point out that if the Federal Government is going to go into the business of having the Federal Government participate in assistance to the needy and to the aged, then it seems to me we have accepted that responsibility.

We have already entered into that field, and if we are going to enter into it, then we should do the best job possible.

Finally she points out, that such liberalization would, it is held, encourage an expansion of public assistance programs, an effect contrary to the announced purpose of the Congress to make the old age survivors insurance system the basic means of protection for substantially all of the working population, and thus to cut down the

need for further expansion of public assistance, particularly old age assistance.

Now, Mr. Chairman and members of this committee, I thoroughly agree with that stated purpose. It would be a wonderful thing if we did not have to have old age assistance or if we did not have to have needy assistance, but until title II of the Social Security Act provides a proper security and until there are no such people as needy persons, then it seems to me that we must see to it that title I and title II of the act go along together, and that they are relatively uniform in providing a decent minimum standard of living.

I thank you, Mr. Chairman, for the privilege of coming before you, and I hope if there are any questions, I may have the privilege of answering them.

The CHAIRMAN. Thank you very much, Mr. Congressman.

Any questions?

Senator BARKLEY. If nobody wants to ask any—I won't barge in.

The CHAIRMAN. Go ahead, Senator Barkley.

Senator BARKLEY. I have, from the very beginning of our experience in social security, rather leaned to the opinion, rather strongly leaned to it, that primarily this is a national obligation.

When we passed the original act providing what we thought was $30 a month, which was a modest beginning, it was contemplated that that would be somewhat of an average throughout the country. And it can never be an average and there never can be any uniformity so long as the Federal Government's contribution is based upon the contribution of the States matching dollars.

We all know that it costs as much to live in Massachusetts as it does in Arizona, maybe more, and not much more. It costs as much to live in Kentucky as it does in Michigan. And you might compare these States among the 48 and you will find, on the average, it costs about as much to live in one of them as in another.

And yet the old-age assistance and the compensation of the Federal Government toward meeting that need is based upon the local law.

Now, it seems to me that the only way to get uniformity would be to make it completely a national obligation and pay it out of the Federal Treasury. Otherwise you cannot control the States. Congress has no power to compel the States to enact a law that will give them more.

I did not get the benefit of the beginning of your statement.

Do you contend that Congress has any jurisdiction or any power to compel the States to increase or regulate or to determine their contribution toward this social security question?

Mr. ROOSEVELT. Well, Senator, I did not undertake to decide that particular question. What I did try to do was to propose a formula which would be based upon the per capita income of the States, which would, therefore, tend to equalize the amount that was paid in each of these States, and would increase the amount made available to the lowest per capita income States.

Senator BARKLEY. Provided the States adopted that formula?

Mr. ROOSEVELT. Provided the States adopted it; yes. And I have nothing in my proposal which would force the States to do that.

Senator BARKLEY. I was interested in your suggestion about the ownership of property among those who are the beneficiaries of this social security program.

The legislature in my State some years ago enacted a law providing that the State should have a lien upon the property of the recipient, and that is the law now. In our recent governor election one of the candidates, who is now governor, proposed that that law should be repealed. There should be no lien retained by the State on the property of the recipient. And I presume that law will be enacted repealing that.

If I understood you, that is your position, that the States should repeal any such law, but that Congress has no power to compel them to do so, or make that a condition of constitutional or Federal assistance; is that correct?

Mr. ROOSEVELT. No, sir. I would advocate that the Federal Government make it a condition. In other words, it seems to me this is, as you have said, a Federal responsibility, and that a lien should not be imposed upon the recipients, and that the Congress should establish a minimum floor of personal property and, for that matter, real property, which may be held in order that this may be uniform all over the country.

If the Federal Government is going to make payments for assistance to the needy, it would seem to me that all citizens should be treated alike, and not some citizen in Arizona be under one compulsion, and let's say, a citizen in Kentucky be under another provision.

It does not seem to me fair, as long as the money to pay for this is coming from the citizens all over the United States, in every State.

Senator BARKLEY. We all know that the States have different ability to pay and a different setup economically and otherwise, and that it may be possible that some States can pay more than other States. But all of them need all the money they can get for local purposes, and it has been my feeling—I don't know whether I could ever get it enacted into law, but it has been my feeling—from the beginning that the States progressively need so much more money for local purposes than they did in previous years, that it might be feasible for the Federal Government to accept this obligation as a national responsibility and allow the States to use their local tax money for some other purpose. That might relieve the Federal Government of some other obligations in which it is engaged.

Mr. ROOSEVELT. Senator, I certainly would be very happy to see that. I think it would be helpful, I don't know——

Senator BARKLEY. I am not optimistic enough to think that view is going to prevail, but it does not prevent me from entertaining it.

Mr. ROOSEVELT. Right, sir. And, therefore, because I am not too optimistic either, I hope we can improve the formula at least to give some help to those States least able to pay their way at this time, so that we can get a more nearly average level all over the country, and not have this tremendous disparity which I brought up.

Senator BARKLEY. I am getting a lot of letters from lawyers and doctors and dentists, some for and some against being included. Have you any views on that?

Mr. ROOSEVELT. Senator, the majority of the letters which I personally have received have been in favor of being included, by far the greatest majority. There are a few letters that come in resisting it. But they usually are the kind of letter which says, "I don't want any help from anybody, I don't care where the help comes from." But I

would say by far the majority of the people in these professions have expressed the hope that they will be included.

Senator BARKLEY. That is all, Mr. Chairman.

Senator FREAR. May I, Mr. Chairman?

The CHAIRMAN. Senator Frear.

Senator FREAR. Mr. Congressman, I understand, or am led to believe from your testimony, that regardless of the residence of a person that may be required to live on social security benefits through the channels of title I, old-age assistance, that they all should be treated equally regardless of their residence within the United States?

Mr. ROOSEVELT. That is what I would like to see, sir.

Senator FREAR. Of course, it is true, as you have mentioned, that States by their legislatures have created what they think is best for their citizens of the State. Now——

Mr. ROOSEVELT. Senator, could I say on that, I don't think it is what they think is best for their citizens; it is the maximum that they think they can do for them. And I think you will find the State legislatures would like to do more in most instances, but feel they haven't got the finances to do it.

Senator FREAR. I suppose there is no better example than my own State, and I notice you have listed it on your diagram on page 5 with its per capita income, the highest of those that you have listed. And it does have a law that where a dependent or one seeking old-age assistance has a child or a parent that is financially able to assist them, they must do that. In other words, applying is ineligible if the condition of parent and child insist. And I assume you disagree with that.

Mr. ROOSEVELT. Senator, to this degree: If they become ineligible, suppose the State cannot enforce the demand; suppose for one reason or another they cannot make the other parent pay? Then in the meantime that individual is left completely without support and nowhere to turn to except maybe the Salvation Army, the soup line; and that does not seem to me to be fair and just.

I have no objection to a State law which would say to these people, "If you have an obligation to support this child you should be made to do it." And most States do it.

Senator FREAR. That leads to the question that you do not believe in the obligation of parents or children to support either one or the other, but you think it is an obligation of the Federal Government.

Mr. ROOSEVELT. No, sir; I think that is a personal moral thing between the parent and the child. For instance, I think it varies in many instances. For instance, I could give you an example of how difficult it is to make a broad generalization.

There are cases where a child will have been brought up, for instance, in a place where one of his parents, let's say the father, just completely ignored the child; did not do anything to help him develop or grow up. And after the child has grown up and has done well on his own, the father becomes destitute. Under the law of your State and my State, then all of a sudden that boy, although he has made completely his own way, is suddenly responsible completely for taking care of the father who never did anything for him, even in his childhood.

I don't think that is right. I don't think that is just. Therefore, I don't think we can make a general broad generalization on this subject. I think that has to be applied in each individual case.

But the main thing that I am getting at here is that while that case is being decided, as it should be decided on the basis of justice, in the meantime there must be provision so that that father can live, because even in this instance, bad as the father might be, neither you nor I would want to see him starve to death. But under this law he would be practically forced to starve to death, and I don't think that is right, sir.

Senator FREAR. Well, of course, there are some States that do have the means of having the children or parents support——

Mr. ROOSEVELT. We have such a law in our State, sir, but the administration, sir, has always resulted in tragic situations where they starve to death while the State is trying to enforce the law.

Senator FREAR. Well, of course, I cannot agree with you in that line of thinking, because I certainly do believe that the parents and the children certainly have an obligation toward them regardless of the case that you say, where the child had no benefit from his father. I don't think that eliminates him from his responsibility toward his father. And certainly I would hate to see the Federal Government take over the responsibility, under the general welfare clause or any other clause, that everyone in the United States is going to be treated the same regardless of the situation at home.

I think there we are certainly encouraging not the responsibility of the parent toward the child or vice versa, but we are certainly encouraging the welfare state centralized in Washington.

Mr. ROOSEVELT. Well, sir, we do have such support laws. I do not oppose those laws. And I would agree with you on the principle that we do have such a moral obligation, and in every instance where I had anything to do with it, I would feel that obligation.

But what I am trying to get at is, I am not denying the right of that obligation, but the law should be changed, not to prevent recovery against the individual who should be responsible, but to insure that the individual will not starve in the process while the law is taking effect.

Senator BARKLEY. There might be some difference in the relationship of the two, between the father and child, in that the child is not a voluntary child and the father is a voluntary father. There might be some difference in that. [Laughter.]

The CHAIRMAN. Are there any further questions?

Thank you, very much, Mr. Congressman.

Mr. ROOSEVELT. Thank you, Mr. Chairman and members of the committee.

(The full Library of Congress document previously referred to follows:)

[From Helen E. Livingston, Government Division, Legislative Reference Service, the Library of Congress, Washington, D. C.]

PUBLIC ASSISTANCE AMENDMENTS OF 1955

(The Roosevelt bill, H. R. 7848)

ISSUES

Should the Federal Government increase its share of payments made to needy individuals under the federally aided State public assistance plans (old-age assistance, aid to dependent children, aid to the blind and aid to the totally and permanently disabled); require States to conform to more specific Federal

standards covering determination of need and other requirements; lower the age standard for matching Federal grants for women from age 65 to age 62 in old-age assistance; and provide direct payments to individuals who cannot meet the residence requirements of the individual States.

FACTS

Under existing law the Federal Government reimburses each State for four-fifths of the first $25 of their average monthly payments for old-age assistance, aid to the blind, and aid to the totally and permanently disabled, plus half of the remaining payment up to a maximum of $55 (with a related formula for families receiving aid to dependent children). The bill uses the existing base (four-fifths of the first $25) but for the remainder would substitute a "variable grants" system which, instead of 50–50 matching, varies the Federal contribution to give more proportionately to low-income States and less to high-income States. At the same time it raises the maximum matchable amount from $55 to $100.

The bill also applies more specific Federal standards, especially covering the definition of "need," as a condition for receiving such grants, in areas which are now left to the discretion of State legislation. Direct Federal payments would also be made to needy persons now ineligible for assistance because they cannot meet existing State residence requirements. For women the age requirement is lowered from 65 to 62, but the existing requirement of age 65 for men is retained.

As of September 1955, the bill would immediately affect some 5,087,029 persons on public assistance involving total expenditures of $206,108,241 as follows: 2,552,596 on old-age assistance ($134,002,325); 2,191,300 on aid to dependent children ($52,856,945); 104,256 on aid to the blind ($5,945,473); and 240,877 on aid to the permanently and totally disabled ($13,303,498).

Pro

The use of the so-called variable grants formula is advocated as a means of adjusting the Federal share to provide a larger proportion to lower-income States, where, although need may be as great or greater, there are less resources for matching Federal funds. On the present 50–50 matching basis, it is believed, wealthy States can attract more Federal funds with less fiscal effort than can the low-income States.

The Federal standards named in the bill are designed to encourage more uniformity in State programs (which now vary widely in their definition of "need"), as well as to provide more liberal provisions in this regard than those which now exist in State plans as a result of State legislation.

The increase in the maximum for Federal matching from $55 to $100 is proposed as another means of increasing the Federal share of such payments since, under the existing $55 maximum, States or localities must pay full costs in the amount that their average payments exceed this maximum. A higher Federal maximum would also, it is believed, encourage States to increase their payments to conform with increases in the cost of living and to supply more adequate payments.

Direct Federal payments to persons who cannot receive relief because they do not meet the varying residence requirements of the States would, it is held, appropriately provide for them at the expense of the Federal Government. Currently assistance is denied to them unless they have an established residence ,and they must depend entirely upon State or local resources in the areas to which they have migrated.

Lowering the age requirement for women in old-age assistance from 65 to 62 is designed to increase the scope of protection and to bring the program into line with the House passed 1955 amendments to the Social Security Act (H. R. 7225) which make a similar liberalization for persons receiving benefits under old-age and survivors insurance.

Con

Application of the variable grants principle to State programs shows that it does not consistently accomplish its purpose of giving more Federal funds proportionately to low-income States, because of the variations in State programs and in conditions within each State. In weighting the Federal share at the bottom, the existing formula works to the advantage of lower-income States. Since OASI coverage is now practically complete (covering 9 out of 10 jobs rather than 3 out of 5 as was the case until 1951), the need for public assistnace should continue to decline, and it is therefore unnecessary to introduce a compli-

cated new formula for Federal grants at this time, especially since it so directly affects State legislation and administration of these programs.

The companion proposal to increase Federal maximums from $55 to $100 would, moreover, help to counteract the purpose of the variable grants plan since the increased Federal contribution would go to high-income States—the States now generally being the only ones making payments higher than the present $55 maximum. Because the average payment under old-age assistance for the country was only $52.50 for the United States, and no States had average payments of $100, the maximum is also believed to be excessively high. In September 1955, average State payments ranged, for example, from $27.85 in Mississippi to $86.57 in Connecticut.

The bill's more rigid Federal standards are opposed because they are believed to constitute Federal intervention in areas which have traditionally been reserved for State jurisdiction. In the same way, the establishment of a Federal program for persons unable to meet State or local residence requirements is regarded as Federal intervention which might also result in more liberal programs for nonresidents than for residents.

Finally, such liberalization would, it is held, encourage an expansion of public assistance programs; an effect contrary to the announced purpose of the Congress to make the old-age and survivors insurance system the basic means of protection for substantially all of the working population, and thus "to cut down the need for further expansion of public assistance, particularly old-age assistance."

The CHAIRMAN. Now, the next witness is Mr. Robert A. Gilbert of the Investors League.

Mr. Gilbert, take a seat.

STATEMENT OF ROBERT A. GILBERT, INVESTORS LEAGUE, INC.

Mr. GILBERT. Thank you.

I am Robert A. Gilbert, a director and member of the executive committee of Investors League, Inc., with national headquarters at 175 Fifth Avenue, New York City. I reside in Huguenot Park, Staten Island, N. Y. I am a member of the New York Society of Security Analysts and I am engaged as an investment counselor in New York City.

I appear before this committee as a representative of the league's president, William Jackman, who is unable to be here today. The investors league is the oldest and most successful organization of investors, with thousands of members who reside in every State of the Union. It is a nonprofit, nonpartisan, voluntary membership organization of investors, both large and small, who make up the backbone of our national capitalist economy.

We are grateful for the opportunity to appear before your distinguished committee regarding the social security bill, H. R. 7225. The people of this Nation can be truly grateful for their constitutional system of government which provides for checks and balances in legislative deliberations. On this occasion it would seem that the sobering influence of the devoted statesmen on this committee may avert a serious threat to our national solvency. We wish to compliment the members of your committee in having the wisdom, the forthrightness, and the integrity of holding public hearings on this issue which is of such vital and far-reaching concern to all of our people—in marked contrast to the intemperate, secretive, gag-rule, star-chamber proceedings under which this legislation was rushed through the House of Representatives, during the 1st session of the 84th Congress.

We are sure that every one of our members and every one of you gentlemen are sincerely interested in providing for our oldsters the highest measure of security that our economy can afford.

Senator BARKLEY. May I ask you a question?

Do you mean by that statement that the House of Representatives Committee on Ways and Means held no hearing on this legislation, and enacted it in star-chamber proceedings; is that what you mean?

Mr. GILBERT. Yes, sir. They had hearings that were not sufficiently public, in our mind, and where not sufficient evidence was adduced. Everything about social security has been considered except its cost, and I would like to develop that point in this statement, if you please, sir.

Senator BARKLEY. Well, pardon me then for asking the question about it.

Mr. GILBERT. No; I did not mean it in that respect. But we thought the hearings were insufficient.

We are sure that every one of our members and every one of you gentlemen is sincerely interested in providing for our oldsters the highest measure of security that our economy can afford without going to the extremes that could cruelly hoax an economically uninformed citizenry by resulting in vicious inflation and currency debasement.

Our interest before this committee is to suggest how the proposed legislation, H. R. 7225, may affect adversely the interests of investors as such. Our yardstick of determining what is good or bad for investors is to first determine what is good or bad for all American citizens. It is our conviction that American capitalism, with all its failings, is still the soundest economic system in the world and gives all of our people the highest standard of living in the world. It is obvious that only private investors can create and sustain capitalism as we know it.

To destroy those investors or politically to create roadblocks to individual savings and investment incentives is to invite socialism, fascism, or communism in one form or another, all of which are repugnant to all aspirations to human freedom, and any one of which systems would tend to impoverish the individual instead of making his secure.

The greatest potential enemy of all of our people, investors included, is inflation.

Infiation comes about frequently by government making political promises which are economically impossible of fulfillment without recourse to deficit financing, currency debasement, or outright bankruptcy and repudiation of solemnly entered into obligations.

Down through all history promises of more and more welfare benefits have always been politically popular, but when permitted to go beyond practical limits, they become Frankenstein monsters of destruction.

A few excerpts from a speech made last week by our distinguished Secretary of the Treasury, George M. Humphrey, contain some sobering admonitions:

> We are determined to avoid inflation—a government that adopts inflation as a policy to achieve its ends leads the people into a false land * * * false money leads to the slave state. * * * No people, however great, can preserve integrity if it must transact its business, measure its worth, in a false, inflated currency.

Prudence, thrift, honest work and honest government must go hand in hand. And make no mistake about it. It is no coincidence that since the scourge of inflation was let loose on the modern world, slave states have multiplied * * *

It is our fear that the amendments to the Social Security Act contained in the bill under consideration, H. R. 7255, were pushed through a politically sensitive legislative group who, acting in too much haste, perhaps failed to comprehend the enormity of the public interest involved. The staggering ultimate costs of this developing program were never fully debated nor fully understood. Many desirable amendments other than those provided in the bill seem to have been given no consideration whatsoever.

The Social Security Act is so important that its administration should transcend partisan politics. If political tinkering is encouraged we will have no basic act left at all— just amendemts to amendments, to amendments, ad infinitum. Isn't this just what happened to our income tax laws?

The framers of the bill under consideration have accused themselves in the present instance of intemperate action by providing that hereafter an independent advisory council which would not earlier than 3 years and not later than 2 years before each ensuing scheduled increase in the social security tax rates review the status of the old-age and survivors insurance trust fund in relation to the long-term commitments of the program, et cetera.

It would therefore appear to be the judgment of the committee who drew this bill that in the future the act should not be changed without first having advice from such an advisory council who would have ample time for independent study and research.

We agree with this suggestion but why shouldn't the same principle apply right now? We therefore suggest that no changes in the act be made, including those presently proposed, without first having made such an independent survey.

It is our opinion that social security can be obtained only when it is earned and paid for currently. Sound security programs must not attempt to provide benefits which bear no sensible relationship to what a country is willing to pay and can afford when the true costs mature. Certainly the maximum ultimate rates of 9 percent, or 6¾ percent in the case of the self-employed, would not be accepted by our people today.

Combined with present individual income taxes they would absorb over 40 percent of the net income of the ordinary taxpayer having a wife and two children and an annual income of $4,200. We do not believe that our economy could stand such a strain. We would betray our trust to our children if we were to force a tax burden upon them in excess of any amount we ourselves would pay today.

The Social Security Act was intended originally to provide a minimum of subsistence to our oldsters, especially those in the lower income brackets, who are most in need of this protection. It was never intended that it should replace life insurance, accident and health insurance, workmans' compensation, and all of the private employee welfare and benefit plans.

The staggering obligations that could be set up under this developing program could be met only by inflation, and in the process the social security reserve fund could become practically worthless. The reserves in this fund now amount to something over $20 billions and

are invested in Government bonds returning 2.4 percent interest. Against this $20 billion reserve we have already created obligations in excess of $240 billion.

It would be dangerous to add to this figure billions of additional obligations in the form of additional benefits to those people already covered, in an amount that no one can measure with any approximation of accuracy.

In conclusion, our recommendations in regard to bill H. R. 7225, are as follows:

(1) The implications that this bill could have on our entire national economy are far too grave to have it further involved in partisan politics which is bound to happen in this presidential election year. We therefore recommend that no action be taken on it by the present Congress.

(2) That an independent Advisory Council of experts be appointed, in the manner suggested in this bill, to conduct necessary research and economic surveys into various aspects of the social-security system and report back their recommendations for changes within the next 2 years.

(3) That this Advisory Council, among other things, should answer objectively the following questions:

(*a*) How much further could Government safely go in increasing social-security benefits without inviting inflation and without shifting the major cost burden to future generations?

The answer to this will probably require a great deal of careful study as it must be considered in relation to individual income tax payments and also in relation to the mounting costs of other Government benefit programs such as the Railroad Retirement Act, the civil service pension fund and veterans' benefit programs. An article in the current issue of the Reader's Digest by Stanley Frank, discussing the rising cost of veteran aid, states than in 30 years, if the same benefits remain on the books, the appropriation for veterans will be $20 billion a year, and still rising. Perhaps all of these programs should be examined together in order to determine what is equitable to all of the people and what the Nation can safely afford to pay.

(*b*) If benefit age limits be reduced for women, should the amount of benefit payments to them be reduced accordingly?

(*c*) Should citizens be compelled to come under social security or should they be given a free individual choice to decide how they wish to provide for their own future security? If it is to remain compulsory why should any group of self-employed, such as doctors, et cetera, be exempted?

(*d*) Why shouldn't everyone who has been forced to contribute his own earnings to social-security taxes be permitted to work for any wage he can get after reaching the benefit age? With our increasing life span doesn't this force an unnecessary decline in our national output of goods and services in detriment to all of our citizens?

(*e*) Why shouldn't social-security taxes be allowed as proper deductions from income before payment of individual income taxes? Isn't this another form of double taxation?

(*f*) Why shouldn't railroads and railway employees be subjected to the indentical treatment under the Social Security Act that is accorded all other employers and employees?

(g) Why shouldn't an effort be made to cut social-security costs by converting the reserve fund into a mutual fund, administered by independent investment experts with authority to invest limited portions of the assets in corporate bonds and stocks, without a voting right, and careful limitations as to the amount permitted to be invested in any one company? Many prudently managed private trust funds now return as much as 5 percent. Is it not right and in the national interest to seek to increase materially the income yield of this reserve fund?

Gentlemen, let us not, by acting in haste, destroy the great social and economic gains that have been achieved in recent years. Let us not be accused of a selfish and careless "giveaway" of the future resources and security of our children and our children's children.

Thank you.

The CHAIRMAN. Thank you.

Are there any questions?

Senator MARTIN. Mr. Chairman.

On page 6 you make the statement against this $20 billion reserve we have already created obligations in excess of $240 billion. What do you mean by that?

Mr. GILBERT. That is the matured value of the insurance. As a matter of fact, I have seen tax experts' opinions that it is $280 billion. That much is due to fulfill the contracts that have been entered into.

Senator WILLIAMS. Of course, that does not take into consideration the payments which will be made during the interim; is that right?

Mr. GILBERT. No; there will be more people entering into the contract, but is it fair to take the payments of those who come in to get a future sum, say, for them, and hand it to someone else? I mean, that is not earnings on principal, as I understand it.

Senator WILLIAMS. I did not mean it that way.

Mr. GILBERT. I am sorry.

Senator WILLIAMS. But those who will be the recipients of portions of this $280 billion will be the same ones who will be paying some more into the fund before they receive it; is that not true?

Mr. GILBERT. No; this is the present value of the obligation, as I understand it.

Senator FLANDERS. What is the present history of the reserve; is it increasing or decreasing?

Mr. GILBERT. The reserve is increasing, but so are the obligations.

Senator FLANDERS. But if the reserve continuously increases, does it not take care of the obligations?

Mr. GILBERT. No, sir. That is our fear. I mean, this is not run the way a private insurance company is.

Senator FLANDERS. That is just exactly the question.

Mr. GILBERT. Yes.

Senator FLANDERS. Is it obligatory that it be run as a private insurance company business; is it?

Mr. GILBERT. If it is not, then someone else has to pay the costs.

Senator FLANDERS. Is there any serious situation if that reserve continues to increase?

Mr. GILBERT. Yes. If the reserve is never—in economic theory there is just no question about it, whether it be a Government investment or a private investment, the money that you set aside for a certain pur-

pose must provide the sum that is required or somebody else, somehow, has to pay the difference.

Senator FLANDERS. Do they have to pay any difference if the reserve continuously increases?

Mr. GILBERT. The reserve is partly the property of those who hope in the future to be paid from it.

Senator FLANDERS. I am just trying to see whether the necessary private insurance company limitations apply in this situation, and so again I ask if that reserve continuously increases over the years, is there any dangerous obligations not taken care of?

Mr. GILBERT. Positively.

Senator FLANDERS. I say positively no. [Laughter.]

Senator MARTIN. Are you through?

Senator FLANDERS. Yes; I am through.

Senator MARTIN. May I ask a question?

In paragraph (*g*) of page 7, are you contemplating making this fund actuarially sound?

Senator FLANDERS. On what basis? Either on the legal reserve basis or on the governmental operation basis? That is the question.

Senator MARTIN. I am meaning whether or not you contemplate under paragraph (*g*) on page 7 of making this fund actuarially sound just the same as if it were a private insurance organization.

Mr. GILBERT. In that particular paragraph we were thinking not of the actuarial part of the fund but of producing more yield of what they have, making the best of what they have. It is more similar to private operation, but it has nothing to do with the actuarial argument.

Senator FLANDERS. Will the Senator yield for a moment?

Senator MARTIN. Certainly.

Senator FLANDERS. I just want to assure the witness in contesting this particular point in your testimony, I am not expressing any lack of sympathy with him, of the suggestion that you have made there.

Mr. GILBERT. Thank you.

Senator FLANDERS. But I think the position that the governmental insurance operations must necessarily follow, the legal reserve requirements of a private or mutual insurance company does not hold.

Senator MARTIN. Mr. Chairman, I also want to—I am not asking these questions in any criticism. I am trying to get additional information, because I am one of the members of this committee, and I think practically all of us, who are terribly worried over the prospect of inflation in America. And I think I am more fearful, and I am a military man, I am more fearful of inflation than I am of invading armies and the bomb hitting our various cities.

Have you given any consideration to making this a pay-as-you-go each year; that each year we make an assessment of what we think will carry it for the succeeding year?

Mr. GILBERT. Well, that would disregard the advantage the private companies have of long-term increments in the growth of the capital fund. If this fund had put its money in Du Pont or General Electric or something like that, the average return, if they put some of it in there, would be substantially more and they would have a capital increment too.

They would go along with the country, but to force all of this money, this enormous sum that is so important to future sustenance, into

capital that is invested, if I may say so, in the stagnant part of the economy, because the Government does not expect to earn more than 2.4 percent, and General Electric and Du Pont and these others do more than that.

Senator WILLIAMS. Of course, they could go down, and could you afford to speculate with this fund which is administered by the Government?

Mr. GILBERT. Life insurance companies are not allowed to speculate either but in some States they are allowed to buy 5 percent stock and diversification. This fund is one of the most bullish viewers of the economy. They expect the population is going to grow and more people going to pay in and more money coming into the fund. So the new payers will take care of the ones who have already paid in.

If the country starts to slow down, the population does not grow, and more people do not come under social security, then where are we? I mean, we are counting on the ones to come to pay the retirements, since we have no adequate reserve, and since they don't expect that will happen. I presume they think the population and economy is going to continue to grow.

Senator WILLIAMS. I am not arguing that we have not an adequate reserve; I am not sure we have, but I cannot quite reconcile your statement here if the $240 billion obligation against this $20 billion fund. I am not sure I understand it.

You are including in that the obligation which this fund will have to you and myself and other individuals at some future date? We are included in that $280 billion; are we not?

Mr. GILBERT. We are included; yes, sir.

Senator WILLIAMS. But the point is, during the interval before you and I collect, and many others, we will pay into the fund, as a part of our obligation, an amount which will increase the $20 billion. So I mean, it is not quite realistic that you have only got $20 billion to offset it.

Mr. GILBERT. Well, my tax source on this says that is the present value of the liability, and it will be more.

Senator WILLIAMS. But if we use that as a formula though, strictly then, a man buys a $10,000 life-insurance policy and starts paying it, theoretically the company has an obligation of $10,000 to pay tomorrow, assuming the man dies. But yet the company takes into consideration that they will, based upon the law of averages, collect from that man in the future.

Mr. GILBERT. I understand your point.

Senator WILLIAMS. And they give that consideration when they measure solvency, and therefore, I think that we should give some consideration to the future payments which will be made by the prospective recipients of the fund to the $20 billions.

I don't know if that is an argument, that the fund is solvent, but I don't think the picture is true when you use the two extremes.

Mr. GILBERT. Well, I thank you.

It is my understanding that that was the present value of the obligations, and that that figure will go up. Of course, the reserve will go up, too.

Senator FLANDERS. Mr. Chairman, I am interested in page 6, item (*c*) at the top of the page. It has long disturbed me that we compel

the self-employed in certain categories to come under social security and do not permit other categories to come under social security.

The difficulty has been, as I understand it, that if we allow free choice in coming under social security, that a man would not choose until he got along late in his active life. And I have wondered, in thinking over this thing recently, whether we might not amend our law so as to compel a choice, say, at the age of 45, and cut out the compulsory thing entirely.

When a self-employed man arrives at the age of 45, to get the benefits of the social-security scheme, he must then decide—I am just using 45 as an example—whether or not he wishes to come under it, whatever his category may be, whether it is dentist, doctor, lawyer or what, or not merely professional men but tradesmen and so on.

This present scheme is abhorrent to me. I don't know how many others feel the same way. But if we could set an age at which a man is compelled to make a choice or lose the advantages of the Federal system, I wonder whether we would not have something there that is worth considering.

The CHAIRMAN. Well, you certainly would have a very large loss in revenue, because a man does not get benefits until he is 65, and he is not apt to take it until he is 45 then, and they would lose all the benefits, all the payments that are made prior to that time.

Senator MARTIN. Mr. Chairman, I wonder—I have always been interested in—I don't want this thing to become so enormous that it will crush under its own weight. That is the thing that has been worrying me. It and inflation.

Now, I am wondering whether or not you have given any thought to the rate that we would have to charge in order to carry out a plan as suggested by Senator Flanders. Now, I don't want—I realize it would not do to have a plan where a man can wait until he is about 60 to get into it. He ought to pay in a certain length of time.

Now, actuaries of insurance companies and casualty companies work those things out. Have you given any thought to a plan as suggested by Senator Flanders?

Senator FLANDERS. Forty-five may not be the right age.

Senator MARTIN. It may not be the right age.

Senator FLANDERS. And it should be actuarially determined.

Senator MARTIN. Of course, as you know, I don't pretend to know anything of that kind. I have never engaged in any business of that kind, but I have wondered whether you have given any thought to what the Senator suggests.

Mr. GILBERT. We have. Of course, this is a very involved subject, and I only came prepared to talk specifically on the points at issue. But if I may, I would like to supplement that point by sending you quite a bit of evidence on how much it would cost. We have some excellent sources of information, the very best.

Senator WILLIAMS. But your rates would have to multiply several times if you waited until 45; don't you think?

Mr. GILBERT. Well, they do on insurance, and I presume they would. But on the other hand, the Government has never felt compelled to force everyone to buy life insurance. The industry and the salesmen seem to be able to take care of that.

Senator WILLIAMS. I am not debating that point, but I am speaking about the rates, to be realistic would have to be higher.

Mr. GILBERT. They would have to be higher, but on the other hand, the rates are going to go up anyway. If you only are earning 2.4 percent, you have got to get more money or a higher tax, and in that connection may I add to the evidence this statement: That the pension fund of the U. N. which retires people there and includes a number of Communists, Russians, Czechs, Poles, and so on, has invested in General Electric, DuPont, and Alcoa, and other good stocks. And the Investors League is wondering whether the U. N. is smarter than the United States in that respect. [Laughter.]

Senator BARKLEY. I have a question.

Do I understand from your testimony that you object to the provision of the law that requires the reserve fund to be invested in United States bonds?

Mr. GILBERT. Well, we think a great portion of it should be so invested. But we believe that the Government is only a part of the economy, and just as with other private funds, there should be some investment in highly yielding securities, sir.

Senator BARKLEY. Well, is it——

Mr. GILBERT. It is not a criticism of Government bonds, but——

Senator BARKLEY. Government bonds are regarded generally as the best investment in the country; are they not? Not necessarily from the standpoint of yield, but from the standpoint of soundness and security.

Mr. GILBERT. Well, they are certainly the best bonds you can buy, no question about it.

Senator BARKLEY. Because if they ever fail, all others must fail; isn't that true?

Mr. GILBERT. Well, in terms of purchasing power——

Senator BARKLEY. When the bonds of the United States Government are no good, the bonds of nobody else would be very valuable. So it was the purpose of Congress originally when this law was passed and provision made that fund be invested in Government securities, that it be invested in the soundest securities that could be purchased.

Mr. GILBERT. In terms of purchasing power though, I mean, sometimes Government bonds do not work out——

Senator BARKLEY. Well, these don't yield as much as some possibly in private companies, and so forth.

Senator FLANDERS. I would suggest in case of inflation all bonds yield less.

Senator BARKLEY. How is that?

Senator FLANDERS. In the case of inflation all bonds yield less whether Government or private.

Senator BARKLEY. That is an automatic process, because money does not buy as much. It is not as valuable in inflation.

Senator FLANDERS. It is automatic as a process, but we have something to say when the process starts some time.

Senator BARKLEY. Did I understand you to say that you thought this fund ought to be administered by a private organization and not by the Government?

Mr. GILBERT. A portion of it we think should be contracted out, the portion that was put into private investment.

Senator BARKLEY. So that the Government would have no control over it?

Mr. GILBERT. Oh, certainly, the Government would let the contract, just as it lets all other kinds of contracts.

Senator BARKLEY. Like building a bridge or dredging a harbor?

Mr. GILBERT. That is right, and you let a contract to administer private investment.

Senator BARKLEY. I am interested in your reaction to the fact that medical science and research and all those things have extended the average of a man's life. Until now it is sixty-nine and a half years in the United States, which means a lot of people get a lot older than that, because a lot die much younger. And yet, notwithstanding that fact that must presuppose that older people are more healthy than they used to be, or they would not live longer.

Mr. GILBERT. I would agree with that.

Senator BARKLEY. And yet we find if a man has worked for any industry for a long, long time, and gets to be 45 years of age, he may continue his job with that company as long as he is efficient. But if he loses that job, and starts out through the community to find another one, he goes up always against the fact that he is 45 years old, because industry is looking for younger men.

I am wondering how are we going to solve that problem of constant extension of life of man and the constant inclination not to hire him, if he loses the job he has had, after he is 45 or 50. And what is going to happen to those old people?

Every now and then one gets elected to the Senate, but that does not solve the problem. [Laughter.]

That only solves his problem. What is the solution, and do we regard that the public owes anything to a man who has gone along in years. He is healthy and can do good work but nobody will hire him because he is 50 or 55 years old. What is the ultimate solution of that problem? Have you thought much about it?

Mr. GILBERT. Well, yes. I think that there is an obligation but, on the other hand, we have an obligation not to destroy the savings of hundreds of thousands of people who don't happen to lose their jobs at 45. And if we are up to an obligation here of $280 billion at the start of this operation——

Senator BARKLEY. You are speaking now of the public debt?

Mr. GILBERT. No; I am speaking of the obligation of the social security.

Senator BARKLEY. That is a potential obligation. If it all fell due any one day, it could not be paid, but it won't fall due.

Mr. GILBERT. No; but it is going up.

Senator BARKLEY. It is going up, of course.

Mr. GILBERT. A great many companies, if I may mention it, sir, provide for their people; the great oil companies, the great electrical equipment companies, the great chemical companies, they don't heave them out when they are 45, and as I have understood it, recently many industries have a shortage of skilled labor.

Senator BARKLEY. It is increasingly more difficult for a man beyond 45 to get a job in a new industry.

Mr. GILBERT. If he has a skill.

Senator BARKLEY. He can keep the one he has had all right, but he can't go out and get a new one. That is all, Mr. Chairman.

Senator FLANDERS. I might say to the Senator from Kentucky that there is the case in the General Electric Co. in Schenectady of a group

of scientists who reached their time in age and retired, and they have formed an engineering organization, and they are going great guns. They are all over 65.

Senator BARKLEY. I applaud the effort of industry, whether it is oil, steel, or lumber, to take care of their own employees after they get to the age where they are no longer useful. I think that is very commendable. But that takes in only a small proportion of people who reach certain ages.

Senator FLANDERS. The point you brought up is a very serious one.

Senator BENNETT. Well, Mr. Chairman, statistically there are 2½ million people unemployed out of 65 million. I would say statistically half of the working force, approximately, must be 45 or over, if the working force starts at 25 and ends at 65. So statistically these people, 45 or over, are not finding it completely impossible to get jobs. And I know I have heard that statement that anybody over 40 or 45 has a hard time getting a job. I have heard that statement as long as I have had any relationship to the industry.

Senator BARKLEY. Not having reached that age yourself, you may not appreciate how difficult it is.

Senator BENNETT. The Senator—I won't say it. [Laughter.]

One of the things I heard about advancing age is that everyone younger than yourself seems to be very much younger. I am afraid I have reached and passed that age sometime since.

I recognize the difficulty of the problem. But I don't think it is statistically as serious as some of us think. Otherwise we would have a tremendous reservoir of unemployed men past 45.

But I would like to ask the witness a question which has always disturbed me about the suggestion that some of the funds of social security should be invested in stocks of private corporations.

Don't you think there is some risk, since the fund is so tremendous, that by that process the social-security system might come into a position where they could seriously influence, if not actually control, the management of the private corporations in which these investments would be placed?

Mr. GILBERT. That is a question that always comes up whenever that matter is considered. The same thing was feared with reference to mutual funds when the industry was smaller than it is now. And there is a stipulation in the legislation governing mutual funds forbidding them to own more than 10 percent of the stock or, I think, it is 5 percent of the voting power of any 1 company. And while the mutual fund industry has grown by leaps and bounds, I believe it is over $5 billion now, there are very, very few companies that have on their boards any of the officers of the mutual funds which have huge stockholdings.

Senator BENNETT. There is a difference between mutual funds, which are also privately owned, and the power of Government, which is concentrated, in this case, in a very definitely perpetuated organization. And we have been wrestling with the school bill in the Senate, and apparently have been unable to arrive at language which would make it possible even to transfer current funds to the States, without assuring control by a Federal agency of the manner in which those funds would be used.

And that is the thing that still bothers me, as to how you can put in a Government organization ownership, with its attendant privileges, how you can invest these funds in that kind of situation.

Mr. GILBERT. It most certainly is a risk, and I am very glad that you mentioned it. As a constitutional government, we hope this is done and a provision is in the law, that they may not influence corporation policy and may only buy a small percentage. Then there will be no ways in which they can get around such stipulation.

Senator WILLIAMS. Of course, on certain occasions just a very narrow percentage represents the control of the company.

Mr. GILBERT. Very true. The mutual funds have not abused that, though.

Senator WILLIAMS. That is true, but the mutual fund, as Senator Bennett pointed up, are themselves privately owned, and then they are diversified, and you have got very many representations in that. This is a centrally controlled power, and from one central place it could be the control.

Senator BENNETT. May I make the observation that, if mutual funds begin to abuse it, laws would probably be passed restricting their opportunity, but here you're dealing with a self-perpetuating Government organization.

Senator FLANDERS. And, if the Government began to abuse it, would the Government pass laws restricting itself?

Senator BENNETT. I would not think so. I think it would be much more difficult, if not impossible, because it would be represented as being not abuse but manipulation in the overall national interest.

The CHAIRMAN. Are there any further questions?

Senator FREAR. Just one, Mr. Chairman.

Mr. Gilbert, in reading the second paragraph on page 1 and paragraph (*g*) on page 7, do I sort of detect a subtle suggestion to the members of this committee that maybe part of the fund should be given over to the Investors League for investment?

Mr. GILBERT. No, sir; we do not manage any investments whatever. We are an organization representing investors. But we maintain no funds at all. We are not applying for the contract.

The CHAIRMAN. Are there any further questions?

Thank you very much, Mr. Gilbert.

Mr. GILBERT. Thank you, sir.

The CHAIRMAN. The next witness is Mr. Rowland F. Kirks, National Automobile Dealers Association.

We are glad to have you, Mr. Kirks. Proceed.

STATEMENT OF ROWLAND F. KIRKS, LEGISLATIVE COUNSEL, NATIONAL AUTOMOBILE DEALERS ASSOCIATION

Mr. KIRKS. Thank you, Mr. Chairman and members of the committee. We wish to thank the committee for the privilege of appearing before you to express our views with respect to H. R. 7225, which you have under consideration at this time.

In order to establish that we have more than a vicarious interest in this legislation, permit me to mention just a few simple facts pertaining to who we are and why we have requested to be heard.

The National Automobile Dealers Association is one of our oldest and largest trade associations. It was founded in 1917 and today

represents some 30,000 new-car and new-truck dealers of the United States. Ours is one of the world's largest associations of retail merchants. Our members employ some 660,000 employees and pay approximately $2¼ billion in annual payrolls. From the mere mention of these salient facts it is apparent that any proposed increase in Federal taxes to be borne by employers and employees is of vital concern to us.

Social security has developed over the past 20 years to the point where it is no longer an experiment; it now is a major cog in our national economy, directly affecting the income, purchasing power, and life planning of most people. By the same token, it also has reached a magnitude where any further changes may have a profound influence on the Nation's economic, social, and political future. The experience of the past two decades has demonstrated the danger arising from the Nation's failure to decide just what social security is supposed to accomplish and just where it is supposed to stop. Bills liberalizing the program never contain any specific, well-defined limitations. Year after year the Members of Congress introduce a growing number and variety of proposals—calling for still more changes, still greater expansion, still newer types of coverage. Prior to summer recess of this session of the 84th Congress, for example, 247 such bills were dropped in the congressional hoppers.

This trend is moving closer and closer toward the fields of disability, rehabilitation, and medical care. Those questions that it raises concern all of the American people. Those vital questions involve not only the philosophy of the social-security program, but also its cost and tax burden—particularly as they affect the future generations who eventually will have to pay the piper.

By lack of foresight and sober study, by reckless disregard for the economic realities of increasing liabilities and costs, we might ultimately wreck the social-security system itself.

The ultimate goal, advocated by our national labor organizations may be the program embodied in the "Minimum Standard for Social Security" convention adopted at the annual meeting of the International Labor Organization in Geneva in 1952.

What would such a system of benefits cost? How much of a burden would it put upon our productive machinery? In South America some countries have much of the ILO program already in effect, and their tax rates are as high as 25 percent of the payroll. In France, the tax rate is 35 percent of much of their payroll and that is one of the principal reasons for the failure of the French economy to make a postwar comeback.

Benjamin Kendrick, research associate for the Life Insurance Association of America, and a recognized authority in this field, in a public address not long ago, estimated the ultimate cost of the whole program, if put into effect in this country, would be 30 percent of payroll as a minimum and could cost as much as 40 percent of taxable payroll.

We urge that a most comprehensive actuarial study be accomplished and that it be established beyond any peradventure of doubt that an increase in taxes is justified at this time.

The need for such a study was well expressed in December, 1954, by Louis W. Dawson, then president of the Life Insurance Association of America, when he said:

> Before this country's social welfare plans are extended further, or before any new ones are adopted, I would suggest a thorough and impartial study of our

whole social welfare system and all its implications. We should determine the philosophy and ultimate objectives of such programs, examine all present plans in the light of those objectives; examine overlapping or conflicting plans; review the soundness and future costs of existing plans; consider any new plans in the light of the ability of the country to support them, and continuously analyze the impact of all such plans on other elements in our economy. The overall purpose would be to make sure we did nothing that would adversely affect the productivity and economic progress of the country, upon which all social welfare plans must depend for their validation, in the final analysis.

In the present temper of the times, we cannot turn the clock back. If we have promised too much, only time will tell. But it is not too late to weigh future extensions in the light of our capacity to pay all those who enjoy the benefits. This, at least, we can do; and if integrity is not to be forsaken as a national ideal, it is a simple obligation of citizenship, regardless of party.

There are far-reaching consequences inherent in H. R. 7225, and we commend to this committee the desirability of obtaining from a group of experts constituted from the ranks of Government and private business a thorough and exhaustive study of this bill.

Ample opportunity should be afforded all interested parties to scrutinize in detail the result of such study after which an opportunity to testify should be accorded them.

The extensive hearings conducted in 1954 both by this committee and the Committee on Ways and Means of the House of Representatives on the social-security legislation submitted to the 83d Congress created a most desirable precedent which may with benefit be followed at this time.

To act upon the present legislation without more facts at command would be unwise. The Secretary of Health, Education, and Welfare in her testimony before you on July 26, 1955, stated: "There has not yet been time to permit us within the administration to make a detailed analysis of the proposals contained in the bill, and we have particularly not had an opportunity to obtain the advice of groups and individuals out of Government."

Certainly ample opportunity has not been afforded all interested parties outside of Government to give full consideration to this legislation.

We, as a vitally interested group, most strongly urge the accomplishment, first, of the study which I have previously referred to and then ample public hearings on the bill and the study.

Lest there be any doubt about on the matter, I wish to reassert in concluding that we are not opposed to social-security legislation. We do wish the present law and any changes in the present law to be fully justified based upon a thorough and accurate actuarial study in order to insure that increases in taxes as contained in the present act and contemplated under the proposed law are wholly justified and necessary to provide the required funds.

We thank you for the privilege of appearing before you.

The CHAIRMAN. Thank you, Mr. Kirks.

Any questions?

Senator BARKLEY. I have no question.

Senator FLANDERS. Mr. Chairman, I just want to say that in visiting New Zealand some years ago I learned what is, of course, generally known, that the services which the Government performs for the New Zealander take a very large share of his income. The figures are not in my mind, but they are protected from the cradle to the grave, and I guess these bury them.

I don't know but a thought occurs to me, as you have been testifying, that I don't think there is much left after that social-security provision. There is nothing much left for buying automobiles so I can understand your——

Mr. KIRKS. That would be a regrettable condition, sir, if they ever reached that point here.

The CHAIRMAN. Are there any further questions?

Thank you very much.

Mr. KIRKS. Thank you for the privilege of appearing.

The CHAIRMAN. Mr. Rulon Williamson is the next witness.

Mr. Williamson, we are glad to have you, sir, and will you please identify yourself for the record.

STATEMENT OF W. RULON WILLIAMSON, ACTUARY, WASHINGTON, D. C.

Mr. WILLIAMSON. W. Rulon Williamson.

The CHAIRMAN. Are you representing yourself?

Mr. WILLIAMSON. I am representing myself.

I appreciate this opportunity to make a statement to this committee at this time and on this subject.

Senator FLANDERS. Mr. Chairman, while Mr. Williamson is representing himself, I think we would be interested in knowing where he came from and any other incidental information that he is willing to give.

Mr. WILLIAMSON. I am an actuary, sir. For 25 years I was with the Travelers Insurance Co. of Hartford. For 10 years I was actuarial consultant to the Social Security Board, and for another 10—several years—I was a consultant to the Wyett Co., a firm of actuaries.

I am now a research actuary now researching this problem.

Senator FLANDERS. Thank you.

Senator FREARS. Are you in covered employment?

Mr. WILLIAMSON. I have been in covered employment, sir.

While social security—so-called—is but one aspect of the individual's diminishing control over his own decisions, and but one element in the growth of taxation and outside direction of personal budgeting, that one element is achieving huge proportions.

Adding social security to our Government's responsibilities has raised questions that have not been answered. No satisfying philosophy has appeared to explain its precise place in the economy. No acceptable terminology has appeared that meets with general acceptance. It has harnessed many of our soundest ideals to the service of certain questionable objectives. It has increased some existing inequities and has produced new ones. It has contributed to the losses in the availability of the free market. It has added to disequilibriums.

It applies to money matters too much of the emotional appeal of the revivalist.

In dealing with great heterogeneity, it pretends to see homogeneity.

It closed its eyes to many current problems, it gives priority to remote problems, some of which it creates.

It adopts the techniques of the makers of the grand hypotheses. It mixes the familiar with the unfamiliar, and leaves us with the undistributed middle. It seeks to follow other authoritarians, as in the name of reason, they demand assent to the unproved thesis.

Many of the wielders of this sword for Allah have fallen by the way. There is every reason why their successors should abandon the claim to an unproved inerrancy.

England had adopted what I have called the little-pay-little-go technique of easing in for the old-age part of her social-security system—with benefits on a very modest scale—and advance funding equally modest. Following World War I it was felt to be wiser to clear up certain pressing financial claims from the war before putting too much money into the social-security reserves. It remained for a Beveridge to expand other portions most strikingly, in his recommendations, but to leave age benefits most modest still. Meeting the costs has now faced them as a more serious problem because of the rising financial requirements.

The present Germany's inheritance of the Bismarckian social insurance is demanding 17½ percent of the national income, even after recovery has made a heartening advance. Others in addition to Hayek believe that for the Germans, social security represented a return to the serfdom from which they had risen, a major contributory force in submitting themselves to unreasoning capture by the tyrant's lure.

In France, where tax collection has never gone smoothly, the demands by social security for 15 percent of the national income must be a disorganizing force, further weakening an unduly bureaucratic Central Government, accounting for part of the instability of those governments.

H. R. 7225 would increase the Federal Government's involvement—along lines in which England, Germany, and France have already gone further and fared worse, without—if precedent is followed—pointing out the flaws in the underlying structure to which the amendments are to be made.

I desire to address myself to you along three lines of thought:

I. Asking again some unanswered questions, basic to our social-security measures from 1935 to 1955—unstated aims, unstable foundations, indeterminate costs, sometimes misleadingly presented.

II. Some apparent impact of these programs upon the citizens—these programs with their specious appeals, their presumption, their gaps in rationale.

III. Some suggestions for limitations upon the Federal taxation for citizen's compensation for various wrongs—real or fancied—mainly the reality of inflationary price rises; and some principles.

As a preliminary point, I want to mention that things connected with age look much different to the aged than to the youth. Prospect and retrospect are very different. But what I do wish to say is that variations and the shifts in things like wages, where there are so many different wages, are very difficult for us in a procrustean bed, and it is more as a citizen than as an actuary that I am speaking today.

THE QUESTIONS

The Social Security Act amendments includes benefits for age, for survivors at the death of an insured family member, for extended disablement (age, death, living death). This benefit-granting structure has been called many names. It has been called security; it has been called insurance; it has been called relief; it has been called

gratuities; it is sometimes implied that it is savings; it is suggested that it is investment.

I myself coined the phrase social budgeting to apply to a special form of Federal taxing power that I felt made more possible escape from some of the anomalies. I have heard it called fraud and economic poison by eminent men. To the men now drawing the age benefits of OASI, the receipts are mainly other men's tax money. To citizens not yet drawing those benefits, but covered for potential future benefits such benefits are reported in an actuarial study—that is No. 39—as perhaps equivalent to 13 percent of all taxed wages, when discounted at interest, or 20 percent without such discount. This makes tax rates of 4 percent and 3 percent look very small. The closest parallel in bulk financing seems to be the old assessment and fraternal insurance arrangements where temporary benefits, temporarily financed, came to seem permanent benefits, underfinanced. So in OASI, does it not seem that temporary needs have been made the excuse for apparently permanent benefits, casually financed? And is it well to assume that posterity will enjoy meeting the rest of those obligations, when the Congress of today increases the claims of tomorrow, for which tomorrow's Congresses must take financial responsibility—and with section 1104 to help them out?

Does not the use of the "undefined word 'insurance' " carry over the sense of dependability which attends a structure where each age cohort jointly provides the funds for its own benefits? In OSAI some 40 percent have minor children and thousands of dollars of extra insurance, the cost for which may be said to be spread also over the 60 percent without them. Is it not awkward to assume that this enforced pooling for diverse benefits is like the cohort methods of the ordinary life contract? Is it not dangerous also to combine the men about to retire after a couple of years' contribution at a low rate, with the man who may be expected to pay for 50 years at a steadily increasing rate as though they were treated equitably, when equity is the heart of insurance? Is it not awkward to contemplate collecting from lifetime contributors who retire late much more than would have been required in personal investment to meet quite similar requirements?

The difficulties in determining respective equities in the relatively simple cohort method of pricing in ordinary life insurance have led to assorted professional technicians in the life insurance companies, with further checking by State insurance departments. Does this social-insurance business have comparable checks and balances for its more diversified pooling?

As early as 1937 or 1938 I furnished graphic illustrations of the danger inherent in the little-pay-little-go policy being rather officially adopted in the Social Security Board. In 1948 I sent copies of that material—somewhat revised—to the advisory council to this committee. I believe when the amendments of 1950 were being considered by this committee that I sent copies to the then members thereof. I suggested that the low early outlay would tend to continuous liberalization. Similar curves to those I presented now appear in the Social Security Bulletin, inside the back page, separate curves for old age, children's benefits, the disabled and the blind for OASI and public assistance, respectively.

Let me illustrate what has happened under our system of taking money from some persons to give it to others. We took from em-

ployees, employers, and the general taxpayers—of course some pretty nominal taxes—and, hiding their paucity, we paid out for a good many years for the aged, children, the disabled much less than the earmarked taxes we took in. The benefits pictured in the graphs were either old-age benefits—later old age and survivors insurance—wholly Federal, or the public assistance paid out by the States, but helped out by Federal grants in aid. The bulletin graphs on public assistance dealt with the payments to the beneficiaries, leaving out the costs of administration. I have been able to secure from the Social Security Administration figures for the OASI and public assistance outlay of payments and administrative costs, excluding from public assistance the State and local residue of expenditure—so as to secure the Federal burden for age, children, and extended disability.

I have a graph, a chart. The bottom curve is the OASI benefits; the middle curve shows the OASI benefits enlarged by the Federal grants, and the red curve shows the taxes in the OASI, the only earmarked taxes that we have, and it is to be noticed that these curves go along rather slowly up to around 1950, and then as the increasing benefits came in, the curves began to rise rather rapidly.

Well, they would have risen anyway to some extent, but the extra rise was aggravated by the greater generosity of those amendments—1950, 1952, and 1954.

Year by year from 1937 in OASI (OAB) and 1936 in public assistance we have the progression of benefit to cost. Through 1950 more was paid out under the public assistance—Federal grants—than under the OASI program—year by year. Surely this public assistance outlay helped to counteract the dissatisfaction that would have followed in OASI because of its delay in dealing with categorical benefits. The two systems were complementary facets of one social-security program financed from Federal taxes. In 1951 and through 1955, the Federal grants-in-aid were exceeded by the purely Federal OASI outlays, reaching in 1955 nearly four times the outlay in Federal grants to public assistance, and perhaps twice the combined payments and administrative costs as met by Federal, State, and local funds.

What was the younger sister in social amelioration, at the start, OASI, has now, like Cinderella, come out to be the more important "hand maiden." OASI spent $1 million in 1937, $10 million in 1938, $88 million in 1940, $114 million in 1941, $1 billion in 1950, when it really got rolling, and reached $5 billion in 1955. The other side was more stable, though in an economy of steadily advancing employment the advance in public-assistance outlay has surprised many.

OASI benefits in 1955 seem to have been 5,000 times those of 1937, 500 times those of 1938, 50 times those of the average of 1940 and 1941, 5 times those of 1950. The ratios of 1955 public-assistance payments to those of 1937, 1940, and 1950 show respective times of 8, 6, and 1½. Adding the two portions together, the times of 1955 compared with payments 18, 15, and 5 years earlier are 40, 20, and 3, respectively. The tax collection series of relationships are only 12, 10, and 2. But in a period where some stabilizing is being looked for in Federal expenditure, tripling the outlay and doubling the tax in the advancing quinquennium is apt to be annoying to a tax-conscious public.

What is perhaps more significant is that in each of the last 3 years we have spent out more than the tax intake under these complementary

programs in Federal money. Thanks to Mr. Myers' testimony yesterday, he gave some estimates for 1956, and he gave some figures for 1955 which I added last night at midnight in that chart.

This year of 1956 should see more tax collection from the poor-talking farmers, but the 2-year lag in benefits to new categories or to old categories, so as to reflect the new high, will be wearing out the latter part of the year. I expect a very sizable deficiency to show up well before the tax advance scheduled for 1960. Moreover, in addition to the $700 million more accounted for as deficit in the Federal account, in 1955, combining both the Federal money for OASI and the States—the State and local residue was apparently spending $1.4 billion more, for the same purposes.

I should like to speak a little about the trust fund—not growing very fast right now. It is $22 billion—to the nearest billion. It is much criticized as representing prompt expenditure by the Federal Government for other purposes than social security. I like to think of these moneys meeting the same purposes in those Federal grants to the States. If it simply went to that direct use, and the bonds were not issued to the trust fund, there would apparently be left in the trust fund only $6 billion now. If it were insisted that the money granted for public assistance must still bear interest, the sums paid thereon into the trust fund, from general taxation, can be said to add to the ultimate cost of public assistance just as much as it brings into the OASI trust fund—and paying benefits twice is no idle chatter.

Under the "life insurance analogy," the "claims in process of payment" at the observed age distributions in OASI categories have been shown to represent a present value of roughly 100 times the monthly payments. There are excellent actuarial studies on this.

This seems at the end of 1955 to mean $43 billion claims reserve. The whole $22 billion would be half that amount. My suggested $6 billion but one-seventh. And, unless the public assistance load is promptly transferred to a wholly Federal account, there might be another $10 billion to represent the claims load of the Federal part of public assistance payments, plus still another $10 billion for the non-Federal part.

At this point I want to stop to emphasize that looking ahead to potential outlay for future beneficiaries involves recognition of wide possible variation in many pertinent factors—the effective age of qualification for benefits, the extent of women's work participation—paid work, I mean—economic ups and downs, mortality improvement, extent of personal thrift income, mortality, birth, and other rates—and many other things.

Looking ahead 30 or more years when our "mean" employee—20 years for the 45-year-old man that was suggested awhile ago—of today might be qualifying for age benefits, these various factors might lower or raise some median cost figure by 50 percent. It is even difficult to separate in existing records the contribution of each amendment year to the rise in overall benefits in the chart now. Future benefits cannot be told with any precision, and any pretense that they can should not be read into my subsequent statement today.

Reading the recent increases—now being rather muted—perhaps in anticipation of qualifying for the last maximum benefit by a slight delay in qualification, perhaps because there is a wait till the wife

reaches 65 and qualifies the couple for 50 percent more—I would state as quite possible an accrued liability figure as representing the benefit level nonretired people anticipate of $250 billion. Accrued liability as I use it estimates the proportion of all the service years now served by the nonretired, as against the potential total service years before retirement, applying that ratio to the total benefits which—on the average—as men look at their prospects now—they would expect reasonable 25 or 30 years hence. This involves discounting at the rates of interest now being paid on the trust fund. But 2½ percent interest on $250 billion would be $6.25 billion of interest payment. Only some $450 million interest is being paid. Without these huge interest earnings it would be more realistic to abandon the slenderizing effect of interest. The accrued liability at tiny interest rates would be perhaps $350 billion or $400 billion instead. These figures are in addition to the $43 billion liability for claimants quoted above.

I must also hasten to add that two further observations are necessary:

1. I can't read the minds of present Senators and Congressmen, or of those to come. I can't tell when the fuller realization of the seriousness of the semicommitments already made will check the recent pattern of pyramiding benefits. If it does not change radically, and that soon, these stated quantities may be ridiculously low.

2. We have been having a long period of inflationary influence—this growing deferred benefit system being one of those forces. Should there be the painful, curative deflationary reform, so that the money rot is checked, or so that the buying power of the dollar enters a period of upturn such as we had in the last third of the 19th century, these dollar amounts might be cut. Section 1104 of the Social Security Act is rarely mentioned, and in the definiteness of pronouncements about benefits is often overlooked. The commitments would seem to be conditional.

I have felt increasing surprise at the apparent lack of curiosity in connection with a program where we seem bent on spending through the Federal Government, and on people now alive, more than the entire amount of the quoted figures for the national wealth, if that has not advanced beyond $1 trillion. This represents a pretty healthy mortgage against our economy.

I am now going to pose to you a number of questions to illustrate the indefiniteness that hampers most conversations upon this baffling subject. Since this subject has been much upon your minds for many years, you may have determined the answers. They are otherwise a bit hard to come by, and none of those consensuses seems to have been reached.

1. Why are there three sources for the Federal social-security tax funds? Is it, perhaps, to secure more funds, or at times to leave some taxes out of consideration when aggregate tax sums grow large?

2. What is the purpose of Federal grants to States, when the money has to be brought in from the taxpayers of the States, and remoteness of the source seems prone to reduce prudent administration? Could it be to decrease local cost consciousness, to lose sight of aggregate load, or to increase the number of reliefers?

3. Given section 1104, does that section incite to more liberality on the grounds that correction is possible, later, if the plan goes too far? Or could it be designed to force more initial responsibility?

4. Is section 1104 really felt to limit the degree of commitment to these programs, or is it felt to be ineffective?

5. If section 1104 is no protection against future payments is not the national debt almost twice the size now admitted?

6. If interest receipts which we do not expect to get are counted upon to reduce the figure for future benefits, could this act to rationalize paying out larger benefits?

7. Life insurance in its level premium operations attemtps to make each group logically feel that its premium payments meet the whole cost of its benefits and administration. Is there not risk of serious misunderstanding, in applying the word "insurance" to a system where, say, the top 20 age groups are very largely paid for by the lower age groups?

8. Is such use of the word "insurance" fradulent, if it really gives the impression of validity to an uncharted plan of such different nature?

9. In the life insurance business the statements, contracts, and financial operations are thoroughly supervised by State insurance departments. Is there anything comparable to this in the Federal Government? Is there any read hazard in relying on the administrative departments, which may have a sort of ax to grind, instead of having the independent legislative branch secure their own experts as possible protection against bureaucratic log-rolling?

10. Has there been any recognition of outside—or European pressure—from the Internation Labor Office—in the shaping of these programs? Has the deterioration of this organization's balanced representation from workers, employers, and nations over the last few years been grasped?

11. After the recorded results of past depressions, has not the possibility of future reduced business activity been too readily dismissed in considering the strains on the country's finances?

12. Has not the personal impact of social security taxes been postponed inordinately long? More specifically, are there not many undefined terms hampering clear expression of values in social security?

Such questions suggest the legitimate doubts as to the soundness of the foundations beneath the social security edifice. Should not the foundations be further examined before further additions are superimposed?

II. THE IMPACT ON THE CITIZEN

The above questions are indicative of the bothersome blurred images summoned up by the phrases "Social security", "Welfare state", "Regimentation and freedom," and so on. But there still remains the simple distinction in the minds of our citizens as to the difference between me and not me. There follows an anxiety to continue the personal pride in the me, and limitation upon the forces making for dependence upon the not me. Personal thrift through the savings bank, the savings bank aspects of life insurance, mortgages, building-and-loan shares, bonds of private enterprise or of the Government, securities, mutual funds, variable annuities homeownership and so

on, emphasize the me. Most forms of profit-sharing represent the me, too. Most forms of pension plans bring in a good deal of not me—that is in connection with the delay in vesting while all aspects of social security seem to bring in so much not me, as to increase the dependence of the individual.

In State programs of public assistance the not me is pretty impressively the Government—and increasingly that means the Federal Government in Washington rather than the neighbors in the local community. There is even a threat that it's coming to mean the UN and the ILO in New York and Geneva. That makes the handling of me even more remote. And it seems clear that the more remote the source of the funds, the less hesitation the citizen feels about being supported. He used to feel a healthy shame at being dependent upon the neighbors. Does not that loss of sense of community make him a civic orphan?

Pride in the me could be back of that dubious propaganda line "he paid for it." One line of approach a couple years back showed he couldn't have paid in more than 2 cents on the dollar. Another priority to the life-insurance side of the benefits could be made to show he had paid nothing toward the age benefit himself; he had only met the life-insurance cost.

Five years ago I was saying that he hadn't paid a nickel for a dollar—but liberalization has put off any such contribution as that for several years more. Such pride in the easy virtue of the me is impossible.

In public assistance it is all not me, after a full inventory of needs and resources by a social worker. He is in most cases—he, the recipient—getting less these days than the OASI recipient, who has made but a token payment, and is much more indebted to the not me of the system than the assistance recipient upon whom he looks down.

What is this seventh heaven of dependence going to do to the younger taxpayers when they find out that it is their money that is supporting the other citizen's parents, that under section 1104 they have no clean-cut rights themselves, in that far-off time when they were old, and that the taxes they pay for not me would go a long way in careful investment for the me? There is evidently no large interest accumulation ahead for this system. Without interest an investment seems a rather pallid adventure.

How will the babies born today, entering employment about 1975, where 8 percent tax payment is scheduled from employers and employees, and even 9 percent in the pending bill, feel about the arrogant way the former generations loaded them up with earmarked taxpayments, for what inherently remains a personal responsibility and privilege of the citizen—to pay his own bills and do his own savings? What will they say about the Congresses of the past who could for one moment consider it "actuarially sound" to mortgage the future to give largess to part of today's logical beneficiaries, at the expense of their own posterity? It isn't, it will seem to them, just a case of eating the seed corn, but of commandeering tomorrow's seed corn for the later food of today's early quitters.

The per capita real estate in this country is shrinking as the baby boom continues, and the scarcity value rises. The blue-chip securities are currently recognized as of higher value, and that demand keeps up—an issue like Ford's being quite subject to absorption. Those who bought real estate and blue-chip issues 20 years ago, before increased

taxes and war-bond demand took their toll of the marginal income. can see appreciation in their holdings. Trying to grasp the reasons why their social-security taxes have not produced increasing visible equities—comparable to the increasing cash values in a life-insurance contract—it may occur to them that it is because most of the money had to be spent for benefits—other men's benefits—and the taxes paid were quite inadequate to chalk up in addition such equities to the accounts of those who have been furnishing the funds.

The 1953 Curtis subcommittee within the Ways and Means Committee, brought out such of this financial relationship, and he who reads those hearings, and the staff memoranda printed therewith. must see that the failure to grasp these points was reflected in the further mortgaging of the future contained in the amendments of 1954. The literate citizen who can get the printed hearings, and who has the time to read them, and the training in background from which to appreciate them, will be growingly perturbed. There are many already perturbed. I have heard from possibly a hundred such persons. Their attitude is a growing distrust of the self-appointed custodians of our choices. It seems to them that further worsening of a serious financial position must be avoided. For they know that only the citizens pay the taxes, for even businesses are owned by the citizens, and the business taxes also come from the individual owners. It seems to them that the old story of the men with the unexpected $10 who made it the downpayment on another extravagance is developing within the economy in the nominal down-payment for a tremendous increase in future indebtedness.

The necessary strength of our individual citizens is being undermined by the incomplete delineation of this bribe-minded giant's appeal to cupidity.

III. INACTIVE CITIZEN'S COMPENSATION—PARTIAL COMPENSATION FOR INFLATION

If the citizen who pays all the bills, now at record dollar levels of income, wishes to recognize the wrong done the inactive lines by the inflationary price trend, at least aggravated by too rapidly rising wage rates, he might be willing to pay—and that without expectation that he was simply lending his money—a modest apology through the Government to the injured "inactives." I am using "inflation" as illustrative. There could be other "potential damage claims." This is essentially what I filed with the Ways and Means Committee in 1954—see Social Security Act Amendments of 1954—Ways and Means Committee hearings on H. R. 7199, pages 842–845. That is the little folder that is wrapped around this testimony.

I am adding a copy of that memorandum, as well as a recent memorandum prepared for my fellow actuaries on those same amendments, because of their slower tempo and less condensed form. From a slightly different angle this comment and the other may form more of a stereoscopic picture.

Because a skeleton of such a citizens compensation program as a step away from the hazardous, underfinanced, too liberal, discriminatory, social security is well to have for reference, I am setting down these principles very cryptically hereafter:

1. The principle of inadequacy—for Federal Government's largess should not be enough for anyone.

2. The limitation of benefits to the more catastrophic contingencies.
3. Complete citizenship liability to taxation, and "compensation."
4. Income-tax exemption as "Charitable contribution" on taxes and on benefits.
5. Benefit flat—not to exceed 25 percent of per capita annual income—now about $40 a month.
6. Age benefits at 70 and orphan benefits at ages below 18.
7. Maximum citizens tax 5 percent for all types of compensation, 3 percent for age and orphans' grants.
8. Current, not deferred, operation.
9. Rejection of benefits puts rejecter on honor roll.
10. Reasonable downgrading of present too-high benefits.

CONCLUSION

I have attached to this testimony two memorandums—as noted above—for their convictions as to the unsoundness of the present apparent social-security system. Summing up, in our double set of Federal benefits, there is much indefiniteness. It is impossible to foretell costs either absolutely or relatively. But the 1955 outlay was more than 5 times that set down in 1935 as the expected 1955 burden, the proportion of aid from interest was less than expected, the prospective upthrust much more serious. It would seem that the methods of presenting potential costs is subject to giving an unwarranted assumption of definiteness as to the road ahead, minimizing the seriousness of bequeathing great liabilities instead of great assets. The unfairness to our future citizens must bring some sort of reaction, if those citizens have any grasp of what we are doing to them. There are a few simple principles, which, if adopted with more straightforward labeling, could help to check the evil tendencies inherent in the present system, and could even initiate a movement away from a gigantic relief roll.

In the seriousness of long-delayed recognition, there could be unawareness of the malady, or of possible curative procedures. It is not too late to substitute awareness, to seek, to find and to apply these procedures.

It is not the time to add further complexities to a plan that seems to be fundamentally unsound. It is not the time to encourage a race in prodigality, to weaken us for the required contests of the rest of the century.

The CHAIRMAN. Thank you very much, Mr. Williamson. Are there any questions?

Senator FLANDERS. Mr. Chairman, I noted on the third line at the top of page 9 the phrase that these principles are very cryptically set down. I wonder if the witness would mind my saying that I have found much that is cryptic in my untutored mind in his presentation, and also a very high degree of picturesqueness which makes it a little difficult to understand the testimony at times, but I would like to ask this simple question: First, I stated to a previous witness that I felt that the situation of reserve funds was currently sound, provided it was continuously increasing.

Do I understand from your testimony that you are convinced that the time is coming not too distant and not too many years from now when the reserve fund will be decreasing on the present basis?

Mr. WILLIAMSON. On this chart, Senator, I have put in there that if, instead of spending the money for other purposes, we spent it for this purpose, we have this year used up more than we are taking in for the purposes of this system in the 2 parts, and that in about 3 or 4 years we will not have anything left in this so-called $6 billion residue.

Senator FLANDERS. No.

Are you saying then that the $22 billion reserve, if you want to call it reserve, will decrease next year?

Mr. WILLIAMSON. I do not think it will decrease if you do not charge up against it the public assistance. I think it will go up another year or two. But I did set down last night the rate of advance of this reserve year by year from 1937 on, where I have taken out the interest earnings, and I have taken the balance of that increase as coming from the excess of the taxes over the expenditures for OASI only, and in the first 3 years the reserve grew more than 100 percent of that residue. I do not quite know how that happened.

But in the next 5 years it grew; 85 percent of the taxes went into an increase in reserve.

In the last 5 years the percentages have been 26 percent, 40 percent, 22 percent, 27 percent, 12 percent, and using Mr. Myers' estimates that he gave yesterday, 8 percent for the coming year; so that the addition to that reserve is sort of disappearing on our present progress.

There is a very serious thing there, it seems to me, Senator, in the so-called level premium approach which the actuaries have been forced into in order to have comparable figures for this benefit and that benefit and the other thing, that the assumption is that you can determine, say, 7.77 percent as a level premium tax income from now to doomsday, and that it should carry through.

We are only collecting 4 percent and are shy 3.77 percent. We are not going to have the interest at 2½ percent on that whole 7.77 percent for a long time.

Lacking that, it is going to cost about twice as much money to pay 30 years hence what we might pay had we more reserve for 30 years in advance.

We are never going to have any real reserve, and I think it has never been in the picture that we would have any real reserve in the sense of building up an adequate amount for today's beneficiaries.

If we do not have the 7.77 now, but only 4, I think it is worth looking at this actuarial report No. 39 in table 20 where it shows that those who are now over 20 would need to have contributed for them from 11.84 percent to 14.09 percent, an average of 13 percent for the prospective benefits of those now covered in the system, and that if we do not have the interest which I have spoken about, and we were only going to meet that out of tax dollars eventually, that 13 percent becomes 20 percent.

The 20 percent of tax payroll for all the rest of the time of the contributing period for all the people now in the system is represented by our present system.

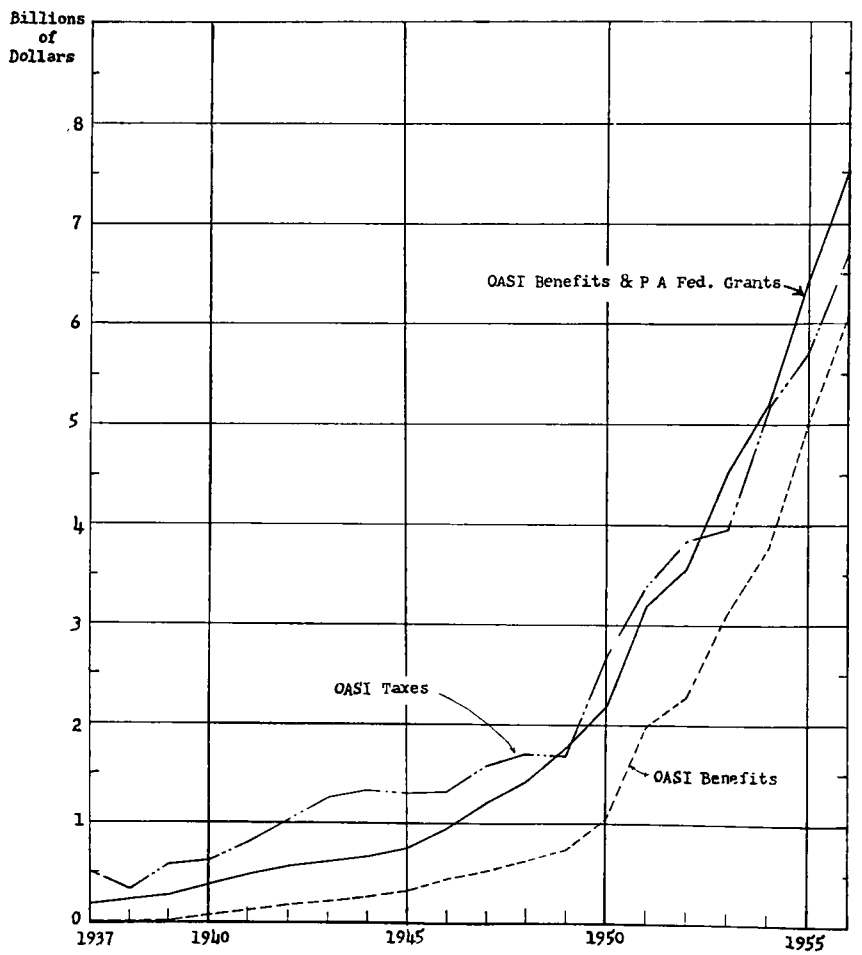
This is an excellent statement, this actuarial report No. 29. Over against that, if we picked up every one right on coming in at age 18, and invested his contribution for himself alone, we might get along with 5 percent.

Therefore, in bringing in the young people at 5 percent for the benefit, we are letting ride for a long time any adequate recognition of the cost on the part of the people who are now getting the benefits, or will get them for several decades.

Senator FLANDERS. Well, now, you are saying that this so-called reserve at present at $22 billion or thereabouts is in jeopardy on the basis of our present laws or on the basis of the additions proposed here, and that we cannot expect it to increase in the years immediately ahead?

Mr. WILLIAMSON. I think a very slender increase, Senator. I do not think that the Congress will let it decrease very much. I think they will increase the taxes, but at the schedules put in it is bound to be a rather slender increase as we go along, and not having interest earning to any real extent—if there is $250 billion accrued liability up to now, and we have only $22 billion reserve, the $450 million interest on it is something like two-tenths of 1 percent interest on what we ought to have on an actuarial reserve.

(The chart and other materials submitted by Mr. Williamson follow:)



SOCIAL-SECURITY FEDERAL FINANCE

This chart compares the progress of OASI tax collection with the two sets of Federal outlay for benefits and administrative costs.

The lowest curve deals with OASI benefits and the administrative costs—from the Social Security Bulletin of September 1955 through 1954. The 1955 and 1956 items are from Mr. Myers' testimony of January 25, 1956, before the Senate Finance Committee, hearings on H. R. 7225.

The middle curve adds the Federal grants for public assistance—toward payments and administrative costs, to the OASI outlays of the lower curve. Data from SSA.

The top curve showing the OASI taxes (contributions appropriated to trust fund) from the September 1955 Social Security Bulletin through 1954, with figures from Mr. Myers' testimony of January 25, 1956, does not bring in interest.

The trust fund of OASI, had it simply grown from the excesses of taxes over this social-security outlay, would be around $6 billion at the end of 1955, only accumulating this difference at interest.

It is assumed that public assistance will get the same Federal grant in 1956 as in 1954, and the detailed bulletin reports for 1955 to date seem to show outlay holding up, so 1954 figures used in 1955, too.

This more realistic fund would be down to $5 billion at the end of 1950—and probably wiped out by the end of 1959—without boosting the present taxes.

The benefits now being given largely represent the earnings of older persons. With the optimism as to a steady uptrend in earnings for those customarily the highest paid—those from 40 to 55—all the expedients adopted to reflect factors making for higher benefits indicate the intention to replace the lower benefits now in force—as they run out—by much higher ones in the future.

The optimism that accompanies benefit discussion, turns to pessimism when benefits are examined, so that the financing for the pessimistic benefits is quite inadequate for the expectations aroused by the steady departure—in amendments—from the recorded taxed wages of the past.

SOCIAL BUDGETING

By W. Rulon Williamson, September 21, 1953

"Social Budgeting" is a Williamson label, and it is described mainly in Williamson papers. The plan was suggested in a joint paper by O. C. Richter and W. R. Williamson presented to the Actuarial Society in 1935. It was more fully presented in a paper before the Casualty Actuarial Society in 1937, after the author had observed much of social insurance in France, Geneva, and London. Numerous reports—in the course of the actuarial assignment with the Social Security Board and the Social Security Administration—were presented to the Board and the Commissioner. There was a paper in the first Journal of the Gerontological Society. It has been reprinted in the Readings in Social Security of Haber and Cohen. Death 'n' Taxes and Death 'n' Taxes—II, and No Quarter were for insurance audiences. A paper at the University of Nebraska at an insurance parley followed one by Dr. Kulp, of the University of Pennsylvania. A short memorandum on social budgeting prepared for the students of the Society of Actuaries, and later filed with the Committee on Ways and Means in 1949 was reinforced by a memorandum given each member concerning the Barahona-Dittel book on social budgeting, at Mr. Reed's request. Canada has adopted the plan for the aged of 70 and over. Guatemala gave lipservice to social budgeting; but its responsibility didn't appeal to the demagogues. Its sponsors in Guatemala are out. The ILO, with its full socialized state program, has come in.

Social budgeting does not attempt to take over personal responsibilities. They stay basic. Social budgeting does not take over employer fringe benefits. Social insurance and even social security, the newer label, do seem bent upon transfer to the Federal Government of facilities well in order outside. It seems, everywhere the records are available, to have been an inflationary force. In the United States its universal subsidy leaves untold where the cost falls, but there is every indication that it has been inflationary from the start. It moves steadily in the direction of an unbalanced budget, nonpayment of the more serious part of the logical load, and discrimination against the needy, the women, and in favor of bribes to the nonneedy, and to the men as against the women. The systems do not meet the present costs. They do not get ready for the future costs.

The doctrine of social budgeting in late 1953 can be presented in a platform of 13 planks. It applies only to the United States. The 13 planks:

1. *Correction for the selfishness of the strong.*—When the doers have been able to collect more for doing no more—dollar costs go up—prices have followed and buying power shrinks for the nondoers or inactives. The taxpayers, so largely the same workers, would logically allot from their extra dollars to correct the robbery of inflation among the inactives; to a certain extent.

2. *The triple reason for the correction.*—The original Social Security Act, enacted in the depression, right through the Supreme Court decision on constitutionality, followed a stressing of general and serious need among the aged. The inability of the citizen to fend for himself was a tenet set up as a strawman. It should have been demolished. It wasn't. There could still be three reasons for social budgeting as a graceful gesture:

(*a*) The presumptive need during inactivity.

(*b*) The inflationary pressure of recent decades, robbing the inactives of purchasing power.

(*c*) The large technological gains: the increased productivity.

3. *Another supplementary legalized charity.*—Before social security was here, there were already local and State charities. There were family, church, and other welfare groups. The new social security, OASI, was to be a higher level charity to maintain dignity. Social budgeting is outright charity between the generations. It could reduce the need for other charity.

4. *Honor roll of nontakers.*—Treating all alike is the one central theme of social budgeting. There must be many millions of elderly self-reliant people who would not take charity—honestly so labeled. Those declining it should go on an honor roll of well-planning responsibility. This opportunity to take or to decline is the essence of freedom, better than giving and then recapturing some by the tax route. It is better than grading benefits in reverse order to status. It is still desirable to rethink the psychology of the pauper's dole, the receipt of which took away the franchise. Turn it down and make the honor roll: take the graft and lose the franchise.

5. *Earmarked tax.*—The tax for this special purpose has been distinct from other taxes. The social-budgeting tax is recommended as a flat percentage of income—along the lines of the general Federal income tax, but with no exemption for small earnings—save perhaps the now familiar $200 and $400 for minimum benefits-qualification of the OASI plan. It should be deducted at the source wherever possible by employers, and should be reported in connection with the income tax. It is dropped at age 70. The benefit which should be the sole Federal age grant should also go untaxed. It could be pretty well paid for by the loss of the franchise. No longer should age extra exemptions be continued, nor Federal grants-in-aid to States. It is not a worker tax. There should be no employer tax. It is a citizen's tax, on all earnings up to $3,600 a year, wages, salaries, property income.

6. *No pretense of investment.*—There should be no simulation of investment practices. Benefits are set to meet the situation of the time. Even as short-term insurance is virtually without reserve, but is essentially pay-as-you-go protection, and if quadrupled would put little strain on the insurance companies' investment facilities, so the current tax can be budgeted yearly to meet about the year's requirements, without having today's taxpayers save for tomorrow's responsibilities. This avoids the serious difficulty of rationalizing spending the money for other purposes; a difficulty never well resolved.

7. *No record system maintenance.*—Since benefits are current—representing the sense of budget of the time—and should have no reference whatever to past earnings histories or past tax histories, there should be no stupendous record system, usually 3 years in arrears. Today's benefits show little recognition of the carefully tabulated results 1937–50. Payment on status, paternal orphans below 18, aged persons over 70, can be handled on transcripts of birth and death records. The young widows are expected mainly to work or remarry, forfeiting benefits, so they should have none alloted them; only to the children.

8. *Flat benefits.*—Our pauper class used to be small, when cotton-wool was not general and it was a recognized disgrace to be one. Todays modified OASI bribes running more than 3 to 1 from the least needy to the presumptive most needy may need leveling. If all fared alike, pride would keep more people off the rolls. $40 a month to aged persons 70 and over, $30 for each paternal orphan, are logical amounts. $40 is about one-fourth of the average income of American men, women and children, perhaps one-half of the average comfort level of income. Children have lower needs than adults.

9. *Catastrophe.*—Much along the line of operations of the Red Cross, catastrophic events only, none of the normal responsibilities of life; so social budgeting can take hold when men and women pass what is still the three-score years and 10 that people expect to live. Although women have greater vitality and expect to live longer, they are also more apt to add aloneness to their characteristics after 70 than are men. The other catastrophe is being a paternal orphan, and with presumptive schooling running to 18; the dole for catastrophe could run to that age too. As life lengthens, the presumptive age of retirement would be apt to advance, and as schooling lengthens the childhood benefit might run longer.

10. *Expectation of personal self-reliance.*—The European social-insurance systems and the Latin-American ones seem to have expected normal incapacity or near serfdom for the citizens. Social budgeting, in contrast, is built for freemen of responsibility, who are not deceived as to employer or governmental contributions skipping them. All costs fall somewhere upon the consumer taxpayer. Men expected to care for themselves are more apt to do it. The leveling of the last 20 years has reduced the share of the top 5 percent of income receivers, drastically, and holds some threat to continued new capitalization. If they are expected to be, the newly confortable would be, thrift minded, and ready to take over much of the capital-formation task. They should not, in their turn be greeted with too much take-it-away threat; the threat that has ben effective for those formerly at the top. It is unfair to hide from these highly paid citizens that, unless they meet their share of the community responsibilities, they will lose, not gain, status. So this Federal budgeting should smoke out the graft that seems apparent in the present triple provision of insurance, assistance, and extra tax exemption. Few of the traditionally self-sufficient seem happy as to their potential triple charity.

11. *What social budgeting is not.*—

(*a*) thrift
(*b*) savings
(*c*) investment
(*d*) insurance
(*e*) self-sufficiency
(*f*) individual equity
(*g*) means-test relief
(*h*) logical right
(*i*) labor favoritism
(*j*) masculine supremacy
(*k*) discrimination to rich
(*l*) discrimination to certain age groups

12. *Acceptance of current costs.*—Life insurance—the ordinary life contract and the anual premium deferred annuity contract are both geared up to a large amount of advance payment and the accumulation of the funds for investment. The presence of the investment return requires fewer dollars of premium payment from the policyholder. In reverse, social budgeting counts upon no advance payments for the earning of interest. (The contingency reserve of OASI isn't much help in interest earning either). Meeting costs currently is apt to take twice as many tax dollars from the paying side of social budgeting as is necessary in the advance payments of full life-time premium payments in life insurance. It is not clear that Federal grants to States under an unbalanced budget may not also add interest payments in arrears.

13. *Limitation of tax strain.*—There is a school of thought that has decided 25 percent is the maximum safe personal tax rate. Similarly social budgeting sets 20 percent of that maximum, or 5 percent, half the Biblical tithe, as the maximum safe federalization of charity. Limiting attention to the two accounts for age and orphans, 3 percent of the $3,600 maximum taxable wage should be tops. Should inflation be checked, and purchasing power rise again—the happy condition in the 30 years 1865–95—the desirability of these benefits would shrink. For the fundamental reason for the grants has been the robbery of inflation. Since social budgeting may seem to double costs, over advance thrift, wise citizens are apt to prefer to reduce, and later eliminate, this use of the Federal power.

Some oddities of social security.—This discussion has said little about OASI and public assistance. They overlap. The States range in strictness from Delaware and the District of Columbia to the vagaries of Colorado, Oklahoma, Louisiana, and Massachusetts. As Indiana so well said—it was absurd for a state to send money to Washington to have it come back "clipped." A commission is studying these relationships between levels of Government. At best it is absurd arithmetic. At worst, it demoralizes people. But OASI, with 91 million separate persons believed to be alive at the end of 1952 has carried along for 16 years—64 quarters—with an average number of quarters of about 25—12½ percent of a 50-year working lifetime. Benefits at the end of 1952 were being

based on the wages of 2 years—or 4 percent of such time—of 1½ years—or 3 percent. After two new starts in 1939 and 1950, most of the problems are unsolved and another "new start" has been suggested, forgetting some more awkward records. The plan is patently unworkable—and the cutting of the barbed wire entanglements should be much more complete. What exists here has never been well defined. It defies definition. Next to defense this is the chief financial threat to the Republic. Worse, it is a greater threat to personal dignity and self-sufficiency. It is not clear that this descendant of the German system that became their road to serfdom is necessary. It is dangerous.

Kant and Plato and Marx had it all worked out. Life insurance, over the centuries has had it all worked out too, to maximize company solvency and individual equity. The uptrend in the mortality curve as age advances has meant paying much in advance, and getting interest on outside investments.

So-called social insurance and the potential social budgeting do not get much interest, for it slides along with little advance payments. In England there has been consistency in expecting to earn essentially no interest but there was inconsistency in determining reasonable contributions on the contrary assumption that interest was to be earned. They are currently "pained" by the results. The country is suffering from that inconsistent theory magnified. In Germany where they did get quite a bit of interest for a while, the vulnerability of savings funds in politically administered social insurance showed up after both World War I and World War II. Losing both interest and principal and starting at scratch again is very striking. Losing interest, by nonparticipation in investment, avoids some awkwardness, but if federally handled provision comes to seem doubly expensive, the bureaucrats will find it hard to discuss this limitation of Federal handling of personal benefits.

Social budgeting was adopted as an ideal in the law of Guatemala. The recognition of the need of money which social budgeting carried failed to meet the requirements of recent governments there to promise much later but not to spend too much now. I am glad to point to the failure of social budgeting to appeal adequately to the demagog. It is only valuable, I suspect, in a strong country which does not really need it.

1954 Amendments to the Social Security Act—Robert J. Myers

Prepared for Society of Actuaries by W. Rulon Williamson, research actuary

When Frank Lloyd Wright had outlined his philosophy of functional architecture to a largely feminine audience at New Haven, an elderly spinster pleaded: "But, Dr. Wright, you really do like our beautiful Yale gothic, don't you?" "Madam," his reply is said to have run, "if you think I like these pedantic imitations of useless European filigree, my whole lecture has been an abysmal failure."

For 20 years I have attempted to throw my influence into slowing down the momentum and changing the course of the social security juggernaut. If after 20 years of sporadic comments on this effort, my fellow actuaries think I long for more governmental interference with the thrift and insurance habits of our citizens, my communication line has failed, too.

The 1954 amendments, on which Mr. Myers has so promptly reported, were particularly impressive to me—and oppressive—for in 1952 I had hoped for a change. In 1953 I had had some talks with the staff members of the Curtis subcommittee as to the social security of the ILO imagining—an autonomous entity above the Government. I mapped out for them some differences between level-premium life insurance which collects in advance to meet the costs of risks which advance with age, and the tax weapon judiciously used under an up-to-date slogan, "fly now, pay later." I also attended the 1953 hearings of that subcommittee. Ex-Commissioner Altmeyer readily gave assent to the peak point of the inquisition: "There is no contract in OASI and no guarantee." Having built for years upon the Marxian inevitability thesis, he implied that nothing could block the progress of the noncontractual OASI. The hearings appeared in print but the report of the staff director to Mr. Curtis was delayed until it was known that a Democratic Congress had been returned well after the 1954 amendments had become law—post and perhaps propter.

The hearings on those 1954 amendments largely ignored the work of the Curtis subcommittee. The Ways and Means Committee of the House accepted only organization witnesses—with, so far as I know, the sole exception of Mr. Linton.

The Senate Finance Committee hearings permitted individuals to speak briefly. The press, believing it to be a fixed fight, were perfunctory in attendance. Senator George, disapproving the addition of farmers, said he would vote against the bill.

In August 1955, Mr. Myers and Mr. Mitchell asked me to attend the 20th anniversary of the signing of the Social Security Act. I sat in the front row with Mr. Richter, Mr. Latimer and Mr. Wandel. In the second row were Mr. Linton and Mr. Myers. In the facing seats were Mr. Witte and Mr. Folsom. Mr. Witte's recollections of 1935 showed that we were again intentionally copying that Europe of status and hierarchy and innocent childlike laborers which we had emulated in copying workmen's compensation. Mr. Folsom's warm approval of the general unanimity in the advisory councils raised the ghost of the Europe of recent years—the arbitrary managed economies where men vote alike and where they call the method democratic.

From the start of the social security era in 1934, the managing elite (anonymous to most) has had little effective opposition. These matters are made to sound technical. It seems to me the actuary has been apt to follow my bad dream of throwing the switch, rather than refusing to throw it. Selling what is believed to be popular is easier than inspecting the product for flaws. As the 1954 amendments passed, I laid aside present problems to study the background—the historic backgrounds—to social security. I am interrupting that study—I hope advantaged by it—to file here some comments on those amendments and their cumulative departure from the American way. Like the delay of the Curtis report, perhaps the comments will be printed after the structure of the 1956 amendments is determined. They may form, though, the first rough draft for my testimony before the Senate Finance Committee hearings on those amendments.

As most instructive evidence of intent, method and limitations, I recommend to actuaries the perusal of Bureau Report No. 17 (Research and Statistics, Social Security Administration) and Actuarial Studies Nos. 41, 42, and 43. It seems that our treatment of social security has been to meet temporary needs by permanent systems, largely deferred-functioning, and exclude most of the needy cases which raised the question of treatment from the permanent program. As they proliferate, we have continued to beg the questions of functions and aims. We have treated our citizens as credulous children, too dumb to reason.

Cautiously, to this actuary, it seems that essentially, that system today is bankrupt, financially and ethically.

Mr. Myers' paper is a highly condensed summary—with a voluminous bibliography. A trace of that unanimity, praised by Mr. Folsom, follows from Mr. Myers' ubiquity in the legislative committees, the executive departments, and in actuarial bodies. In connection with Mr. Myers' paper on the 1950 amendments, I pointed out what I believe to be an untenable use of perpetuities, of interchange of percentages and dollars, the use of interest discount when little interest is being paid and the usual misuse, by others, of intermediate estimates, in these insurance discussions, as real. At the Casualty Actuarial Society last fall I used some illustrative figures, which Mr. Myers saw for the first time at the panel. It was an informal discussion with no rebuttal and no record. I am here pursuing those two discussions a little further.

For my bibliography I will select Colin Clark, Hayek, von Mises, letters to the editor in the Wall Street Journal, some recent lead articles in Barrons, Bureau Report No. 17, by Ida Merriam (suggested as Mr. Coben's successor as Director of the Division of Research and Statistics), The Cost of Social Security, ISSA and ILO, and actuarial studies. Yet, in somewhat the same way as Mr. Myers, I rely also on my own familiarity with the subject, Government reports, and the telephone.

1. The buildup

For readier subsequent reference, I am using numbered paragraphs. The Reece committee on the foundations dealt mainly with the problems of teaching the long-run revolutionary aims of substituting the group for the individual, the consensus for individual logical thought, and socialization for capitalistic laissez-faire. While analyzing the learned professions, and what Dr. Schumpeter called The March into Socialism, they avoided discussion of social security. Bureau Report No. 17 would have been as rewarding a textbook as some of those quoted in the hearings to illustrate the rise and unhesitating acceptance of statist propaganda. Here show up the limits to our knowledge in a compart-

mentalized approach. The Curtis subcommittee said OASI was not insurance, that, as was assistance, it was a set of almost complete gratuities. The ILO, the American Fabians, and a large coterie of erudite professional people have promoted transfer items to stimulate purchasing power, and reduce funds for investment. Continual repetition of unconvincing statements does not convince me. When we opened Pandora's box, and assorted human ills came out, time has not made them into good fairies.

The foundations hearings brought out a story that did not name social security at all. But it shows so parallel a case in connection with education, that to read the reports would show a lot that has taken place in social security, too.

2. The protean OASI

The use of taxation for favoritism to special privelege is not new. It has in the past at times been declared unconstitutional. But this OASI taxation which this year seems to be 90 percent direct transfer from jobholders to retired or minor jobholders, orphan children and their mothers, has mingled so many strands that I have difficulty in naming the rope. OASI started as benefits to the aged—was presented to the Supreme Court as essentially gratuitous relief, approved as such—and when changed (in name) to insurance, did not return to the Supreme Court for a new bill of health. But in congresssional discussion, and departmental discussion, it has been treated as:

(*a*) thrift
(*b*) savings
(*c*) investment
(*d*) insurance
(*f*) annuities
(*g*) pensions
(*h*) self-sufficiency
(*i*) individual equity
(*j*) means-or-work-test relief
(*k*) logical right
(*l*) labor favoritism
(*m*) masculine supremacy
(*n*) extra largess to the rich
(*o*) age-group favoritism

Starting with benefits to the aged, OASI in 1939 added survivor's benefits to orphan children and their widowed mothers, to aged widows, to dependent aged parents and small lump-sum benefits at death. According to Actuarial Study No. 43, the cost of these death benefits has now reached nearly $3 billion—or the entire employee tax. It's really quite a camel in the tent. Charging up the cost of current benefits first against the workers' taxes, it would seem that the employees to date had paid nothing for primary and aged wives old-age benefits—which are much more expensive in the long run. Now that a new camel, extended disability, is wiggling in, papers like Mr. Kelton's suggest questions as to claims handling and the probable Federal attitude and costs. The many-sided disability experience raises questions as to the adequacy of review before the 1955 house hearings—or lack of them—on the disability amendment, which has been pushed for a long time without very explicit or adequate consideration of the way Federal largess differs from individual PTD, for which a man, mainly buying life and annuity insurance, adds somewhat more for disablement. The treatment of Actuarial Studies Nos. 37 and 43, especially the revaluations of 37, are indicative of the value of more comprehensive study over time to check up the hurried results of deadline imposition.

These 3 protections—old age, death, extended disablement—are 3 very different things. They need much more separate study. Disability experience seems very largely affected by the insured's belief as to who pays the costs.

3. Age benefits

The basic program of age benefits in the 1935 legislation began to be crowded by the death benefits added in the 1939 amendments and by many other things in the proposed Murray-Wagner-Dingell comprehensive protection. Old age came back into the limelight again in 1949 and 1950 and has since then been largely ballyhooed for expansion. But among the old, the oldest—the longest separated from past jobs or from deceased breadwinners—whose earnings they shared—are largely excluded from benefits under OASI, and when included, are in receipt of much smaller monthly benefits than the sturdy lads under 70 (Justice Holmes "Ah, to be 70 again"). Women are more largely left out than men. The tie-in with the payroll discriminates against our larger and better half who in advanced age serve as a text on need, but are then passed by on the other side by Levite OASI.

4. The chameleon wage base

In 1935 and in 1939 there was vigorous claim that tabulated taxed wages were to be the basis of benefits. And in Baltimore upward of 3 billion of wage re-

ports have been processed, cards punched and the individual records posted. But the zeal for reflecting those accumulated wage records with their ancient history in good dollars in corresponding benefits has abated. Today benefits are more and more settled on the highest year and a half of the banner earnings since 1950—bigger earnings of dollars with diminished purchasing power. Men coming down from steady earnings well beyond the maximums tabulated—$3.000. $3,600, $4,200—may use those old good dollars—but men going up are happy to forget the steps by which they climbed. One and one-half years against a 50-year work record represents 3 percent of that period, a most unrepresentative base.

The average taxed earnings of the early years were under $900. The recent average taxed earnings are $2,100. An average from 1937 through 1955 runs about $1,500, but under the 1939 idea of using also no-earnings quarters—which have made up some 35 or 40 percent of all quarters—at least—the average for all now of record from 1937 onward is below $1,000. Under the 1935 formula that would have given $29 a month benefit. Under the 1939 formula, it could have given $27, but with $13.50 to a qualifying wife. But under the 1954 formula, it could give $98.50 and $49.30 to the wife, through the dropout provisions. Thus the man's age benefit would be well in excess of his overall reported earnings level.

Census Report P–57 month after month shows more than 95 percent of men from 25 to 55 as in the labor market with only 2 or 3 percent of them unemployed. And these men are expected by OASI to leave most of old-age support to others. Three-fourths of men of 65 seem to be married. Half of the men of 80 are married. Most of those wives at these high ages have not belonged to the labor market. So the appeal now to those around retirement point—to the major part of them—is for 1½ times the primary. Arrangements are built in for a temporary lag, but soon $100 a month primary, $150 for the man-wife team could average beyond $125 for the married and single together Lately the poverty line has been set at $2,000. Earnings at that level for women would represent $71 a month OASI benefit. It is being well hammered in that exceptional earnings for 1½ years is enough to qualify. For men and women together the expectation must be $100 a month. With a recorded 19 years' wage-base of $83.33 this means a pension of more than the recorded earnings. The upward-rocking course takes a Dick Tracy to unravel. But pensions at full wage are an expensive luxury.

When all the employees' money in OASI taxes can be said to have gone for life insurance benefits—it seems to follow that no payment whatever has been made by the workers for old age. Then to give the largest gratuities to those with the highest wage record and the smallest to those with the lowest—but in both cases largely ignoring the major part of the wage history of most years—is a numbers game that borders on the fantastic.

5. Dollars for pennies

"He paid for it" has become a familiar refrain in this discussion. Carrying the bookkeeping through 1952, the staff of the Curtis subcommittee showed that for all the age beneficiaries taken together the return was a dollar for 2 cents. Several years ago I talked about a dollar for a nickel. But if the death benefits come first, and supplementary contract reserves are put up (and there is considerable talk about the integrity of the reserve) the age benefits have become "dollars for free."

The employer's contribution, if made for each individual (though there has been consistent official theory that it should not be so allocated) might replace the 2 employee cents spent for death benefits by 2 bright new employer pennies, for old age.

The self-employed hadn't been in long enough to put in their 2-cents worth—but had they been, they might have been asked to put in 3—2 for life insurance and 1 cent for the old-age dollar. (May be another way in which the entrepreneur exploits the proletariat—that free penny.)

6. The clouded crystal ball

While the past seems to be a matter of most voluminous record, the years from 1929 have included a sharp break in earnings, a gradual recovery, wage stabilization in a war, and then a rapid rise—the rise still going on. Under the managed economy of the last 20 years there has been a dollar of withering purchasing power, there have been long periods of rationing, reduced home and car construction, and under progressive taxation a most emphatic leveling process. There has been State control, steadily appearing in new aspects of

our folkways. Changing mortality, birth rates, retirement, free choice and pragamtic philosophy about the goals of life and learning make a dependable reading of the future more complex. Bureau Report No. 17 goes ahead 20 years quite courageously—since off there, there is to be much more national product from which to pay today's leftover bills. The level-premium life insurance technique of individual premiums for each age cell, where premiums and claims balance, has given way to open-end accounts that never balance. As in the old assessment insurance those with the largest risk are carefully excluded, so that decades pass by before the liabilities emerge. In the meantime, there is almost a complete divorce between what a man puts in and what he takes out—and a continual scrambling of the component elements.

In the new medium—new self-sufficient individualists—the actuary makes projections—each low and each high an artificial synthesis. He matches the high benefit against a consistent taxable payroll. He matches the low benefit against a different payroll. The resultant ratios may come rather close together. And he can go way off into space in the process. In fact large changes are expected after the close of the century. He can look back to the sequence of events of the past, but he cannot reproduce them for the future. Two time series evolve (lately both assume pretty persistent escape from the correctional hesitations of the past)—showing dollars of benefits—the dollars held down a bit from the prevailing optimism (or tendency to wither) and percentages of payroll. From these comes an artificial medium or intermediate series, which disclaims reality, but is used as most dependable in the biennial or annual strengthening (which I interpret as weakening).

Bureau Report No. 17—the tradition of Altmeyer, Falk, Cohen, Merriam—says that the reports of the actuary assume automatic change in those benefits as history unrolls, that the dollars are not to be taken seriously at all. In that case the reserve progress of the actuarial synthesis would not run the same. Mr. Myers once wrote an article on the use of logarithmic charts: "You don't have logarithmic eyes." I extend the thought to these suggested adjustments "You don't have Keynsian eyes." Von Mises hopefully says that the weakness of socialism lies in its inability to conduct economic calculations. We can be pretty sure from our familiarity with deficit finance recently, that as reserves pile up, they encourage liberality, so that the high projections won't run that way, and that absence of reserves will be apt to be treated along the line of casualness shown to employers' contribution to the Federal civil service account.

In the alternations between dollar progress and percentages in these studies, I am reminded of our neighbor whose doctor had cut her coffee quota to one cup a day. She promptly bought a cup that held a quart.

7. *Accruing benefits*

In OASI we now have three distinct benefits to consider:

(*a*) Life insurance: Orphans, their mothers, aged widows, dependent parents.

(*b*) Age benefits: Primary and aged wives.

(*c*) Extended disability benefits.

The last-named only got well under way in installation of the machinery for handling medical certification of disablement in the 1954 amendments—step one in a long-announced program for cash benefits to such extended disablement cases. The 1955 amendments that passed the House added cash benefits as an extension to disabled orphans beyond 18 and disablement of workers beyond age 50 (the lion's share of the cases). There is great patience in advancing toward the objectives. It is here, but I will not add accruals in this discussion.

The annual life insurance cost is dealt with in Actuarial Study No. 43, not yet off the press. It runs nearly $3 billion a year, if we assume the establishment of appropriate supplementary contract reserves at each death.

The residual annuities for primary beneficiaries and aged wives—as I have indicated in (4) above, may well be viewed as $100 a month for each retirement. Assuming 150 months of benefit payment prospectively, and then cutting by one-third for deaths before retirement, 100 months at $100 a month could be $10,000 in benefits per covered life. Covered lives have for some time been referred to as numbering 100 million, though the first tax is still to be paid by many self-employed whose jobs became taxable in the 1954 amendments. At that $10,000 rate per life, we are having a trillion dollars of potential expected payment eventually. The span from age 18 to age 65 is 47 years. Spreading the accrual over all those years would give a yearly amount of $21 billion per annum. I don't discount at interest. While we seem to owe nearly $40 billion

of claims reserve—end 1955—the interest-bearing trust fund is but $21 billion—cutting the apparent interest rate in two for that reserve, with nothing of interest accrual for the nonretired.

The 1 year accrued liability of $24 billion for (*a*) and (*b*), and nothing for (*c*), or the extra for earlier women's benefits in the 1955 amendments, nor for the belated dragging in of dentists, lawyers, Federal civil servants—this is to be matched against aggregate tax collection from 1937, onwards, through 1955, of less than $40 billion. That aggregate tax is less than 7 years 1955 rate of $6 billion. It is less than 2 years of the 1 year accruing liability of $24 billion. The $21 billion trust fund is then down to less than a year's accrual. The new classes of entrants before whose eyes are dangled great bargains might consider themselves somewhat disadvantaged by the alliance. Many State and municipal and Federal analyzers, considering the cuts in what they had thought accomplished provision, are quite unenthusiastic about the new alliance. The Federal employees watch the Federal Government pass up the Federal contribution—and hearing Chairman Ramspeck a few years ago tell that existing pensioners had only contributed 15 percent of costs, they have right to some cynicism about the integrity of the bigger reserve which in OASI is only half the claims requirements. (And that figure left out some items.) It is going to be quite a job to match the pears and apples of these plans.

8. Accrued liability

A report from Mr. Myers some time ago gave $280 billion for the accrued liability. Since that report he has jacked up somewhat the expected outgo of 1955—so I am rounding out the accrued liability to $300 billion or by some 7 percent.

Since, so far as I can see, all the interest will be needed on the claims reserves, $450 or $500 billion might be wiser figures at 0 percent interest, where the time element involved would up costs much more emphatically than for claims alone. Section 1104 says the system is subject to change or termination (repudiation is a harsh word in reference to nonguaranteed benefits). That safety valve or escape hatch is rarely mentioned by the administration. Bureau Report No. 17 stresses assured and depend upon—as though the author believed the liability valid. This would double the national debt. The slender $21 billion trust fund is but 7 percent of the $300 billion, or 4 percent of the $500 billion I have preferred.

And far from helping too much, the negations of current payments to the needier aged raises vigorous question as to our rights thus to mortgage our children's budgets in the future, for rights we refuse to pay now.

9. The Curtis subcommittee bookkeeping

The Curtis staff included economists, lawyers, accounting-statistical folk. They did a good job of chasing the money-flow through tax—the budget—and the trust fund. They found the erratic practice in the Bureau of the Budget of losing a few billions of dollars from the basic budget under the planted delusion that this gigantic gratuity-mill is a business (what Elmer Roberts called monarchical socialism in Germany). They found special favoritism, too, to men going home to Italy or Canada—where the work clause would not affect their windfalls. They found that the aged beneficiaries got—or expected to get—a return of 50 times what they had paid in—even ignoring the life insurance costs. Allowing for that life insurance cost first, age benefits were free—an infinite return. They saw that for such folk self-sufficiency was just a come-on word.

A letter to the editor of the Wall Street Journal, recently commenting on social security, said: "It took those other bubbles, the Mississippi and the South Sea, quite a while to be punctured, too." He must have been reading Mackay's Some Popular Delusions and the Madness of Crowds, where an analysis of 1840 was made long enough after the particular delusion, so that the slowness of development had worn off.

10. That contributory label

The Germans and Americans and the British have variously adopted that contributory label in social and group insurances. From my earliest acquaintance with it, it seems to have put rubber into economic meaning, double meanings into wage allotments, it defers finality for current accounts, it replaces individual by communal property. We build the mood of "Little Man, What Now?."

Contribution comes into play to deal with risks advancing with age in life insurance extended disability, life annuities. When allotments for these risks

on people of many ages are pooled, without the hold-back of employer contribution, the young see that they contribute to the costs of the old. Under the split provision, there may be a reduction in tax requirements. But employer-pay-all would reduce them even more.

(In such statements there is the customary assumption that tax practice will be rigid.) That is, one artifice of destructive progressive taxation is mitigated by a second artifice of reducing admitted wages subject to the income tax, throwing, in pensions, amounts over to later time when it is assumed the worker's income will be less. When it is Government involved, and speaking of England, Colin Clark, in Welfare and Taxation says: "We have been trained by the politicians of all parties to regard the state as a benevolent Father Christmas. Whatever you want, they say, be it education or medicine, or orange juice, or false teeth, ask the state for it, and, like a delighted child on Christmas morning, you will find it in your stocking at no expense to yourself. Are we such children as that?"

That attitude of benevolent lady bountifulism is the soul of social security and of Bureau Report No. 17. I like better Colin Clark's further comment: "Give the state not the maximum but the minimum of powers and duties."

Contribution theory is designed to hide basic differences in risk, to reduce adult understanding, to save taxpayment to one group now, and to load future taxpayments with larger debts.

11. Perpetuities

Fifty years ago men were protesting that certain individuals had devised perpetual trusts for purposes which had become obsolete. It was the problem of "the dead hand."

Today, "the dead hand" has provided funds which today's little dictators shape into new perpetuities. Such uses would frequently be anathema to the man who made the money. It is also anathema to many who see the much further reach of the living hand than was exercised by the older case studies. It is a new and, were it secretly operated, a rather frightening aspect of power. But a tower set on a hill cannot be hid—and such perpetuities may be counteracted.

Perpetuities—planned perpetuities like OASI—discount future burdens at an interest rate not being received, giving delusively low cost. There is a sound prejudice about making snap judgment decisions of a small clique thus rigid. As Von Mises aptly and frequently observes, socialism—rejecting the price-determination of the free market—is deficient in economic calculation. While that deficiency is bad for the short haul, it is much more serious for the long haul.

12. Interest earnings

Mr. Linton, Mr. Hohaus and I had all made various comments on interest in connection with the old-age benefits reserve account back in the early days. George Buchan Robinson, who worked with a scalpel, rather neatly belittled our comments, and sold that attitude to 2 New York papers, and 1 or 2 in Chicago. Some of those comments are recorded in various philippics. Some are embalmed in manuscripts which were not published. One thing he saw was that when you didn't collect interest, you had to pick up the amount in taxes elsewhere, and that the absence of something assumed to just come in could involve serious financial error.

When interest return is large—from large reserves in social security—the Nation is commonly collecting money, said to be for purpose A which is spent for other things.

In the 1935 forecast to 1980 we were to have by 1980 two-thirds as much interest as we collected from employees and employers in taxes. The forecast for 1955 showed one-third as much interest income as tax collection. But in fiscal year 1954 we only collected one-tenth as much interest income as tax collection—and the proportion seems to be steadily dropping.

There was vigorous argument in 1935 that the prospective 10-percent benefit cost was too high to wish upon the contributors of 1980. So they said it was necessary to pile up the huge $47-billion reserve (that Senator Vandenberg—with appropriate suggestions from Mr. Linton—called the $47-billion blight) to lighten the load. Mr. Morgenthau, Mr. Reagh, and later, Mr. Wilcox, wanted honest accounting. This discussion carried on into the advisory council of 1937–38. Then we dropped the too much from 10 percent to 9 percent—partly because the interest rate was coming down, and at a lower rate of interest we couldn't amass so much from that source. As now we look at a 9-percent tax rate calmly set down

for collection somewhat later, quite in keeping is the thought in Bureau Report No. 17, that we can afford what we want to afford—meaning what a particular zealot has decided to engraft upon the social-security tree. In a way, all that discussion on reserve seems to have been a sort of red herring to deflect attention from the fact that what we were doing was basically untenable. While we were considering ourselves very sophisticated, Frank Bane assessed our place as "experts on tap, but not on top."

14. Correcting wrongs

The Curtis hearings reviewed many anomalies. The aged widows fare worst. The seniority-conscious men who have recently doubled or tripled their dollar incomes (frequently by Robin Hood methods, too) have fared best. Much of our early rationalization of the "you wouldn't let them starve, would you?" implied these benefits were for people in need. We do include some of the underprivileged at $30 a month. But we mainly care for the overprivileged at several times that figure. There are made-work jobs for 1½ or 2 years to qualify the neediest. It is suggested that it would be simpler to give them the minimum anyway.

All our aged are the victims of inflation—but we deal most generously with the well-paid prodigal who spent it all. We have painted ourselves into a rather cramped corner.

But the major righting I stress here is to change priorities. Instead of putting Government first, I should put first the individual's own provision that he makes for himself. Then second comes mass provision of employers, unions, voluntary associations. Only third should come a sort of blanket or tent treatment from the Federal Government—and that on a temporary basis, while we start out. Gratuities and relief would become the local government much better.

15. The spirit of Robin Hood

Lacking definiteness as to function, certainty as to calculation, conviction as to policy, the large range of tolerance as to costs has rounded out into the tolerance of brigandage. When a nation begins to be generous with the funds of tomorrow, when "tax and tax, and spend and spend" has become accepted, a biennial giveaway can take place without batting an eye. 1954 was but an episode in the course—and as I write, not even the most recent episode. 1942 was to have been the first year of monthly benefit payments—probably at around $16.50 a month. 1939 brought the recasting that added survivors benefits. Payments were set ahead to 1940—the primary averaging $23 a month. This generosity was explained as counterbalanced by reducing later benefits. (That could be corrected upwards again later.)

In 1954 new benefits to the men who could use the gimmick of "dropout quarters" averaged $87—the real earnest of "expectations"—while the overall average was but $57. When the top is $108.50, instead of $98.50 and the next round of wage boost has rolled up, the $100-a-month expectation and $50 additional for the wives seems logical. The 1955 party competition added a lower age for women, two close-ins on extended disability—orphan children over 18 and insured persons over 50.

Each such expansion lowers the relative weight of the trust fund, increases the scope of the deficit. Competition for the Robin Hood crown seems to make the liberalization an annual affair. The victims go unnamed.

15. The loss of personal control of property

When I buy a house with an amortizable mortgage, I watch that mortgage fall—and if I don't do it too slowly, my equity rises. When I buy an investment type of life insurance, I watch my equity—the cash value—grow. I have a sense of budgeting and appreciate the aid of interest accruals—and mortality accruals too.

But in OASI, a man can see the huge windfalls in these years, now nearly 20 years after the taxing start, perhaps following a sort of logistic curve (Spiegelman, Introduction to Demography, p. 247). We seem to be at the point where the outlay curve really turns up. No Elizur Wright has sold the idea of any specific personal equity in the OASI trust fund. Further, the citizen knows, in spite of easy euphemisms about it—that his money has been spent, and spent mainly on the claims of those winners who got there first. The winners have no intention of paying it back. The rest of it has gone, he might like to feel, into the Federal contributions to public assistance. The assistance recipients don't expect to pay it back, either. One set of recipients has had a windfall of most of their payment, the other, it is said, of all of it. Yes, it may

well be spent twice (and raised twice)—once for charity to others—once for charity to him. This communal share in an undeveloped fund—if precedence is given to claims—is zero, or negative. And how we would handle the favoritism that collects only 75 percent from the self-employed—if we really tried to determine equities—is another minor unsolved problem. The trust fund in 1949 was 20 times the benefits disbursement of that year. It is now down to 4 times the 1955 benefits. Employers who deduct half the OASI grant to a retired employee from their pension to him, on the ground that they "have paid for it in OASI" by their taxes to OASI, run counter to Mr. Altmeyer's thesis that the employer taxes are socialized, to be deployed where they are needed. This uncertainty as to rights is a drastic loss to the citizen. For a carefully funded pension plan, this governmental help from a thinly funded program raises questions of another kind of equity.

A rising tax program—and there now seems to be no end to that steady advance, must be much less attractive than personal advancement and estate accumulation. Actuarial study No. 41 and its predecessors could show that when the older man balances his personal income against the heavy progressive taxation of the past, this new compensation from their fellows is still inadequate. Many a new beneficiary today, too, is most unhappy at becoming a dole receiver. But he knows the prodigal will take it—so he capitulates. He has a strong sense of robbery—and he knows that he is not guaranteed this compensatory OASI grant, either.

16. OASI growth

The growth in benefit level and the growth in coverage are important, the former more so. Lately one of the catchwords has been "maturity," and another has been "universality." A defective plan is not wisely matured. A wrong plan should not be made universal. A good universal plan—radiating mature wisdom—would be quite different.

Before the 1939 amendments, I graphed out the apparent results of wide early denial of benefits as an undue later aggrandisement. It is working out that way—and in an exaggerated form. The 1935 projection for 1955 benefits ran $887.8 million. The 1955 projection for 1955 is $5.4 billion—6 times as large. The 1935 projection for 1980 was $3.5 billion (40 percent to be paid from interest). The 1955 projection for 1980 is $16 billion or 4½ times as large. If 25 years hence a 6 times expansion took place—1980 might see $96 billion spent. Mr. Modlin, in Law and Contemporary Problems for April 1936, said: "The reserve account is thus simply a bookkeeping device within the Treasury. Its principal purpose is to indicate the existence of a formal claim against the Federal Government for funds that will be devoted to the payment of old age benefits. The existence of such an account gives a degree of permanence and contractual certainty to the program, thus tending to preclude any alterations in the contributory tax schedule or in the scale of benefits as changes occur in economic conditions or political propensities."

But that is not the way it worked out. Radical changes were made in 1939. The sequence of contribution rates has not been carried out. There is no contractual certainty to the program. Changes are readily adopted. Projections may be made for a hundred years, but they are no longer taken as a guide save for a momentary assurance that what we want to do we can thus justify. That once more expansion is zealously advocated. They have become just biennial or annual building blocks to Utopia. There is no unanimity as to where we are or where we are going, though we are always poised for the next flight. There are well-integrated, small groups, speaking in bureaus, in panels, in universities, and in various precarious countries around the world, which speak easily of the wide area of agreement. They seem to take the cue from Orwell's 1984.

17. Negation and affirmation

I distrust this structure. England, France, Germany have suffered from the regimentation of the earlier models The whole thing is alien to our heritage of personal responsibility, wide choice, and a willingness to accept the results of the choices made. It is not too late to face the monstrosity with understanding of its weaknesses—and a decision to surmount them. We have let the hucksters of tawdry panaceas buffalo us too long. We can manage our personal funds outside of Government. If we institutionalize charity, we can call it by its right name. We can still think, we can limit the Federal bureaucracy. We can get the priorities clear. We can recapture the initiative we have lost. Let's get to work on that project!

STATEMENT OF W. RULON WILLIAMSON, ACTUARY, WASHINGTON, D. C.

I appreciate this opportunity to make a statement to this committee, at this time, and on this subject.

While social security—so-called—is but one aspect of the individual's diminishing control over his own decisions, and but one element in the growth of taxation and outside direction of personal budgeting, that one element is achieving huge proportions.

Adding social security to our Government's responsibilities has raised questions that have not been aswered. No satisfying philosophy has appeared to explain its precise place in the economy. No acceptable terminology has appeared that meets with general acceptance. It has harnessed many of our soundest ideals to the service of certain questionable objectives. It has increased some existing inequities and has produced new ones. It has contributed to the losses in the availability of the free market. It has added to disequilibriums.

It applies to money matters too much of the emotional appeal of the revivalist.

In dealing with great heterogeneity, it pretends to see homogeneity.

It closes its eyes to many a current problem, to give priority to remote problems, some of which it creates.

It adopts the techniques of the makers of the grand hypotheses. It mixes the familiar with the unfamiliar, and leaves us with the "undistributed middle." It seeks to follow other authoritarians, as in the name of reason, they demand assent to the unproved thesis.

Many of the wielders of "this sword for Allah" have fallen by the way. There is every reason why their successors should abandon the claim to an unproved inerrancy.

England had adopted what I have called the little-pay-little go technique of easing in for the old-age part of her social-security system—with benefits on a very modest scale—and advance funding equally modest. Following World War I it was felt to be wiser to clear up certain pressing financial claims from the war before putting too much money into the social-security reserves. It remained for a Beveridge to expand other portions most strikingly, in his recommendations, but to leave age benefits most modest still. Meeting the costs has now faced them as a more serious problem because of the rising financial requirements.

The present Germany's inheritance of the Bismarckian social insurance is demanding 17½ percent of the national income, even after recovery has made a heartening advance. Others in addition to Hayek believe that for the Germans, social security represented a return to the serfdom from which they had risen, a major contributory force in submitting themselves to unreasoning capture by the tyrant's lure.

In France, where tax collection has never gone smoothly, the demands by social security for 15 percent of the national income must be a disorganizing force, further weakening an unduly bureaucratic Central Government, accounting for part of the instability of those governments.

H. R. 7225 would increase the Federal Government's involvement—along lines in which England, Germany, and France have already gone further and fared worse, without—if precedent is followed—pointing out the flaws in the underlying structure, to which the amendments are to be made.

I desire to address myself to you along three lines of thought:

I. Asking again some unanswered questions, basic to our social security measures from 1935 to 1955—unstated aims, unstable foundations, indeterminate costs, misleadingly presented.

II. Some apparent impact of these programs upon the citizens—these programs with their specious appeals, their presumption, their gaps in rationale.

III. Some suggestions for limitations upon the Federal taxation for citizen's compensation for various wrongs—real or fancied—mainly the reality of inflationary price rises—and some principles.

As a preliminary point—I want to mention that things connected with age look much differently to the aged and to the youth. Prospect and retrospect are very difficult. But such simple questions of relativity are child's play compared with the adoption of two annual wages: one, the take-home pay, the other the synthesis of all the fringe benefits and the presumptive current value of Federal benefits based on neither take-home pay, nor that and pay plus fringe benefit equivalents. There are several annual incomes, as those deep in income taxation rediscover each year. This flexibility of values confuses—and particularly

when the implements for assessing the risks, the contingencies involved, are not in common use. The procrustean bed into which the citizen is lured rarely fits him. It is more as a citizen than as an actuary that I am speaking today.

I. THE QUESTIONS

The social security of the amendments—H. R. 7225 includes benefits for age, for survivors at the death of an insured family member, for extended disablement (age, death, living death). This "benefit-granting structure" has been called many names.

It has been called security.

It has been called insurance.

It has been called relief.

It has been called gratuities.

It is sometimes implied that it is savings.

It is suggested that it is investment.

I myself coined the phrase "Social Budgeting" to apply to a special form of Federal taxing power that I felt made more possible escape from some of the anomalies.

I have heard it called fraud and economic poison by eminent men.

To the men now drawing the age benefits of OASI, the receipts are mainly other men's tax money.

To citizens not yet drawing those benefits, but covered for potential future benefits, such benefits are reported in an actuarial study as perhaps 13 percent of all taxed wages, when discounted at interest, or 20 percent without such discount. This makes tax rates of 4 percent and 3 percent look very small.

The closest parallel in bulk financing seems to be old assessments and fraternal insurance arrangements where temporary benefits, temporarily financed, came to seem permanent benefits underfinanced. So in OASI does it not seem that temporary needs have been made the excuse for apparently permanent benefits casually financed? And is it well to assume that posterity will enjoy meeting the rest of those obligations, when the Congress of today increases the claims of tomorrow, for which tomorrow's Congresses must take financial responsibility, and with section 1104 to help them out?

Does not the use of the "undefined word 'insurance'" carry over the sense of dependability which attends a structure where each age cohort jointly provides the funds for its own benefits? In OASI some 40 percent have minor children and thousands of dollars of extra insurance, the cost for which may be said to be spread also over the 60 percent without them. Is it not awkward to assume that this enforced pooling for diverse benefits is like the cohort methods of the ordinary life contract? Is it not dangerous also to combine the men about to retire after a couple of years' contribution at a low rate with the man who may be expected to pay for 50 years at a steadily increasing rate as though they were treated equitably, when equity is the heart of insurance?" It is not awkward to contemplate collecting from lifetime contributors who retire late much more than would have been required in personal investment to meet quite similar requirements?

The difficulties in determining respective equities in the relatively simple cohort method of pricing in ordinary life insurance have led to assorted professonal technicians in the life insurance companies, with further checking by State insurance departments. Does this social insurance business have comparable checks and balances for its more diversified pooling?

As early as 1937 or 1938 I furnished graphic illustrations of the danger inherent in the little-pay-little-go policy being rather officially adopted in the Social Security Board. In 1948 I sent copies of that material—somewhat revised—to the advisory council to this committee. I believe when the amendments of 1950 were being considered by this committee that I sent copies to the then members thereof. I suggested that the low early outlay would tend to continuous liberalization. Similar curves to those I presented now appear in the Social Security Bulletin, separate curves for old age, children's benefits, the disabled and the blind for OASI, and public assistance, respectively.

Let me illustrate what has happened under our system of taking money from some persons to give to others. We took from employees, employers, and the general taxpayers—of course some pretty nominal taxes—and, hiding their paucity, we paid out for a good many years for the aged, children, the disabled much less than the earmarked taxes we took in. The benefits pictured in the graphs were either old-age benefits, later old age and survivors insurance—

wholly Federal, or the public assistance paid out by the States, but helped out by Federal grants-in-aid. The bulletin graphs on public assistance dealt with the payments to the beneficiaries, leaving out the costs of administration. I have been able to secure from the Social Security Administration figures for the OASI and public assistance outlay for payments and administrative costs, excluding from public assistance the State and local residue of expenditure—so as to secure the Federal burden for age, children, and extended disability.

Year by year from 1937 in OASI (OAB) and 1936 in public assistance we have the progression of benefit-cost. Through 1950 more was paid out under the public assistance—Federal grants—than under the OASI program—year by year. Surely this public-assistance outlay helped to counteract the dissatisfaction that would have followed in OASI because of their delay in dealing with categorical benefits. The two systems were complementary facets of one social-security program financed from Federal taxes. In 1951 and through 1955, the Federal grants in aid were exceeded by the purely Federal OASI outlays, reaching in 1955 nearly four times the outlay in Federal grants to public assistance, and perhaps twice the combined payments and administrative costs as met by Federal, State, and local funds.

What was the younger sister in social amelioration, at the start, OASI, has now, like Cinderella, come out to be the more important hand maiden. OASI spent $1 million in 1937, $10 million in 1938, $88 million in 1940, $114 million in 1941, $1 billion in 1950—when it really got rolling, and reached $5 billion in 1955. The other side was more stable, though in an economy of steadily advancing employment, the advance in public-assistance outlay has surprised many.

OASI benefits in 1955 seem to have been 5,000 times those of 1937, 500 times those of 1938, 50 times those of 1940 and/or 1941, 5 times those of 1950. The ratios of 1955 public-assistance payments to those of 1937, 1940, and 1950 show respective times of 8, 6, and 1½. Adding the two portions together the times of 1955 compared with payments 18, 15, and 5 years earlier are 40, 20, and 3, respectively. The tax-collection series of relationships are only 12, 10, and 2. But in a period where some stabilizing is being looked for in Federal expenditure, tripling the outlay and doubling the tax in the advancing quinquennium is apt to be annoying to a tax-conscious public.

What is perhaps more significant is that in each of the last 3 years we have spent out more than the tax intake under these complementary programs in Federal money. This year of 1956 should see more tax collection from the poor-talking farmers, but the 2-year lag in benefits to new categories or to old categories so as to reflect the new high, will be wearing out the latter part of the year. I expect a very sizable deficiency to show up well before the tax advance scheduled for 1960. Moreover in addition to the $700 more million accounted for as deficit in the Federal account, the States and local residue was apparently spending $1.4 billion more, for the same purposes.

I should like to speak a little about the trust fund—not growing very fast right now. It is $22 billion—to the nearest billion. It is much criticized as representing prompt expenditure by the Federal Government for other purposes than social security. I like to think of these moneys meeting the same purposes in those Federal grants to the States. If it simply went to that direct use, and the bonds were not issued to the trust fund, there would apparently be left in the trust fund only $6 billion. If it were insisted that the money granted for public assistance must still bear interest, the sums paid thereon into the trust fund (from general taxation) can be said to add to the ultimate cost of public assistance just as much as it brings into the OASI trust fund—and paying benefits twice is no idle chatter.

Under the life-insurance analogy, the claims in process of payment at the observed age distributions in OASI categories have been shown to represent a present value of roughly 100 times the monthly payments. This seems at the end of 1955 to mean $43 billion claims reserve. The whole $22 billion would be half that amount. My suggested $6 billion but one-seventh. And, unless the public-assistance load is promptly transferred to a wholly Federal account, there might be another $10 billion to represent the claims load of the Federal part of public-assistance payments, plus still another $10 billion for the non-Federal part.

(At this point I want to stop to emphasize that looking ahead to potential outlay for future beneficiaries involves recognition of wide possible variation in many pertinent factors—the effective age of qualification for benefits, the extent of women's work participation—paid work, I mean—economic ups and downs, mortality improvement, extent of personal thrift income, mortality, birth, and other rates—and many other things. Looking ahead 30 or more years when

our mean employee of today might be qualifying for age benefits, these various factors might lower or raise some median cost figure by 50 percent. It is even difficult to separate in existing records the contribution of each amendment year to the rise in overall benefits, now. Future benefits cannot be told with any precision, and any pretense that they can should not be read into my subsequent statement today.)

Reading the recent increases—now being rather muted—perhaps in anticipation of qualifying for the last maximum benefit by a slight delay in qualification, perhaps because there is a wait till the wife reaches 65 and qualifies the couple for 50 percent more—I would state as quite possible an accrued liability figure as representing the benefit level nonretired people anticipate. Accrued liability as I use it of $250 billion estimates the proportion of all the service years now served by the nonretired, as against the potential total service years before retirement, applying that ratio to the total benefits which—on the average—as men look at their prospects now—they would expect reasonable 25 or 30 years hence. This involves discounting at the rates of interest now being paid on the trust fund. But 2½-percent interest on $250 billion would be $6.25 billion of interest payment. Only some $450 million interest is being paid. Without these huge interest earnings it would be more realistic to abandon the slenderizing effect of interest. The accrued liability at tiny interest rates would be perhaps $350 billion or $400 billion instead. (These figures are in addition to the $43 billion liability quoted above).

I must also hasten to add that two further observations are necessary:

1. I can't read the minds of present Senators and Congressmen, or of those to come. I can't tell when the fuller realization of the seriousness of the semicommitments already made will check the recent pattern of pyramiding benefits. If it does not change radically, and that soon—these stated quantities may be ridiculously low.

2. We have been having a long period of inflationary influence—this growing deferred-benefit system being one of those forces. Should there be the painful, curative deflationary reform, so that the money rot is checked, or so that the buying power of the dollar enters a period of upturn such as we had in the last third of the 19th century, these dollar amounts might be cut. Section 1104 of the Social Security Act is rarely mentioned, and in the definiteness of pronouncements about benefits is often overlooked. The commitments would seem to be conditional.

I have felt increasing surprise at the apparent lack of curiosity in connection with a program where we seem bent on spending through the Federal Government, and on people now alive, more than the entire amount of the quoted figures for the national wealth, if that has not advanced beyond $1 trillion. This represents a pretty healthy mortgage against our economy.

I am now going to pose to you a number of questions to illustrate the indefiniteness that hampers most conversations upon this baffling subject. Since this subject has been much upon your minds for many years, you may have determined the answers. They are otherwise a bit hard to come by, and none of those consensuses seems to have been reached.

1. Why are there three sources for the Federal social-security tax funds? Is it, perhaps, to secure more funds, or at times to leave some taxes out of consideration when aggregate tax sums grow large?

2. What is the purpose of Federal grants to States, when the money has to be brought in from the taxpayers of the States, and remoteness of the source seems prone to reduce prudent administration? Could it be to decrease local cost consciousness, to lose sight of aggregate load, or to increase the number of reliefers?

3. Given section 1104, does that section incite to more liberality on the grounds that correction is possible, later, if the plan goes too far? Or could it be designed to force more initial responsibility?

4. Is section 1104 really felt to limit the degree of commitment to these programs, or is it felt to be ineffective?

5. If section 1104 is no protection against future payments is not the national debt almost twice the size now admitted?

6. If interest receipts which we do not expect to get are counted upon to reduce the figure for future benefits, could this act to rationalize paying out larger benefits?

7. Life insurance in its level premium operations attempts to make each group logically feel that its premium payments meet the whole cost of its benefits and administration. Is there not risk of serious misunderstanding, in applying the

word to a system where, say, the top 20 age groups are very largely paid for by the lower age groups?

8. Is such use of the word "insurance" fraudulent, if it really gives the impression of validity to an uncharted plan of such different nature?

9. In the life-insurance business the statements, contracts, and financial operations are thoroughly supervised by State insurance departments. Is there anything comparable to this in the Federal Government? Is there any real hazard in relying on the administrative departments, which may have a sort of ax to grind, instead of having the independent legislative branch secure their own experts as possible protection against bureaucratic log rolling?

10. Has there been any recognition of outside—or European pressure from the International Labor Office—in the shaping of these programs? Has the deterioration of this organization's balanced representation from workers, employers, and nations over the last few years been grasped?

11. After the recorded results of past depressions, has not the possibility of future reduced business activity been too readily dismissed in considering the strains on the countries' finances?

12. Has not the personal impact of social-security taxes been postponed inordinately long? More specifically, are there not many undefined terms hampering clear expression of values in social security?

Such questions suggest the legitimate doubts as to the soundness of the foundations beneath the social-security edifice. Should not the foundations be further examined before further additions are superimposed?

II. THE IMPACT ON THE CITIZEN

The above questions are indicative of the bothersome blurred images summoned up by the phrases "social security," "welfare state," "regimentation and freedom," and so on. But there still remains the simple distinction in the mind of our citizens as to the difference between me and not me. There follows an anxiety to continue the personal pride in the me, and limitation upon the forces making for dependence upon the not me. Personal thrift through the savings bank, the savings-bank aspects of life insurance, mortgages, building-and-loan shares, bonds of private enterprise or of the Government, securities, mutual funds, variable annuities, and so on, emphasize the me. Most forms of profit sharing represent the me, too. Most forms of pension plans bring in a good deal of not me (the delay in vesting), while all aspects of social security seem to bring in so much not me, as to increase the dependence of the individual. In State programs of public assistance the not me is pretty impressively the Government—and increasingly that means the Federal Government in Washington rather than the neighbors in the local community. There is even a threat that it's coming to mean the U. N. and the ILO in New York and Geneva, that makes the handling of the me even more remote. And it seems clear that the more remote the source of the funds, the less hesitation the citizen feels about being supported. He used to feel a healthy shame at being dependent upon the neighbors. Does not that loss of sense of community make him a civic orphan?

Pride in the me could be back of that dubious propaganda line "he paid for it." One line of approach a couple years back showed he couldn't have paid in more than 2 cents on the dollar. Another priority to the life-insurance side of the benefits could be made to show he had paid nothing toward the age benefit himself. Five years ago I was saying that he hadn't paid a nickel for a dollar—but liberalization has put off any such contributions as that for several years more. Such pride in the easy virtue of the me is impossible. In public assistance it is all not me, after a full inventory of needs and resources by a social worker. He is in most cases getting less these days than the OASI recipient, who has made but a token payment, and is much more indebted to the not me of the system than the assistance recipient upon whom he looks down.

What is this seventh heaven of dependence going to do to the younger taxpayers, when they find out that it is their money that is supporting the other citizen's parents, that under section 1104 they have no clean-cut rights themselves, in that far-off time when they are old, and that the taxes they pay for not me would go a long way in careful investment for the me. There is evidently no large interest accumulation ahead for this system. Without interest an investment seems a rather pallid adventure.

How will the babies born today, entering employment about 1975, where 8 percent taxpayment is scheduled from employers and employees, and even 9 percent in the pending bill, feel about the arrogant way the former generations loaded them up with earmarked taxpayments, for what inherently remains a personal

responsibility and privilege of the citizen—to pay his own bills and do his own savings? What will they say about the Congresses of the past who could for one moment consider it actuarially sound to mortgage the future to give largess to part of todays logical beneficiaries, at the expense of their own posterity? It isn't, it will seem to them, just a case of eating the seed corn, but of commandeering tomorrow's seed corn for the later food of today's early quitters.

The per capita real estate in this country is shrinking as the baby boom continues, and the scarcity value rises. The blue-chip securities are currently recognized as of higher value, and that demand keeps up—an issue like Ford's being quite subject to absorption. Those who bought real estate and blue-chip issues 20 years ago, before increased taxes and war-bond demand took their toll of the marginal income can see appreciation in their holdings. Trying to grasp the reasons why their social-security taxes have not produced increasing visible equities—comparable to the increasing cash values in a life-insurance contract—it may occur to them that it is because most of the money had to be spent for benefits—other men's benefits—and the taxes paid were quite inadequate to chalk up in addition such equities to the accounts of those who have been furnishing the funds.

The 1953 Curtis subcommittee within the Ways and Means Committee, brought out much of this financial relationship, and he who reads those hearings, and the staff memorandums printed therewith, must see that the failure to grasp these points was reflected in the further mortgaging of the future contained in the amendments of 1954. The literate citizen who can get the printed hearings, and who has the time to read them, and the training in background from which to appreciate them, will be growingly perturbed. There are many already perturbed. I have heard from possibly a hundred such persons. Their attitude is a growing distrust of the self-appointed custodians of our choices. It seems to them that further worsening of a serious financial position must be avoided. For they know that only the citizens pay the taxes, for even businesses are owned by the citizens, and the business taxes also come from the individual owners. It seems to them that the old story of the man with the unexpected $10 who made it the downpayment on another extravagance, is developing within the economy in the nominal downpayment for a tremendous increase in future indebtedness.

The necessary strength of our individual citizens is being undermined by the incomplete delineation of this bribe-minded giant's appeal to cupidity.

III. INACTIVE CITIZEN'S COMPENSATION—PARTIAL COMPENSATION FOR INFLATION

If the citizen who pays all the bills, now at record dollar levels of income, wishes to recognize the wrong done the inactive lives by the inflationary price trend, at least aggravated by too rapidly rising wage rates, he might be willing to pay—and that without expectation that he was simply lending his money—a modest apology through the Government to the injured inactives. I am using inflation as illustrative. There could be other potential damage claims. This is essentially what I filed with the Ways and Means Committee in 1954 (see Social Security Act Amendments of 1954, Ways and Means Committee hearings on H. R. 7199, pp. 842–845). I am adding a copy of that memorandum, as well as a recent memorandum prepared for my fellow actuaries on those same amendments, because of their slower tempo and less condensed form. From a slightly different angle this comment and the other may form more of a stereoscopic picture.

Because a skeleton of such a citizen's compensation program as a step away from the hazardous, underfinanced, too-liberal, discriminatory, social security, is well to have for reference, I am setting down these principles very cryptically hereafter:

1. The principle of inadequacy—for Government's largest should not be enough for anyone.
2. The limitation of benefits to the more catastrophic contingencies.
3. Complete citizenship liability to taxation and compensation.
4. Income tax exemption as charitable contribution on taxes and on benefits.
5. Benefit flat—not to exceed 25 percent of per capita annual income—now about $40 a month.
6. Age benefits at 70 and orphan benefits at ages below 18.
7. Maximum citizen's tax 5 percent for all types of compensation, 3 percent for age and orphans grants.
8. Current, not deferred, operation.
9. Rejection of benefits puts rejecter on honor roll.
10. Reasonable downgrading of present too-high benefits.

CONCLUSION

I have attached to this testimony two memoranda—as noted above—for their convictions as to the unsoundness of the present apparent social security system. Summing up, in our double set of Federal benefits, there is much indefiniteness. It is impossible to foretell costs either absolutely or relatively. But the 1955 outlay was more than 5 times that set down in 1935 as the expected 1955 burden, the proportion of aid from interest was less than expected, the prospective upthrust much more serious. It would seem that the methods of presenting potential costs is subject to giving an unwarranted assumption of definiteness as to the road ahead, minimizing the seriousness of bequeathing great liabilities instead of great assets. The unfairness to our future citizens must bring some sort of reaction, if those citizens have any grasp of what we are doing to them. There are a few simple principles, which, if adopted with more straightforward labeling, could help to check the evil tendencies inherent in the present system, and could even initiate a movement away from a gigantic relief roll.

In the seriousness of long-delayed recognition, there could be unawareness of the malady, or of possible curative procedures. It is not too late to substitute awareness, to seek, to find and to apply those procedures.

It is not the time to add further complexities to a plan that seems to me fundamentally unsound. It is not the time to encourage a race in prodigality, to weaken us for the required contests of the rest of the century.

Senator BENNETT. Mr. Chairman.

The CHAIRMAN. Senator Bennett.

Senator BENNETT. Mr. Chairman, before we close the day's meeting, the first witness, Congressman Roosevelt, presented some material to the committee which he drew from a study made by the Library of Congress.

The Library of Congress, as a matter of principle, always presents both sides of the situation, and Mr. Roosevelt quoted only from the side of the study which supported his proposition.

So I would like permission to insert the entire study, showing both sides, into the record at the conclusion of Mr. Roosevelt's testimony.

The CHAIRMAN. Without objection, that will be done.

(The full Library of Congress document appears at p. 73.)

The CHAIRMAN. Thank you very much, Mr. Williamson.

(By direction of the chairman, the following is made a part of the record:)

INCOME SECURITY THROUGH SOCIAL SECURITY

By Byron L. Johnson, associate professor of economics, University of Denver

The Joint Commitete on the Economic Report, through its subcommittee on low-income families, has undertaken a long-overdue review of the needs unmet by current social insurance and Government welfare programs, looking for answers.

This paper will attempt a summary review of some of these unmet needs, and suggest the kinds of changes in the social-security programs, broadly defined, that would improve their total effect upon low-income families.

THE LOGIC OF INCOME SECURITY

Congress has underwritten a minimum standard of income security, it seems to me, in recognition of the proposition that every man ought to have his necessities of life provided, and that we can afford to guarantee that provision. We do this not only out of our love for our fellowman, but out of the recognition that for society as a whole to be strong, each part of it must be strong. Some of those we strengthen through social security may ultimately contribute immensely to the welfare of all the others.

The actual level of income security will always be a product of the culture and the times, and subject to local interpretation—but generally, we are agreed that a minimum standard of health and decency ought to be provided, although this is an elastic yardstick.

The Federal interest in such a guaranty grows out of these considerations, among others:

Every citizen is a Federal citizen first;
The welfare of every part of the Union is dependent upon the welfare of every other part;
Our citizens are of right, and need to be, mobile;
The need of an area is not correlated with its ability to meet that need, except, perhaps, inversely;
Administrative considerations strongly support a single, national system of retirement and survivors insurance;
Strong State-local programs of public assistance could only be created through Federal aid; and
All but one of the several States refused to enact unemployment compensation programs until given Federal encouragement.

The decision as to the level of income security to be provided by each program is essentially a political question, in keeping with the commonsense of the community. OASI formulas have responded to changing conditions, and have some built-in adjustments. It offers the worker an inducement of higher benefits for better performance. The Federal interest is to make possible and likely an adequate minimum provision for income security, while leaving room for personal and local responsibility.

STRENGTHENING OLD-AGE AND SURVIVORS INSURANCE

Although old-age and survivors insurance is the keystone in the arch of governmental income security, it still exempts and excludes millions of workers. Many of these persons look to other limited retirement systems as substitutes; they do so in error. For the limited retirement systems provide security at the expense of freedom. The worker, in most cases, can protect his security only by giving up his freedom to move out of the range of the limited protection these systems afford. Only through old-age and survivors insurance can a worker maintain his fredeom of job mobility without loss of security.

OASI coverage

Every job ought to look to OASI for basic protection, including governmental civilian and military and uniformed services. That greater protection than this affords may be sound employment policy is not the issue. Such added protection should come from supplemental plans, not from competitive plans. I have previously suggested[1] that OASI offer, in addition to its standard program, a program of voluntary supplementary group annuities to employers or employee groups who wished to supplement their benefits with further sums purchased on a straight actuarial basis.

I would revise the proposal now only to separate the problem into three stages. The Government could surely complete the integration of its own civil-service and military-service pension programs with OASI on such a basis. It could also complete the integration of railroad retirement and OASI so that in each of these integrations, the covered personnel would draw first an OASI benefit, and then a supplemental benefit actuarially computed, so that the two totaled as much as is now guaranteed. The total cost would surely be less than the cost of the many separate programs now.

After completing the intgeration of the Federal programs, a similar package could be offered to the public-school employees, to the police and firemen, and to other State and local employees. When this had been successfully consummated, it would be time enough to offer such supplemental annuities on a group basis to private employers. Many millions of workers are in for disillusionment in the years ahead as they find that their rights in their company and union plans are not vested at all: and many others will have their rights vested only after long periods of service.

The proposals I have outlined would restore the freedom and mobility of the workers covered by such plans, yet provide full, immediate, and automatic vesting of all contributions and cumulation of all rights earned in any employment covered by such a supplemental plan. It would cost less to administer, and result in greater equity.

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[1] Testimony before Senate Finance Committee, hearings on the 1950 amendments to the Social Security Act; and subsequent letters to members of the committee.

The only other significant exclusions from coverage ought to be dropped, so that we have a truly universal OASI program covering every occupation from professional private practice physicians and lawyers to migratory farmhands. Our Colorado farmers, incidentally, find the present $100 wage payment to a migratory worker before coverage hard to administer. They want to take out his taxes from the first dollar of wages and report it as any other employer would. As it stands now, the treatment of domestics and migrant laborers still serves to cut the benefit rights of some of the low-income workers most in need of the protection.

Eligibility for OASI benefits

The most important change needed here is to qualify those disabled for 6 months or longer for primary benefits immediately (and not simply "freeze" their subsequent benefit rights), and also to make their dependents eligible if the disabled worker had been regularly contributing one-half or more of their support at the time of the disability.

Permitting women, including wives and widows as well as primary workers, to qualify at age 62 would face the facts of life more clearly—that most men are married to women who average 3 years younger than themselves. As it stands now, one reason for a man to postpone retirement is to await the age when his wife will also qualify.

Parents are discriminated against as dependents—they can qualify only if there are no other dependents. Surely they should be counted as dependents, on some reasonable basis, regardless of the marital status of the retired or deceased worker.

The physically or mentally disabled survivor of a deceased worker, and the physically or mentally disabled child of a retired worker, ought to qualify regardless of age, in simple recognition of parental responsibilities in these cases.

OASI benefits

Unless the amount of covered wages is raised to an amount consistent with the range of the original law (and $6,000 today is little more than $3,000 was in 1935), the benefits formula moves toward a flat (though ceiling) amount. Of the men awarded benefits in 1954 on current earnings, 44 percent got the maximum. With coverage of $6,000 a year, it would be necessary to remove the arbitrary $200 limit on benefits based on 1 account. That limit now affects more than half of all widows having two or more children. Only an 80 percent of average monthly wages ceiling appears fully defensible.

For workers who postpone retirement after age 65, some incentive and reward ought to be provided. The cost of the program is reduced by such action, and a 5 percent increment in monthly benefits for each year of postponement would cost less than the amount saved by each year's delay.

The work clause is much improved by the new law, but I would prefer an incentive budgeting approach to these earnings. For example, if the worker has earned more than $1,200 in a year while drawing benefits, I suggest that we take from his subsequent checks one-half of the amount earned thereafter, so that he loses a full check only if his earnings are double his benefit amount, rather than have the whole amount turn upon the few cents beyond the monthly allowable sum, at that point, of $80.

Each of these benefit changes would in fact reduce the program's cost, as a percentage of covered payrolls, perhaps more than enough to offset the increased costs of the changes in eligibility suggested above.

REHABILITATING THE DISABLED

The income security for those with extended disability can properly be added to OASI benefit schedules. But this does not assure their rehabilitation. Yet restoration of such persons to useful places in the community is even more important than underwriting their income security during a long period of disability.

Medical treatment and the provision of prosthetic appliances, and even the cost of retraining, can be paid out of insurance funds advantageously so as to reduce the time during which a disabled person requires income support. These costs of rehabilitation ought, therefore, also to come from the trust fund. The fund would, of course, provide income assurance during the period of transition to self-support. It could pay for any special continuing costs (glasses, batteries, appliances, etc.) needed to make the rehabilitation a continuing success in a given case.

The accumulation of safety experience through such a program would ultimately justify agency contributions to safety education in the areas of greatest need, as measured in this way.

Administration and financing

By broadening the eligibility for rehabilitation benefits under the new OASI program, the need for separate Federal grants for this program would be all but eliminated. However, attention should be given to the need to place the administration of this program in the hands of those who have demonstrated a real talent and zeal for the cause.

Every major medical center ought to have a rehabilitation center for physical and mental therapy, as well as the retraining. Veterans' Administration facilities should be made available, as fully as possible, because of their excellent record of successful experience with such problems. Both public and private educational facilities should be called upon to help in the retraining, on a tuition or contract basis, with payments coming out of the trust fund.

The present program falls far behind the annual increase in the caseloads. The cost to society of caring for the disabled workers and their families, as well as in production lost from their nonparticipation, must run well over $3,000 per man per year; and this cannot count the psychic costs upon the man and his family. We can well afford a generous program that will shorten the time period between the disability and the restoration to useful participation in the life of the community.

The cost of the program proposed herein would be little, if any, more than the costs now hidden in a variety of places (OVR grants, APTD grants, workmen's compensation insurance, and private insurance policies).

The chances are that present tax rates, particularly if a higher wage base were taxed, would easily absorb all of these outlays. But if they failed, it may be necessary to accelerate the tax rate changes. However, the cutback in APTD and OVR grants would offset this largely, if not fully. The present grant-in-aid programs are tempted to work only with the easy cases, to make a good statistical record. They tend to neglect the tough cases.

No single change in social security programs could be as significant as this one. A real zeal for the task of helping disabled people to be returned to socially useful lives is needed. The present programs are still not enough. They need a further stimulus, and I believe that this would provide it, particularly if all the present programs were integrated within a Disability and Rehabilitation Section of the Bureau of Old Age and Survivors Insurance, charged with this responsibility.

INSURING THE UNEMPLOYED

Coverage

Although OASI coverage has been greatly increased since the original 1935 act, the coverage required of the several States by titles III and IX has not been similarly revised. Surely unemployment compensation ought to be extended to all employed persons—the old exemptions and exclusions no longer seem necessary or desirable.

Coverage of the self-employed might well be studied, looking toward the possibility of employing the kind of protection offered the self-employed GI under the "Bill of Rights" as a model for income support for all self-employed. Perhaps a national (rather than Federal-State) program could be offered, particularly for self-employed farmers, to underwrite their income.

Eligibility

The recommendations of the advisory council appointed by the Senate Finance Committee in 1948 are still sound advice, in proposing that disqualifications should be limited to postponement of benefits for no longer than 6 weeks, except in case of fraud. The Federal law could wipe out the present cancellation and reduction of benefits that is now widely applied. At least part of the general assistance load grows out of these disqualifications.

Those workers paid on a time-worked basis, who are cut off from income by reason of temporary disability ought to become eligible for benefits, as they are now in at least four States (Rhode Island, New York, New Jersey, and California). The Federal act could require their inclusion in order for State plans to qualify after, say, July 1, 1960.

Benefits

Just as OASI needs to be updated to the effects of inflation, so also does unemployment compensation. In other words, $6,000 ought to be covered in wages, and the benefit ceiling should be removed. A worker ought to be entitled to a weekly benefit amount of one twenty-fifth of his high quarter wages, or equal to 1 percent of his annual wage rate, plus an allowance for dependents. This allowance might take the form of either a 10-percent increase in the weekly benefit amount for each dependent, or perhaps simply a flat $3 per dependent. Such dependents benefits do not add greatly to cost, because a disproportionately large part of all benefits go to single workers. They will help, however, to deal with cases of real need among low-income workers, and reduce burdens upon public assistance.

Joint financing

The advisory council recommendation that employees share with employers equally in paying the State taxes would clearly have the merit of giving the employees a greater interest in benefits and in administration. Each State might adopt a standard rate suited to its overall needs, and through experience rating add 50 percent for firms with favorable experience. But there needs to be some limit to the range of costs as between firms, and some recognition that the whole economy may properly be taxed to underwrite the incomes of unemployed workers. The present zero rates available to firms lead to challenging of the worker's right to benefits in order to protect the employer's "experience."

Administration

The whole economy gains from wise and sound placement of workers. Every worker gains from being placed in that job making the highest and best use of his talents. If the Federal aid for the employment services could develop performance standards geared to the effectiveness of the placements, and not simply use referrals and placements as ways of getting an unemployed person a job—too often getting him any job—the whole economy would gain. Total outlays are not the only, nor the best, measure of the cost of a program.

MODERNIZING PUBLIC ASSISTANCE

The recent revisions of OASI are helping to shrink the significance of the old-age assistance program, at least in terms of recipient rates. The proposals above for adding disability benefits would do a better job for the disabled than aid to the so-called permanently and totally disabled can do. Hence it is an appropriate time to review the whole public assistance program.

The categorical approach is long out of date in social theory, though not banished from law. However, we have reason to believe that the failure of Federal aid to include general assistance for needy persons between 18 and 65 tends to distort not only the programs, but family patterns. A poor working father, whose income is inadequate for a large family, finds in some jurisdictions that if he were "continually absent from the home," his family would then qualify for ADC. As a result, he may be tempted to desert, although desertion may be for the daylight hours only; but it may lead to permanent desertion.

The wisdom of ADC aid for illegitimate children and their mothers is questioned when it appears to stand in the way of marriage of the mother to the natural father. When the program appears to subsidize women of easy virtue, it is also criticized.

The time has come for a thoroughgoing review of the problem of preserving strong family units, and such a study might examine the consequences not only of the easy divorce laws, but of easy marriage laws as well. The usefulness of premarriage counseling, as well as of marital counseling, ought to be explored. The availability of money aids and the emphasis upon money aids often obscures the potentials of better counseling and related welfare services.

A unified public assistance program, as has long been recommended by the American Public Welfare Association, and as is found in H. R. 2892 of the 81st Congress, by Representative Doughton, of North Carolina, is clearly needed, in place of the present hodgepodge of programs. Essentially, this would put all Federal aid to all needy persons on an equal basis, regardless of age, condition, or marital status. Because no social insurance program can meet all needs, or any of certain kinds of need, some supplemental public assistance program will always be necessary.

Even if any single State legislature wanted to correct certain of these errors itself, it could not do so within the framework of the present Federal law.

Eligibility and residence

Our mobile citizenry are often discriminated against by State residence laws, permitted by the Federal law. The time has come to write a new reasonable maximum waiting period to be used not only for public assistance, but for all programs involving residence, if possible. For migrant and transient workers, there should be a provision for waiver of any residence requirement otherwise in use.

The States ought each to provide reciprocity, so that a State would process a claim for an applicant who had less than 6 months residence, and refer it back to the State of residence, if such State also used a 6 months period. But the State should pay immediately upon proof of eligibility if such newcomer-applicant is from a State which has abandoned residence requirements altogether (e. g.: Rhode Island).

Then, if a public assistance recipient needed to move, for any personal reason attested by the welfare director and a doctor, the State of initial residence would carry the case for 6 months after departure, and certify the case to the State of new residence.

A Federal standard for benefits

The unified public assistance statute might well specify a flat amount of guaranteed income that it would help support on a variable percentage matching basis (see below) such as $60 per month per adult, and $30 per month per child. These would be the ceilings on Federal aid, apart from vendor payments for medical care, which might be approved up to an average of $6 per month per case. This latter provision is clearly needed if more States are to do an adequate job of protecting the health needs of recipients. At present, only one-third of the States are making effective use of the vendor payments provisions.

Some of the physically and mentally disabled will not be covered even under the suggested extension of OSAI discussed above. The unified public assistance program ought to provide these not only with income support as needed, but also might pay on a contract basis for care, treatment, and training.

Child welfare services

The child welfare services program ought to drop its last vestiges of bias toward rural deficiencies, and become a uniform statewide program, urban as well as rural. It might well become in name what it must be in fact, a family welfare services program, and then should be integrated fully into a unified public-assistance program, paid for out of the same program. The work of the welfare department properly extends to preventive counseling, foster care, juvenile work on court as well as welfare cases. The needs of the child and of his family must be considered on their merits, not on the basis of limitations of funds to one or another special programs. Details of State administration must be fitted, of course, into the State pattern of law and administrative structure.

Benefits under a unified public-assistance program should be extended to include as a routine matter the payment of foster-care aid to families accepting children on a placing-out basis, even if the family itself is not "needy." Our purpose is to provide home care for the orphaned children not adopted outright, and to provide home care rather than institutional care for those children who may not be adoptable, but who are capable of living in a normal home situation. Foster care might even be used, at least experimentally for exceptional children including physically and mentally handicapped who can be treated on an outpatient basis at special schools or children's hospitals, to cut out population in child-care institutions.

"Incentive budgeting" for assistance recipients

Every person on assistance who can earn any amount whatsoever, ought to be encouraged to do so, not simply to reduce the cost of the program, but also to help him to preserve his own independence and self-reliance. It is a tragedy that the law now seems to require that every such penny earned must be subtracted from the amount of his grant, so that he has no incentive to pick up even an occasional odd job.

True, some local administrators have found ways around this, by increasing the family or personal budget allowance in recognition of the extra cost of earning the income. or some have reduced the gross earnings to a net earning computation by subtracting such cost as travel, clothing, meals out, and other personal expenses arising from such activity.

It would be simpler to provide that public-assistance agencies shall subtract from the budget sum allowed the whole amount of unearned income and of other regular transfer payments such as annuity benefits; that they should ignore small gifts and tokens of love and friendship; and then subtract one-half, rather than the whole amount, of all earned income.

As it stands now, we are psychologically "pauperizing" assistance recipients. We ought instead to encourage any signs of self-sufficiency. The old depression fear that work done by an aged person was depriving some unemployed young person of a job ought to be buried forever.

Equalization financing of public assistance

Proposals for equalization techniques in financing grow of the recognition of sharp differentials in income or tax base as between different local jurisdictions, and as between States, which have tended to produce sharp differences in the levels of performance of governmental services among such units.

"It is important to link the two facets of equalization, for equalization of service levels in cooperatively financed programs, even minimum levels, cannot in fact be achieved without giving substantial attention to equalization of the burden of State and/or local support of the function aided * * * All Federal grants, taken together, will fail to achieve the purpose of attaining a national minimum unless attention is also given to the burden that Federal aid often places upon the States." [2]

The inequalities in program levels and in tax burdens of the present system have led both the past and the present administration to recommend certain changes in the method of allocation of grants-in-aid for public assistance. Gearing the percentage of Federal aid to the economic capacity of the individual States as measured by per capita income would go far toward equalizing the tax burden of a program that would achieve a uniform program in terms of per capita costs, assuming uniform tax effort.

Analysis of the data presented on page 6 of the September 1955 Social Security Bulletin supports the proposition that the burden is actually heavier in the low-income States. Hence the formula now recommended will help approach full equalization, but will not fully achieve it.

The present public-assistance aid formula loads the dice against paying a higher sum than that for which there is 80 percent Federal aid, in each of those States in which the burden of sustaining public assistance is still relatively high. Hence shifting to variable-grant-percentage formula for the entire payment would at least give these States an equal opportunity to choose to pay more nearly adequate sums to those in need. Federal law cannot directly increase the fiscal willingness of any State to support a program. However, most States appear willing to tax themselves at reasonable levels for these programs.

Changing the Federal-aid formula alone will not produce equalization at the local level. The States have fallen into the same error as the Federal Government in offering aid at a uniform percentage rate to each of their counties, in those cases where local funds are required. The Federal law might very well require that the States distribute aid on an equalization basis, if any local money is used in the public-assistance programs.

In the measurement of local fiscal ability, and in identification of areas of really great need, and of many low-income families, we cannot rely upon property-assessment data. Official, nationwide estimates of county-income payments are needed, and ought to be provided. It is amazing that as a nation, we spend almost $7 billion through our counties out of State and Federal funds, with only crude attempts at intercounty equalization in those few programs (mainly in school aid) where it is tried at all.

EQUALIZATION THROUGH OTHER GRANT PROGRAMS

It should be recognized that income is not necessarily best measured by the monetary receipts of power to command goods and services, but may also be measured by the flow of goods and services that are in fact received by each person. In these terms, Federal aid for education, highways, and health services, as well as State programs for recreation, library services, etc., are all part of the evaluation of the lot of the low-income families. If the other Federal grants

[2] The Principle of Equalization Applied to the Allocation of Grants-In-Aid, Ph. D. thesis by author, University of Wisconsin, 1947, at p. 43. Also printed as Bureau Memorandum No. 66, Bureau of Research and Statistics, Social Security Administration; see pp. 30–33.

were also to be made more nearly equalizing in their impact, and were also to require intrastate equalization as part of the price of Federal aid, the change would clearly help to remedy the low-income situation.

It should be clear, however, that no shift in the patterns used in paying out grants-in-aid is going to equalize income, by itself. I would repeat my earlier conclusions: "Even if Federal grants should be increased to the point where they equal 1 or 2 percent of the national income, however, equalization in the allocation of grants will not effectuate substantial equalization of income. In the process of working toward equalization of certain governmental services, disparities in income will be reduced, but they neither should nor will be eliminated." [3]

BETTER HEALTH FOR LOW-INCOME FAMILIES

Health is only partly a social-security problem. Good health depends far more fundamentally upon having an adequate diet, which is a function of education as well as of income; and upon proper sanitation, both personal and community. It also requires a healthy mental and emotional outlook, which has little relationship to income. We protect health against infectious diseases largely through public health activity, for every level of income.

Preventative care, through checkups, and actual medical care (not just in the hospital) represents the area still outside of our social-security program, although it lay within the assignment and report of the 1935 Committee on Economic Security.

The limits of present health insurances are adequately detailed in the staff report to the Senate Committee on Labor and Public Welfare of the 82d Congress (S. Rept. 359). Comprehensive medical care through group practice insurance plans offers a fine answer, already in use among some middle-income groups. For the low-income groups, however, such plants are dependent either upon some form of subsidy, or upon a national system of insurancce that is financed through some proportional type of wage or income tax.

As an immediate step, further Federal encouragement to the formation of local group practice health insurance plans may be a prudent way to gain further experience in a very complex and supercharged area of public policy.

STATEMENT ON PENSIONS BY L. W. LEWIS, WEST SENECA, N. Y.

Honorable Harry Byrd and worthy committee, my deepest concern is that in a democracy such as ours, we have so many classes of citizens. It is not of their own choice, but they are victims of circumstances which we have failed to correct or have closed our eyes to their plight.

We are slowly letting a small percent of our people starve to death. I would bring to your attention the people 65 years of age, or over, who were forced to retire early, and only received the minimum amount of social security, and the few old folks that are with us that never had a chance to pay in to social security.

Most of these citizens have had homes of their own, possible a little savings, but they have lived up their savings. These folks have worked, raised families and paid taxes the same as we have.

Now for more reasons than one they are without enough income to exist on this earth, and still we refuse to consider their plight.

We force them to be humiliated and become paupers by subjecting them to investigators. We confiscate their property, if they have any left, in order to get barely enough of an existence from the local welfare. That is not all, we put them on parole by investigating them every month thereafter.

These people deserve better treatment.

I beg and urge this worthy committee to correct this condition. I realize that if we get any improvement to the Social Security Act, it will be by the way of the Cooper bill H. R. 7225 as it was passed by the House in the first session of this Congress.

I understand there is over $22 billion in the social security treasury, also we are taking in over $6 billion per year in taxes for this purpose and only paying out $5 billion per year to the old folks. Therefor, I urge each one of this worthy committee to take serious thought and consideration of bills H. R. 446, 4236, 2038 which call for all people 65 years of age, or over, to be included in the Social

[3] Memorandum No. 66, op. cit., p. 30.

Security Act, and make the minimum monthly payment for each person at least $100 per month.

I believe this can be done even if the Government would have to revert the money which the Federal Government matches down through the States and county governments for old age assistance. Thereby saving the cost of bookkeeping by the State and county governments and also the cost of investigators.

I thank you for permitting me to testify before your worthy committee and hope you will seriously consider this recommendation as an amendment to the Social Security Act and recommend it to Congress as a whole, to enact it as a law of our land.

LAS VEGAS, N. MEX., *January 27, 1956.*

Senator CLINTON P. ANDERSON,
Senate Office, Washington, D. C.

DEAR SIR: May I offer some suggestions for amending some of social security rulings?

In my estimation it is unfair when a widow of a social-security member, who had full coverage, must relinquish her rights to social-security benefits when reaching the age of 65 of former husband—and yet not be eligible for benefits from second husband's until after being married to him for full year—thus endangering her chances of ever receiving benefits she will need at 65. In my case, if I should die before reaching 65, my children—nor anyone of my husband's family—would receive any of his social-security insurance. I will have been a widow 12 years on reaching 65, and yet afraid to marry an old friend of the family who is as lonely as I, though does not have enough for me to risk losing benefits I will need—for who can say—that person would survive that first year, required?

And having to be married 3 full years, to a pensioner before being able to collect benefits as his wife after reaching 65 seems rather severe also, though I can see in some cases that might be the reason for remarriage.

And I, of course, would like to see the age limit for women eligible for benefits lowered.

Couldn't there be a ruling that in case of death of the second person before the first year the widow could again be eligible for former husband's survivor benefits, since a lone widow receives so much less than a widow with children under age, anyway?

To me it all seems very unfair.

Trusting you will endeavor to alter these rulings, I am

Yours truly,

Mrs. G. J. STRAGAND.

ORION, ILL., *November 14, 1955.*

Hon. EVERETT M. DIRKSEN,
United States Senate,
Washington, D. C.

DEAR SENATOR: I am taking the liberty of asking your help in a matter which I believe can be corrected if brought to the attention of the proper section.

I was retired in February 1949 and became eligible for social-security benefits on reaching the age of 65, February 20, 1953. Prior to retirement I had reached a salary of $6,000.

Up to the first revision of the Social Security Act deductions were made on the basis of the first $3,000, then $3,600 and now $4,200. It costs those who retired then just as much as those who have since become eligible and hope some ruling can be made to cover those in my class. I would be willing to pay in the difference between the deductions then made and those now made for a period of 18 months, which is the minimum length of service to qualify under present arrangements.

In addition, I should have received $88 per month but was held down to $71.10 as I had not worked between the ages of 61 and 65. That was through no fault of mine; I was retired and had no chance to obtain suitable employment elsewhere. Those under the new plan can eliminate lean or unproductive years but I am told at Rock Island that no such provision covers the $3,000 class, which does not seem equitable. I know of several cases where adjustment has been made and hope something can be done in my case.

Thank you for anything you can do to correct this situation as to my case.

Respectfully,

H. J. SAMPSON.

MARTIN, S. DAK., *November 10, 1955.*

Senator CASE,
Custer, S. Dak.

DEAR SENATOR CASE: I am one who finds herself, as a widow, trying to live on a small social-security check and, since you seem always to be interested in the welfare of people, I feel you are the one to whom I should express my views.

Mr. husband, Claude A. McGowan, worked under social security since its start. He drew $98.50 a month, being forced a year ago to retire. He passed away October 18, receiving his social security a little over a year. He was 68 when he passed away.

Now I, as his widow, receive $73.25 and that is my sole income. Why is it that a widow does not receive the same as her husband had drawn? Surely that is the way it should be. Perhaps you, with others, could bring this about. I realize there are many who would not need extra income, but I am sure there are far more, like myself, who do need it.

I remain,
Sincerely,

MARY C. McGOWAN.

FARMERS BANK OF PARKESBURG,
Parkesburg, Pa., November 28, 1955.

Hon. HARRY F. BYRD,
Washington, D. C.

DEAR SENATOR: I would like to have your opinion on the following matter regarding social security. It is my understanding that a person 72 years of age receiving social security can make as much as he pleases without effecting his social security receipts; whereas a person younger can only make $1,200 a year.

My thought in this matter would be that if and when a person gets on social security that he or she should be able to make whatever they want to without being penalized for so doing. This, I think, would eliminate a lot of chiseling and dishonesty and put everyone on the same basis, regardless of age. What's wrong with that line of thought?

Your reply will be appreciated.
Very truly yours,

G. E. MILLER, *President.*

BALTIMORE, MD., *November 25, 1955.*

Re H. R. 7225 to amend title II of Social Security Act.

Hon. JOHN MARSHALL BUTLER,
Senate Office Building,
Washington, D. C.

MY DEAR SENATOR BUTLER: Copy of the subject act as passed by the House and reported in the Senate has been obtained and reviewed carefully.

I want to express my disapproval and opposition to the intent of this document, that is section 224, which reduces benefits based on disability.

My personal reasoning is as follows:

1. (*a*) Social-security payments are made from Federal old-age survivor insurance trust fund. This trust fund created from taxes collected by Commissions of Internal Revenue from employee taxpayer wage deductions and additional excise tax on employer in equal amounts.

(*b*) No Federal funds or assistance have been contributed to the trust fund.

(*c*) H. R. 7225 act increases rate of tax by 1 percent on total wages—one-half percent by each employee and employer.

2. (*a*) Statutory rights which Congress has heretofore provided for disabled veterans represents pay for past services.

(*b*) Veteran is entitled to be treated as member of separate class in respect to social security insurance benefits. Having contributed financially to the trust fund and further qualified physically after having honorably served in the national defense.

3. Benefits from these two sources should be considered as separate or supplementary.

I sincerely trust that you will exert every effort possible to correct this inequitable handling of veteran benefits as exhibited in act H. R. 7225.

Yours respectfully,

EARL McGEE.

TACOMA, WASH., *January 8, 1956.*

SENATE FINANCE COMMITTEE.

HONORABLE GENTLEMEN: You have a multitude of problems but I am going to make one a little more difficult—the Social Security bill.

We all know that women have many more job opportunities today than ever before and most of these jobs were formerly held by men. Such as banktellers, cooks, elevator operators, factory workers; yes, even welders, etc. A woman is also in better health at the same age as a man, with a life expectancy 4 years longer; and becomes a widow sooner than a husband becomes a widower, thus she would benefit by that, also. Assuming the social security bill passes giving the women benefits at age 62, she will draw checks for 16 years as well as her deceased husband's for 4 of these years. If she is single her status would remain 16 years. A man at 65 would draw benefits for 7 years less, or for 9 years. If the benefit year was reduced to age 62 for each, the woman would still draw checks for 4 years more. However, it would prove more fair. Think this over and study the inconsistency of the bill.

Thanks for reading my letter and good luck in your thankless job.

Respectfully,

E. F. ANDERSON.

P. S.—Rather an unfair discrimination, yes?

UNITED STATES SENATE,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
January 7, 1956.

MRS. ELIZABETH SPRINGER,
Chief Clerk, Senate Finance Committee.

DEAR MRS. SPRINGER: On December 6, I wote to you and enclosed material which Dr. Waldo Schumacher has sent with regard to a proposed change in our social-security law to allow a person who retired during the year and receives social-security benefits, to earn $100 a month without loss of such benefits.

I am enclosing a recent letter I received from Dr. Schumacher which spells out the proposed change. I hope that the committee can give this proposal full consideration. The Senator would appreciate a report on this matter.

Sincerely,

WALTER H. DODD,
Assistant to Senator Richard L. Neuberger.

UNIVERSITY OF OREGON, COLLEGE OF LIBERAL ARTS,
DEPARTMENT OF POLITICAL SCIENCE,
Eugene, Oreg., December 29, 1955.

Mr. WALTER DODD,
Senate Office Building, Washington, D. C.

DEAR WALTER: Thank you for sending me a copy of the letter you sent to the clerk of the Senate Finance Committee. It is my belief that a person who retires during the year should, for the rest of that year, be placed in exactly the same status that he would be in if he retired on January 1. In other words, if he retired on July 1, he should be permitted to earn $100 a month or $600 in that year without loss of any social-security benefits. I do not think it was the intent of Congress to discriminate against a person who retired during the year. As you say in your letter, a teacher, for example, frequently passes up a number of months during which he could be drawing social-security benefits, but remains on the job to finish the school year.

The insertion of the underscored sentence into Public Law 761 (A1. 68 Stat. 1074), top of page 23, would, I believe, accomplish what I have in mind.

"(2) If an individual's earnings for a taxable year of 12 months are in excess of $1,200—provided that any sums earned by an individual before his retirement during the calendar year, shall not, for social-security purposes, be considered part of the annual earnings for that year only—the amount of his, etc."

Naturally, I would want an individual to take advantage of this provision only once. Have not checked with other parts of Public Law 761 to see whether above insertion would cause conflicts elsewhere.

Season's greetings.

Sincerely yours,

WALDO SCHUMACHER.

UNITED STATES SENATE,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
December 6, 1955.

Mrs. ELIZABETH B. SPRINGER,
Chief Clerk, Senate Finance Committee,
Senate Office Building.

DEAR MRS. SPRINGER: I am enclosing photostatic copies of correspondence the Senator has had with Dr. Waldo Schumacher, of the University of Oregon, chairman of the committee of annuities and retirement of the local chapter of the American Association of University Professors, regarding proposed changes in our social-security laws. I discussed this matter with you on the phone several weeks ago. I am also enclosing a copy of a letter from Mr. Charles I. Schottland, Commissioner of Social Security.

I believe Dr. Schumacher raises an important point regarding present social-security coverage for teachers and others who retire during the midyear. A teacher, who would normally retire upon the close of the school year in June, would receive full social-security coverage if their monthly earned income was $80 or less per month; yet a person retiring on January 1 could earn up to $1,200 during that year and still receive full social-security benefits. This situation would apply only during the first year of retirement. Dr. Schumacher believes that this situation works an unnecessary hardship on teachers in particular who normally retire around midyear and many others who would not be retiring on January 1.

It is my feeling that with our modern bookkeeping IBM methods such a change in the social-security law would not present an impossible administrative difficulty.

Mr. Schottland raises the point that such a change would be unfair. With a person retiring in midyear frequently they have given up their social-security benefits for the 6 months or so they have been engaged in full-time employment. Besides a person retiring on January 1 at the present time has quite an advantage over those retiring in midyear.

Specifically I believe Dr. Schumacher would keep the $1,200 annual earned-income ceiling but would change the $80 monthly ceiling to $100, or it might be possible to place a person on a retirement-year basis as opposed to the present calendar-year basis.

I feel that the proposed change in the social-security laws which Dr. Schumacher suggests is worthy of consideration and would strengthen our social-security system.

Sincerely,

WALTER H. DODD,
Assistant to Senator Richard L. Neuberger.

UNIVERSITY OF OREGON,
COLLEGE OF LIBERAL ARTS,
DEPARTMENT OF POLITICAL SCIENCE,
Eugene, Oreg., June 20, 1955.

Senator RICHARD L. NEUBERGER,
Senate Office Building,
Washington, D. C.

MY DEAR SENATOR NEUBERGER: From accounts that I have noticed in the newspapers, a bill amending the Social Security Act in one form or another may come before the Congress during the present or subsequent session. If so, I suggest amending same—as explained below.

As chairman of a committee on annuities and retirement of the local chapter of the American Association of University Professors, I find that the present social-security law or administrative interpretation of it works adversely to the interests of a person during the year he retires. A teacher normally finishes the school year during which he attains the age of 65 and retires on July 1. Any earnings made by an individual after he reaches 65 years are based on the amount received during the calendar year—annual earnings. This is applied to the remainder of the year during which a person retires. For example, X's birthday is anywhere between January 1 and June 30—he retires on July 1. Up until that time, he had earned in excess of $2,100. For the rest of the year, during the months in which he earns nothing—he gets his benefits. In case he works part time, he loses a month's benefits. Methinks the law should not force us "to be

put out to grass" so suddenly and completely. It is my understanding that this same rule is applied to a person who retires after he attains the age of 72.

It is my idea that a person should be permitted to earn $100 a month for the remaining months of the year after retirement. He will be permitted to earn $100 a month in the calendar year following retirement—why not in the last half of the year during which he retires?

Please check the statements that I have made—have not always received the same interpretation of the social-security law on the above point. If my interpretations are corretc, am sure the amendment of the present law along the line I suggested would meet with the approval of those about to retire.

Most people with whom I talk approve of your record on major issues—a few have expressed disapproval and dislike of minor matters like the question of the squirrels and the article in Harper's. I always tell them to look at the big ones—public power, the Bricker amendment, and reciprocal trade.

I have also written to Senator Morse on above questions. To avoid duplication, your office assistants might check the accuracy of my information and get together on the problem; if it merits such attention.

With highest personal regards, I remain.

Very truly yours,

WALDO SCHUMACHER.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
SOCIAL SECURITY ADMINISTRATION,
Washington, D. C., July 18, 1955.

Hon. RICHARD L. NEUBERGER,
United States Senate,
Washington, D. C.

DEAR SENATOR NEUBERGER: This is in reply to your communication of July 1, with which you sent me the enclosed letter from Prof. Waldo Schumacher, University of Oregon, Eugene, Oreg. Professor Schumacher discusses the retirement test under the old-age and survivors insurance program.

Under the retirement test, if a beneficiary's earnings for a full year of 12 months (whether from covered or noncovered work) do not exceed $1,200, he will receive all of the monthly benefits to which he is entitled in that year. For each unit of $80 in earnings (or fraction thereof) in excess of $1,200, he may lose 1 month's benefit. No suspensions will be made, however, for a month during which the individual neither rendered services for wages in excess of $80 nor rendered substantial services in self-employment. The earnings test applies to all beneficiaries under age 72. Thus, no benefits are suspended because of earnings in or after the month the beneficiary attains the age of 72.

Professor Schumacher believes that the individual who becomes 65 and retires in the same year should be allowed to earn $100 per month for the remainder of the calendar year regardless of the amount of his earnings prior to his retirement during that year. Under present law, the beneficiary can earn $80 per month in wages without loss of benefit. It would hardly seem fair to other beneficiaries to allow individuals who retire during the year to earn $100 per month for the balance of the calendar year. Furthermore, it would present an extremely difficult administrative task to investigate such beneficiaries' monthly earnings since the earnings test is on an annual basis and earnings under the social-security program are reported to our Accounting Division on a quarterly basis. I am enclosing a pamphlet which you may wish to send to Professor Schumacher, explaining the retirement test in more detail.

I hope this will help you reply to Professor Schumacher.

Sincerely yours,

CHARLES I. SCHOTTLAND, *Commissioner.*

UNIVERSITY OF OREGON,
COLLEGE OF LIBERAL ARTS,
DEPARTMENT OF POLITICAL SCIENCE,
Eugene, Oreg., July 26, 1955.

Senator RICHARD NEUBERGER,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR NEUBERGER: Your letter, along with the report from the Department of Health, Education, and Welfare, regarding the suggestion I made to you with reference to amending the Social Security Act, is at hand.

My protest still remains, namely, a person who retires at midyear, for example, is not given the same consideration as that same individual receives after the first of the year following his retirement. In the year following his retirement, an individual is permitted to earn $1,200 in 1, 2, or 12 months—in short, $100 for each calendar month without loss of benefits. If he retires at midterm, even if he is 65 on June 30 and retires on July 1, he is not allowed to earn $100 for each of the calendar months of the year yet remaining. Under present regulations, he would fail to receive benefits for any month in which he earned in excess of $80 a month.

I am thinking primarily of university teachers who retire at midyear although there must be many others of the so-called white-collar workers who would be in the same class. Usually because of increased enrollment in the fall, part-time work might be available after retirement on July 1. If a person cannot qualify, other arrangement must be made which in many instances would preclude part-time work for the following year when he is entitled to earn $100 for each calendar month of the year.

There are several statements in Commissioner Schottland's reply with which I must disagree. "It would hardly seem fair to other beneficiaries to allow individuals who retire during the year to earn $100 per month for the balance of the calendar year." Why not? They are allowed to earn $100 a month beginning with the first of the month of the calendar year after retirement. Moreover, many of those who retire at midyear may have lost up to 6 months' benefits because normally it is not expedient for a teacher to retire when he reaches the calendar age of 65.

"Furthermore," Commissioner Schottland says "it would present an extremely difficult administrative task to investigate such beneficiaries' monthly earnings since the earnings test is on an annual basis and earnings under the social-security program are reported to our accounting division on a quarterly basis." Methinks it would be easy for employers to designate or isolate returns and indicate monthly earnings of those employees who are over 65. Moreover, does not one operate under the perjury laws if one signs for payments to which he is not entitled? It has been my experience that administrators can usually do what they set their minds to do, and I am sure that they could find a solution to the above problem.

Consequently, I am still of the opinion that it is desirable to amend the Social Security Act to the effect that individuals be permitted to earn after retirement at midyear or during the year $100 a month for each month of the remainder of the calendar year. Of course, I know that the number concerned with this question is relatively small during any given year; still, over a period of years, it is constantly increasing.

Congratulations to Senator Morse and yourself for getting appropriations to start Ice Harbor, Cougar, and Hill Creek. That really knocks the props out from under the giveaway advocates.

Regards and best wishes.

Sincerely,

Waldo.

WALDO SCHUMACHER.

TURNER CENTER, MAINE,
January 9, 1956.

HON. MARGARET CHASE SMITH.

DEAR MRS. SMITH: This has to do with social security and its impact on the writer.

Was enrolled under social security from the time it went into effect and worked long enough to have two quarters. Had to leave that position for health reasons and get onto the land. Farmed for 17 years; then had to leave that occupation for various reasons. Took a maintenance and janitorial job, where I am at present. There is a record of some 20 years of steady, hard work, since social security became a law. But I cannot get coverage because I have amassed only that original two quarters.

Had to leave the original job—my health; had to quit farming—my wife's health and other reasons.

Present job with a private school; they never have had social security and I guess they are not able to go under it.

Looking into the matter now, worked on town work as a town officer 8 years; no social security there either. My wife is crippled with arthritis, practically helpless.

They covered farming with social security just after I had to quit. The trustees here would be glad to make enough retroactive payments to help me out and cover the time I have worked here but the law accepts retroactive payments for some but not others.

Need 12 quarters and could have 8 of them here if the law allowed, also the balance if I can stick here through 1956.

It would seem to me that if the law is coming up for revision some provision should be made to cover cases of this nature. My wife is 64, and I am soon 63.

Respectfully,

O C. BENSON.

LILIENSTEIN & KNUPPEL,
Petersburg, Ill., January 4, 1956.

Hon. EVERETT M. DIRKSEN,
Senate Office Building,
Washington 25, D. C.

DEAR SENATOR DIRKSEN: You will recall that on July 7, 1955, I wrote you concerning the amendments then proposed to the present Social Security Act. In the rush of the last-minute business at the closing of your session the amendments then under consideration did not receive approval, and I assume that the matter will again be taken up upon reconvening of the House and Senate.

As I recall, the last session had under consideration a three-point program for liberalizing social-security benefits by (1) lowering the benefit age to 62 for women, (2) lowering the benefit age to 50 for permanently and totally disabled workers, (3) allowing physically and mentally incapacitated children of deceased workers to draw survivor benefits beyond the present cutoff age of 18 years.

In my earlier letter I pointed out the inequities that exist in cases where the decedent has a widow and children under the age of 18 years surviving but was not himself qualified under the Social Security Act. It often occurs under these circumstances that the surviving widow is qualified, but by reason of the manner in which the act was drawn is ineligible for benefits. As a I pointed out in my previous letter this act would seem more equitable if provisions were made so that in cases where the mother is qualified, but not the father, that she qualify for social-security survivors benefits for such minor children to the same extent as if the father had been the qualified individual.

I also feel that some provisions should be made so that in cases where a surviving widow with children under the age of 18 years who is not qualified could become qualified by working for a given number of quarters, to be specified by the legislature, at a job covered by social security.

I feel that these provisions would be fair since the benefits paid under the Social Security Act are for the benefit of the surviving widow and children, and no distinction should be drawn between those cases where the father may have been qualified and those where the fathers were not qualified, and the mothers were, or are willing to become qualified.

I would appreciate your consideration of this matter in the coming session and every effort which you can lend to the effectuating of the changes which I have proposed.

Thanking you for your kind consideration, I remain,

Very sincerely yours,

JOHN L. KNUPPEL.

LILIENSTEIN & KNUPPEL,
Petersburg, Ill., July 7, 1955.

Hon. EVERETT M. DIRKSEN,
United States Senator, Washington 25, D. C.

DEAR SENATOR: I noted a recent press release dated July 6 concerning the extension and liberalization of benefits under the Social Security Act. A three-point program for liberalizing these benefits is apparently being considered by the House Ways and Means Committee: (1) Lowering the benefit age to 62 for women, (2) lowering the benefit age to 50 for permanently and totally disabled workers, and (3) allowing physically and mentally incapacitated children of deceased workers to draw survivor benefits beyond the present cutoff age of 18.

Since the purpose of the survivor's benefits under the act is to alleviate the hardships occasioned in the case of the death of the wage earner where minor children survive, it seems inequitable in cases of surviving children under 18 years of age where the father may not have qualified for survivor social security

benefits and the mother has qualified, or is able to qualify, not to allow survivor's benefits. The act would seem much more equitable to me if such provisions were made so that if, upon the decease of the father, the mother has sufficient qualifying periods in her own right that she would qualify for social-security benefits for such minor children to the same extent as if the father was qualified.

I also feel that some provisions should be made so that in the event a surviving widow with children under 18 years of age is not qualified and her deceased husband is not, or was not, qualified, said widow can qualify for survivor's benefits by working for a given qualifying period, to be determined by the legislature, with such benefits as are now provided in the case of the decease of a qualified father.

Any consideration which you can give this matter in attempting to adjust this inequity will be greatly appreciated.

Very sincerely yours,

JOHN L. KNUPPEL.

Hon. CHARLES E. POTTER,
United States Senator, Michigan,
Washington, D. C.

DEAR SENATOR POTTER: Referring to the present social security law, I would like to call your attention to one section of this law which is not only unfair to married women, who have been employed in lines of work, covered by this law, but tends to lower the benefits which they have earned, depriving many of a much needed source of income.

As you no doubt know, this section of the law states that in the case of a woman who is married, and has worked in covered employment, will be entitled to her own social security benefits or one-half of her husband's whichever is the larger.

For example, Jim Brown retires at 65 and has worked in covered employment which entitles him to benefits of $80 a month. Mrs. Brown has never been employed or paid any social security tax so she is entitled to $40 a month as one-half of her husband's benefits, so the Browns receive benefits of $120 a month.

John Smith retires at 65 and has worked in covered employment which entitled him to benefits of $80 a month. Mrs. Smith worked in covered employment and, when she retired, she was entitled to benefits of $34 a month. As half of her husband's benefits are larger than her own she is paid $34, of her own account, and $6 of her husband's account, making $40 a month. In this case the Smiths receive $120 a month, the same as the Browns.

This means that the Smiths paid enough in social security taxes to entitle them to benefits of $114 a month while the Browns paid only enough to entitle them to benefits of $80 a month. Due to the way the law reads they both receive $120 so Mrs. Smith does not receive any benefits for the taxes she paid as she would have been entitled to one-half of her husband's benefits, even if she had never worked or paid any social security tax, the same as Mrs. Brown.

I fully appreciate that it might not be possible to pay benefits covering the wife's social security plus one-half of the husband's without increasing the tax, which is high enough now, but, as you no doubt know that even the highest benefits paid does not cover the cost of living now.

I would like to respectfully suggest an amendment to this section of the social security somewhat as follows:

When a man has worked in covered employment and retires at 65 his wife, if she has never been employed where she was subject to the social security tax, would receive 50 percent of her husband's benefits, when she reaches the retirement and 75 percent when he dies.

When the wife has been employed in work covered by the social security law, and retires, she will receive her own benefits or a percentage of her husband's, based on the following schedule, whichever is the largest:

Under covered employment:	*Percent*
1 to 3 years, inclusive	55
4 to 6 years inclusive	60
7 or more years inclusive	65
When her husband dies	75

While the above amounts would not equal the combined benefit, earned by the wife, and the 50 percent of her husband's it would give the wife some return for the tax she has paid in, otherwise she does not receive any more than the woman who did not work or pay any tax.

Might I have the assurance that you will introduce an amendment to this section of the social security law which will no doubt aid a large number of the older people who are retired, and are past the age of obtaining other employment.

With best wishes for a happy and successful New Year, I am,

Cordially,

J. G. MACKAY.

BELLE FOURCHE, S. DAK., *January 14, 1956.*

DEAR SENATOR F. CASE: A few months ago I wrote to the Department of Health, Education, and Welfare in regards to the benefit rights under the old-age and survivors insurance program of a female beneficiary who remarries, and I was very well pleased with the response I received, and that you honorable gentlemen think about the same as I do and are expecting to do something about it. There is an important part that I should of added to that, which I left out, and I wish that you gentlemen would consider, namely, if a man should die first the wife should retain his insurance, and if the wife should die first the husband should keep on receiving her monthly social-security insurance.

If these changes could be made it would be one of the greatest blessings God ever helped you put into an insurance law.

Wishing you all a very prosperous year.

Yours respectfully,

C. L. TROON.

HECLA, S. DAK., *January 16, 1956.*

FRANCIS CASE,
United States Senator, Washington, D. C.

DEAR SENATOR CASE: The following suggestion comes to my mind as a way that the social-security setup might be improved, both for the current awardees and oncoming registrants as well, when they attain the specified age.

The idea would be to include in the coverage medical and hospitalization, on the group plan, perhaps accident and health also—deducting the premium from the monthly payments going out to awardees, and adding the costs of the additional coverage to the monthly assessments now being paid in by cardholders, If the coverage were extended to the entire field, the rates on the group plan should be nominal, and benefit all without increasing the costs to Government.

Perhaps the large insurance companies might carry this risk line; if not the field is large enough so that the Government might set up an insurance company like the GI to take care of this field. Maybe the GI setup could take it on, as it will not be so many years before their field will have been considerably reduced from natural causes, unless we have more wars

I have not talked with anyone as to this idea, and I will not write to anyone else, so if the idea seems to you to have merit you are at liberty to use it without credit to me in any way.

Thanks again to you and Mrs. Cornell for your kindnesses when we visited Washington and your office in April 1955.

Respectfully,

G. E. LANE.

SAVANNAH, GA.,
January 12, 1956.

Hon. HARRY F. BYRD,
Senator, State of Virginia,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Our newspapers have recently printed items about proposed changes in the present social-security law; and, in that connection, I would like to make a suggestion.

In my opinion, the present maximum payments of $108.50 monthly at age 65 is sufficient with the benefits also payable to the wife; but I am suggesting that persons eligible be allowed to retire at an earlier age with reduced payments accordingly (similar to the plan now in effect for employees of the Metropolitan Life Insurance Co., with whom I am now employed). My suggestion is to continue the present formula of figuring percentages for basic payments but add that, if retirement is desired at age 60 for the husband or at an age between 60 and 65.

he receives the following percentage of the amount he would have received if he had waited until 65 to retire:

Retirement at age—

	Percentage of his age 65 retirement to be received for balance of life
60	50
61	60
62	70
63	80
64	90
65	100

Under this plan, if a husband has accepted retirement before age 65, when the wife reaches the age at which her husband retired, she should receive payments in the exact percentage as her husband for life—the present provision regarding the amount a retired person can earn remaining unchanged.

The above plan would allow a person to retire at least 5 years earlier on a reduced amount, which would not be wanted generally unless a man had an income from some other source. This would increase chances of employment for younger men and would permit a man to enjoy a longer number of years in retirement. It would mean that, if I retired at 60, I would receive $54.25 per month for life and my wife, at 60, would receive $27.12 per month as long as I lived. At my death, her income would be $40.68 per month for life.

Very truly yours,

BARTOW W. WALDHOUR.

The CHAIRMAN. The hearing is adjourned and we will meet tomorrow at 10:30 o'clock.

(Whereupon, at 12:50 p. m., the committee adjourned, to reconvene at 10:35 a. m., Friday, January 27, 1956.)

SOCIAL SECURITY AMENDMENTS OF 1955

FRIDAY, JANUARY 27, 1956

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to recess, at 10:35 o'clock a. m. in room 312, Senate Office Building, Senator Harry Flood Byrd, chairman, presiding.

Present: Senators Byrd, George, Kerr, Frear, Barkley, Martin, Williams, and Malone.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The meeting will come to order.

The first witness who was scheduled is Mr. Lloyd Halvorsen of the National Grange, who is unable to be present, and will submit to the committee a statement which we will include in the record.

(The prepared statement of Mr. Halvorsen follows:)

THE NATIONAL GRANGE,
Washington, D. C., January 31, 1956.

HON. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I regret that I was unable to testify before your committee last Friday, January 27, on H. R. 7225—the social security bill. The National Grange executive committee was in town, and I was scheduled to meet with them on Friday to discuss a number of things, including clarification of our resolution on social security for farm workers.

I hope that this letter with the enclosure will serve the same purpose as if I had appeared before your committee last Friday. My inability to appear should not be taken as any indication of lack of interest in social security, or a weakening of our support for it.

The National Grange is still very strongly in support of old age and survivors insurance coverage for farm operators and farm workers. Attached to this letter is a copy of the statement adopted by the delegate body of the National Grange, last November, on social security.

I wish to call to your special attention the fact that our delegate body used the word "mandatory" in the resolution favoring social security for farm operators. We recognize that it is completely unsound to apply social insurance on a voluntary basis. It seems to us that any one who faces the facts realistically will see that, without some kind of social insurance, a large number of people will find themselves without adequate funds for decent living in their old age. We do not believe that relief with its means test is acceptable as a way to take care of this situation. We much prefer a social-insurance program, whereby people contribute to a plan which will provide them with benefits at old age. Social insurance will not discourage saving the way that old age assistance does or would. I remember well an old man in my hometown who had saved very assiduously all of his like, but advised his son not to, because he said that those people who had spent their money were living just as well in old age as he, because they were receiving old-age pension. Under OASI a person can save all he desires to before his old age, and still be assured of the OASI benefits.

We recognize that social insurance is not on an actuarial basis insofar as individual benefits are concerned. This is apparently a practical necessity because the low-income people could not provide for their old age without getting into a rather exorbitant social-security tax on their earnings. It is also true in my opinion that OASI will cost the prudent person less than old-age assistance as a way of taking care of people who end up in old age without adequate private savings.

The National Grange has no position on the question of lowering the benefit eligibility age for women, nor do we have any position on the question of broadening OASI to include disability benefits. Grange folks certainly want to see first emphasis put on rehabilitation. We do not know to what extent people can be permanently and completely disabled, and what should be done for them and their families. I know that Grange folks have great concern for the welfare of disabled workers and their families, but we have no opinion as to how feasible it is to provide benefits without excessive abuses.

In the attached sheet, giving the Grange action on social security at its annual session last November, you will note that insofar as coverage of farm workers is concerned, our delegate body is asking for an amendment: "We favor an amendment to the Social Security Act, relieving them of the responsibility of withholding from seasonal employees until a workable program is evolved."

When our executive committee was here last week we considered just what was meant by "seasonal employee." I also checked with the State master from whom the resolution originated. It seems that the problem is rather limited to migratory workers. The executive committee of the National Grange decided that we want to keep in mind our objective of maximum coverage so long as it is feasible. We considered various ways of excluding the seasonal migratory workers where it just is not feasible to cover them.

Our suggestion at this time is that the Social Security Act be amended to exclude from the OASI program seasonal employees who are not paid on a regular weekly basis or some longer period. In other words, the farm worker who is hired under such conditions that he is paid every day, or on some very short-term basis, would not be covered and farmers would be relieved of trying to collect social-security taxes from them. We favor keeping the $100 earnings requirement along with our proposed additional requirement.

The difficulty of applying the present extended coverage stems to a large degree from the uncooperative attitude on the part of many of the seasonal workers. When workers are scarce and they refuse to work for farmers who seek to deduct social-security taxes, then the program for these workers becomes rather untenable. In time the attitude on the part of these workers is likely to change, and when it does our Grange members most likely will stand ready to do their part in providing protection to American workers and their families against some of the adversities of life.

We would greatly appreciate your having this letter placed in the record of the hearings on H. R. 7225. If you or any member of your committee has any question, we shall be very glad to come up and meet with you.

Respectfully yours,

LLOYD C. HALVORSON, *Economist.*

POLICIES ADOPTED BY THE NATIONAL GRANGE AT ITS ANNUAL SESSION IN CLEVELAND, OHIO, NOVEMBER 14–25, 1955

Social security for farm operators

The Grange favors retention of mandatory social security for farm operators.

Social security for farmworkers

Whereas the Social Security Act as amended in 1954 extends coverage to agricultural employees who earn $100 or more from 1 employer in any calendar year, beginning December 31, 1954; and

Whereas the harvesting, packing, etc., of many agricultural crops is dependent upon seasonal labor employed by the day, week, or other short period of time; and

Whereas such workers, many of whom have no permanent address and usually show little interest in social security, are not cooperative in applying for or giving their number to the employer if they already have one, and leave for unknown points without notice or forwarding address; and

Whereas while we agree that no group should be discriminated against, but feel that the Social Security Administration will find it very difficult to show proper credit to those workers who are not cooperative; and

Whereas the responsibility of the employer of such workers to the Department of Internal Revenue will have extreme difficulty in keeping satisfactory records to prove and substantiate his withholding: Therefore be it

Resolved, That we recommend continued study to develop a fair, just, and workable program, and favor an amendment to the Social Security Act relieving the employer of responsibility of withholding from such seasonal employee until a workable program is evolved.

The CHAIRMAN. I submit for the record the report from the Department of Agriculture, the comments of which are restricted to those parts of the bill which affect coverage of farm operators and farm workers. The Department of Agriculture favors these provisions in the bill, H. R. 7225.

(The document referred to follows:)

DEPARTMENT OF AGRICULTURE,
Washington, D. C., January 25, 1956.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate.

DEAR SENATOR BYRD: In accordance with your request we have reviewed H. R. 7225, a bill to amend title II of the Social Security Act. These amendments provide disability benefits for certain disabled individuals who have attained age 50, reduce to age 62 the age on the basis of which benefits are payable to certain women, provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, extend coverage, and provide for other purposes. Two provisions of this bill expand or clarify coverage of farm operators and a third extends coverage to workers engaged in the production of turpentine and gum naval stores.

Our comments on this bill are restricted to those parts of the bill which affect coverage of farm operators and farmworkers. An appraisal of the other features of the bill involves actuarial and other analysis of the social-security program outside the areas of experience and responsibility of this Department.

The purpose of section 104 (c) (1) is to make explicit provision in the law for treating sharecroppers and sharetenants as self-employed farm operators for purposes of the old-age and survivors insurance program. While this provision is declaratory of the interpretation placed on present law, we believe it represents a desirable clarification. The Department of Agriculture, therefore, favors this provision.

With respect to section 104 (c) (2), the present provisions of the law do not permit coverage of a landlord where there is joint participation in the management of a farm operated on a share arrangement, since such rentals are not treated as income from self-employment. For a given farm only one operator can be covered on the basis of self-employment except in the case of a legal partnership. Many situations of share arrangements fall short of legal partnership but nevertheless represent substantial participation in the management of the rented farm by both landlord and tenant. It appears desirable to permit coverage for both the lessor and lessee in the types of situations to which 104 (c) (2) is applicable. In the absence of a provision such as this one, there may be a substantial alteration of well-established leasing and renting practices in many areas of the country. Many operating landowners wish to avail themselves of the benefits of coverage under the old-age and survivors insurance program and under existing law would have to terminate or change leasing arrangements to permit that. There is wide support for this provision among the types of farmers that would be affected, especially in the South. The Department of Agriculture therefore supports this provision.

In view of the fact that the 1954 amendments have greatly extended the coverage of hired workers there seems to be little reason for denying coverage to hired workers in the naval stores industry. The administration proposed their coverage in the amendments passed in 1954. The Department of Agriculture favors the provision contained in section 104 (a). The Bureau of the Budget advises that there is no objection to the transmission of this report.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

The CHAIRMAN. The first witness this morning is Mr. Matt Triggs, of the American Farm Bureau Federation.

Senator GEORGE. Mr. Chairman, before Mr. Triggs testifies, may I at this time offer for the record a statement by Judge Harley Langdale, president of the American Turpentine Farmers Association, from Valdosta, Ga.

He was scheduled to be heard here, but he submitted a statement on behalf of the gum naval stores people, and I ask that it go into the record.

The CHAIRMAN. Without objection, the insertion will be made.

Senator GEORGE. Judge Langdale is an experienced operator himself, and is a member of the association.

(The statement of Judge Langdale follows:)

STATEMENT OF HARLEY LANGDALE, PRESIDENT, AMERICAN TURPENTINE FARMERS ASSOCIATION, VALDOSTA, GA.

The American Turpentine Farmers Association is composed of 3,000 members representing an industry comprised of approximately 5,300 farmers as of the calendar year of 1955. The employment of each of these farmers averaged no more than 3 workers as that was the number generally required to work an average operation of 8,500 "faces" from whence gum turpentine is derived.

I, therefore, as president of the American Turpentine Farmers Association, address this committee as the official representative of our association, and in the interests of all turpentine farmers, producers, and workers in the industry, including myself as a gum-turpentine farmer.

On behalf of these members of our industry, we express to this committee that any contemplated legislation concerning social security, including H. R. 7225, be enacted to place all coverage of individuals employed in the gum naval stores industry on a voluntary, individual basis, and that compulsory coverage of the members of our gum naval stores industry shall not be enacted. Our requests for voluntary, individual enlistment of social-security coverage is based on many reasons as set forth herein. These reasons become clearly evident when the long and useful history of our industry is considered. Naval stores originated for the use of the Royal Navy whence comes the present-day name describing the taking of the resins from the living tree. It is one of the oldest, if not the most senior industry in the United States. The industry has its own customs, traditions, and characteristics which are now the practices of turpentine and rosin production. This gum production, vital to our Nation's economy and safety, can be produced only if a definite, prescribed course of operation is follows.

It is necessary to consider the peculiar conditions surrounding the production and harvesting of gum turpentine. There is no other industry on the globe in which the same unique factors exist and approximate those which determine our industry's continued growth and prosperity. Indeed, my statement to this committee on behalf of the gum-turpentine industry, and as the official representative of the American Turpentine Farmers Association, is dictated by the unusual characteristics which permeate and surround the business of utilizing the natural products of the living gum-producing trees of the American Southland. Therefore, we record some of these practices inherent in our industry for the consideration of this committee:

Most turpentine laborers are employed to work a given number of trees in a given land area. All of the laborer's family frequently are used, including the children.

The process of harvesting gum from a living tree consists of scarification of the bark of the tree's trunk from whence the flowing gum is collected in small containers or cups. All of the required operations demand hand labor and no other agricultural pursuit is consummated with so few tools and with so little equipment. It is necessary that the laborer work slowly along a loose boundary or "drift" delineating a divided land area in which the laborer will be responsible for working an average number of "faces" or trees. In nearly every instance, the worker is alone in his area and is unsupervised as to speed of operation. If the worker wishes to accelerate his efforts he may do so or, the opposite may transpire. It is most important to note that the entire industry is tied to a sea-

sonal pattern which dominates the type of employment in our industry, just as much as the type of labor requirement determines the hours and conditions of daily employment. The gum flows from the tree in a ratio with which the season advances into the high temperature months of the year and, similarly, the flow recedes in the colder months of autumn, winter, and spring. The gum-turpentine laborer, therefore, has a totally different employment in the nonproducing season which is about 4 months in length during which he must find other farmwork.

These two paramount factors of our industry's employment pattern, i. e., unsupervised, individually paced, manual labor, and the seasonal need for labor for short seasonal periods, have produced a type of worker who is absolutely sui generis and who is not found elsewhere in American industry and commerce. The average turpentine laborer is quite carefree and is most independent as a result of the age-old lack of direct supervision. One characteristic of part of the labor force has been a desire to change jobs each season or as often as the urge to wander manifests itself. Some turpentine workers disguise themselves by assumed names and records to afford new opportunities in their next change of location.

It is obvious to this committee that such an employment pattern, as found in our gum industry, would result in a peculiarly defined compensation pattern for the individual laborer. Method of payment must be commensurate with the character of the worker, his order of living, and the seasonal performance of the duties required of him. Once it is understandable that the individual laborer, the weather, the tract of timber, methods used, and many other factors are constantly variable, it is equally understandable that no set or defined pattern of compensation has ever been universally adopted; to the contrary, methods and manner of payment to our laborers varies as much or more than in any other industry in the land. The following list measures somewhat the great diversity inherent in wage-payment patterns of our employment:

1. Payment based on accomplished piecework in the manner and at that time chosen by the laborer.
2. Wages by the day under supervised conditions, on the basis of the general agricultural wage for that season and area.
3. Payment as a part proprietor by a share of the annual crop as produced at the time and in the manner chosen by the laborer.
4. Payment by the hour at the going daily wage which differs over a wide range depending on the worker, the season, the number of "faces" being worked, and the level of agricultural wages in that area.
5. A combination of the above listed systems of payment.

To compound the diversity of wage systems, many turpentine laborers obtain their wages in advance as a loan to carry them through a given season. Furthermore, the system of wage return differs with the season: during the production season, labor is paid almost entirely by piecework or a share of the crop, while during the late fall and winter, when the trees are being prepared and conditioned for production, day and annual wage patterns predominate.

It should be noted that in each pattern of wage payment, there is a tangible item to be measured and used as a yardstick of settlement, to wit: the crop itself or some part thereof. No involved records are kept as none are needed, and turpentine farmers are not trained in recordkeeping. The farm and price support programs have necessary personnel to give assistance to the turpentine farmer when the execution or preparation of paper forms are required, and in practically all instances, the gum producer's agent prepares the regulatory forms for and on behalf of the producer. By his experience, education, and inclination, the American turpentine farmer has not shown and does not possess the entailed qualities requisite for the keeping of detailed records and the preparation of involved returns commensurate with the enactment of H. R. 7225.

Because of our present situation, created by the existence of the inherited conditions in our industry contained herein above, and because of our desires to preserve the practical employment patterns of our industry without which it could not predicate its present existence, much less desired future growth and development, we appear before your committee because we are opposed to compulsory coverage for American turpentine farm laborers under the social-security program applicable on the enactment of H. R. 7225. The theory of compulsory coverage is fitted by its nature to those industrial enterprises evidencing set forms of employment with the characteristics of every job being of long-term tenure without regard to seasonality or annual migration of employees, location of every worker in a supervised environment, the utilization of

hourly-wage systems, the complete lack of proprietorship on the part of the laborer in the item being produced, and above all on professional record keeping inherent in the "factory" type employment of the twentieth century. By no logical comparison can any similarity be seen to exist between the type of the industrial laborer sought to be covered by the spirit of the proposed legislation and the factual, existing, migratory farm worker evident in the gum-producing industry today.

It is well to envision the practical application of this regulatory enactment. Under the provisions of this bill, if coverage thereunder be made compulsory, it can be seen that there would be a real hardship in the normal farm employer-employee relationship if the employee was covered under a former farmer and changed over to a second farmer during the season. This bill designed to aid the individual worker would result to the inconvenience and inefficiency of the individual farmer. Many farmers employ but one seasonal laborer to help gather the gum during the flowing season. Requirements of involved recordkeeping would deter the part-time, small producer from engaging in any operation resulting in recordkeeping liability, thus preventing the individual farmer and the Nation from increasing the wealth of both.

Therefore, Mr. Chairman, in your consideration of H. R. 7225, we express the request that this committee return a bill which would be the least objectionable to our farmers, workers, and producers of gum turpentine, and which would entail the least inconvenience to all of us. We, therefore, ask that our individual laborers not be excluded from coverage under this bill, but that such coverage be made voluntary for both employing farmer and laborer and not compulsory for either party to our industry's wage patterns, which by their nature and practice are so deeply entrenched; and further we ask that both the employer and employee be permitted to elect voluntarily any desired coverage and that such election must be simultaneous and on both parties' part to effect or maintain participation under the provisions of the so-called social-security laws of the United States.

The CHAIRMAN. Mr. Triggs, we are happy to have you here this morning. You are representing the farm organization of which I happen to be a member. Proceed, sir.

STATEMENT OF MATT TRIGGS, ASSISTANT LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION

Mr. TRIGGS. The opportunity of stating the views of the American Farm Bureau Federation with respect to amendments to the Social Security Act is appreciated. This statement is based upon resolutions approved by the official voting delegates of the member State farm bureaus at the last annual meeting of the American Farm Bureau Federation in December 1955.

We wish to express appreciation of the fact that this committee is undertaking to make a thorough examination of the implications of the various provisions of H. R. 7225 and for providing an adequate opportunity for the presentation of views and factual data with respect to this extremely important and far-reaching legislation. Unlike most legislative action, legislation on this matter is irrevocable. Once commitments are made in this field it is extremely difficult to alter them.

Therefore any expansion of social-security benefits and increase of taxes to provide such benefits deserves the most careful and comprehensive study—not only by the Congress but by the people.

COVERAGE OF FARM WORKERS

In 1954 social-security coverage was extended to include employment of any farm worker who earned as much as $100 during a calendar year from one employer. This has resulted in social-security

taxation of earnings of large numbers of persons who are not actually members of the working force. A high-school boy who works on a farm a few weeks during the summer; a farmer who works for other farmers for short periods; a farm boy who works on Saturdays or a few hours after school for a neighbor—all these will usually earn more than $100 a year.

Senator KERR. May I ask a question there?

Mr. TRIGGS. Yes.

Senator KERR. You mean more than $100 a year from one employer?

Mr. TRIGGS. Yes; one employer; yes.

In the case of short harvest period crops such as berries and cherries and similar crops, most workers are drawn from the local community for 2 or 3 weeks of employment. School children, housewives, elderly people who want to earn a little money, but who do not wish to and will not become a part of the working population on a continuing basis are employed in large numbers. These people do not want to be included under social-security legislation nor is any particular purpose achieved by such coverage. But many of them will earn as much as $100 from one employer.

Senator MALONE. Could I ask a question, Mr. Chairman?

The CHAIRMAN. Senator Malone.

Senator MALONE. Are you talking about the provisions of the law as it is now?

Mr. TRIGGS. That is correct.

Senator MALONE. Or about the bill that is before us?

Mr. TRIGGS. Well, we are recommending an amendment of the bill before you in this particular connection.

Senator KERR. He is describing the law as passed in 1954, I believe, Senator.

Senator MALONE. You are recommending an amendment to this law in effect that would delete this provision?

Mr. TRIGGS. We are not recommending any complete deletion of the 1954 amendment. We are recommending a slight modification of it which I have not come to yet.

In many areas the standard pattern of farm employment during harvest periods, is what is known as the day haul operation. Workers from an urban area are trucked out each morning to work on the farms in the area. They are paid each day or even several times during the day. Workers may or may not return to the same farm on succeeding days. Not uncommonly a worker may be employed on a dozen different farms during a harvest season. Heretofore farmers have not kept any records or even recorded the names of such employees. Under the present law, however, since employers have no means of knowing which employees may earn $100 or more, if they are to avoid violation of the law, extensive recordkeeping becomes necessary. A few dollars of social-security tax may be paid by the employer in such instances or none may be paid at all. The cost of maintaining records, collecting, reporting, and paying the taxes involved is excessive in relationship to the tax which is collected.

We therefore favor legislation to exclude very temporary and casual types of employment. One way to do this would be to exempt piecework in agriculture. Senator Stennis' bill, S. 1279, provides for the exemption of the first 60 days of employment of farmworkers by 1

employer. Numerous bills have been introduced in the House to raise the $100 limitation to $200 or $250.

We strongly recommend the revision of H. R. 7225 to deal with this problem. The most satisfactory approach, in our opinion, would be to exempt employment of less than a certain number of days. But any of the approaches suggested above would significantly simplify the problem.

Senator KERR. May I ask a question?

Mr. TRIGGS. Yes.

Senator KERR. Above there you say one way to do this would be to exempt piecework in agriculture. I take it that you mean there where a worker gets 5 cents a quart for picking strawberries or 10 cents a bushed for pulling peaches or pears?

Mr. TRIGGS. Yes, sir.

Senator KERR. $2 or $3 a hundred for picking and pulling cotton; is that it?

Mr. TRIGGS. That is the intention of the suggestion.

Senator KERR. Do you think that would be more effective as a method of dealing with the problem you refer to or to exempt employment of a certain number of days or to increase the limitation?

Mr. TRIGGS. Well, we are inclined to favor the exemption for a certain number of days. The dollar exemption means that the employer must keep dollar records of payments to workers, for each one, so that he knows when a man becomes covered, when he has earned $100.

This means in many cases that you have to keep records for maybe a hundred different people who work on your farm over a short period.

Senator KERR. Well, if you do not pay them by the day or the week but by the piece, there is no contract of employment. It is actually more of a relationship of a labor contractor than that of an employee; is that not so?

Mr. TRIGGS. Well, you have so many different arrangements—of course, there are very few written contracts, but I would suppose that most every employment does involve a contractual relationship in legal terms.

Now, there often is a question, of course, as to who is the employer when you engage in this contracting of your work to a crew leader, and I think this is a question of individual determination in individual cases.

Senator KERR. Do you make any recommendation about the situation you refer to there where a crew leader follows the practice to which you have referred, and which is actually quite common, where some fellow maybe gets or has anywhere from 2 to 20 different people? He may take 5 of them out today and 10 of them out tomorrow and 15 out the next day and 3 out the next day; the farmer that he does work for actually does not know anybody but him and pays him for what the group does, regardless of whether there is 1 or there are 20 in it; do you make any recommendation as to some treatment of that situation?

Mr. TRIGGS. Well, we recommend in that connection that where there is a bona fide contractual relationship, with definite responsibilities and rights assumed by the two parties, the farmer——

Senator KERR. Now, that "definite responsibilities" would create some complications.

Mr. TRIGGS. Yes, sir. I think, for example, that the arrangement should involve an undertaking by the contractor to pay such social-security taxes.

Senator KERR. Do you think that obligation should be on the farmer to see that that is done?

Mr. TRIGGS. Not where there is a definite contractual relationship. I think it has to be formalized in such instance. We did not recommend any change in the law in this connection because this is now the law, and there have been numerous instances where farmers have presented the contract between them and a contractor in which the Bureau of Internal Revenue has ruled that the contractor is the responsible employer, and we are very anxious to see that provision retained.

The CHAIRMAN. Well, do you want a clarification? You are not recommending any change in the law with respect to that——

Mr. TRIGGS. No, sir.

The CHAIRMAN. Because rulings have been made. The rulings you have just referred to have been made.

Mr. TRIGGS. That is correct.

The CHAIRMAN. And most of those who use this contract labor are operating on that basis.

Mr. TRIGGS. In many instances; yes, sir.

The CHAIRMAN. You do not suggest any change?

Mr. TRIGGS. We have no recommendation for change in the law; that is right.

The next section of our statement deals with sharecroppers.

Section 104 (c) and section 201 (e) of H. R. 7225 provide for clarifying the status of sharecroppers as self-employed persons for purposes of the Social Security Act. This merely sets forth in statutory form the interpretation of the Social Security Administration with respect to sharecroppers. The test proposed in section 104 (c), that a person who receives a share of a crop is a self-employed person, is a simple means of drawing a line between employed persons and self-employed persons. Any other test would appear to be ambiguous and extremely difficult to interpret and apply in specific instances. We wish to recommend approval of these two sections of H. R. 7225.

AGRICULTURE WORKERS FROM OTHER COUNTRIES

Senator GEORGE. On that point, what about the landlord who gets his crop out on a share basis? Is there not a provision in the bill on that?

Mr. TRIGGS. This is a provision of the bill which is merely a clarification, a restatement, of the present interpretation by the Social Security Administration and Internal Revenue Service, and it says that if a man receives his income as a percentage of the crop that he is a self-employed person and not an employee of the landlord.

Senator GEORGE. You are talking now about the tenant?

Mr. TRIGGS. Yes, sir.

Senator GEORGE. You are talking about the worker. What about the landlord?

Mr. TRIGGS. The landlord in that case would not be an employer of the sharecropper.

Senator GEORGE. What about the landlord himself?

Mr. TRIGGS. Well, if the landlord employs certain people, as many landlords do, in addition to their sharecropuing operation——

Senator GEORGE. He does not employ; he employs a man on shares to run the crop, and he exercises a responsibility on it throughout the year, and he also exercises control over the operation.

I thought they referred here to a section 104 (c) (2) in a letter from the Department of Agriculture dated January 25, 1956. Is that the letter you put in this morning?

The CHAIRMAN. Yes.

Senator GEORGE. Here is what they say:

With respect to section 104 (c) (2), the present provisions of the law do not permit coverage of a landlord where there is joint participation in the management of a farm operated on a share arrangement, since such rentals are not treated as income from self-employment. For a given farm only one operator can be covered on the basis of self-employment except in the case of a legal partnership. Many situations of share arrangements fall short of legal partnership but nevertheless represent substantial participation in the management of the rented farm by both landlord and tenant. It appears desirable to permit coverage for both the lessor and lessee in the types of situations to which 104 (c) (2) is applicable. In the absence of a provision such as this one, there may be a substantial alteration of well-established leasing and renting practices in many areas of the country. Many operating landowners wish to avail themselves of the benefits of coverage under the old-age and survivors insurance program and under existing law would have to terminate or change leasing arrangements to permit that. There is wide support for this provision among the types of farmers that would be affected, especially in the South. The Department of Agriculture therefore supports this provision.

But what I am curious about is what is the provision that would let the landlord participate.

Mr. TRIGGS. Well, Senator George, you are talking on a point that we have no policy on.

Senator GEORGE. I am talking about the bill. You read that bill; have you not?

Mr. TRIGGS. Yes; but we simply have no policy on this point. Of course, as you know, at the present time income received as rent is not income for purposes of social security, and this is true irrespective of whether the income is received as a share of the crop or as cash.

I think we would very much hesitate to see that changed. Landlords, as they reflect their views to us, do not desire to be covered on rental income.

Senator GEORGE. Well, that is exactly contrary to what the social-security people said when we had under consideration the 1954 act; that is exactly contrary to the interpretation which was made here, and while I opposed forcing farmers under, I favored allowing them to elect to come under, and to make the election irrevocable when they did.

Mr. TRIGGS. This, of course, is considerably broader than just farmers. Many people receive rental income.

Senator GEORGE. I am not talking about the ordinary case of someone owning a house in the city or an office building or something or a hotel. I am talking now about the farmer who farms his crop through sharecroppers, who owns his land, furnishes half the fertilizer or two-thirds of it, as the case may be; furnishes the implements with which to work the land, finances the operation, and di-

rects how and what is to be planted, largely. He certainly is a farm operator.

Mr. TRIGGS. Yes; he is. We would hope that if the committee desired to include rental income which he receives as income subject to social-security tax, that they would put it on an optional basis, with an election.

Senator GEORGE. Well, I had hoped that, too, myself, but then they overruled me, and I, therefore, did not sign the report of the conference committee. I thought it should have been optional, but, of course, the social-security people always have fine reasoning why you cannot make it optional—of course, I know they can—but they always insist you cannot.

It is a little trouble to them, that is true, but it is not after they make the election, and to treat that as an irrevocable election.

But anyway, the conferees agreed on the amendment of 1954, and I could not agree on that account principally, and I did not sign the conference report.

But now since they have excluded the landowner, who has no other way of working his crop in many cases except through sharecroppers—we used to talk a great deal about the poor sharecroppers. The poor sharecroppers down South will not work for you except on a sharecrop basis. He would rather have a share of what he can make, and that is notably true in tobacco.

If a landowner had an allotment of 40 acres for tobacco, he cannot hire people to work that tobacco, except on a share of what they can produce, and he certainly has not got any other business on earth, except to own his land and operate it, and he has to operate it according to the way he can make his contracts with the tenant or with the labor, if you wish, and in Georgia it has always been held that the relation of landowner and sharecropper was one of employer and employee.

Now, I have no objection myself in treating the tenant as a self-employed person under such contract, but I do have strong objection to excluding the landowner from coming under the Social Security Act if he wants to; and this letter here from Mr. Morse indicates that it is covered in the bill, but I cannot find it.

Mr. TRIGGS. I did not realize it was covered in the bill.

Senator GEORGE. I cannot find it myself.

Senator BARKLEY. This has nothing to do with this bill, but it is an interesting thing to note the fact that the Internal Revenue Bureau, in interpreting the social-security tax as a deductible item in income-tax returns, holds that a farmer who pays social-security tax for men who work in the field, can deduct that tax in his income return, but the woman who cooks their meals in the kitchen and on whom he must pay a social-security tax, he cannot deduct that from his tax while making a return. That is not dealt with in this bill, but it is one that this committee might have to consider sometime. It seems an anomoly that a farmer who has 3 or 4 workhands in the field and pays the social-security tax to them can deduct that from his income in making his return, but he is under the same obligation to pay the social-security tax on the cook in the kitchen, but he cannot deduct that. I do not see the difference myself, except they do make a difference on the ground that it is a domestic employee and not a farmhand.

Mr. TRIGGS. We have no policy on that.

Senator BARKLEY. That is beside the question.

Senator WILLIAMS. Of course, that same ruling is applicable to the salary that is paid.

Senator BARKLEY. The salary which?

Senator WILLIAMS. The salary paid to the employee on the farm would be deductible.

Senator BARKLEY. That is true; and it may be more logical in that relationship than the social-security tax because it is really a tax. I will not pursue it.

Mr. TRIGGS. Shall I continue, Senator?

Senator MARTIN. Well, those things are very interesting, and I have been wondering how they could rule that way, and that is the thing that has been disturbing me.

We pass a law, and then there is an interpretation so many times entirely, I think, different than what we had contemplated.

But commenting on Senator George's statement, the sharecropper in my State, the people—well, that is about the only way they will operate land any more, is on the shares. But the better ones of those eventually become landowners. They are believers in the free-enterprise system, and they accumulate a little money and they buy a farm, which I am glad to see them do.

Mr. TRIGGS. Shall I continue, Mr. Chairman?

The CHAIRMAN. Proceed, sir.

Mr. TRIGGS. The next section is devoted to agricultural workers from other countries.

Legislation previously enacted by the Congress has provided for an exemption from social-security taxation and coverage of workers lawfully admitted into the United States from Mexico and the British West Indies for temporary employment in United States agriculture. Sections 104 (a) and 201 (c) of H. R. 7225 reenact such exemptions.

While it is true that the great majority of foreign agricultural workers admitted into the United States for temporary agricultural employment are from Mexico and the British West Indies, it is also true that several thousand Canadian workers and several hundred workers from other countries are admitted each year for such employment. In order to provide for uniformity of treatment in this connection, we recommend that section 104 (a) of H. R. 7225 be amended to read as follows, and our suggested revision is this:

Section 210 (a) (1) of the Social Security Act is amended to read as follows: "(1) Service performed by foreign agricultural workers lawfully admitted to the United States on a temporary basis to perform agricultural labor in accordance with title V of the Agricultural Act of 1949, as amended, or section 214 of the Immigration and Nationality Act."

The effect of this would be to exclude those workers from coverage.

The next page we merely restate the same thing. Section 201 (c) of H. R. 7225 would be amended to read:

(1) Service performed by foreign agricultural workers lawfully admitted to the United States on a temporary basis to perform agricultural labor in accordance with title V of the Agricultural Act of 1949, as amended, or section 214 of the Immigration and Nationality Act.

Senator GEORGE. Do they hold now they are under the act, covered?

Mr. TRIGGS. Canadian workers and workers from Europe who come in on these student trainee and exchange programs are now covered by social-security taxation.

Senator GEORGE. What about the workers from Mexico?

Mr. TRIGGS. The workers from Mexico are now excluded.

Senator GEORGE. Are now excluded?

Mr. TRIGGS. And workers from the British West Indies are now excluded.

Senator GEORGE. I see.

Senator WILLIAMS. Don't you think it would be a good idea to exclude all non-American citizens?

Mr. TRIGGS. Well, this goes beyond our policy, our recommendation. I can see some merit to the suggestion, but we are in no position to advance that.

Senator WILLIAMS. I understand.

Mr. TRIGGS. The next section of our report deals with coverage of farmers.

At the most recent annual meeting of the American Farm Bureau Federation the voting delegates of the State farm bureaus recommended that——

> We reemphasize our opposition to the compulsory coverage of self-employed farm operators under the old-age and survivors insurance program.
>
> We urge that present law be amended to provide a reasonable length of time in which farmers can make individual determination of the desirability of their participation in the program.

This resolution reflects a growing realization of the effect of social security coverage on farmers. In many instances, although not all, it appears clear that social-security taxes will impose burdens upon farmers far in excess of any benefits they are likely to receive therefrom. This arises for the following reasons:

1. A great many farmers do not plan on retiring at age 65.

2. A young farmer's greatest and continuing need is for capital to reinvest in his business. Tax payments of social-security funds impair his opportunity to expand and develop his farm operations.

3. By 1975 a farmer with a net income of $4,200 will be paying an annual social security tax of $252. If H. R. 7225 is approved, the tax will go to $283.50. Further liberalization of benefits could easily increase such taxes to $400 or more per year. In many instances the social security tax paid by a farmer will exceed his income tax. Many farmers are reaching the conclusion that they could use this money more effectively to protect their own future and provide their own opportunity.

Do you have a question, Senator?

Senator MARTIN. No, I believe not; but you bring up a very important situation that is confronting us.

Mr. TRIGGS. I think so, sir. Our next section is devoted to the disability benefits of H. R. 7225.

The original purpose of the Social Security Act was to provide retirement benefits for persons at age 65. The disability features of H. R. 7225 involve a wholly new and different concept. If the principle is once accepted that the retirement program is to be converted into a program designed to meet other hazards of life—it is difficult to see how far this may go. Is the end result to be a compulsory health insurance program? If benefits are to be paid for disability at age 50, is it not equally logical to provide them at 45 or 35 or 25? If benefits are to be paid for total disability, is it not likely to be argued in the future that partial benefits should be paid for partial

disability? How much will payroll taxes be increased to provide for these and other possible liberalizations of the benefit provisions of the act? What is the relationship between this proposal and State workmens' disability compensation insurance programs? How will this proposal tie in with the State rehabilitation programs initiated in recent years: To what extent would disability benefits impair individual efforts to assume responsibility for their own protection by means of private insurance programs or other means? How extensive is the problem of disability and to what extent are present programs inadequate to meet the need?

We do not pretend to know the answers to all these questions—but we do ask whether or not H. R. 7225 provides the best approach to the problem. We believe that before taking this far-reaching and irrevocable step it is most advisable that comprehensive study be given to this and alternative means of dealing with the problem.

We therefore wish to urge that no action be taken at this time to provide disability benefits or to lower the age at which benefits may be received—but rather that a mechanism be established whereby a complete and comprehensive study may be made of the character and scope of the social problems involved and the long-run social and economic effects of the various alternative means of dealing with the situation.

The opportunity of presenting our views on this issue is appreciated. Thank you very much.

The CHAIRMAN. Thank you very much, Mr. Triggs. Any questions?

Thank you, sir.

Senator MALONE. Mr. Chairman.

The CHAIRMAN. Senator Malone.

Senator MALONE. I take it from your testimony that you would rather see this bill deferred until a comprehensive study could be made of the effects of the provisions?

Mr. TRIGGS. Well—certainly of the disability and lower age requirements, so far as they are concerned.

Senator MALONE. Mr. Chairman, I have to go to another committee. Will this hearing continue this afternoon?

The CHAIRMAN. We hope to finish this schedule this morning if we can; if not, we may continue this afternoon.

Senator MALONE. Then I would like permission to make a part of the record a letter or letters that I have received from my State of Nevada, from persons there, and a resolution on this subject, if I may.

The CHAIRMAN. Without objection, they will be included in the record.

(The documents referred to follow:)

RENO, NEV., *January 19, 1956.*

Hon. GEORGE MALONE,
Senate Office Building, Washington, D. C.

MY DEAR MOLLY: The president of the Nevada State Medical Association has asked me to contact you in regard to H. R. 7225. The medical profession is very anxious that this bill be defeated. There is a special report, A4–16, from the American Medical Association which I think you have already received and it is also described thoroughly in the resolution on social security from the house of delegates of the American Medical Association dated, December 1, 1955.

Yours as always,

VINTON A. MULLER, M. D.

AMERICAN MEDICAL ASSOCIATION

WASHINGTON OFFICE, WASHINGTON 5, D. C.

SPECIAL REPORT 84–16

JANUARY 12, 1956.

DEAR FRIENDS: This special report has two purposes: First, to summarize the reasons why many organizations, including the AMA, object to cash payments from social security retirement trust funds for disability as proposed in H. R. 7225; second, to tell you that now is the time to let your Senators know how you and your friends feel about this legislation.

The Senate Finance Committee has voted to consider House-passed H. R. 7225 as soon as it completes work on the bill now before it. This means hearings on the social-security bill likely will start around January 23. We have time, but not much time.

In this special report we have gathered material that should help to explain what is wrong with H. R. 7225. Included are a 1-page statement of the issues involved, a condensation from official records of some of the criticism of this legislation, and the AMA resolution on social security, as adopted by the house of delegates on December 1, 1955.

Many of you, we know, have studied the social-security amendments and are well aware that they are a specific threat to good medical care through governmental interference with medical practice. You know, too, that because the cost is incalculable these proposed changes might result in a drain of funds that could imperil the social-security trust fund and critically weaken the Nation's economy.

This legislative stampede can be stopped. If, after looking over this material, you feel that this program of cash payments for disability should not be enacted, contact your Senators immediately. Tell them, in your own words, why you regard this as an unwise and objectionable procedure. Tell them that any significant change in the social-security law should be based on an impartial, objective study of the entire social-security structure. If the system is to continue to provide pensions for the aged, it should not be abruptly combined with a costly and unstudied program of health and accident insurance.

This is a dangerous piece of legislation—dangerous for the Nation.

THOMAS H. ALPIN, M. D., *Director.*

FACT SHEET OF FEDERAL PROGRAM OF CASH PAYMENTS FOR DISABILITY

WHAT BILL WOULD DO

A change in the social-security law passed in 1954 and just now getting underway freezes the benefits of a disabled person so his pension is not reduced because of the years he is disabled and not making payments to the OASI fund—but he has to wait until age 65 to collect. H. R. 7225 would give him his pension at age 50. It would also (*a*) lower the retirement age for women from 65 to 62, (*b*) continue payments to disabled children beyond age 18, (*c*) extend coverage to virtually all groups except physicians, and (*d*) increase contributions by employers, employees, and the self-employed. By 1975 OASI taxes would be at least double what they are now for all groups. We are primarily concerned with the cash-for-disability plan.

STATUS OF BILL

Last summer the bill was railroaded through the House; it is now before the Senate Finance Committee, where action is imminent.

THE MAJOR ISSUES

1. In the past, the Social Security Act has been amended only after careful study. Now it is proposed to set up this cash-for-disability program without even waiting to learn how the new "disability freeze" law is operating. The uncalculated cost might even endanger the social-security program itself. The plan is to make a major change in the social-security law under a hurry-up technique that threatens political retaliation against any Senator or Representative who questions the bill.

2. Many disabled lose interest if their own rehabilitation means loss of monthly checks; the program thus threatens to undermine rehabilitation efforts.

3. A vast system of cash payments for disability would be vulnerable to political pressures, while at the same time the physicians would be under individual pressure from patients who seek to be certified as eligible for payments.

4. As yet no serious consideration has been given to the many alternatives. Maintenance payments while the disabled is undergoing rehabilitation are one possibility. More intensified rehabilitation effort along the present lines is another. Or a State system of caring for the serious cases. Any of these approaches would develop valuable information on the problems without plunging the country into a costly and possibly dangerous experiment, one from which there could be no withdrawal.

5. A cornerstone of American political philosophy is that the Federal Government should keep out of welfare activities that can be handled by the State or locally. A well-established fact is that United States participation too often means United States domination.

6. The low-income sharecropper would be legislated into a self-employed person, thus eliminating his employer's contribution to social security.

7. Enactment would be but a starter for amendments to make persons of all ages eligible, with treatment by United States-employed physicians.

QUESTIONS CONGRESS SHOULD FIND ANSWERS TO

1. Why does this bill have to be rushed through without study of the year-old "benefit freeze" act?
2. What will the cash-for-disability plan cost?
3. How many will apply?
4. Will some disabled be more interested in pension checks than in rehabilitation?
5. Is there any alternative?
6. Is this something the Federal Government has to do or should States and local governments be given a chance?
7. Isn't this the foot in the door for a compulsory Federal medical-care program?

FROM THE RECORD: OBJECTIONS TO UNITED STATES PROGRAM OF CASH PAYMENTS FOR DISABILITY (H. R. 7225)

I. Because social security now is firmly built into our economic and social structure, any major change in the program has far-reaching effects on future generations—for good or bad. In the past, alterations have been made with care and caution, and only after exhaustive study. This prudent policy was discarded last summer, when a bill amending the Social Security Act was railroaded through the House of Representatives. One of its provisions would set up a Federal program of cash payments for disability at age 50. There was little or no review of the problems involved. The following excerpts from Congressional Records highlight the need for further study before this bill is enacted:

"* * * The best interest would be served if we obtain more experience under the 'freeze' and have that experience evaluated carefully before we come to far-reaching decisions. * * * Similarly, it is too early to determine the full effect of the Vocational Rehabilitation Act of 1954, or the effect of the referral to State rehabilitation agencies. We regard consideration of these matters and their interrelationships as a first prerequisite to development of sound legislation * * *" (Secretary Hobby to Senate Finance Committee, July 26, 1955).

"It is our firm conviction that a thoroughgoing review and inquiry into these issues are essential. We believe that this committee could best serve the American people by setting up the mechanism for intensive study—as was done by this committee in 1946 and by the Senate Finance Committee in 1948. A study commission or advisory council * * * could assure that no important consideration is overlooked and the views of all are taken into account. Within the Administration, we have not had an opportunity to make a real study of the proposals * * * and have particularly not had an opportunity to solicit the views of groups and individuals outside of Government" (Secretary Hobby's letter to House Ways and Means Committee (dated June 21, 1955), in committee report on H. R. 7225, pp. 59–61).

"In the past when public hearings were held on the question of disability benefits * * * members of the medical profession, insurance company repre-

sentatives, and others who have had actual experience in administering disability insurance, have strongly warned against the dangers inherent in this approach. These people are anxious to be heard * * * but they have not been given an opportunity. This is a further reason why final action should not be taken without public hearings" (additional views of Hon. Noah Mason, p. 69 of committee report on H. R. 7225).

"The proposal to make sharecroppers self-employed instead of employees, as is now in the law. How did that little gimmick slip into this liberalization bill? What discussion was had on it? What testimony? What is its effect? Well, I'll tell you what its effect is—thousands of southern sharecroppers will probably no longer be included in social security.

"The owner running the operation will be relieved of his 2½-percent tax. The sharecropper will be responsible for a 3¾-percent tax. The owner will no longer be responsible for seeing that a return is made. The responsibility will rest on the sharecropper. Yes, indeed; it is important that this bill be brought out under a gag rule with no chance of amending. I wonder who in the CIO and A. F. of L. is responsible for this being in the bill, or is this something that we needed to cement a deal?" (Remarks of Thomas B. Curtis in the House of Representatives on the social-security bill, H. R. 7225, Monday, July 18, 1955.)

II. Experts on social security offer widely varying estimates of the number of disabled, the number who would apply for disability benefits, the ultimate cost of the program. Although the House Ways and Means Committee could have had in its possession only the most elemental data on the problem, it came to firm conclusions as to what the program would cost the first year and what it would cost ultimately. To finance the disability insurance and other benefits in the bill, it is proposed that rates on employer, employee, and the self-employed be increased until they are more than doubled before the end of 20 years. The following citations indicate the extent of disagreement on these basic questions of who is to benefit, to what extent, who is to pay the bill, and how much of a bill it will be.

"* * * In the first year disability benefits would be payable to about 250,000 workers, amounting to $200 million in benefits, and in 25 years 1 million workers would be receiving benefits of about $850 million a year. * * * The old-age and survivors insurance program * * * would be actuarily sound, and, in fact, its actuarial status would be improved * * *" (from House committee report on H. R. 7225, p. 22).

"The cost of the disability program is at best conjectural. The actuary of the Social Security Administration, in whom our committee has always had great confidence, admitted that his estimate of the cost would be subject to wide variation. Insurance actuaries have generally testified that the cost would be substantially in excess of that estimated by the committee * * *" (from supplementary views, in House report on H. R. 7225, pp. 65 and 66).

"I feel legislation at this time to begin pension payments before the age 65 is most untimely. There is a backlog of several hundred thousand cases which must be processed. We have no actuarial figures as to what the increased benefits beginning at age 65 will amount to, and still less of any idea of the tremendous amount of money that would be needed to pay full pensions beginning at the date om disability * * *" (from letter of Dr. J. Duffy Hancock, Chairman of the Medical Advisory Committee to the Social Security Administration, and printed in House Ways and Means Committee report on H. R. 7225, p. 65).

"The social-security tax projected under the bill for the self-employed (6¾ percent) will, in the case of a self-employed person with wife and 2 children who earns $4,200 or less annually actually exceeds his Federal income tax. The system could lose its attractiveness, particularly for the many self-employed persons, if additional cost items are added without the most careful evaluation of the benefits they confer" (Secretary Hobby to Senate Finance Committee, July 26, 1955).

"Unlike the income tax, the social-security tax is not limited to net income. As a result, that tax, as a percentage of net income, is substantially higher than the actual rates would indicate. In fact, the eventual 6¾ percent rate on the self-employed would be the equivalent of a net income tax in the neighborhood of 20 percent and higher in many cases * * *" (Secretary Hobby's letter to House Ways and Means Committee and printed in committee report on p. 63).

"This trusteeship imposes upon us an obligation not only to current social-security beneficiaries but also to succeeding generations of beneficiaries * * * the proposals contained in this bill will involve increased benefit payments

from the trust fund of $2 billion a year, on the average * * *. By their very nature, the liberalization contained in this bill will create demands for additional changes involving further costs * * *. How long can Congress deny equal treatment to permanently and totally disabled workers who are 49, 45, or younger?" (supplementary views, in House report on H. R. 7225, pp. 52, 62, and 63).

"The system is sound. It must be kept so. In developing improvements in the system, we must give the most careful consideration to population and social trends and to fiscal requirements" (from President Eisenhower's State of the Union message, delivered to the 84th Congress on January 5, 1956).

III. Rehabilitation workers fear that the standing offer of payments for disability would undermine the work now being done to help the country's disabled return to healthy, productive lives. Here are some views on that subject:

"There has been no real opportunity to evaluate the effect of the Vocational Rehabilitation Act of 1954, or the effect of the referral to State rehabilitation agencies under the disability 'freeze' provision * * *. Has experience under the veterans' program, workmen's compensation or other programs indicated any lessening of incentive toward rehabilitation as a result of cash benefits? * * * Is there in fact a changing concept of disability, as a result of developments which have broadened the extent to which handicapped persons may be restored to activity and gainful development,," (Secretary Hobby's letter of June 21, 1955, to House Ways and Means Committee and reprinted in House report on H. R. 7225, pp. 60 and 61).

* * * "To what extent may disability payments interfere with the objecjective of rehabilitation? Have we had sufficient experience under the disability freeze program to provide a sound basis for intelligent legislation in this area? * * *" (House committee report on H. R. 7225, supplementary views, p. 64).

"Even for persons in the older age groups (over 50), self-sufficiency and independence through rehabilitation are incomparably more important than easy payment. Any benefit which diminishes the incentives toward rehabilitation and self-support is socially undesirable. Many rehabilitation experts held that cash disability benefits may operate as a deterrent to rehabilitation and the return to gainful work. Once on the benefit rolls, many workers would have little incentive to return to work * * *" (additional views of Hon. Noah M. Mason, in House committee report on H. R. 7225, p. 69).

IV. The physician would be "in the middle" in making disability determinations, pressured by his patients and by Federal and State inspectors at the same time. There would be other problems too as suggested by the following:

"The term 'disability' means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required" (definition of disability, from H. R. 7225, lines 12 to 19, p. 10).

"Experience of the (insurance) companies showed clearly that disability insurance cannot be issued safely except under severe restrictions * * * (including) adequate followup of beneficiaries. Safeguards of this sort are not provided for in this bill, nor is it possible to include such safeguards in a social insurance program. Under such conditions (unemployment) these (margin) workers would have every incentive to magnify their impairments in order to prove that they are sufficiently disabled to be eligible for disability payments. It would be almost impossible to prevent widespread abuse of the system * * * It would be relatively easy for many individuals who are determined to qualify to obtain corroborative medical reports, even though they might not be totally disabled * * * Government employees, not under the necessity to operate the program at a profit (as insurance companies) and overly sympathetic to the public they serve, will find it difficult at times to deny benefits to individuals who may not actually be entitled to them under the law * * * In periods of economic distress * * * the Congress and the Social Security Administration will be under the heaviest pressure to further liberalize disability benefits * * *" (additional views of Hon. Noah M. Mason, in House committee report on H. R. 7225, pp. 68–73).

V. No one denies there is a problem; the question is whether a Federal program of cash disability payments is the only answer. Here are two views, but there are many others:

"There are many alternative approaches * * * which we are unable to give the Congress our best council on at this time * * *" (Secretary Hobby's letter to committee, June 21, 1955, on p. 59 of House report on H. R. 7225).

"Many other approaches should have been explored, for example, a number of people believed that such disability payments should take the form of maintenance payments during the period in which a disabled person is undergoing rehabilitation. Because of the committee's failure to go into this matter, we may have lost an opportunity to develop a really constructive program of great social value * * *" (supplemental views, appearing on p. 64 of House report on H. R. 7225).

RESOLUTIONS ON SOCIAL SECURITY ADOPTED BY THE HOUSE OF DELEGATES, AMERICAN MEDICAL ASSOCIATION, AT BOSTON, MASS., DECEMBER 1, 1955

Whereas the old-age and survivors insurance section of the Social Security Act has become an important source of retirement and survivors' security for the American people, and social-security payments represent an important element of personal income in the national economy; and

Whereas liberalizing amendments to the Social Security Act have been so frequently enacted in election years as to justify the inference that political expediency rather than sound public policy was their motivation; and

Whereas the Social Security Amendments of 1955 (H. R. 7225, 84th Cong.) represent an irresponsible political approach to amendment of the Social Security Act, in that this measure was conceived in secret in the Committee on Ways and Means, adopted in brief executive session without public hearings despite the request of many witnesses to be heard, rushed to the floor of the House of Representatives before the report of the Committee on Ways and Means was available, pressured through the House by a maneuver which bypassed the Committee on Rules, permitted no amendments, and allowed only 40 minutes of debate; and

Whereas this measure includes sections which would authorize payment of Federal cash disability benefits to selected individuals under the old-age and survivors insurance section of the Social Security Act, as a matter of statutory right and without regard for the need of these individuals for cash assistance; and such cash benefits contingent on continued disability are known to be contrary to sound medical practice in the treatment and rehabilitation of the physically and mentally disabled; and

Whereas the American system of the private practice of medicine, keeping inviolate the physician-patient relationship, has brought to the American people the world's highest standard of medical care, any interference by a third party, Government or private, with the physician-patient relationship will destroy the principle upon which our successful system of medical care has been built and will lead inevitably to the deterioration of the quality of medical care available to the American people; and

Whereas there has never been an adequate, objective, unbiased study of the nature, cost, and scope of the old-age and survivors insurance section of the Social Security Act and its economic, social, and political impact on the American people: Therefore be it

Resolved, That the American Medical Association retiterate in the strongest possible terms its determination to resist any encroachment upon the American system of medical practice which would be detrimental to our patients, the American people; and be it further

Resolved, That the American Medical Association urge and support the creation of a well-qualified commission, either governmental or private, or both, to make a thorough, objective, and impartial study of the economic, social, and political impact of social security, both medical and otherwise, and that the facts developed by such a study should be the sole basis for objective nonpolitical improvements to the Social Security Act, for the benefit of all of the American people; and be it further

Resolved, That the American Medical Association pledges its wholehearted cooperation in such a study of social security in the United States, and will devote its best efforts to procuring and providing full information on the medical

aspects of disability, rehabilitation, and medical care of the disabled; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States, to all members of the Cabinet, to all Members of the Congress, and to all constituent State medical associations.

[From the Journal of the American Medical Association of December 31, 1955]

THE PRESIDENT'S PAGE—A MONTHLY MESSAGE

By Elmer Hess, M. D., Erie, Pa.

Many physicians have written to me and have asked why the American Medical Association is opposed to the physicians of the country being included in the social security program. About twice as many others have written and demanded that the AMA never become a part of the social security "fiasco," as they call it. Between these two extremes there must be an answer to the whole problem. Let us see if we can find it. As I have traveled around the country, I have found a great deal of misinformation concerning the whole social security program. The men who want social security are the younger men, who are desirous of family protection in case they die. They are enthusiastic about the survivors' benefits. They claim that these benefits are much greater than any they can buy from the private insurance industry for the price they pay. These men are not interested in the retirement benefits that come to the man or woman at age 65, for they know they can, except in rare instances, earn more than $1,200 or $1,400 yearly long after they attain the eligible age. The older men and the younger men both are not interested in these latter benefits. Most men in both categories are amazed when I tell them that the house of delegates of the American Medical Association has never been opposed to voluntary inclusion of physicians in the program.

Let us then look at some pertinent facts: First, social security was originally intended, back in the middle 1930's, to take care of the elderly worker when he was out of a job, so that the younger man could have work. It was a service that was to be supported by a tax on wages, and a tax on management. Today, from an insurance angle, the tax premiums are not based on sound actuarial figures, because not one single individual who is drawing social-security benefits has contributed or paid rates that from a strictly insurance point of view are sound actuarially. The insurance industry points out that at age 65 the life expectancy of an individual is 14 years. That means that $14,000 would have to be set aside from the premiums paid (taxes) to satisfy the demand. That also means that no one today drawing social security has paid in as premiums (taxes) as much as $1,000, yet they will draw an average total of $14,000 for the balance of their lives. To make it completely simple—the young man today is paying the tax premium to cover this inadequacy.

Let us look then for a moment at what has happened. Each succeeding Congress has amended the social security bill, adding more and more benefits, and the tax premium wil be soon getting larger and larger. This is a deductible tax at the source. The last benefit added was the total disability freeze. Before the ink was dry on that one, and before anyone could find out what the effect woull be on the tax premium, the House of Representatives before recess passed H. R. 7225, which reduces the age for women from 65 to 62 years, and added the provision for cash total disability payments to anyone age 50 or above. This bill passed the House without any public hearings and by a parliamentary procedure with limited floor debate. The bill is now in the Finance Committee of the Senate. We are obliged to oppose this bill because it definitely puts the physician in the middle of what could be a very dangerous situation. Carrying out the provisions of this amendment could place the whole social security financial program in jeopardy or up the premium taxes to such an extent that eventually the younger worker, compelled to contribute a larger and larger share of his wages, would rebel against the whole program. The American Medical Association is not opposed to social security. We are opposed to having the benefits increased by Congress at each session because we believe that: (1) We will find we cannot afford it; (2) when dependency upon the Federal Government increases beyond a certain point we will automatically have the walfare state firmly established; and (3) a welfare state is state socialism, and state socialism is the first cousin of Soviet communism.

For the above reasons we are intensely interested in H. R. 7225. We will be obliged to join with many other groups and organizations that fear the destruction of free enterprise, and that believe that rich though we are we cannot afford this latter extravagance, to petition the Senate to stop, look, and listen before they pass this legislation. We would ask that this whole social securiy problem be removed from politics as such and that a thorough study of the whole problem be made by a commission appointed either by the Senate or by the President. If such a study is made, we, together with many of our friends in other walks of life, feel that the social security program can be made to work effectively, that it will more than accomplish the purpose for which it was originally intended, and that removed from politics it will serve a useful purpose. Is this too much to ask? Or is the need for votes so important that otherwise conservative and patriotic citizens who represent us in our legislative halls are willing to sell their own as well as our birthright for a mess of pottage?

The CHAIRMAN. Thank you very much.

Senator BARKLEY. Has the Farm Bureau taken any action in regard to the lowering of the age from 65 to 60 or 62½ or any other age?

Mr. TRIGGS. Our resolution does not refer specifically to this, but it recommends that all of these matters be deferred for study by a comprehensive study on an objective and impartial basis by some group set up for this specific purpose.

We do not have a resolution on that specific point.

Senator BARKLEY. All right; that is all.

Senator MARTIN. Mr. Chairman, may I ask, has your organization attempted any study of these problems that you have presented to us?

Mr. TRIGGS. Not as adequate a study, no, sir, as needs to be given to the subject.

Senator BARKLEY. Of course, that is what we are supposed to be holding hearings on now, to try to form some comprehensive idea of the provisions of this bill——

Mr. TRIGGS. Yes, sir.

Senator BARKLEY. And any amendments that ought to be put in it.

The difficulty about having some outside expert body make an intensive investigation and report back to Congress is that after they have done that, the committee has to go ahead with the hearings just the same as if it never had been done, and make its own investigation.

Mr. TRIGGS. I appreciate that, Senator, and I can recognize that if this committee, as a result of these hearings, feels that it knows the answer and are sure they have got the right answer to all of the questions, well, that I have raised, and all that have been raised——

Senator BARKLEY. I would not guarantee that.

Mr. TRIGGS. I suppose they may feel that they should approve of the bill. But I do not believe that the people of the country, the organizations that have an interest in this matter, have had the opportunity to study this point to the extent and in the objective comprehensive way that the people and organizations ought to have.

This is not critical but, after all, nobody knew what was coming out of the House Ways and Means Committee until it came out, and there has not been an opportunity to study these specific proposals.

Senator BARKLEY. How did that happen? Yesterday when a witness said that I bristled up a little bit, because I did not believe it was possible that the House would have voted out a bill without some kind of hearings.

After I went out of the committee room I was accosted in the hall by a man who said they did not have any hearings at all; they held it in

executive session, and nobody was permitted to be heard. That is an unusual procedure, a rather unusual procedure, in a measure of this sort in the House or Senate, and I wondered how it came about.

Mr. TRIGGS. I cannot say how it came about, but it is as you stated. It was written in executive session. Now, it is quite true that about 3 years ago the House Ways and Means Committee held extensive hearings—well, just prior to the 1954 amendments.

Senator KERR. In connection with the bill that came out some 2 years ago?

Mr. TRIGGS. That is correct; and those hearings did cover in a general way many of the subjects that 3 years later they incorporated in H. R. 7225. But the country as a whole has had no opportunity to study or to submit recommendations on the specific proposals in H. R. 7225 until this committee gave us the opportunity, and we certainly do appreciate that.

Senator WILLIAMS. In approaching this problem, you are confronted with the same questions we are, where even the committee yet does not have or did not have until the other day too much of an estimate as to what some of these proposals would cost.

Mr. TRIGGS. That is right.

Senator WILLIAMS. And it is hard to arrive at a decision as to how attractive they would be, without knowing just what the additional rate increases would be.

Mr. TRIGGS. That is correct, sir.

Senator WILLIAMS. I think that is a problem with which the committee is still struggling.

The CHAIRMAN. Thank you, Mr. Triggs.

Mr. TRIGGS. Thank you, Senator.

The CHAIRMAN. The next witness is Mr. George Conitz, Farmers Liberty League.

Take a seat, Mr. Conitz. Will you identify yourself as to what is the Farmers Liberty League?

STATEMENT OF GEORGE CONITZ, PRESIDENT, FARMERS LIBERTY LEAGUE

Mr. CONITZ. That is a farm organization of North Dakota. I think I have got something here—I think I can do that.

The CHAIRMAN. You know what it is. You stated it was a farmers——

Mr. CONITZ. It is a farm organization just the same as the Farm Bureau and the Farmers Union.

The CHAIRMAN. Mr. Conitz, I do not want to curtail your testimony, but the committee is running late, and we would appreciate it if you could condense it as much as possible.

Mr. CONITZ. Mine is very short.

Senator BARKLEY. I would like to ask the witness before he proceeds, about his organization. He says it is a North Dakota organization?

Mr. CONITZ. That is right.

Senator BARKLEY. Do you have a farm bureau federation in North Dakota?

Mr. CONITZ. Yes.

Senator BARKLEY. Do you have a Farmers Union up there?
Mr. CONITZ. Farmers Union. Here is our program right down——
Senator BARKLEY. How long has this Liberty League been in existence?
Mr. CONITZ. About 3 years. There is our program right at the bottom.
Senator BARKLEY. Was it organized to take the place of any of these others?
Mr. CONITZ. No; we are in opposition to the Farmers Union.
Senator BARKLEY. You are in opposition to them?
Mr. CONITZ. That is right.
Senator BARKLEY. You organized—that is why you organized?
Mr. CONITZ. Practically.
The CHAIRMAN. What is your membership?
Mr. CONITZ. Well, we are a very small organization, not many.
The CHAIRMAN. How many?
Mr. CONITZ. Not very many; just a few hundred.
The CHAIRMAN. You can proceed, sir. Take a seat.
Mr. CONITZ. Here is the Congressional Record, I will refer to that.
To the Senate Finance Committee, honorable Senators, I want to thank the Senate and Hon. Lyndon Johnson, majority leader of the Senate, for allowing me to be here today.

I am most grateful for the opportunity you have given me to give you our views, and I am not only speaking for our organization, but for the 20,000 who have already signed these petitions and another 2 million or more who will sign when they find out that they still have a voice in our Government.

The Farmers Liberty League of which I am president is a small organization, but we have a very important purpose, and that is to preserve the farmers' liberty. Our first job is to inform the farmers regarding social security and the deception that has imposed this law on the farmers. The farmers that I have talked to thought that the tax would remain at 3 percent, some think it is optional, and all believe that the social-security payments go into a separate fund from which the beneficiaries receive their payments.

This is the way it works. All Government taxes go into the general fund including social-security taxes and the Government appropriates money out of this fund for all purposes of the Government, including social-security payments, to beneficiaries, and the Congress can alter, amend, or repeal this social-security law any time.

It has been changed many times in the past 20 years. The individual has no contract and no rights.

The Government has collected about $30 billion—these are old figures—social-security taxes and has paid out to beneficiaries about $11 billion. The other nearly $20 billion was spent as fast as it came in for foreign aid, national defense, and other current expenses of the Government.

What was put aside for this $20 billion was Government bonds or I O U's, and on this the taxpayers are now paying another $500 million in interest charges. The money has been spent and the only way to get it back is by additional taxes.

Young farmers can look forward to over 40 years of ever-increasing taxes, commencing at 3 percent up to 6 percent, and then on up to perhaps 20 percent or more. There is no limit. Whenever the Congress

needs more money they can raise this tax, and use the money for foreign aid and other projects all over the world.

For refusing to pay, the penalty is a fine of $10,000 and/or imprisonment, and yet the Government can sell his farm to collect a $30 social-security tax.

He can look forward to the Gestapo checking his cupboards for the vegetables he canned, as all food raised on the farm is part of his income, and will eventually be added in his reports. The highways will be filled with Government-financed limousines looking for farmers who failed to report everything to the Gestapo. Whether you are guilty or not guilty will be decided by the Gestapo.

Senator BARKLEY. Decided by what?

Mr. CONITZ. Gestapo.

Senator BARKLEY. Do we have that here in this country?

Mr. CONITZ. We will have it.

Senator BARKLEY. How long will that be?

Mr. CONITZ. It will go along with social security.

Senator BARKLEY. Are you opposed to social security?

Mr. CONITZ. That is right.

Senator BARKLEY. Against it all?

Mr. CONITZ. That is right.

Senator BARKLEY. And your organization is against it?

Mr. CONITZ. That is right.

Senator BARKLEY. All right.

Mr. CONITZ. He can look forward to a pitiful dole from the Government in his old age. In Russia the plight of the old people is pitiful to see. Right now many thousands of foreigners who have never lived in America are drawing social security from the United States. This will increase through the years.

As millions are added to the payroll, the taxes must be raised to get the money, and as the wealth of the rich becomes confiscated there will be less and less taxes coming in, and so the payments to the beneficiaries must be cut to a pitiful dole.

I have received letters from the National Cattlemens Association—that is the American National Cattlemens Association—the National Farm Bureau, and many smaller farm organizations, all tell me they are opposed to compulsion in social security for farmers. We want to add our voice in protesting this tax.

We believe it is unconstitutional and that Congress has no right to impose it upon the farmers. It is also a religious question. Many farmers feel that this law violates their religious belief and religious freedom must be denied in America.

I have here the Congressional Record of August 20, 1954, and on page 14629 the Senate agreed to exclude the farmers from coverage in the event convincing evidence is submitted to Congress that the farmers do not want coverage. I am here today to find out what the Senate considers convincing evidence to be.

We want this information so that we can tell the farmers just what it takes to get rid of the curse of social security for farmers, and we'll be back with the convincing evidence.

And so we request that this information be given to the Associated Press so that all farmers in the United States will know that Congress will repeal the compulsion from social security if the farmers want

it repealed. Along with this information, the contents of Clarence Manion's speech on the radio July 24, 1955, should also be given to the farmers so they will understand what social security really is. The farmers have had faith in their Congressmen, but as the truth comes out, they are asking the question, "Why haven't our Congressmen told us this?"

I would like to read one letter here. This comes from a farmer in New York, and he says to the Congressmen of the United States:

All signatures appearing on this appeal are strictly opposed to social security or insurance of any kind, shape, or form, and will not accept any benefits thereof, and we feel as long as the Constitution stands there is no human power to destroy religious freedom or to force any church group against its conscience. According to the Bible in which our church council still feels to acknowledge:

"Corinthians 3–11: For other foundation can no man lay than that is laid, which is Jesus Christ."

In God we trust.

ELI J. MILLER.

Now, we have got about 20,000 signatures; I just brought 2,000 along if you want to inspect them.

Senator BARKLEY. I have not got time to look at all of them.

Mr. CONITZ. And letters that are coming in.

Senator BARKLEY. I would like to ask you this, since you asked me if I wanted to look at them, what are they signing? What is this petition that they are signing?

Mr. CONITZ. Well, it is right up here on the top.

Senator BARKLEY. Well, it is right up here on the top.

Senator MARTIN. Why don't you read it into the record.

Mr. CONITZ. I will read it to you. The petition is down a little farther.

Senator BARKLEY. Can you, in a word, tell me?

Mr. CONITZ (reading):

We, the undersigned, hereby respectfully request the Congress of the United States to repeal that portion of Public Law 761, and any other social security laws, which contain compulsion for farmers, farmer-employer, or the farmowner.

When this bill was passed, it was expressly set forth that if the farmers objected to this social security tax, that this law would be repealed.

We therefore sign this petition with the hope and prayer that the Congress of the United States will not fail the farmers and will repeal this tax, which we feel will be a burden the farmers are unable to bear.

Senator BARKLEY. Are these signatures obtained by solicitation?

Mr. CONITZ. By request. These are letters coming in, and we are getting them in now, increasing daily, as many as a hundred a day.

Senator BARKLEY. You get a letter from some farmer who wants to repeal it, and you put his name on the petition?

Mr. CONITZ. We had no help from the papers at all. We started out by circulating a few of these circulars, and then we got a telephone call from Indiana for a thousand of those, and from there on, last month we have had requests for 5,000 petitions. It is just getting around now.

Senator BARKLEY. All right; that is all.

The CHAIRMAN. Thank you very much.

Mr. CONITZ. I would like to hand you this speech here of Clarence Manion's.

Senator BARKLEY. What was the occasion of his speech?

Mr. CONITZ. On social security.

Senator BARKLEY. When was it made?

Mr. CONITZ. On the radio July 4, 1955. It explains the whole thing.

Senator BARKLEY. In his way. [Laughter.]

Mr. CONITZ. Well, it is all from the Supreme Court, most of it decided by the Supreme Court here.

Senator BARKLEY. Mr. Manion is a very noted gentleman, and a very able man, but he is also noted for being against nearly all these things that have happened in this country in the last generation.

Mr. CONITZ. Well, he is waking up the farmers and the people; he is doing a lot of good. I think most of the people have been asleep.

Senator BARKLEY. Have they?

Mr. CONITZ. I will leave this with you.

Senator MARTIN. How many signatures do you already have?

Mr. CONITZ. About 20,000, but then we just get in the last months——

Senator MARTIN. How many States?

Mr. CONITZ. Fourteen States. They run as far as New York, Pennsylvania, Virginia, and as far west as Oklahoma. I mean—I do not think we have got any from—yes, I believe we got some from Oklahoma, Colorado, and Nebraska.

Senator MARTIN. All right.

The CHAIRMAN. Thank you, Mr. Conitz.

Senator GEORGE. Your mail will increase after April 1, when they have to pay the tax.

The CHAIRMAN. Our next witness is Mr. Kenneth R. Morefield. We are very glad to have you, sir. Take a seat, and proceed in your own way. We do not have unlimited time, so——

Mr. MOREFIELD. Thank you, sir.

STATEMENT OF KENNETH R. MOREFIELD, ADMINISTRATIVE ASSISTANT TO THE GENERAL MANAGER, FLORIDA FRUIT AND VEGETABLE ASSOCIATION, ORLANDO, FLA.

Mr. MOREFIELD. With your permission, Mr. Chairman, I would like to file a copy of my statement and orally comment on the highlights.

The CHAIRMAN. Your statement will be made a part of the record. That is what you want, is it not?

Mr. MOREFIELD. That is right, sir.

My name is Kenneth Morefield, of Orlando, Fla. I am administrative assistant to the general manager of the Florida Fruit and Vegetable Association of Orlando——

Senator BARKLEY. What association is that?

Mr. MOREFIELD. Florida Fruit and Vegetable Association of Orlando. I have been employed by the association since December 18, 1953.

I want to make it crystal clear that I am not opposing the social security law in any way, gentlemen. We have a problem that we think needs attention, and that is the question if migrant workers who receive their pay, either daily, or receive their pay at the time they complete a unit of work.

In other words, if they pick a hamper of beans, they get paid right on the spot at that time for that hamper. The same thing applies in tomatoes, corn, and a few other commodities.

Senator KERR. That even applies to a fellow who picks a pound of cotton.

Mr. MOREFIELD. That may be so, Senator; we do not have too much cotton in our area.

Senator KERR. The same problem.

Mr. MOREFIELD. The same problem, I assure you.

The CHAIRMAN. Most of it is done by piecework in Florida?

Mr. MOREFIELD. Practically all harvest is done piecework. There are some instances where it is paid for by the hour.

We are not objecting to social security for those employees for whom we can keep records, and who are paid on a weekly basis, or semimonthly, or monthly. We have no problem there except, of course, paying the tax, which is a problem, but we are not objecting to that.

But we feel this situation can be eliminated if section 3121 of the Internal Revenue Code, and section 209 (h) (2) of the Social Security Act, which excludes farm workers who receive less than $100 in cash wages in a year is changed to read:

cash remuneration paid by an employer for agricultural labor, if the cash remuneration paid by the employer to the employee for such labor is not paid on a regular payday, covering a regular pay period of at least 1 week or longer.

Now, the effect of this wording would be to exclude from taxable wages those wages which are actually paid to the worker as he completes the unit of work, or those wages which are actually paid daily.

Now, if I may give you just a little illustration of this problem: Our farmers in Florida can plant a crop with a relatively few number of workers, but it takes many hundreds and sometimes thousands to harvest a crop.

We have individual workers who will go out and engage themselves on the farm. We also have a great many who are employed through the use of a labor contractor or a crew leader, as previously mentioned by Mr. Triggs.

Now, the farmer has no control over these workers; he has to get his crop picked, and anyone who is willing to work and who comes on his farm, he is willing to engage him.

In many cases we have family units, men and women and children, and they will usually all pick together, but usually the father is the one who collects the money for the picking.

The CHAIRMAN. I beg your pardon, if I may interrupt, and they often pick on one ticket.

Mr. MOREFIELD. That is right, sir.

The CHAIRMAN. So there is no way of distributing the amount each one of them earns.

Mr. MOREFIELD. That is right, Senator. As a matter of fact, we find this, also: That workers who are employed on what we call the day-haul basis, perhaps 40 or 50 workers will come to a farm from a great distance off, and they are paid by tickets. That night those tickets wind up in the hands of 2 or 3 people. They will turn those tickets in and get the cash.

On the way back home they distribute the cash to the various workers. Now, the reason for this is that if you have 600 workers on a field, you pay them by tickets throughout the day; then if you try to line those 600 workers up at night to redeem these tickets, the next day those workers are going to be on somebody else's farm, because they are not going to line up while 600 people are paid off.

We have many situations in Florida where the farmer has to actually advertise his crops, and go out and bid for labor.

To give you one brief example, in the city of Belle Glade, which has 7,219 people, there is an entire city block, square block, set aside for agricultural workers to gather in the morning.

The farmers who need workers will back their trucks up around this block. The truckdrivers will go around and hold up the type of crop they are harvesting that day, and announce what the rate is, and then the worker will gather behind the truck that he wants to work with.

Now, sometimes a truck will roll off empty, for sometimes there will not be anybody at that truck. The workers, by custom, do not get on the truck until the 7 o'clock whistle blows, but then when the whistle blows they are on the truck and are gone. Now, the next day those same workers may be on somebody else's truck.

To briefly restate the problem, gentlemen, it is that these piecework workers, who insist on being paid daily—and this is not the farmer's choice, it is the workers' choice—they insist on being paid daily, and there is no way in the world that the farmer can keep records and comply with the Social Security Act for that type of worker.

We have had officials of the internal revenue and social security from Baltimore, Washington, and Jacksonville come down and actually survey this problem in the field, and we have asked them what can be done so the farmer can comply with the law as it is now written, and they are very sympathetic but they have no solution to it.

Now, what we are asking is to change the law, not to exclude any worker, but to exclude any worker who insists on this daily pay, and a worker who will not accept a job for at least as long as a week, and work for that employer like any other ordinary person does, work his week out and get his week's pay.

If this exemption were given, we are not concerned about the $100. We ask for no salary test, or no time test, except that the worker does accept a regular job and get paid at least once a week.

Now, gentlemen, I want to thank you.

Senator KERR. At most.

Mr. MOREFIELD. Did you say "at most"?

Senator KERR. Paid at least once every week, because what you are trying to get rid of is being paid at least once a day.

Mr. MOREFIELD. That is right. If a person is paid by week, or semimonthly, we are not worried about those: we can handle them. It is a matter of recordkeeping for these daily piecework people.

The CHAIRMAN. Are they local people, as a rule?

Senator KERR. They may be or may not be.

Mr. MOREFIELD. They are both, sir. It is necessary for us to import hundreds of workers, I should say thousands, from the eastern seaboard; we get workers from Alabama, South Carolina, North Carolina; they come down to Florida, and I cannot give you in percentage the number of local as compared to the number of migrants, but it is actually both types.

Senator BARKLEY. What is the average daily wage where these people work like that, who are paid every day, what is their average wage per day?

Mr. MOREFIELD. Senator, I have no idea of the average. I can tell you what is possible. We have records on our regular workers, and I would say they can average at least $40 to $50 a week at a minimum.

Senator BARKLEY. Of course, a workday——

The CHAIRMAN. A lot of them make more than that.

Senator BARKLEY. A man works 1 day for you and 1 day for somebody else, and then gets paid at night, what is the average of that daily wage, if you can give it to us?

Mr. MOREFIELD. I say, Senator, I cannot give the average, but I would say the minimum a person earns, if he works all day is about $6. Now, it varies, of course—I am speaking now of beans. In tomatoes he can average $7, $8, and $9 a day.

Senator BARKELY. Who pays the transportation from his home, if he comes to Florida for that?

Mr. MOREFIELD. In many cases, the farmer will advance money to a crew leader to bring——

Senator BARKLEY. And take it out of his wages later?

Mr. MOREFIELD. To bring them down.

I would like to say we have been trying to discourage that where farmers advance money to crew leaders for they never show up or they come down, work 2 or 3 days, and then are gone.

Senator BARKLEY. In any event the employee is supposed to pay his transportation?

Mr. MOREFIELD. That is right, sir.

Senator MARTIN. How many hours does he work for this $6?

Mr. MOREFIELD. An average of 9 or 10.

The CHAIRMAN. On piecework don't they make more than that?

Mr. MOREFIELD. I am speaking of minimums, sir; yes, sir; on piecework. I was examining payrolls about 2 weeks ago, where some workers picking citrus have averaged much better than $100 a week. The average will not make that.

Senator KERR. A good worker averages that.

Mr. MOREFIELD. I would say this, that any able-bodied picker can make a minimum of $6 in an 8 or 9-hour day, and his possibilities are much greater than that.

The CHAIRMAN. In the apple business they go up to $15, sometimes; and even $20.

Mr. MOREFIELD. We have that, too, sir; but I was speaking of minimums. We have many workers who make $10, $12 a day; but I would say $6 would be the minimum.

The CHAIRMAN. It depends on how hard they work.

Mr. MOREFIELD. That is right, sir.

The CHAIRMAN. They could make it if they worked hard enough.

Mr. MOREFIELD. That is right, sir.

The CHAIRMAN. Or are able to work hard enough.

So your recommendation is the adoption of this amendment on page 2 of your statement; is that it?

Mr. MOREFIELD. That is right, Senator.

I would like to emphasize we are not trying to exclude any worker from social security. We are trying to get rid of this tremendous burden that the farmer has.

Senator KERR. You are trying to fix it so it will apply to only those that it is reasonably possible to keep records on and make reports on?

Mr. MOREFIELD. Yes, sir.

The CHAIRMAN. What have you been doing, if you have to pay them off every day, I do not see how you can comply with the law; how you do it?

Senator KERR. The present law exempts them where they do not make as much as $100 from any one employer.

The CHAIRMAN. Yes.

Mr. MOREFIELD. I would like to say this, and I am certainly giving away no secrets, because the Internal Revenue is well aware, that in some areas of Florida you have three types of farmers. You have those whose workers will not make $100, so they legally can ignore the law, I mean, they are just simply not covered by it.

You have others who are making every effort to comply with it and, frankly, there are some who are ignoring it because the record-keeping regulations are so loosely drawn that they are hoping to get by with it.

Now, in these areas you will find workers refusing to work for a farmer who takes the tax out.

The obvious result of that has been in many areas that there are no taxes being deducted whatsoever.

Senator KERR. That is the usual thing rather than the exception, is it not? The workers just will not let them take that tax out.

Mr. MOREFIELD. The workers will not let them if they can. But now where you have a labor shortage, and you have to have workers, and you put your last dollar in a crop, and you have got to pick it, and you cannot get workers, if you are going to take the tax out, then you are going to get workers and not take it out on them.

Senator KERR. Well, I say, that is the usual thing; the worker just will not work for the fellow who deducts the tax.

Mr. MOREFIELD. That is right, sir.

Senator BARKLEY. Any of these employees might make $1,200, $1,500, or $2,000 a year; but if he does not make as much as $100 of it from any one employer, he is not covered?

Mr. MOREFIELD. That is right, sir. Under this system, if he works by the week he would be covered for every nickel that he makes, regardless of whom he worked for. If he actually worked and got paid by the week, that is why I say we are not trying to exclude anyone. The workers can come in and get social security taxes on every nickel they make. But we just simply cannot keep these records financially or physically for this coverage under the present law.

The CHAIRMAN. Any further questions?

Well, thank you very much for your presentation, sir.

Mr. MOREFIELD. Thank you for your time, sir.

(The prepared statement of Mr. Morefield follows:)

STATEMENT OF KENNETH R. MOREFIELD ON BEHALF OF THE FLORIDA FRUIT AND VEGETABLE ASSOCIATION, ORLANDO, FLA.

My name is Kenneth Morefield, of Orlando, Fla. I am administrative assistant to the general manager of the Florida Fruit and Vegetable Association of Orlando, having been employed by the association since December 18, 1953.

Florida produces about 75 percent of the Nation's citrus and about 20 percent of the Nation's fresh vegetables. The members of the Florida Fruit and Vegetable Association grow and ship the majority of the tropical fruits and vegetables produced in Florida. The growing of vegetables and tropical fruits in the State of Florida is a very hazardous and speculative proposition. In addition to the

hazards normally faced by farmers, the Florida farmer faces the ever-present threat of hurricanes in the fall hurricane season and damaging freezing weather throughout the winter season. I am sure that you gentlemen are aware of the severe freeze encountered in Florida between January 1 and January 11, particularly the weekend of January 7–8. It is estimated that the total damage to crops in Florida during this period is in excess of $50 million. I need not remind you that in addition to these natural hazards the farmer has for years been faced with rising costs and declining income.

Even assuming that the farmer can afford the tremendous additional cost of complying with the Social Security Act, it is almost impossible to comply due to the longstsanding customs under which some harvest workers are employed. The workers dictate, for the most part, the manner in which they are employed and the methods by which they are paid. These workers are usually paid at piece rates, that is, a rate for picking a bucket of tomatoes, a hamper of beans, a box of fruit, etc. The farmer usually has no control over the harvest workers and in most cases does not know who they are or whence they came. A crop can be planted by relatively few workers, but must be harvested by a great number of workers, sometimes several hundred. A farmer may have different crops which are ready for harvest at different times of the year. This means he encounters a tremendous fluctuation from day to day in the number of farmworkers which he must have. He encounters also a tremendous turnover in his workers. Normally maintenance work and crop planting is performed by employees who are paid on a daily or a weekly basis but are paid for a regular pay period of 1 week or more and there is very little problem in complying with the act with employees of this type.

I would like to make it crystal clear at this point that we are not opposing the Social Security Act in principle and the need for such legislation is recognized. But it is physically and financially impossible to comply with the act as it is now written and with labor conditions as they now exist.

We feel that this undesirable situation can be entirely eliminated by changing section 3121 of the Internal Revenue Code and section 209 (h) (2) of the Social Security Act which excludes farmworkers who receive less than $100 in cash wages in a year to the following:

"Cash remuneration paid by an employer for agricultural labor, if the cash remuneration paid by the employer to the employee for such labor is not paid on a regular payday covering a regular pay period of at least 1 week or longer."

The actual effect of the above wording would be to exclude from taxable wages those wages which are actually paid to the worker as he completes a unit of work or wages which are actually paid daily.

Harvest workers residing in the immediate locality are aware of the time for harvest, the product to be harvested, and the price which will probably be paid for harvest. If he desires to pick the crop under the existing conditions, he will transport himself to the field and will engage himself. A tremendous number of workers is employed through the use of a crew leader or labor contractor. Under this method, an individual will have under his control a crew of workers and he will agree with the farmer to harvest the crop with his crew of workers at a set price per unit. This will include a price per unit for each harvest worker and a small override per unit for the crew leader which compensates him for the use of his equipment and the transporting of the workers to and from the field and in some cases also includes the transportation of the harvested crop to the packinghouse.

For many years the agricultural labor force has been shrinking. At the present time there is a tremendous shortage of agricultural workers. It is for this reason that Florida finds it necessary to recruit migrant workers from the eastern seaboard to supplement Florida agricultural workers.

The members of the Florida Fruit & Vegetable Association are cooperating with the Florida State Employment Service by placing orders with the employment service for workers from surrounding States, such as Alabama, Georgia, Mississippi, and South Carolina. In most cases the workers are brought into Florida by crew leaders under this arrangement.

Although a large part of vegetable harvest workers in Florida are employed by, and known only to, a labor contractor, the Internal Revenue Service has ruled that the farmer is the employer and is responsible for compliance with the act. This is so, even though the farmer must rely upon the contractor to pick his crop and despite the fact that the contractor exercises complete control over the workers.

The harvest worker can report to the field at any time he desires and can leave the field at any time he desires as there is no control exerted over him by the farmer. In many cases aged men and women and, when school is not in session, children will come to the field and engage in harvesting the crops. Many family units will work with the head of the family getting the pay. Frequently this type of worker is able to pick a relatively small number of units per day, as he is unable to do as much work as an able-bodied harvest worker. Many of the able-bodied workers want only to pick enough units to supply them with sufficient money to buy necessities, and after picking for only a short while will leave the field and may never be seeh by that farmer again. When the picking is good the more industrious worker will begin work as soon as possible and will work as long as he can in order to earn as much as possible. Usually employees are paid the unit price as they complete a unit of work. For example, if the rate for picking a hamper of beans is 50 cents, the picker will be given a half dollar as soon as he completes picking a hamper. In some cases a picker is given a picking ticket which he will hold until the end of the day at which time he will turn in his tickets and be given pay for the number which he turns in.

This system which has been the custom for many many years makes it virtually impossible to keep an accurate record of the name, address, social-security number, and earnings of each worker. Sometimes a crew of 30 workers would be transported to and from the fields in a single vehicle, either bus or truck. At the end of the day all of the picking tickets would wind up in the hands of 2 or 3 workers who will turn the tickets in and receive the cash. The cash is then distributed among the several workers on their way home as this avoids the necessity of 30 workers standing in line to receive cash for the tickets. Thus, it would be an impossibility to keep accurate records on workers in a situation of this type as the farmer would never know whether the picking tickets turned in by one individual represented that individual's own production.

Complete confusion would reign if a farmer told his harvest workers, perhaps as many as 600, to line up and receive their pay at the end of the day. This would mean keeping workers standing in line for a considerable period of time, after working hours, waiting for their pay. The farmer would probably have no workers the next day.

Ordinarily a farmer with 100 pickers would be able to have all his bookkeeping done by 1 bookkeeper. However, many farmers who employ 100 pickers per day will, in the course of the season, have 3,000 to 4,000 different pickers in his field. Thus in order to comply with the Social Security Act it is necessary for a farmer to hire many bookkeepers in place of the one with whom he could normally get by.

In many localities in Florida it is necessary for a farmer to advertise his crop and the price which he will pay for harvest in order to get workers. As an example, in the town of Belle Glade with a population of 7,219 there is one entire square block set aside for the gathering of agricultural workers. This city block has a hard surface and is raised several feed above the street level. Farmers who desire to employ harvest workers back their truck in assigned stalls so that workers may step from the raised surface onto the truckbed. There are as many as 100 trucks around this block on mornings during the height of the harvest season. No worker is permitted to step on a truck until the town whistle blows at 7 o'clock.

Up to this time, truckdrivers will circulate among the workers with samples of the beans or corn which will be picked on the farm represented by that particular truckdriver. The truckdriver will announce whether it is first, second, or third picking and will also announce the price to be paid for the picking. The agricultural worker will then select the picking which he thinks is best and will gather at the rear of the said farmer's trucks. At the signal, he will move onto the truck and will be transported to the fields. I point this out, gentlemen, mainly for the purpose of illustrating how the agricultural workers drift from one employer to another and when he completes his work at night, the worker insists that he be paid because he may wish to work on some other farm the next day.

We have found in several sections of Florida, particularly where there are many harvest opportunities and a shortage of labor, that the workers will not work for a farmer who deducts the social-security taxes. Hence, in many cases, farmers who sincerely want to comply with the law and have made every effort to do so have found that they cannot secure harvest workers if they are going to deduct the taxes. The obvious result of this situation is that compliance is completely broken down in many cases and no one is deducting the tax because

when the farmer has put almost his last dollar into the planting of a crop, reason dictates that he must get the crop harvested.

The Internal Revenue Service recognized many of the problems with which the farmers were faced and early in 1955, shortly after the law became effective, issued recordkeeping regulations. In order to illustrate to you the situation which these gentlemen recognized, I would like to quote a portion of the recordkeeping regulation.

"The farmer should keep the following records on each employee to whom he pays, or expects to pay, $100 or more cash wages in a year for agricultural labor: (1) Name, address and social-security account number of employee; (2) payments to employee of cash wages for labor; (3) amount, if any, deducted as employee tax. If records are not required to be kept because a farmer did not expect to pay the employee as much as $100 yearly (for example, a migrant harvester or the short-term worker) and it later develops that he will be paid $100, the farmer should begin keeping records for that employee including as a starting point the best available information or estimate of the amount previously paid him in a year." The drawing of this regulation worded as it is shows that the Internal Revenue Service recognized the fact that it would be a tremendous burden to require farmers to keep records on the migrant workers or as the regulations put it "other short-term workers." However, this regulation does not provide any help to the majority of farmers who know that any farmworker on his farm can earn much more than $100 if he will work.

Officials of the Social Seceurity Administration from Baltimore have made personal visits in the field in Florida to observe this situation and they know of the problem from a personal view. Officials of the Internal Revenue Service in Jacksonville, Fla., and in Washington are also very much aware of this situation from field trips and from conferences which our association and members of other organizations have had with them. These gentlemen, of course, are highly sympathetic to the problems of the farmer, but naturally they have no authority to change the law. They have been most helpful in attempting to find some solution to this terrific problem, but with all of their knowledge and experience they have not been able to point the way whereby the farmer can comply with the law in view of the system under which these agricultural workers wish to work. This payment on a daily basis is not the farmer's choice. But as pointed out above, he must get his crop harvested and that is the only way that he is able to obtain workers.

There have ben proposals to raise the $100-per-year test to some higher figure and I have heard proposed tests up to $600 per year. Raising the wage test will reduce the problem because the higher the test the fewer workers who will be included. But this will only partly reduce the terrific financial burden of the farmer who attempts to comply with the law. It is manifestly unfair to expect farmers to shoulder this burden under the present application, particularly when compliance with the law meets objection from such a large number of workers.

I would like to emphasize that this change is urgently needed to reduce a part of the terrific expense of the farmer today. This will end the confusion that presently exists.

I wish to take this opportunity to thank you gentlemen for the courtesy extended me today and if you have any questions concerning our operations in Florida, I will be happy to attempt to answer them.

The CHAIRMAN. Our next witness is Dr. Joseph M. Babcock, American Optometric Association.

Dr. Babcock.

STATEMENT OF DR. JOSEPH M. BABCOCK, VICE PRESIDENT, AMERICAN OPTOMETRIC ASSOCIATION

Dr. BABCOCK. Mr. Chairman and members of the committee, my name is Joseph M. Babcock. I reside and practice optometry in Portsmouth, Ohio. In addition to serving as vice president in charge of national affairs, of the American Optometric Association, I am also secretary of the Ohio State Optometric Association. Our national association, like most others in the health field, is composed of individual members in each of the 48 States and the District of Columbia.

In most instances, the individual joins the local or State association, and at the same time becomes a member of the national organization.

There are three groups which provide the services essential to the care and preservation of the vision of the citizens of this country; namely, the optometrists, those physicians who specialize in the care of the eye and are known either as ophthamologists or oculists, and the opticians who fill the prescriptions for those members of the medical profession and of the optometric profession who do not do their own dispensing.

All of the opticians are now covered by the old-age and survivors benefits of the Social Security Act, but the self-employed optometrists and the physicians are excluded from it.

H. R. 7225, as passed by the House, would extend the coverage to self-employed optomertists, and other professional groups in the health field, but would not include physicians. Each of the 48 States and the District of Columbia requires that an individual to practice optometry must meet certain educational requirements and pass a board examination.

In the entire United States there are in the neighborhood of eighteen to twenty thousand licensed optometrists; a small percentage, the exception, are employed, and are therefore already covered by the provisions of the act, but those who are self-employed are excluded from it, and they constitute the vast majority of our profession.

Some of our members are too far advanced in years to be affected by the pending bill.

It is therefore difficult to estimate the number of our profession who would be included by this particular amendment; but I think it is safe to say that it is somewhere in the neighborhood of sixteen thousand individuals.

As you are all aware, when the Social Security Act was originally passed, it was intended primarily for wage earners in the lower income brackets. All of the professional groups were excluded. On several occasions, the law was amended to extend the coverage to other groups.

Prior to July of last year, the position of our association was that, if the coverage was to be extended to include other professional groups, optometry should be included, but that our profession should not be the only one to be covered by the act.

Among the professions there are some differences of opinion on this subject.

With the broadening of the coverage, our association decided that it was in the best interests of the members of our profession that those who are self-employed should be included in this program. Accordingly, at the annual meeting of our house of delegates, held last July in Milwaukee, Wis., the following resolution was adopted:

Whereas many optometrists have expressed a desire to participate in old-age and survivors insurance: Now, therefore, be it

Resolved, That the American Optometric Association take any and all steps necessary to have optometrists included in the provisions of the Federal Old-Age and Survivors Insurance Act.

Some of our members have raised the question as to whether or not the older ones in our group who would be included because of the delay in enacting this bill, might be unable to qualify for the full benefits by reason of the fact that this amendment would become effective subsequent to the year 1955. I am not fully familiar with the

technical phases of this particular question but I merely point it out in order that if it is necessary to include some technical amendments to make the maximum benefits available to the self-employed members of our profession, those amendments will be incorporated in the bill when it is reported out by the committee.

There are a vast number of other questions presented by this legislation but on these our association has not taken any position, and therefore I am confining my statement merely to those sections of the bill which would amend the act, so as to include in the old-age and survivors benefits of the law self-employed optometrists.

If there are any questions you, Mr. Chairman, or the members of your committee would like to ask, I shall be very happy to answer them.

In conclusion, I want to thank you for the opportunity to present the views of our association to your committee, and strongly urge that self-employed members of the optometric profession be included within the old-age and survivors insurance provisions of the social-security program.

The CHAIRMAN. Thank you very much, Mr. Babcock. Any questions?

Senator BARKLEY. How did it happen that the opticians were included in the coverage, whereas the ophthalmologists and oculists were not?

There is an approximation of ideas and treatments, similarities among the opticians and the ophthalmologists, the very words meaning the measurement of the eye; and the optician and all of these other men are all associated in the treatment of the eye. How did part get in and part come to be left out?

Dr. BABCOCK. Well, the ophthalmologists and the oculists are two groups of the medical profession who take care of vision and the eye.

The ophthalmologist is supposed to be a little better educated than the oculist. He has to pass a board of their own choosing and take a little more training.

Senator KERR. Do they have to be M. D.'s?

Dr. BABCOCK. Yes; either one. An oculist can be any M. D. who wishes to specialize without any further training.

Senator KERR. But he has to be an M. D.?

Dr. BABCOCK. That is right.

Senator KERR. And he is excluded because M. D.'s are excluded?

Dr. BABCOCK. That is right, and the medical profession, after going against socialized medicine, they do not think that that ought to apply, I don't believe.

Senator BARKLEY. Well, there is nothing in this country so far that forces socialized medicine, is there?

Dr. BABCOCK. No; but they are very much against it. [Laughter.]

Senator BARKLEY. Well, they could not be consistent in opposing what they call socialized medicine and asking to get in under it.

Dr. BABCOCK. That is right.

The CHAIRMAN. Any other question?

(No response.)

The CHAIRMAN. Our next witness is Joseph S. Shelly, of the Vegetable Growers Association of America. Have you got a statement to present to the committee to be included in the record?

STATEMENT OF JOSEPH S. SHELLY, VEGETABLE GROWERS ASSOCIATION OF AMERICA

Mr. SHELLY. Mr. Chairman, I do not have a statement to file. I would, however, like to make this statement as secretary of the Vegetable Growers Association of America, that we endorse the proposal which the Florida group made, which is an affiliate association of ours; and we endorse their recommendations.

That is the extent of my statement.

The CHAIRMAN. Thank you.

Any questions?

Senator BARKLEY. You represent the Vegetable Growers Association of America; how wide an area do you cover?

Mr. SHELLY. We cover approximately 30 States, Senator, and we have approximately between 7,000 and 8,000 mmbers, sir.

We have direct members and we have affiliated members and the Florida association which Mr. Morefield represented is an affiliate of ours.

The CHAIRMAN. Any further questions?

(No response.)

The CHAIRMAN. Thank you very much.

Our next witness is Dr. J. A. McCallam of the American Veterinary Medical Association.

Would you please identify yourself for the stenographer?

STATEMENT OF DR. J. A. McCALLAM, THE AMERICAN VETERINARY MEDICAL ASSOCIATION

Dr. MCCALLAM. Mr. Chairman and member of the committee, I am James A. McCallam, brigadier general, U. S. A., retired, a past president of the American Veterinary Medical Association, and formerly a member of the executive board. Currently I am the Washington representative, and am appearing today on behalf of the association in connection with H. R. 7225, Social Security Amendments of 1955. My testimony will be directed primarily toward section 104 (d) of the subject bill.

Under section 211 (c) (5) of the Social Security Act, professional service performed by any self-employed person as a physician, lawyer, dentist, veterinarian, among others, is excluded from the definition of the term "business or trade" for purposes of determining "net earnings from self-employment." Thus, the veterinarian, among others in that grouping, is excluded from coverage under the law.

Section 104 (d), H. R. 7225, would eliminate the exclusions referred to—the professional self-employed—except in the case of the doctors of medicine, i. e., the self-employed physician.

The American Veterinary Medical Association has opposed compulsory coverage of veterinarians under the Social Security Act. Our position has not changed. In August 1955, at the 92d annual convention, delegates to the house of representatives of the AVMA, representing their State associations, voted to oppose the compulsory coverage of veterinarians, as provided in H. R. 7225, and directed appropriate action be taken by the association to effect the exclusion. This action of the delegates is a reiteration of the position taken by the association

during the 83d Congress when an attempt was made to include the self-employed veterinarian in the Social Security Amendments of 1954.

Since the House committee did not hold public hearings when considering H. R. 7225, we do not know the reasons for including the veterinarian. Nor are the reasons known why the doctor of medicine is excluded. However, on June 1, 1954, during debate in the House of Representatives on the Social Security Amendments of 1954 (Congressional Record, June 1, 1954, p. 7021), it was pointed out that physicians were excluded because they do not retire at age 65. They continue working, therefore they—presumably the House Ways and Means Committee—did not think it fair for them to be required to pay the tax when they did not expect to retire and get benefits.

Gentlemen, we agree with that determination, and the reason given is equally applicable to the self-employed veterinarian. Only a very small proportion of practicing veterinarians consider age 65 is the demarcation between their working years and complete retirement. They are not forced into abrupt retirement. They prefer to continue practicing, although tapering off as they grow older.

I should like to emphasize that the number of veterinarians in this country is insufficient to meet the demands for veterinary service. Veterinarians recognizing their obligation to serve agriculture and the welfare of the public through protecting livestock against animal diseases are reluctant or even find it impossible to refuse to render service to those with whom they have been associated during the earlier years of their professional careers. The majority of veterinarians are located in rural areas where there is not the urge to relocate for retirement as exists in large metropolitan areas.

In view of the existing retirement habits of veterinarians it would be an injustice to saddle them with contributions with little likelihood of desiring or requiring the benefits for which they would be required to pay. It would be an enforced insurance that does not fit the economic pattern of the self-employed veterinarian. Furthermore, the tax burden imposed would be considerable over the years. For example, a self-employed person age 35, paying social-security taxes for 30 years, 1956 to 1985, would contribute $6,111. Under the rates proposed in H. R. 7225, his taxes would amount to $7,096. The amount paid would be increased providing his earnings exceeded $1,200 per taxable year; furthermore, he would not receive any retirement benefit until age 72.

Gentlemen, it does not seem right to compel those who are capable of providing for their own security to come under the social-security system. We believe the self-employed veterinarian should be allowed some degree of self-determination with respect to coverage under the act. The American way would be to permit voluntary coverage. We have heard there are some in Government who say this is not feasible. It is a fact, however, voluntary coverage is permitted for some. The American Veterinary Medical Association is on record in favor of voluntary coverage for the self-employed veterinarian.

H. R. 7225 does not provide for universal compulsory coverage, certain employed and self-employed being excluded. We submit that the self-employed veterinarians likewise are a proper group for exclusion.

The American Veterinary Medical Association respectfully requests that H. R. 7225 be amended to exclude the self-employed veterinarian from compulsory coverage under the old-age and survivors insurance system.

We thank you for the privilege of testifying.

The CHAIRMAN. Thank you very much, Doctor.

Now, if you had a choice between the compulsory coverage and no insurance, which would you prefer, if it were not voluntary?

Dr. MCCALLAM. We are not for compulsory insurance. That is the vote of the delegation.

The CHAIRMAN. Your choice would be no coverage?

Dr. MCCALLAM. That is correct. It does not fit the economic pattern of the veterinarians. They would go on working, they would not retire, as I pointed out and, as the Senator knows, they would have to continue paying taxes until retirement—or, until they reached the age of 72.

The CHAIRMAN. What income did you use or figure on in your calculation?

Dr. MCCALLAM. Sir, I figured at $4,200.

I brought those figures with me. I did this last year when I had to talk before the house of delegates, to give them an explanation.

I figured under various periods here. For instance, under the present tax, 1956 to 1959, that would be 4 years, that is 3 percent of $4,200 and that was $126 a year.

Then, 1960 to 1964 it is 3¾ percent and that would be $157.50 for a 5-year period.

In other words, it went on down, taking the tax rate for those periods.

And the same thing under the proposed rates in H. R. 7225, I did the same thing there: 4 years at 3¾ percent; 5 years at 4½ percent; 5 years at 5¼ percent; 5 years at 6 percent; and 11 years, to bring them up to the 30 year period, at 6¾ percent, based on the maximum rate of $4,200 that he would have to pay—maximum coverage.

The CHAIRMAN. Does this statement represent the overwhelming majority of the veterinarians opinion?

Dr. MCCALLAM. It represents, sir, the vote of the house of delegates; 48 States and the District of Columbia—and I should say overwhelming, yes, sir.

There were two States that did want compulsory coverage, New York, I believe, and New Jersey.

The CHAIRMAN. Otherwise, that was the vote of the house of delegates—overwhelming?

Dr. MCCALLAM. Yes.

The CHAIRMAN. Would you say 90 percent?

Dr. MCCALLAM. Oh, yes.

The CHAIRMAN. Any questions?

Senator BARKLEY. What proportion of the veterinarians of the United States are members of your association?

Dr. MCCALLAM. Oh, I would say over 80 percent, around there. We have a very high coverage.

I think at the present time, and the figures are of 1954, Senator Barkley, I believe there were around 16,000 veterinarians and we have over 13,000 members. I forget the exact number, in 1954.

In 1955 we had almost—well, we did have 14,000 members out of a little over 16,000. That has gone up some since, I understand, it is now well over 14,000, so it is some 80 or 90 percent.

Senator BARKLEY. Do you know Dr. Coffey?

Dr. MCCALLAM. Yes, sir. He is a past president of the association. He is a very fine gentleman.

Senator BARKLEY. Yes, a very fine gentleman. Now, he had quite an organization there. I am taking him as an example. I do not know whether they were all partners or if they were on terms of equality with him or not, or whether some of them were employed by him.

Your testimony does not go to any of those who are employed by him?

Dr. MCCALLAM. No, sir.

Senator BARKLEY. Just goes to him?

Dr. MCCALLAM. No, sir, just the self-employed. I think on his arrangement, he comes under social security, some of the people employed by him, the veterinarians, because that is an employer-employee relationship.

Senator BARKLEY. That is compulsory.

Dr. MCCALLAM. That is compulsory, yes, sir; they come under that. This pertains to the self-employed veterinarian only.

I might say that between 60—I do not have the exact figure, but 2 years ago, in the 1954 Directory, over 65 percent are practicing veterinarians out of that total membership.

Senator KERR. Doctor, do you feel a little reticent about revealing your age?

Dr. MCCALLAM. No, sir, I do not. I will be 62 on May 13 of this year.

Senator KERR. When did you retire?

Dr. MCCALLAM. I retired in 1953, January, under statutory requirement, with 5 years in grade at that time, and I had to retire, with 35 years of service.

Senator KERR. Are you eligible for retirement benefits?

Dr. MCCALLAM. Oh, I draw benefits under Army retirement.

Senator KERR. Is that a compulsory thing?

Dr. MCCALLAM. Sir?

Senator KERR. Is that compulsory?

Dr. MCCALLAM. That is a part of your arrangement when you come into the Army, yes, sir.

Senator KERR. And you do not feel badly about it?

Dr. MCCALLAM. No, sir, because your pay was based upon that, that you would receive so much pay over the years, in view of the retirement.

Senator KERR. Do you know anybody in the service that gets out of it because they have to make provision for retirement pay?

Dr. MCCALLAM. Oh, I could not answer that question. Some of them—the retirement pay would not take care of you——

Senator KERR. I say, do you know of anyone?

Dr. MCCALLAM. I do not know.

Senator KERR. That refused to take it?

Dr. MCCALLAM. Oh, no, I don't know of anyone that refused to take it—perhaps some of them would.

Senator MARTIN. Might I ask a question that might clarify this?

The Army officer does not make any contribution; it has always been considered that his retirement is a part of his compensation?

Dr. MCCALLAM. That is right. That is what I was about to point out.

Senator MARTIN. And that is all he contributes.

Senator KERR. The Senator from Oklahoma is well aware of that, it is just that I was quite interested in this opposition to the retirement program voiced by one who is himself a beneficiary of retirement.

Dr. MCCALLAM. May I say, sir, I am representing my association and I am speaking for the practitioners, the veterinarians in this matter, not as an individual.

Senator KERR. Are you telling me that about 90 percent of the veterinarians belong to your association?

Dr. MCCALLAM. I said somewhere around 80 percent.

Senator KERR. You said better than 14,000 out of 16,000?

Dr. MCCALLAM. Something like that. I do not have the exact figures.

Senator KERR. That means better than 85 percent—I mean, I am just taking your figures.

Dr. MCCALLAM. From 80 to 90 percent, somewhere. We have a very high percentage of joining. At one time, Senator, it was at least 75 percent and it has gone up.

Senator KERR. And you tell me the overwhelming proportion of your members are opposed to this provision?

Dr. MCCALLAM. Based on our delegates, representing State associations. You see, we are organized on the basis of State associations, and they go to the annual convention to vote on issues directed to them.

Senator KERR. Would you be surprised to learn that a poll I had personally taken among the veterinarians in Oklahoma disclosed that of those replying over 60 percent favored the provisions of this act?

Dr. MCCALLAM. No; I didn't know about that.

Senator KERR. I say, would you be surprised to learn that?

Dr. MCCALLAM. I do not know how the vote was taken, sir.

Senator KERR. Well, it was a voluntary vote. I just wrote each one of them a letter and told them this bill was before the Senate and that I would like to have their expressions of their attitude toward it.

Dr. MCCALLAM. Yes, Senator——

Senator KERR. And I asked them, if it got down to the point of either being excluded from the bill or brought under it by a compulsory provision, would they recommend that I vote on it—would you be surprised to know that the poll I took, that the returns I got from it showed that better than 60 percent of them favored being brought under it on a compulsory basis?

Dr. MCCALLAM. May I ask the Senator a question with regard to that?

Senator KERR. You can ask me any question you want to; I will answer it or not as I see fit.

Dr. MCCALLAM. I understand. What I want to understand, Senator—the polls that were taken, for instance, in New York and New Jersey which I mentioned in answering the chairman's question, when

they took the polls, I learned that they wrote to everyone. In other words, they did not confine their poll to the practitioners in New York, and the same thing happened in New Jersey.

In other words, some of those individuals under the employer-employee relationship are now covered by social security and they agreed that if this thing was to be right, it should have been the self-employed veterinarians, because that is the one we are really talking about, and I—well, I do not know in regard to the Oklahoma poll whether it went to the practitioners or not and I do not recall how their delegates voted from Oklahoma in the national association convention.

Senator KERR. You still do not want to answer my question, whether you would be surprised to know that the results showed over 60 percent of those answered in favor of being brought under on a compulsory basis?

Dr. MCCALLAM. No; I said I did not know that, sir. I did not know that.

Senator KERR. I am going to suggest to you what I suggested to the representative of the medical association. I think that it would not hurt you to take an up-to-date poll of your members.

Dr. MCCALLAM. You mean now, sir?

Senator KERR. Yes. I do not think that those in Oklahoma are different than those in Arkansas, Alabama, Virginia, or Tennessee, and I must say I was a little bit surprised when I got these returns from those questionnaires, but I found an overwhelming percentage of every one of these professional groups asking that their group be brought under on a compulsory basis if they could not be brought under on a voluntary basis, and I do not think that the lawyers and veterinarians and dentists and the other groups covered here are much different than anybody else, and I do not think that the veterinarians in Oklahoma are any different than they are generally elsewhere; and for your information that was the result of the poll in Oklahoma, and I did not take it as a partisan or advocate here of this provision of the bill. I just took the list that your association gave me and I wrote the members, I wrote each one of them that letter, and that was the result that I got back from them.

I expect to make that part of this record—and I must say that the leadership of the organization was surprised to learn how their members felt; and I would not be surprised but what you would be surprised to learn how they feel if you talk to them.

(Senator Kerr subsequently submitted for inclusion in the record the following sample of his social security questionnaire and the tabulated results of the poll referred to above:)

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
November 19, 1955.

DEAR FRIEND: I am writing you to ask your views on pending legislation to amend the social-security law.

The bill passed by the House (H. R. 7225) would extend compulsory social-security coverage to over 200,000 people who are self-employed in the practice of certain professions. The groups who would be compelled to accept coverage include lawyers, dentists, osteopaths, chiropractors, veterinarians, naturopaths, and optometrists.

This will come up for action before the Senate Finance Committee, of which I am a member. I would like to have your help in my effort to learn the wishes of a majority of the members of each of these professions.

First, I would like to say that I was among those who tried to get coverage for the professions on a voluntary basis when the present law was enacted. This effort was strongly opposed by the administration through the Labor Department, Treasury Department, and the Department of Health, Education, and Welfare. I am sure that their attitude has not changed. My opinion is that an effort to secure coverage in the present bill on a voluntary basis will fail. However, I would appreciate an expression from you advising me if you would favor compulsory coverage to no coverage at all in the event we are unable to secure voluntary coverage.

Hoping that you will indicate your opinion hereon and return this to me, I am,

Sincerely yours,

ROB'T S. KERR.

I prefer compulsory coverage provided by H. R. 7225 (X)
I prefer compulsory coverage if voluntary coverage cannot be provided in the law (X)
I prefer not to be covered by social security ( )
My profession is:

( ) Lawyer
(X) Dentist
( ) Osteopath
( ) Chiropractor
( ) Veterinarian
( ) Naturopath
( ) Optometrist

	Lawyers	Dentists	Osteo-paths	Chiro-practors	Veteri-narians	Naturo-paths	Optome-trists
I prefer compulsory coverage provided by H. R. 7225	303	53	17	12	11	2	21
I prefer compulsory coverage if voluntary coverage cannot be provided in the law	690	142	73	80	36	4	73
I prefer not to be covered by social security	420	122	39	25	32	1	28

Dr. MCCALLAM. Well, sir, if I may say so, I have talked to quite a number and I have been to a number of State association meetings, the past 2 years particularly.

Senator KERR. Well, I think that this information you have you got 2 years ago or longer.

Dr. MCCALLAM. It was recently; recently, also. I might add that 2 years ago, at that time I was president of the association, and I did get around considerably and had many conversations, and since then I have gone around considerably at times, on invitation from State associations, to give an objective presentation on this bill, which I did.

Many of them do not know what is in this bill, they do not know how much taxes——

Senator KERR. You did not go to Oklahoma?

Dr. MCCALLAM. I did not go to Oklahoma——

Senator KERR. You did not go to Oklahoma.

Dr. MCCALLAM. I might have changed their viewpoint.

Senator KERR. I wondered if that wasn't your purpose——

Dr. MCCALLAM. No, sir. I object to that.

The CHAIRMAN. Any further questions?

(No response.)

The CHAIRMAN. Thank you very much.

Dr. MCCALLAM. Thank you, Mr. Chairman, for this opportunity to express our view.

(By direction of the Chairman, the following is made a part of the record:)

RESOLUTION ON SOCIAL SECURITY BY ASSOCIATED FARMERS OF RICHLAND COUNTY

Whereas we believe the Federal Social Security Act to be unconstitutional as no such authority was ever delegated to Congress in our Constitution or by amendment thereto by the people, hence is in violation of article X of our Bill of Rights; and

Whereas the United States Supreme Court in 1937 held that Congress has no constitutional power to earmark or segregate certain kinds of tax proceeds for certain purposes, yet the Federal Government continues to accumulate a reserve fund for social-security benefits; and

Whereas this reserve fund consists of Government obligations on which the taxpayers must pay interest and eventually principal, resulting in the taxpayers paying more than double in a constantly increasing form of taxation; and

Whereas farmers were repeatedly promised exemption from this act by Congress and therefore resent this additional form of coercion: Now, therefore, be it

Resolved, That we request Congress immediately to amend this law to provide it shall apply to self-employed farmers on a voluntary basis only.

Attest:

JOHN G. WOODS,
Chairman, Mansfield, Ohio.

UNITED STATES SENATE,
COMMITTEE ON APPROPRIATIONS,
September 26, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Washington, D. C.

DEAR HARRY: Attached is a letter from Mrs. Rose Ryan, Cloverport, Ky., urging the adoption of legislation to make social-security payments available to farm operators retroactive to 1950. This is one of many letters I have received in this regard.

During your hearings on further social-security amendments at the next session of the Congress, I would be pleased to have consideration given to this proposal if deemed advisable by the committee.

With kindest personal regards, I am

Sincerely yours,

EARLE C. CLEMENTS.

CLOVERSPORT, KY., *September 10, 1955.*

Hon. EARL CLEMENTS,

DEAR SIR: Having read your article in the Breckenridge News, relative to social security, I am telling you my problem. I am 76 and have always lived on the farm, and am aware the farmers were not covered by social security, but I have raised chickens for years, $900 or more per year.

I see where they are making a lot of amendments in favor of the old people, and I am the only person around here my age who is not getting any assistance at all.

Do you think there could be an amendment added that I could draw social security since 1950 on self-employment by paying the social-security tax since 1950? I would be willing to take $400 per year.

If you can do anything to help it will be appreciated very much.

Sincerely,

Mrs. ROSE RYAN.

ELGIN, ILL., *January 17, 1956.*

Hon. EVERETT M. DIRKSEN,
United States Senator,
Senate Office Building, Washington, D. C.

DEAR MR. SENATOR: Perhaps the enclosure will be of interest to you. But the reference to the impact of the self-employment tax on farmers calls for further comment. It is my understanding that the Senate approved this coverage for farmers with some reluctance and with the expectation that the farm groups would make their views known before the present session of Congress. If you have heard little from farmers on this subject, I think it is because they do

not yet realize what it is all about. I know that many of my neighbors are unaware of its effect.

I was shocked to see the administration push this odious New Deal program to include self-employed farmers and I have been amazed that it has not produced a profound reaction. Perhaps that will come when farmers again have income sufficient to feel the effect of the tax. Politically, it may not be expedient yet to cancel the present law.

But I do entreat your efforts to have it modified to allow a farmer to first compute an interest return on his capital investment before taxing him on profits or earnings on his self-employment. You know that that the investment per worker to agriculture is extremely large under present conditions, and the tax as now imposed is almost entirely a Federal property tax. For instance, there are four of us working my 400 acres and the land, livestock, and equipment would cost at least $250,000. That means over $60,000 per man. Rarely, do I make a decent interest return on that investment, yet whatever I make is taxed on the same plane as are the wages of a factory employee who has nothing more invested than perhaps his overalls and his union dues. My State and county taxes have increased 74 percent in the past 6 years, and now Uncle Sam wants 3 percent on my net earnings, plus a high income tax too.

Yours very truly,

JONATHAN L. LATIMER.

NATIONAL COTTON COUNCIL OF AMERICA,
Washington, D. C., January 24, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
The Capitol, Washington 25, D. C.

DEAR SENATOR BYRD: This letter is for the purpose of informing you and members of the Senate Committee on Finance of the views of the National Cotton Council of America regarding social-security coverage of farm operators and farmworkers. The cotton council is a voluntary organization of the raw-cotton industry, consisting of cotton farmers, cotton ginners, cotton warehousemen, cotton spinners, cotton merchants, and cottonseed crushers.

At the last annual meeting held in Houston, Tex., on February 1, 1955, the delegate body, comprising reprsentatives of all six branches of the industry enumerated above, adopted the following resolution without a dissenting vote:

"That the council support legislation to remove from the provisions of the Social Security Act the compulsory coverage of farm operators and of farm labor employed on a part-time, temporary, or seasonal basis; * * *."

The council believes that more experience should be gained with the legislation before it is made mandatory that farm operators be included in the old-age and survivorship provisions of the Social Security Act. It is not our thought that farm operators should be excluded from the coverage under the act, but that it should be optional with each individual involved.

The requirement that every farm laborer who is paid $100 or more in cash wages by 1 employer in any 1 calendar year be covered under the act is impractical and burdensome. This is particularly true in cotton production, as much of the cotton chopping and picking is performed by off-the-farm workers who may be paid either on the basis of the number of pounds of cotton picked, or on an hourly or daily basis. The farmer who has, say, 20 cotton pickers recruited from off the farm working daily for a period of a month or more may well have 100 different individuals working for him sometime during the season. Workers move from farm to farm, picking cotton where they think they can make the most money.

It is extremely burdensome on the farm operator to establish accounts for every worker who picks or chops cotton for him and make the proper postings for every pay period. It is our view that this situation should be handled either by considering such workers as self-employed or that mandatory coverage be limited to workers who are regularly employed on 1 farm and who receive not less than $200 per year in cash wages, or who worked at least 60 days.

We are in accord with the change which would have sharecroppers considered as self-employed.

We would appreciate your bringing the views of the cotton council to the attention of the committee and make this letter a part of the record of the hearings on this subject.

Respectfully submitted, I am,

Sincerely,

J. BANKS YOUNG,
Washington Representative.

WHITMIRE, S. C., *January 10, 1956.*

Senator OLIN D. JOHNSTON.

DEAR SIR: There are thousands of small farmers that have a limited amount of saw timber to sell. As the law is the farmer must own and operate the mill to qualify for social security.

We farmers are planting trees as much as cotton, corn, wheat, and oats. The farmers do not own their cotton gin, but can qualify with cotton, provided they do not make the cotton with sharecroppers. Can the law about the lumber be so amended by the Congress so that the farmers can sell their lumber, also the law concerning sharecroppers' share, so the farmers will have something they can use to get their social security?

I understand the law is going to be amended so that the women may get social security when they become 65 years of age. I think this will be fine.

Very truly yours,

A. H. MAYBIN.

KELLEY & CONNER,
Great Bend, Kans., January 19, 1956.

Senator ANDREW F. SCHOEPPEL,
Senate Office Building, Washington, D. C.

DEAR ANDY: There is one thing about social security relating to farmers that should be changed.

Farmers employing labor are required to make the employer's social-security reports by January 31. A little while back the farmer's income-tax report due date was changed to February 15. The practical effect of the social-security dateline is to again gang up all the farmers during the month of January in the making of their tax reports. Our suggestion is that the due date of a farm employer's social-security report be changed to February 15.

With best personal regards, we are,

Yours very truly,

FRED L. CONNER.

UNITED STATES SENATE,
SELECT COMMITTEE ON SMALL BUSINESS,
January 21, 1956.

Maj. JERRE L. DOWLING,
323 Eufaula Street, Ozark, Ala.

DEAR MAJOR DOWLING: Thanks for your letter of January 16 with enclosure regarding the administration of the Social Security Act.

While I am not a member of the Senate Committee on Finance, which has jurisdiction over social-security legislation, I am informed that later in the month the committee hopes to hold public hearings on various proposals before the committee to amend the act. I am, therefore, taking the liberty of transmitting your letter to the committee asking that your recommendations be given every possible consideration when this legislation is under discussion.

It is good to know that Zack was with you for Christmas. I remember him quite well and shall appreciate very much your giving him my regards the next time you may write him.

With best wishes and kindest personal regards, I am,

Sincerely,

JOHN SPARKMAN.

OZARK, ALA., *January 16, 1956.*

Re ineligibility of certain farm owner-managers for participation in the social security program under current rulings and regulations of the Social Security Administration and the Internal Revenue Service

Hon. JOHN J. SPARKMAN,
United States Senate, Washington, D. C.

DEAR SENATOR SPARKMAN: To my direct personal knowledge, a representative number of the best farmers and citizens of Dale County are worried and concerned because under current Social Security Administration and Internal Revenue Service rulings and regulations they are being excluded from participation in the social-security program. It is my opinion that this interest and concern will increase among the farmers of Dale County—and other counties in the State of Alabama—when and as the full import of the current rulings and regulations becomes generally known.

The appended copy of letter to the Honorable Marion B. Folsom, the Secretary of Health, Education, and Welfare, sets forth the facts and circumstances of the situation.

Of course, it is fully appreciated that there is little or no chance at this time for administrative action. The only reasonable opportunity for correction of the obvious discrimination would seem to be through congressional enactment. Since there is now pending before the Senate Finance Committee the further amendment of the Social Security Act, as passed by the House at the last session of the Congress, in order to set aright the apparent injustice, I respectfully suggest some such revision as follows:

The paragraph of the social security amendments of 1954 which reads: "There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares) together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer," shall be amended as follows:

Change period at end of paragraph to semicolon and add the following: "*Provided*, That farmowner-managers whose principal avocation is farming, and who operate their farms in conjunction with their tenants under a joint agreement covering a division of capital, labor, expense, and profits shall be deemed to be self-employed."

Sincerely yours,

JERRE L. DOWLING.

P. S.—My brother, Zack Dowling, spent Christmas with us here at our old family home. Zack remarked that you had traveled several light-years in distance and attainment since the old days together at the university.

J. L. D.

OZARK, ALA., *January 16, 1956.*

Re request for official reconsideration and reinterpretation of current Social Security Administration and Internal Revenue Service rulings with respect to ineligibility for social security participation of farm owner-managers who operate their farms under a joint operating agreement.

Hon. MARION B. FOLSOM,
The Secretary of Health, Education, and Welfare,
Washington, D. C.

MY DEAR MR. SECRETARY: At the earnest request of several of my clients—and at no charge to them for my services—I am writing to ask respectfully a reconsideration and reinterpretation of current Social Security Administration and Internal Revenue Service rulings and regulations which bar a farmer from participation in the social-security program as a self-employed citizen when the bona fide avocation of such citizen is the running of his farm under a clear and simple operating agreement with his several tenants.

The basis for the current Social Security Administration and Internal Revenue Service rulings excluding such farmowner-managers from taking part in the social-security program appears to stem from a rigid implementation of a provision of the Social Security Amendments of 1954 which reads: "There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares) together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer."

Thus, under the derived rulings, farmers who run their farms under a clear and simple joint operating agreement with their several tenants are shut out from admission to the social-security program upon the apparent assumption that such farmowner-managers contribute nothing to the productive operations of the farm, but merely and solely receive rent for the use of their lands, tenements, and chattels.

This assumption is totally erroneous. On the contrary, these farmowner-managers perform a veritable, solid, and indispensable function in the entire operation and production of the farm. These farmowner-managers are hard-working citizens who lead and direct their several tenants in a cooperative endeavor. Working together they bring the soil to its maximum fruition. Both managers and tenants are entrepreneurs. Both are enterprisers and risk takers together. There exists no legal partnership, but their venture is a joint one, and is not solitary in interest, in action, or in result. The higher the return for their joint and united effort and enterprise, the higher the profit for manager and tenants alike.

These farmowner-managers assume full responsibility for the farm operations. They control and they direct all phases of the farm activity. They contribute hard physical labor. They throw into the operation a full measure of know-how. They draw heavily upon their long experience. They make the decisions. By precept and example they give able and indefatigable instruction and supervision to their coworking tenants.

These farmowner-managers are bona fide self-employed Americans, They were born and will die upon their lands. Farming is their life's work. They are up and stirring before the light of day. They are bronzed by the sun and soil, by the wind and rain. Year in and year out, they are the world's best producers of meat, grease, grain, and fiber that sustain America. They have no outside or conflicting interest. They have no time for loafing and little time for vacation. Under no reasonable stretch of the imagination do these farmowner-managers merely and solely rent their lands, tenements, and chattels for a rental based on crop shares.

In glaring contrast to these hardworking farmowner-managers are any and all farmer-landlords whose economic function is purely and solely the renting of their lands, tenements, and chattels under an arrangement that provides that rental shall be paid in crop shares. One of my good neighbors is such a farm-owner-landlord (capitalist). He is a successful member of a leading profession and devotes his full time and effort to his profession. Some years ago, as an investment, he bought a tract of land together with a tractor and equipment. Each year this citizen rents his farmland, tenements, and chattels for rental income based on shares of the crops produced entirely by his tenants. This citizen-investor contributes no labor—physical or mental—of any measurable significance in the productive operations of the farm. Even if he were willing, he has no farming know-how to offer. He rarely sets foot on his land. By no stretch of the imagination is he—or any similar farmowner-landlord (capitalist) a self-employed American farmer.

The farmowner-managers for whom this appeal is written are deeply worried and concerned over the apparent disenfranchisement of themselves, their wives and widows, and their mother and children from participation in the social-security program because under the current rulings of the Social Security Administration and the Internal Revenue Service they are bracketed with and categorized with the landlord described in the preceding paragraph. These good citizens feel conscientiously that they are being discriminated against. They feel sincerely and intensely that the current rulings which shut them out from participation simply do not meet the fundamental American tenets of fairness and justice.

It is with the conviction that the grievance of these good citizens is well founded and just that this appeal is very respectfully addressed to you, Mr. Secretary, as entirely worthy of your attention.

Sincerely yours,

JERRE L. DOWLING.

TRENTON, S. C., *October 20, 1955.*

Hon. HARRY F. BYRD,
United States Senate,
Washington, D. C.

DEAR SENATOR BYRD: Understanding that you have before your committee certain bills amongst which is proposed amendments to the social-security law, I am addressing this letter for your consideration.

The farmers in my section of the South have met with considerable disappointment in being advised that they cannot qualify for social security on that part of their farm income that is derived from the sale of crops grown by tenants although the farmer operator furnishes all supplies, gives his entire time in directing the work of tenants as well as for those crops that may be worked by regular hired labor. The farm operator is responsible for every supply furnished, every expense incurred in the operation, and yet under the rulings of the Internal Revenue Service as of this date, this farmer is not entitled to qualify for social security.

Please understand that farming is the sole occupation of this farmer, and while all other business operators qualify for self-employment social security, the farmer is ruled out. Governmental authorities have flooded the country with information to the effect that farmers can qualify for social security, yet when the time comes for him to make returns, he is disqualified. It was published extensively that farmers were taken under social security and we cannot understand why they are now disqualified.

I believe all professions except physicians and all business persons otherwise are covered by the law. Now what is so disappointing to the farmer is to find that he is left out.

In the considerations of present bills now in committee, it is hoped that you will see that the farmer, who has borne his full share of burdens, gets fair treatment.

You are closely affiliated with farmers and we hope that you will lend your influence to see that he, along with so many others who now are covered in social security, will have some consideration.

Your reflection on this subject will be greatly appreciated.

Very truly yours,

J. H. COURTNEY.

QUINCY, MASS., *January 19, 1956.*

HON. HARRY F. BYRD,
United States Senate,
Washington, D. C.

DEAR SENATOR BYRD: It is my understanding that the Senate Committee on Finance will soon hold hearings on the new social security bill (H. R. 7225) passed by the House of Representatives during the last session of Congress. With your permission, I should like to express my views on this matter.

By profession, I am a veterinarian and although I am currently serving a 2-year tour of active duty with the Army, I expect to be separated from the service next summer and intend to enter private practice at that time in my home State of California.

I oppose the inclusion of veterinarians under the social-security program on a compulsory basis. My reasons for this attitude are as follows: First, most older veterinarians with whom I am acquainted never completely retire unless forced to do so by ill health. Generally, as they become older, they reduce their workload to a level commensurate with their physical capacity but because of their interest in and dedication to their profession they rarely more than "semi-retire." And normally, their income in semiretirement exceeds $2,080 a year. Thus, they would be excluded by law from drawing any benefits. Personally I do not intend to retire completely with the result that I would be in the above-described group. Second, it is my firm belief that the citizen should be allowed to choose the manner in which he conducts his life and affairs and this right should be limited only to a degree necessary to protect the rights of others. Compulsory inclusion under social security denies this right of self-determination and this, in my opinion, is wrong.

H. R. 7225 contains a proposed new tax rate to be paid into the social-security program by the self-employed. As I understand it, this will be at the rate of 6¾ percent after January 1, 1957. This is a rather large sum to pay when one considers that, in all probability, many veterinarians can never draw any benefits because their earned income during their semiretirement will disqualify them. In my opinion, this is near to being outright confiscation of income.

Finally, it is incomprehensible to me why, out of all the professions, only physicians are excluded from social security in this bill. Conversations with my colleagues indicate that the majority of veterinarians are just as opposed to being included as are the physicians. Why then is there this inconsistency where veterinarians are included and yet physicians excluded?

It would be acceptable to me if veterinarians are included on a voluntary basis. That is, that each individual should be allowed to decide for himself whether he wishes to come into the social-security plan. In addition, I would think it would be fair and consistent to provide some sort of tax deferment on income for funds to be set aside to establish a voluntary pension plan. In my opinion, this would be much more realistic as it would allow the individual to provide for his later years in a manner consistent with his philosophy on retirement.

Thank you for allowing me this opportunity to present my views to you and to the Senate Committee on Finance.

Very truly yours,

JERROLD W. COLE, D.V.M.

DENVER, COLO., *January 19, 1956.*

Senator EUGENE MILLIKIN,
Senate Office Building,
Washington, D. C.:

The House of Representatives of the American Veterinarian Medical Association at their meeting in Minneapolis unanimously objected to the self-employed veterinarians being blanketed under compulsory social security. Will you please amend H. R. 7225 to exclude such veterinarians under this bill?

SENATOR N. J. MILLER,
Member of the Legislative Committee of the AVMA.

OKLAHOMA VETERINARY MEDICAL ASSOCIATION,
Oklahoma City, Okla., January 29, 1956.

Dr. J. G. HARDENBERGH,
Executive Secretary, American Veterinary Medical Association,
Chicago 5, Ill.

DEAR DR. HARDENBERGH: I am instructed by the Oklahoma Veterinary Medical Association to inform you that, at its last regular annual meeting, January 9 and 10, 1956, it voted unanimously as desiring to go on record that it is opposed to the extension of social security to veterinarians in any form.

I have also been instructed to transmit this information to both Senators from this State.

Very truly yours,

C. H. FAUKS,
Retiring Secretary-Treasurer.

NEW YORK STATE VETERINARY MEDICAL SOCIETY,
Utica, N. Y., January 16, 1956.

Re Inclusion of veterinarians under social security, H. R. 7225.

Hon. HARRY F. BYRD,
Chairman, United States Senate Finance Committee,
Washington, D. C.

HON. SENATOR BYRD: It is my privilege and duty as president of the New York State Veterinary Medical Society to address this message to you so that you may be apprized of the view of the vast majority of veterinarians in our State.

Veterinarians in New York State are in favor of social-security coverage and favor inclusion in H. R. 7225.

We know that we speak for the vast majority of our veterinarians in New York and we believe that our views express the sentiments of the majority of veterinarians in the United States. How do we know this?

We know this because we conducted the only grassroots level sampling of veterinary sentiment in the United States. All of our over 1,000 veterinarians in New York were contacted and approximately 60 percent of those contacted actually responded, and their answers indicated that approximately 85 percent favored inclusion. We didn't seek a mere "Yes" or "No" to a loaded question. We sent a questionnaire to every veterinarian in the State. Besides this, we included a booklet entitled "Your Social Security," published February 1955 by the United States Department of Health, Education, and Welfare, as an aid to our veterinarians in determining whether or not they favored inclusion, and, most important, we sought a detailed statistical breakdown into ages, work categories, locations, etc. (see exhibit attached hereto).

The results tabulated from the 1,000 letters mailed are as follows:

Cards returned	535
Desire coverage	452
Against coverage	68
Undecided or incomplete cards	15

The above figures are taken from the September–October 1955 issue of Veterinary News, published by the New York State Veterinary Society. Nearly 300 in the 20–50 age group were in favor of social security. This is the group which would have to pay for many years to benefit themselves, but evidently wish family protection.

There are approximately 16,000 veterinarians in the United States and, of the over 1,000 in New York contacted, 568 responded to date. This in our opinion is a sufficiently representative cross-section to merit our poll worthy of consideration.

The AVMA (American Veterinary Medical Association) resolution and the efforts of their Washington representative (Dr. McCallum) opposing inclusion, are, in our opinion, not representative of the vast majority of veterinarians.

We are opposed to the arbitrary position taken by the AVMA for the reason that we know that it does not represent the feelings of veterinarians in the United States.

We know this, because the only AVMA efforts to determine veterinarian opinion consisted of a mere notice requesting members to express their views, which notice appeared in the September 1954 AVMA journal at page 253 and the October 1953 AVMA journal at page 362. The AVMA results were never made known—the number of veterinarians expressing opinions was never made known and the only result we could ever glean from this so-called survey was the bare conclusory statement that "responses to these inquiries indicated that the vast majority of those replying objected to compulsory security." This statement does not reveal an accurate picture of veterinary sentiment at the grassroots level.

We feel that veterinarians are practical and sensible when dollars and cents are concerned. We want to take advantage of tax-free income and social security is virtually the only major tax-free income available today. The program provides only for bare subsistence security and it does this at rates (and contemplated rates) that cannot be duplicated by private insurance plans. We are aware of considerable enthusiasm for individual retirement plans for professional men via tax exemption but we feel that this possibility should be considered supplemental to social-security coverage and should not be used as a reason for blocking social-security coverage for veterinarians in 1956.

Much of the opposition of the American Medical Association to the inclusion of the professions is predicated on certain other changes in H. R. 7225, which, they claim, makes social security actuarily unsound and a bad future investment for professional annuity payments; therefore, the professions should remain excluded on a compulsory basis.

The controlling houses of delegates of the AMA and ADA then voted in favor of the plan if coverage would be made voluntary.

If there is anything that, on the face of it, would make the plan unsound, it would be permitting voluntary participation.

Any actuarily unsound defects in H. R. 7225 or previous acts is a matter for Congress to correct to protect the millions already covered and not a reason for excluding self-employed professional people from a tax-free basic security enjoyed by millions of other workers.

In short, we respectfully urge upon you the fact that our grassroots level sampling of veterinary opinion far outweighs the AVMA position. By leaving H. R. 7225 unaltered insofar as veterinarian inclusion is concerned, all veterinarians in the United States and the economy of the United States itself will best be served.

Thank you for your indulgence in permitting me to develop the position of the New York State Veterinary Medical Society. We would be sincerely appreciative of an acknowledgment.

Respectfully yours,

H. G. HODGES, *President.*

Social security returns as of June 20, 1955

[568 cards returned]

Would like coverage		372
Have coverage now:		
Full	63	
Partial	40	
		103
Do not want coverage—now have coverage: partial		2
Do not wish coverage		76
Preference not indicated		15

Summary:	*Number*	*Percent*
Yes, or now have coverage	477	84
No	76	13
No remarks	15	3
Total	568	

Age groups of men answering yes and of men that have coverage now:	
20 through 29	29
30 through 39	149
40 through 49	126
50 through 59	59
60 through 69	68
70 through 79	18
80 and over	5
No age record	23
Total	477
Yes	372
Now have	105
No	76
No remarks	15
Total	568

UNITED STATES SENATE,
Washington, D. C., January 31, 1956.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I have just received a letter from Dr. H. G. Hodges, president of the New York State Veterinary Medical Society, urging approval of the provisions in H. R. 7225, extending social-security coverage to veterinarians. I have also received a copy of his letter of January 16 to you, showing the results of a poll conducted among the members of the New York State Society, showing a majority in favor of this change in the present law.

I understand that Dr. J. A. McCallam, representative of the American Veterinary Medical Association, in the course of his testimony before your committee on January 27, indicated that his organization was overwhelmingly opposed to social-security coverage. I am, therefore, very much impressed by the facts, showing quite a different picture, which Dr. Hodges sets forth in his letter.

As you probably know, I have long supported the principle of universal social-security coverage and I hope the extension of coverage to self-employed veterinarians will be approved without delay. There seems every justification for extending such coverage to them.

Yours very sincerely,

HERBERT H. LEHMAN.

NEW YORK STATE VETERINARY MEDICAL SOCIETY,
Utica, N. Y., March 30, 1955.

DEAR DOCTOR: There is indication that many veterinarians are interested in social-security coverage. The veterinary profession is not included in this coverage at the present time. The committee on insurance has been directed by President C. L. Kern to survey the veterinarians in the State of New York and prepare a statistical report, based on the returns, which would indicate just what the attitude of our profession is in regard to this coverage. The enclosed booklet will answer all your questions.

We ask every veterinarian to fill out and sign the enclosed card and return it promptly. No postage is necessary.

COMMITTEE ON INSURANCE.
R. C. JOHNSTON, *Chairman.*
L. E. STANTON.
MORRIS SIEGEL.

I would like to have social-security coverage_____
I do not wish to have social-security coverage_____
I have social-security coverage (_____) (_____)
Full coverage Partial coverage

I am engaged in:

Small animal practice	_____	
Large animal practice	_____	
General practice	_____	
State	_____	
Federal	_____	
Other	_____	(Name type of work)

Remarks_____

_____

Signature_____

JANUARY 16, 1956.

Hon. HERBERT H. LEHMAN,
United States Senate,
Washington, D. C.

HON. SENATOR LEHMAN: The veterinarians in New York State have a problem and with your indulgence we are calling upon you for assistance.

We are in favor of inclusion of veterinarians under social security in accordance with coverage now proposed in H. R. 7225, but the AVMA (American Veterinary Medical Association) and its Washington lobby are seeking amendment of H. R. 7225 to eliminate veterinarians from coverage. In this connection the enclosed copy of letter to Senator Harry F. Byrd may be of assistance to you in understanding our position.

If it is at all possible, we would appreciate your contacting Senator Byrd, indicating to him the fact that your constituents are vitally concerned with this serious problem that so importantly affects their future economic security.

Knowing your intelligent, realistic approach to the social and economic problems of our day leads us to believe that your thoughts in the matter would favor our position and accordingly we respectfully welcome your personal urgings in this connection to Senator Byrd.

Thank you for your kind consideration. Any thoughts you may have in connection with this problem would be greatly appreciated. Best wishes for the coming year.

Respectfully yours,

_____ _____,
President, New York State Veterinary Medical Society.

RACINE MILK PRODUCERS COOPERATIVE ASSOCIATION,
Racine, Wis., February 8, 1956.

Senator ALEXANDER M. WILEY,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR WILEY: We have been informed that at present hearings are being held on changes in provisions relating to social security and self-employment-tax payments. A point has come up which we desire to call to

the attention of the proper committee. Not knowing who is holding the hearings we ask that you do this for us.

At present a farmer with a gross income of over $800 but with a net income of less than half of his gross income is permitted an option in determining his self-employment-tax payments. This option is half of his gross income, but with a limit of $900.

We find, however, that apparently through an oversight this option is not extended to members of farm partnerships. Permit me to illustrate.

Assume that 2 brothers farmed adjoining farms as individuals and that each had gross income of $1,800 and net income of $600. Each would then be permitted to use $900 as a base in making self-employment payments (making his tax payment $27). Ultimately his old-age benefits would be determined upon this base.

Now assume that these 2 brothers worked together as partners and that this partnership grossed $3,600, with a net return of $1,200. Present rulings would deny them the right to the option mentioned above. They would pay on the basis of $600 each from the partnership and eventually would be eligible for old-age benefits on that base.

It is our belief that the option is a good one and that it should apply to any type of farm operation, including partnerships.

Thank you for any help you can give on this.

LYNN E. STALBAUM,
Secretary-Treasurer.

RICHMOND, VA.

HARRY F. BYRD,
Chairman, Committee on Finance,
Senate Office Building, Washington, D. C.:

The Virginia Veterinary Medical Association, in business session today, voted its opposition to legislation (H. R. 7225, social security) designed to put self-employed veterinarians under the compulsory social-security program. The association hopes that you will consider its views when this legislation comes up for consideration.

VIRGINIA VETERINARY MEDICAL ASSOCIATION,
W. B. BELL, *Secretary.*

JAMESTOWN, N. DAK. *February 8, 1956.*

HON. MILTON R. YOUNG,
United States Senator from North Dakota,
Washington, D. C.

DEAR SENATOR YOUNG: This letter is written to you concerning social security benefits for farmers. I wish to make a suggestion for your consideration and assistance.

I wish to suggest that social security entitlements and benefits should not be denied farmers who have farmed all their life but now happen to need to rent their farms because of circumstances, sickness or otherwise; are not actually living on the farm or actually doing the farm work but still own it and supervise the farming operations on their home farm as a source of their livelihood.

Resident farming in these cases should not be requirement for eligibility for social security benefits. Having farmed their lifetime and as able on the farm doing their farm work but now only able to supervise their own farm even if not actually living on it that these farmers should also be permitted to qualify under the social security program by paying their social security payments to qualify as though they actually farmed and lived on their farms themselves.

Might I also state that I hardly think the above-stated recommendations ought to include nonfarmers as corporation or so-called curbstone farmers, professional people, and other nonfarming people who buy or own farmland for investment or speculative purposes. The social security benefits should rather apply only to those farmers whose incomes are from land they have farmed for years and still supervise for purposes of their livelihood.

I hope that you will give consideration to us farmers in this classification and do what you can to secure passage of legislation to make possible for this group of people also to enjoy the benefits of the social security benefits if so desired.

Thank you very much.

Yours very truly,

HERBERT R. HEINRICH.

ARIZONA FARM BUREAU FEDERATION,
Phoenix, Ariz., February 8, 1956.

Hon. CARL HAYDEN,
Senate Office Building, Washington, D. C.

DEAR SENATOR HAYDEN: Now that the Senate Finance Committee is considering various aspects of social-security legislation it seems appropriate to express to you the feeling of most Arizona farmers and ranchers on this subject.

The $100 exemption for agricultural workers puts an undue burden on the employer. I'm sure you can imagine the difficulties of trying to make deductions from wages of cottonpickers who are paid once a day or, in many cases, by the sack. Even getting some of them to give a social security number is quite a job.

A much more workable method would be to exempt workers employed by one person for less than a given period of days—perhaps 90 days, or even 60 days. Or better than the present $100 exemption would be $250 or $200 exemptions. The present law is so unworkable that practically all agricultural employers are forced to pay the employee's deduction, even though this wouldn't be strictly legal.

For several years Arizona farmers have asked that if social security were to be broadened to include self-employed farmers it be done on an optional basis, instead of mandatory. As you know, not many farmers retire at age 65, even though often he is financially able to do so.

H. R. 7225, now before the Finance Committee, seems to put a new, and alarming, conception on the social security program. It seems that the intent of this measure is to incorporate a compulsory health insurance program into a broadened pension security plan. We begin to wonder if the end result might not be an effort to legislate security from cradle to grave.

We would like to suggest for your consideration, and support, the establishment by Congress of a commission to make a thorough and impartial investigation of this whole subject before any action is taken.

Incidentally, let me commend you on your vote on the natural gas bill.

Sincerely,

WILLIAM C. DAVIS,
Executive Secretary.

CHAZY ORCHARDS,
Chazy N. Y., February 7, 1956.

Hon. IRVING M. IVES,
Senate Office Building, Washington D. C.

DEAR SENATOR IVES: Social security coverage for short-time harvest workers has been unworkable and a nuisance to us fruitgrowers. It is very annoying to the great majority of our workers and may prove to be the reason for some of them failing to show up for harvest this fall.

Many of our apple pickers are housewives who do no other work of a taxable nature during the year. Others are Canadian workers who come in for the harvest season only. At age 35, which is average for the group, a worker would have to work at this part-time labor for 40 years to qualify for benefits. The law says they must have 40 qualifying quarters to be eligible for benefits. Most of them will not earn more than one qualifying quarter per year. The women would be eligible under their husband's card and what they earn here picking apples wouldn't increase the benefits for the family, as we understand the law.

The social security law, as it relates to agriculture, should be modified to exempt short-time harvest workers for a period of 60 days each year. This would eliminate the kind of harvest workers mentioned above and give the professional harvest worker the benefit of the law. A less desirable alternative might be exemption of harvest workers who earn less than $400 from one employer during a calendar year.

We trust that you will support favorable action for us in both the Senate Finance Committee and on the floor of the Senate when this matter is acted on. Our New York farmers, particularly fruitgrowers, are counting on you.

Sincerely yours,

DONALD F. GREEN,
Vice President, New York Farm Bureau, Inc.

COLORADO FARM BUREAU,
Denver, Colo., February 7, 1956.

Hon. EUGENE D. MILLIKIN,
United States Senator, Senate Office Building,
Washington, D. C.

DEAR SENATOR MILLIKIN: I notice in the press that H. R. 7225 is being considered in the Senate. As a Farm Bureau president, I would be remiss in my duty if I did not present the views of our farmers on this bill. Let me go through it a point at a time.

The first provision, coverage of farm workers.—The present $100 exemption causes a tremendous amount of bookkeeping, as many of these workers are school youngsters, wives, and workers who have no permanent employment. They, therefore, have no social-security card number.

Now, some resist paying, and will quit their job rather than have social security deducted, so the employer pays the entire amount rather than lose the labor. This is especially true of labor in harevsting perishable vegetable, berry, and fruit crops. The added costs of bookkeeping and paying the tax by the producer accentuates the present price-cost squeeze. We would hope the $100 minimum could be raised to 60 days' labor. This would cut out the major objection, also a tremendous amount of bookkeeping and red tape.

Under the section on agricultural workers from other countries.—There is no logical reason for our providing social security or attempting to provide social security for seasonal agricultural labor imported from other countries. A great deal of the same criticism of the workers' refusal to pay, thus causing additional cost-price squeeze to agriculture, could be made.

Coverage of farmers on an optional base feature of the bill.—Farmers are situated much different financially than most other groups. They must make payments on equipment and on their land. We feel that ownership of equipment and land is much more important to agriculture than social security. Therefore, we feel there should be additional study and a chance provided for those in agriculture to elect whether or not they will be covered. Many farmers do not wish to retire at age 65 so do not get full benefit of social security.

When social-security tax reaches its maximum under the present law, self-employed persons will be paying 6 percent of their income up to $4,200. This with other overhead will make it much more difficult for young farmers to invest in land and equipment.

Under the disability benefits section of H. R. 7225, we feel the provisions go far beyond social security and would convert the program into a relief and welfare program. We are sure that if the program is converted to a relief and welfare deal, the present rates will have to be materially raised. We, therefore, urge the defeat of this provision.

We urge most sincerely that the whole social-security program be reviewed, studied, and appraised, looking toward the goal of putting social security on an actuarial sound basis.

Sincerely yours,

ARTHUR L. ANDERSEN, *President.*

The CHAIRMAN. We will adjourn now until Tuesday at 10:30.

(Whereupon, at 12:10 p. m., the committee adjourned, to reconvene on Tuesday, January 31, at 10:40 a. m.)

SOCIAL SECURITY AMENDMENTS OF 1955

TUESDAY, JANUARY 31, 1956

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to recess, at 10:40 o'clock a. m. in room 312, Senate Office Building, Senator Harry Flood Byrd (chairman) presiding.

Present: Senators Byrd, Frear, Smathers, Martin, Williams, Carlson, and Malone, Senator Sam Ervin, Jr., of North Carolina, and Senator Strom Thurmond, of South Carolina.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will come to order.

Senator CARLSON. Before you hear the first witness, may I submit for the record two statements?

The CHAIRMAN. Yes, sir.

Senator CARLSON. I have here a statement from the Kansas State Chamber of Commerce expressing their views on H. R. 7225, and I note they are almost unanimously opposed to, first, the proposed incorporation of a total and permanent disability program, and second, the lowering of the age of women beneficiaries from 65 to 62, and then I have a statement from the Kansas State Association of Life Underwriters expressing their views on this proposed legislation. I ask that those statements be part of the record.

The CHAIRMAN. Without objection those statements will be made a part of the record.

(The documents referred to are as follows:)

KANSAS STATE CHAMBER OF COMMERCE,
Topeka, Kans, January 25, 1956.

Hon. FRANK CARLSON,
Senate Office Building, Washington, D. C.

DEAR SENATOR CARLSON: The Kansas State Chamber of Commerce wishes to register its deep concern over the far-reaching implications of proposed amendments to the Social Security Act, as embodied in H. R. 7225, which we understand is now pending before the Senate Finance Committee.

Here in this organization, more thai 100 Kansans from all parts of the State, representing practically all types of business enterprise, have made a detailed study of this bill. Almost unanimously, these Kansans have opposed two principal features in the proposed bill: (1) The proposed incorporation of a total and permanent disability program in the structure of the old-age and survivors insurance system; and, (2) lowering of the age of women beneficiaries from 65 to 62.

With regard to the first point, these observations were made: There is a changing concept of disability as a result of developments which have broadened the extent to which handicapped persons may be restored to active and gainful employment. Few disabilities are truly permanent and total and these are most difficult to determine. Disability knows no arbitrary age limitation, such as age 50, which is incorporated in the bill. Disability benefits to those 50 and

over is obviously a first step which would soon be followed by benefits to every disabled worker regardless of age and also to his dependent wife and children. The cost for disability benefits is highly conjectural. Difficultiest in administering a finding of total and permanent disability might eventually lead to compulsory national health insurance.

With regard to age reduction for women, several points were brought out. The longevity of American people is increasing at a significant rate, rather than decreasing. The reduction in the age of women beneficiaries would run counter to this trend as well as to the major, social, and economic objective of wider employment opportunity. Also, private industrial pension plans are generally geared to the social-security system. Reducing the age for women would start a chain reaction to be followed by a reduction for men. This will result in a new definition of old age and will obviously have repercussions on other programs and laws such as the Federal income-tax laws, with substantial losses in revenue.

In opposing H. R. 7225, this organization believes:

1. "The primary goal of any public disability program should be to help disabled workers through vocational rehabilitation and financial aid where necessary. The best means for reaching such goals are through voluntary agencies and State public assistance programs in conjunction with State vocational rehabilitation agencies. Beyond programs already established, there is no evidence that the disability problem is of sufficient magnitude to justify a new exclusive Federal program or expansion of the old-age and survivors insurance benefit based on arbitrary age limitations and conjectural costs. The proposal to incorporate a total and permanent disability benefit program within the Federal old-age and survivors insurance system is therefore opposed."

2. "Reduction of the statutory social-security eligibility age runs counter to the trend of increasing longevity of the American people as well as to the major social and economic objective of wider employment opportunity. Such reduction in age, with its obvious repercussions on both public and private programs and laws, is therefore opposed."

The Kansas State Chamber of Commerce, therefore, urges you to work vigorously in opposing H. R. 7225.

Sincerely yours,

C. C. KILKER, *Manager.*

KANSAS STATE ASSOCIATION OF LIFE UNDERWRITERS,
Great Bend, Kans., January 20, 1956.

Senator FRANK CARLSON,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CARLSON: The position taken by the 944 members of the Kansas State Association of Life Underwriters with respect to social-security bill H. R. 7225, is that all gainfully employed persons should be covered and required to contribute to the support of the OASI program, provided that such coverage does not result in an undue duplication of other Government-provided benefits.

The Kansas State Association of Life Underwriters opposes lowering of the eligibility age for female beneficiaries and payment of cash disability benefits.

We oppose lowering eligibility age of covered female workers because such a move would be in complete variance with the tremendous progress that has been made toward improving the longevtiy of all workers and their useful working lives. The growing trend among employers is to keep female workers on the job until 65. The proposal would result in enforced retirement of women workers at an earlier age even though they might wish to continue working and be perfectly capable of doing so. Any lowering of the retirement age for women workers would inevitably be followed by a reduction in the retirement age of male workers also. The life expectancy of women, and their useful working lives, already exceeds that of men by several years.

The Chief Actuary of the Social Security Administration recently concluded that 98 percent of male workers continue working past age 65 for reasons other than the fact that their wives are then not eligible to receive benefits. Therefore, lowering the eligibility age for the wives of retired workers, simply because their wives generally are several years younger and are not eligible to receive OASI benefits, is not a real reason for lowering the eligibility age.

With respect to lowering the eligibility age for widows from 65 to 62, the chief reason for this proposal would seem to be to take care of elderly widows who

may find it extremely difficult to obtain gainful employment. However, it is obvious that in the vast majority of cases, widows of 45, 50, or 55 will find it equally as difficult to get jobs.

We oppose cash disability benefits because the OASI program is intended only to provide benefits for retired workers and their dependents and the surviving dependents of deceased workers.

The experience of insurance companies in the field of disability income has demonstrated that the question of whether or not an individual is "totally and permanently disabled" is much more apt to be a matter of subjective, rather than objective, determination. We feel any Government program dealing with the disability problem should be devoted to the rehabilitation of the disabled persons, with the view of returning them to useful, productive jobs, rather than to provide for the payment of cash benefits. Payment of cash would impair incentives of such individuals to be rehabilitated. Of more than 600,000 disabled war veterans who have had vocational rehabilitation training, 95 percent are employed and are earning $400 per year more than the national average income.

Payment of cash benefits to totally and permanently disabled individuals commencing at age 50 would be only a first step toward the ultimate goals of (1) providing benefits for the dependents of disabled workers; (2) eliminating any minimum eligibility age for such workers; and (3) adding a program of benefits for workers temporarily disabled. The tremendous additional cost of such benefits might well bring the entire OASI program crashing down in financial ruin.

The Department of Health, Education, and Welfare has estimated that the payment of benefits to women at age 62 and to disabled workers at age 50 would result in incerasing the average annual cost of the OASI program by $2 billion.

Under H. R. 7225, the ultimate social security tax rate (commencing in 1975) for the self-employed will be 6¾ percent. Thus, assuming that a self-employed individual then had net earnings of $4,200 per year, a wife and two children and used the standard deduction, his Federal income tax (at present rates) would be $276, while his social security tax would be $283.50, or the equivalent of an additional net income tax of over 20 percent.

The Department of Health, Education, and Welfare has estimated that the total annual cost of the OASI program (as amended by H. R. 7225) could ultimately run as high as 13.34 percent of covered payroll, or $33½ billion. The foregoing startling examples are based on the assumption that there will be no further liberalization of the OASI program beyond that provided by H. R. 7225. However, this bill would (for the fourth time in as many election years) again liberalize the Social Security Act.

HEW Secretary Marion B. Folsom recently told a congressional hearing: "We should remember that there is a limit to the social security taxes the people may be willing to pay to support the program in all the years ahead."

Last summer, Mr. Folsom's predecessor, Mrs. Oveta Culp Hobby, sounded similar warning, as follows: "The system could lose its attractiveness if additional cost items are added without the most careful evaluation of the benefits they confer. The OASI system cannot be expected to provide fully against all insurable risks if the tax is to be kept at a rate which can be borne by persons in the lower income brackets."

In view of the apprehension expressed by these two heads of the HEW Department and of the fact that the program has already been substantially liberalized 3 times within the past 5 years, no further amendments (other than the proposed extension of coverage) should be undertaken until such time as there has been a thorough and objective study of all aspects of the program, including the types and levels of benefits to be included, their cost and the ultimate impact of the program upon the national economy in general and upon private insurance, pension, and savings programs in particular.

I urge you to support the position taken by the Kansas State Association of Life Underwriters.

Sincerely yours,

GRANT HOENER.

Senator THURMOND. Mr. Chairman, may I introduce my people? We have here today some very prominent South Carolinians whom I understand were to appear before this committee and I would like for them just to stand.

Senator Spigner from Richland County, Columbia, S. C.; Mayor Bob Jennings of Orangeburg; Chief Julian Price of Florence; Captain Griffith of Columbia; Mr. W. S. Hendley of Columbia; Mr. Tatum Gressette, the director of our retirement system. I understand that these gentlemen are planning to appear before your committee this morning. I wanted to say before your committee we have no better citizens in South Carolina than these gentlemen and anything they say to you can be taken at full worth.

They are prominent citizens in our State. They are thoroughly dependable and reliable and we are glad to have them up here and it is an honor for them to appear before your committee, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Thurmond. We are very happy to have you present, and to have them.

Senator THURMOND. Thank you very much. If you will excuse me now I have another engagement.

Senator ERVIN. I wonder if I could make a very short statement. I have some witnesses later to be heard.

The CHAIRMAN. Yes, sir.

Senator ERVIN. Mr. Chairman and gentlemen of the committee, I wish to make a statement in behalf of Senate bill 2646 which was introduced by my colleague Senator Scott and myself for the purpose of making police officers of North Carolina eligible for social security benefits. Senator Scott regrets very much that he is unable to be here this morning because of the necessity of presiding over a subcommittee of the Senate Interior and Insular Affairs Committee.

This bill as it was originally introduced as to apply to all sheriffs and all law enforcement officers as well as policemen but since its introduction there has been a ruling by the Department of Health, Welfare, and Education and by the Attorney General that sheriffs and other law enforcement officers of North Carolina are already eligible as State employees.

I would like to present for the record a copy of a resolution adopted by the North Carolina Police Executive Association endorsing this bill. I will not read it.

The CHAIRMAN. Without objection it will be made a part of the record.

(The document referred to is as follows:)

RESOLUTION

Whereas on July 27, 1955, Senator Sam J. Ervin, Jr., introduced on behalf of himself and Senator W. Kerr Scott, Senate bill No. 2646, which provides for an amendment to the social-security law whereby policemen, sheriffs, and other law enforcement officers of North Carolina may be covered by social security; and

Whereas it is the desire of the membership of this organization to have the protection afforded by the provisions of the social-security law: Now, therefore, be it

Resolved, That the North Carolina Police Executives Association in convention assembled in Winston-Salem, N. C., on August 5. 1955, hereby endorse and approve the provisions of Senate bill No. 2646 and urge our two Senators and Members of the House of Representatives from North Carolina to exert every effort to secure the passage of this bill.

Senator ERVIN. And a copy of a resolution adopted by the North Carolina League of Municipalities endorsing this bill. And a reso-

lution adopted by the North Carolina Sheriffs' Association endorsing this bill.

(The documents referred to follow:)

Whereas municipal police officers and firemen of North Carolina are excluded from coverage under the Federal Social Security Act; and

Whereas the Congress of the United States has under consideration a bill introduced by the Honorable Sam J. Ervin, Jr., United States Senator from North Carolina, to amend the Social Security Act to remove such inequity: Now, therefore, be it

Resolved by the North Carolina League of Municipalities in annual convention assembled this 25th day of October 1955, That the Congress of the United States is urged to act favorably upon said legislation to the end that police officers and firemen of North Carolina municipalities may come within the coverage of the Federal Social Security Act; and be it further

Resolved, That copies of this resolution be forwarded to the honorable members of the North Carolina congressional delegation.

RESOLUTION

Whereas on July 27, 1955, Senator Sam J. Ervin, Jr., introduced on behalf of himself and Senator W. Kerr Scott, Senate bill No. 2646, which provides for an amendment to the social-security law whereby policemen, sheriffs, and other law enforcement officers of North Carolina may be covered by social security; and

Whereas it is the desire of the membership of this organization to have the protection afforded by the provisions of the social-security law: Now, therefore, be it

Resolved, That the North Carolina Sheriffs' Association in convention assembled in Carolina Beach, N. C., on August 10, 1955, hereby endorse and approve the provisions of Senate bill No. 2646 and urge our two Senators and Members of the House of Representatives from North Carolina to exert every effort to secure the passage of this bill.

JOHN R. MORRIS,
Secretary and Treasurer.

The CHAIRMAN. Do you wish that to be considered as an amendment to the pending legislation?

Senator ERVIN. Yes, sir. I would like to say further that I have received hundreds of letters from police officers throughout North Carolina expressing their approval of the bill. Under our system in North Carolina, while we have a State retirement fund for police officers, it is clearly inadequate, and in times past, as I understand it, the reason police officers generally have not been included under the bill has been due to the opposition of the national organization, which is based in turn on the fact that some of the police systems of the States have very adequate retirement systems, better even than those of social security, and they have opposed it, but I have a letter that has been addressed, as I understand, to the chairman of the committee by the International Association of Chiefs of Police stating that they favor the bill providing for North Carolina policemen to be included in the social security system. I am not going to undertake to make a detailed statement with reference to the bill, because I have here from North Carolina our State officer, Mr. Henry L. Bridges, who is by reason of being State officer ex officio chairman of the board of commissioners of the law-enforcement officers benefit and retirement funds, and he has prepared such an excellent statement, which he will put in the record when he testifies, that I am not going to encumber the record, but I will request the committee to give close attention to his

statement, which I know you will do, and I want to compliment him, because it is not only such a clear statement but it is so brief and concise and has every argument, I think, set forth in favor of the passage of the bill. I appreciate the committee hearing from me at this time, and I want to commend Mr. Bridges' testimony to you when he is reached in the regular order of witnesses.

(The letter from the International Association of Chiefs of Police referred to by Senator Ervin follows:)

INTERNATIONAL ASSOCIATION OF CHIEFS OF POLICE, INC.,
Washington, D. C., January 11, 1956.

Re social security, Senate bill No. 2646.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

MY DEAR SENATOR BYRD: This association desires to go on record as advocating social security for policemen in those States or municipalities in which no other form of retirement is provided by the State or municipality. Specifically the International Association of Chiefs of Police favors extension of social security to all law-enforcement officers, including municipal policemen, in the State of North Carolina.

Although police officials in most cities and States are covered by a retirement system which is more advantageous to them than social security, nevertheless, in those States and municipalities where they are not covered by retirement, we believe they should be entitled to social security as any other State or municipal employee.

It will be appreciated if you will enter this into the record with reference to the above bill.

Sincerely yours,

LEROY E. WIKE,
Executive Secretary.

The CHAIRMAN. Thank you very much. Our first witness is Mr. Marion Williamson, Director of Employment Security Agency of the State of Georgia, Department of Labor. Mr. Williamson, Senator George has asked me to express to you his regrets that he can't be here this morning. He has a meeting of the Foreign Relations Committee which requires his presence as chairman. He stated you are a most efficient administrator and he highly endorses the amendment you intend to propose this morning.

STATEMENT OF MARION WILLIAMSON, DIRECTOR, EMPLOYMENT SECURITY AGENCY, GEORGIA DEPARTMENT OF LABOR

Mr. WILLIAMSON. Thank you, Mr. Chairman. I am Marion Williamson, director of the employment security agency of the State of Georgia and I am here in the interest of securing OASI coverage for the employees of the Georgia Employment Security Agency. The Social Security Act presently provides that all State employees under a retirement system must be covered or none can secure the desirable continuity of coverage and the protection for survivors afforded by the OASI program. In amending the act in 1954, however, Congress took cognizance of the fact that certain groups of State employees should be treated differently.

Section 218 (b) (5) of the act was amended to permit coverage of civilian employees of the National Guard without respect to whether other groups of State employees were covered.

The same treatment was afforded individuals employed pursuant to an agreement entered into under the Agricultural Marketing Act. The 1954 amendments made special provisions for coverage of a number of units of the State of Utah.

The 1954 amendments also made provision for OASI coverage of the Arizona teachers' retirement system as a separate coverage group. An amendment also made special provision for OASI coverage as a separate covered group of employees covered by the Wisconsin retirement fund.

It is my understanding that the provision requiring that all members of a State retirement system be covered if any are covered was once urged upon the Congress by many responsible people properly concerned with the maintenance of strong State retirement systems and the preservation of the rights of employees under those systems. I, too, am heartily in accord with objectives to preserve rights of employees under those systems.

The present Federal provision unfortunately fails to take into consideration the special circumstances affecting State employees engaged in carrying out the Federal-State cooperative program of employment security financed by title III of the Social Security Act.

Under the laws that now exist, such employees cannot obtain coverage unless other State employees, whose conditions of employment are quite different, are also covered.

The coverage of these employees under OASI would strengthen rather than impair State retirement systems by providing continuity of coverage and protection of survivors not generally available under State systems.

I have long been actively associated with the Interstate Conference of Employment Security Agencies composed of State administrators of such agencies. I have served as president and I am now a member of the legislative committee and chairman of the veterans affairs committee.

In past years I have chaired and served on many other committees of the interstate conference.

Although I am not appearing here as a representative of the interstate conference, I believe the committee will be interested in the following resolution which has a direct bearing on the OASI coverage of the employees of the Georgia Employment Security Agency and which, I believe, was sponsored by my good friend Victor Christgau, who was then the employment security administrator of the State of Minnesota and is now Director of the Bureau of Old Age and Survivors' Insurance in the Department of Health, Education, and Welfare:

FOURTEENTH ANNUAL MEETING, INTERSTATE CONFERENCE OF EMPLOYMENT SECURITY AGENCIES, COLUMBUS, OHIO, OCTOBER 3 TO 6, 1950

RESOLUTION VI—RELATING TO RETIREMENT RIGHTS FOR EMPLOYMENT SECURITY EMPLOYEES

Whereas, a substantial number of employees in the employment security program have been employed in both Federal and State jurisdictions and by such service have gained retirement rights in both Federal and State systems; and

Whereas there are employment security employees employed in States that have no State retirement laws, and there are employed in such States a sub-

stantial number of employees who at one time during World War II were in Federal employment just short of the 5-year period required to have earned Federal retirement credits, and by reason of such service have no retirement rights in either Federal or State systems; and

Whereas, it is in the public interest that provision be made for adequate retirement benefits for all employment security employees: Therefore be it

Resolved, That the appropriate committee of the Interstate Conference of Employment Security Agencies be assigned the responsibility of promoting to the extent feasible (1) Federal and State legislation that will provide reciprocal arrangements under which Federal and State employees with employment in both Federal and State jurisdictions will be given an opportunity to combine retirement credits in one system, and (2) Federal legislation to provide retirement credits under the Federal Civil Service Retirement Act for employment security employees who have had 3 or more years of Federal service.

I just gave that resolution as part of the history of that.

Again recognizing the need of OASI coverage by employees of State employment security agencies, the Interstate Conference of Employment Security Agencies on October 4, 1950, at its 14th Annual meeting in Columbus, Ohio, adopted a resolution relating to retirement rights for employment security employees, which is quoted in part as follows:

Whereas it is in the public interest that provision be made for adequate retirement benefits for all employment security employees; and

Whereas, the lack of adequate retirement systems in many States contributes in large measure to the loss of capable personnel and impedes the recruitment of worthwhile new personnel: Now, therefore, be it

Resolved, That the Interstate Conference of Employment Security Agencies favors prompt passage by the Congress of appropriate legislation amending the old-age and survivors' insurance system so that any State may readily elect coverage thereunder, and may supplement its own retirement system thereby, as the State may choose; and be it further

Resolved, That the Interstate Conference expresses its support of any such legislation.

Upon the unanimous recommendation of the Georgia Department of Labor Advisory Council, composed of representatives of labor, representatives of employers, and representatives of the public, our State commissioner of labor recommended to the Georgia General Assembly at its 1955 session that it amend the Georgia employment security law to provide OASI for the employment security agency employees and both houses of the general assembly passed, I believe unanimously, a bill providing that—

To the extent permitted under Federal law, and notwithstanding any other provision of State law, the commissioner is authorized to enter into agreements with appropriate Federal authorities to cover under the old-age and survivors' insurance program employees in the Department of Labor of Georgia and/or its divisions, and to take action necessary to implement such agreements.

The Georgia act was approved by the governor. Under the present Federal law, we have been unable to enter into the desired agreement with the Secretary of Health, Education, and Welfare, and our employees are still without OASI coverage.

Ninety-six percent of the approximately 700 employees of the Georgia Department of Labor, many of whom under the State retirement system will receive retirement benefits inadequate to provide the bare necessities of life—some of them get between $10 and $20 a month—have asked that they be permitted to secure the additional protection afforded by OASI coverage.

The Georgia Department of Labor officials wish to provide that coverage.

It is certainly desirable to provide OASI coverage to as many people as possible, and it would seem to me wholly reasonable to provide such coverage to any group of inadequately covered State employees when such coverage can be arranged in a manner to strengthen rather than to impair the existing State retirement system by providing continuity of coverage and stabilization of employment.

Furthermore, veterans who earned OASI coverage as a result of service in the Armed Forces and workers formerly employed in private industry upon entering our organization lose the continuity of coverage and the protection of survivors provided by the OASI.

My specific request is that at least the act be amended to permit State administrators charged with the administration of the Federal-State employment security program to arrange coverage for employees paid from funds provided under title III of the Social Security Act without reference to coverage or lack of coverage of other groups of employees under a State retirement system; and to provide that the Secretary of Health, Education, and Welfare shall at the request of any State employment security administrator enter into an agreement with such administrator for the purpose of extending OASI coverage to services performed by individuals as employees of State employment security agencies, and to make the necessary arrangements for receiving reports and remittances from the State employment security administrators under the agreement.

Mr. Chairman, that concludes my statement. I would like to include in the record a resolution that was passed by the pick and shovel boys at their professional meeting, which they hold once a year. It is the association of International Association of Personnel in Employment Security. They did that during the 1st session of the 83d Congress, which pertains to this subject.

The CHAIRMAN. Without objection, it will be inserted.

(The document is as follows:)

Whereas the present Social Security Act excludes State employees from its provisions in those States having retirement systems; and

Whereas legislation introduced in the 82d Congress aimed at elimination of this inequitable exclusion was not enacted into law, notwithstanding an overwhelming majority in hte House, with the result that States having retirement systems could not avail themselves of coverage under the Social Security Act; and

Whereas many thousands of State employees in those States having retirement systems are now denied the rights and benefits of the Social Security Act; and

Whereas the lack of adequate retirement systems in many States contributes in large measure to the loss of capable personnel and impedes the recruitment of new personnel; and

Whereas a number of bills have been introduced in the 83d Congress for the purpose of eliminating this unjust provision and place all States on an equal footing insofar as coverage under the Social Security Act is concerned: Now, therefore, be it

Resolved, That the International Association of Personnel in Employment Security at this convention assembled places itself on record as strongly endorsing the legislation proposed in the 83d Congress which would eliminate this inequitable stipulation and thereby provide equal opportunity for all States to secure coverage under the Social Security Act for their employees; and, be it further

Resolved, That a copy of this resolution be transmitted to the Senators and Representatives of each State.

Mr. WILLIAMSON. I will be glad to answer any questions.

The CHAIRMAN. Thank you very much, Mr. Williamson.

Are there any questions? There are none.

Thank you very much, sir.

The next witness is the Honorable Henry L. Bridges, auditor of the State of North Carolina.

Mr. Bridges, we are very glad to have you here.

STATEMENT OF HENRY L. BRIDGES, AUDITOR, STATE OF NORTH CAROLINA AND EX OFFICIO CHAIRMAN OF BOARD OF COMMISSIONERS OF THE LAW ENFORCEMENT OFFICERS' BENEFIT AND RETIREMENT FUND

Mr. BRIDGES. Mr. Chairman and members of the committee, I am Henry L. Bridges, State auditor and exofficio chairman of our law-enforcement officers' benefit and retirement fund, speaking for and on behalf of the police officers of North Carolina.

My remarks will be in connection with Senate bill 2646, introduced by Senator Ervin (for himself and Senator Scott) on July 27, 1955.

Since the introduction of Senate bill 2646 in conformity to a policy of the Department of Health, Education, and Welfare, the attorney general of North Carolina has defined the word "policeman" as used in section 218 (d) (5) (A) of the Social Security Act to apply only to the police of a municipality.

Historically, each time the word "policeman" is used in the statutes of North Carolina it is in connection with the police of a municipality.

The Department of Health, Education, and Welfare has concurred in the opinion of our attorney general. In compliance with the provisions of section 218 (d) of the social-security law, a referendum will be held on March 28, 1956, to determine whether or not all law-enforcement officers in North Carolina, except municipal police, shall participate in OASI benefits.

There is in North Carolina a law-enforcement officers' benefit and retirement fund in which membership is available to all law-enforcement officers in the State on an optional basis.

At the present time we have approximately 2,200 members of this retirement fund. There are approximately 2,500 police officers in the State who have not elected to become members by reason of the requirement of 5-percent contributions and 20 years' service before retirement. These policemen are not members because of the limitation of our retirement system, and are excluded from coverage by OASI system.

We have in North Carolina 203 cities and towns participating in OASI system. Under the social-security law the police officers of these cities and towns are excluded. For example, all of the employees of the city of High Point have social-security coverage except members of the police department. Only about half of the policemen are members of our retirement fund.

The others have no coverage of any kind. To solve our problem we request the adoption of Senate bill 2646 which will permit police officers of North Carolina also to be covered by social security along with the other employees.

Senate bill 2646 has the approval of the North Carolina League of Municipalities representing the cities and towns of the State; the North Carolina Sheriffs Association representing the sheriffs and

deputies of each of the 100 counties; the North Carolina Police Executives Association representing all policemen who occupy executive positions from a sergeant up.

In many metropolitan areas the policemen have a good retirement system and are fearful that this retirement would be jeopardized if social security were available to them. This sort of situation does not exist in North Carolina and we have a large group of policemen who are not members of the retirement system and who are not permitted to come under social security when the local governing body enters into an agreement for participation in OASI for all other employees, therefore, this proposed bill would in no way conflict with the total exclusion clause for policemen in other States who want such exclusion.

The policemen in North Carolina desire to be put into the same category as other public employees for coverage under social security. This group of policemen feel that they are being discriminated against by reason of the exclusion feature.

We recommend consideration of the proposal to remove the exclusion provision for North Carolina and afford coverage to a large group of policemen who have no coverage of any kind.

Also, Mr. Chairman, I have a letter from our Governor addressed to the Senate Finance Committee.

Mr. Chairman, I would like to insert the letter in the record.

The CHAIRMAN. Without objection it will be inserted.

(The document is as follows:)

STATE OF NORTH CAROLINA,
GOVERNOR'S OFFICE,
Raleigh, January 23, 1956.

SENATE FINANCE COMMITTEE,
Washington, D. C.

GENTLEMEN: Policemen employed by the municipalities of North Carolina should be given the opportunity for social-security coverage the same as other law-enforcement officers and municipal employees in the State. Therefore, I am glad to join Hon. Henry L. Bridges, state auditor of North Carolina, in requesting favorable action on Senate bill 2646.

It is my understanding that under the provisions of Senate bill 2646 municipal police in North Carolina will be given the opportunity to express their wishes by a secret ballot as to whether or not they wish social-security coverage. They should have the opportunity to express their wishes, and I urge that the bill introduced by Senator Ervin and Senator Scott be given a favorable report by your committee.

Respectfully,

LUTHER H. HODGES, *Governor.*

Mr. BRIDGES. Also I have with me James W. Powell, director of the State bureau of investigation and president of our police officers association who wishes to offer his personal endorsement to the bill. If there are any questions I will be happy to answer them.

The CHAIRMAN. Thank you very much, Br. Bridges. Are there any questions? There are none.

Mr. BRIDGES. Thank you very much.

(The following statements of Royce L. Givens, secretary-treasurer, National Conference of Police Associations, and John P. Redmond, president, International Association of Fire Fighters, are made a part of the record:)

STATEMENT OF ROYCE L. GIVENS, SECRETARY-TREASURER, NATIONAL CONFERENCE OF POLICE ASSOCIATIONS

Mr. Chairman and members of the Committee on Finance, United States Senate, my name is Royce L. Givens. I am an active member of the uniform division of the Metropolitan Police Department of the District of Columbia. I am speaking today as secretary-treasurer of the National Conference of Police Associations representing over 100,000 policemen in the United States.

In the recommendation of the group of consultants on social security to the Secretary of Health, Education, and Welfare, made a part of the record during hearings held by this committee during June and July, 1954, they state on page 89 beginning with the last paragraph and continuing on page 90. I quote, "We recognize that certain groups of State and local employees such as policemen and fire fighters feel that because there are hazardous and special requirements connected with the work recognition has been accorded these factors in existing retirement plans. Therefore, they hold that there should be no extension of old-age and survivors insurance to their groups. In any case a mandatory Federal exclusion limited to these special groups would be preferable to the continued prohibition of coverage for all State and local employees under existing retirement plans."

Mr. Bridges (auditor of the State of North Carolina) says they have in North Carolina a law enforcement officers benefit and retirement fund with approximately 2,500 policemen who have elected to become members. This fund I understand has between 10 and 12 million dollars in the fund which is supported by an amount of $2 out of the cost assessed against each and every defendent brought before the courts by the law enforcement officers of the State of North Carolina. This money is invested, thus bringing in additional money to the fund. We are further advised that all pensions (such as they are) are paid from the interest and the principal is not used.

A high police official in one of the cities of North Carolina, stated that they are interested only in the survivors benefits offered by social security.

Gentlemen of the committee, with the method of financing North Carolina has, they could establish a survivors benefit for their own members far better than OASI could offer them, thereby they would not have to ask the Federal Government to pay for something that North Carolina should and can well afford to finance themselves.

This appears that some people are talking States rights on the one hand and then turn around and wish to give same up. This is not to say the individual gentlemen who are here today asking that their policemen and firemen be placed on social security are doing these things; however, it seems that many honorable statesmen from North Carolina, and others, have talked long and loud on this subject.

Hon. A. Fletcher Spigner, Jr., State senator from South Carolina, in his oral statement, said that their pension fund pays a maximum of $90 per month. Our answer to this is: get the local and/or State government to improve the pension system and bring it into line with other police pensions.

Since the year 1857 the local governments have provided the funds and the type of pensions needed to insure protection for the citizens and at the same time maintain the efficiency of the police department for which proper pensions are so essential.

We do not believe that Congress ever intended that social security should or could be used by economy-minded officials in some States, counties, and cities to shift to and saddle the Federal Government with a responsibility that belongs to the local governing bodies.

Gentlemen, I appreciate the opportunity of appearing here to give you the views of over 100,000 policemen in the United States. Thank you.

STATEMENT BY JOHN P. REDMOND, PRESIDENT, INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS

Mr. Chairman and members of the Senate Finance Committee, my name is John P. Redmond, president of the International Association of Fire Fighters, representing 84,000 paid fire fighters in the United States and Canada. My office is at 901 Massachusetts Avenue NW., Washington, D. C.

The members of the International Association of Fire Fighters have, by repeated convention action, gone on record as opposing the extension of coverage to the fire fighters of the United States under the Social Security Act.

The fire fighters of the United States at the present time have retirement, annuity, and pension systems in 48 States and in 99 percent of the cities that have paid professional fire fighters. The present systems are designed to give protection to the members, their widows, and dependents, and are very important in maintaining the efficiency of the fire departments. The morale of the fire service is excellent because every fire fighter knows that when he has served the necessary time to qualify for retirement he is assured of a reasonably fair pension to take care of himself and his dependents. He also knows that in the event of being killed or injured his family will be reasonably well cared for. The funds to provide this type of protection are provided by contributions from his salary each month and from the funds provided by the taxpayers in the city where he is employed. In no case are the citizens opposed to proper protection for the fire fighters or their families, and we believe that the citizens who have the protection afforded by the fire fighters, should have the responsibility of paying for this protection.

We don't believe the Federal Government should be expected to pay part of the costs of pensions or retirement benefits which are set up to meet the needs of a local community.

Since the year 1875 the local governments have provided the funds and the type of pensions needed to insure proper protection for the citizens, and at the same time maintained the efficiency of the fire departments for which proper pensions are so essential.

To do anything to change the existing practice would disrupt the smooth-working arrangements that already exist in nearly every city of the United States. It would also be difficult to persuade the State and local governments that they should continue to support their local retirement systems at the present levels if the United States Congress would say the fire fighters should be under social security.

Therefore, the International Association of Fire Fighters opposed the changing of the present social-security law which clearly defines the exclusion of coverage of fire fighters contained in section 218 (5) (A) of the Social Security Act which reads as follows:

"(5) (A) Nothing in paragraph (3) of this subsection shall authorize the extension of the insurance system established by this title to service in any policeman's or fireman's position."

The CHAIRMAN. Next witness is the Honorable A. Fletcher Spigner, Jr., State senator from South Carolina.

STATEMENT OF HON. A. FLETCHER SPIGNER, JR., STATE SENATOR OF SOUTH CAROLINA

Mr. SPIGNER. Mr. Chairman and gentlemen of the committee——

The CHAIRMAN. We are glad to have you.

Mr. SPIGNER. Will it be all right if I stand and talk direct to you? I have no prepared statement. I feel I shall be able to give you the views of South Carolinians from the legislature, from the people, from the law-enforcement officers themselves, and from the municipalities the information which I have, because I feel it so deeply inside I don't need to have a prepared statement.

The gentlemen who will follow me will have a statement which will be for the record to summarize as best as we can our objective in concise, clear language which we feel is in accordance with the philosophy of social security. In the first instance, Mr. Chairman, we have in South Carolina approximately 2,500 law-enforcement officers. Just about 25 percent of these men are already covered by social security. Seventy-five percent of these men are municipal officers and are ex-

cluded. Of the 25 percent covered, we have our sheriffs, our deputies, our highway patrol, our magistrates, and even our game wardens.

It is hard for anyone, from the mayor right on down, to our Senators right on up here in Washington, to explain to our municipal officers why they have not had the opportunity to have a referendum to elect for themselves whether they should come under social security.

We have in South Carolina a police annuity and insurance plan which is sorely inadequate. An officer who serves all of his life can't possibly get more than $96 per month when he is finished with his service. There are no survivor benefits.

This plan is inadequate, due to no fault on the part of our fine officers. We sincerely feel that if left to the individual States through the machinery, the mechanics as now provided by law, to hold referendums within the groups of the police officers in the various municipalities of that State as the governor can elect to do, letting each State if it is best for them to come under social security, so far as the municipal officers are concerned, let them come under. If in a given city in the United States they already have a splendid, excellent retirement system—and I know there are some—there is no compulsion. It is strictly a local-option matter where it should be among the group, the individual groups affecting themselves.

Mr. Chairman and gentlemen, I want to add this: Being a former law-enforcement officer, having served with the FBI, I have been all over the United States, and I know that law enforcement has made tremendous strides in the last 10 or 15 years. Unfortunately, up to now in every section—and, of course, it is relative—the people have not learned that law-enforcement officers should be paid a living wage. It is easy to find a qualified man that wants to go into law enforcement as a career, and municipal officers are career officers. But when you tell him about the benefits that he is going to get, and benefits which his survivors are not going to get, he goes into something else, and, Mr. Chairman and gentlemen, law enforcement—and I know you all agree—is the bedrock of good government. Following me will be Mayor Jennings, and may I express the regrets of the chairman of the committee from the South Carolina Legislature, Senator Rembert C. Dennis, at his not being able to be with you today.

We are trying to do our best to carry the ball for him. He has worked so hard on this matter. And here with us today are men from every facet of the matter, law enforcement officers, chairmen of our State retirement system, and one of our fine mayors from the municipal association. We feel that we have a just and a fair cause and we are asking for your earnest consideration of our mission. Thank you very much.

The CHAIRMAN. Thank you, Mr. Spigner. Do I understand that the Honorable Rembert C. Dennis is not present?

Mr. SPIGNER. He is not present, Mr. Chairman. He asked me to express his regrets that he could not come. I have come in his place as a member of the committee.

The CHAIRMAN. The next witness will be the Honorable R. H. Jennings, the mayor of the city of Orangeburg, S. C.

STATEMENT OF HON. R. H. JENNINGS, MAYOR OF THE CITY OF ORANGEBURG, S. C.

Mayor JENNINGS. Mr. Chairman, gentlemen of the committee, on behalf of the General Assembly of South Carolina, the Municipal Association of South Carolina, and the Law Enforcement Officers Association of South Carolina, we respectfully request that the Social Security Act, as amended, be further amended to provide for the extension of social-security coverage on a State and local-option basis to municipal policemen and firemen.

Section 218 (d) (5) (A) of the Social Security Act expressly excludes any policemen's or firemen's positions from coverage by the insurance system. We understand this exclusion was requested by representatives of national police and fire associations at the time the act was liberalized to include coverage of State and local employees covered by State retirement systems.

We believe that arbitrary exclusion of all policemen and firemen from the social-security system imposes an unnecessary hardship on many of these employees, and denies them the benefits and protection which are afforded to other municipal and State employees.

In order that the interests of all policemen and firemen may be adequately protected, we request that the law be amended to provide that policemen and firemen be given the opportunity to vote on their preference for inclusion in the social-security system. Experience has shown that in those places where State or municipal employees have participated in referendum to decide if they are to be included in the system, they have voted in the great majority for inclusion in the system.

Therefore we propose that policemen and firemen also be allowed to decide by ballot whether they desire to be covered by social security. If they are permitted to do so, the policemen and firemen in each city would be allowed social-security coverage if the majority voted in favor of the referendum. Thus if the present State retirement system were more favorable to the policemen's and firemen's interests, they would be allowed to retain the State system and would not be forced to join the social-security system.

On the other hand, if policemen and firemen in a city decided by ballot that the majority favored inclusion in social security, they would be allowed to join the system. In this way no municipal policemen and firemen group would be forced against their better judgment into social security and those now desiring to belong to social security would no longer be automatically excluded.

To accomplish this objective, section 218 (d) (A) of the Social Security Act and the references thereto in sections 218 (d) (1) and 218 (d) (3) of the act would have to be so changed to make it optional with each State to determine for itself whether or not to make the referendum provisions applicable to policemen and firemen.

Moreover, section 218 (d) (6) of the act should be amended by adding a provision that any retirement system which covers policemen's or firemen's positions in any political subdivision shall be deemed to be a separate retirement system with respect to the policemen's or firemen's position in each such political subdivision.

The law is as it now stands, makes it awfully hard for municipal council, city council, to explain to our firemen and our policemen why they can't get the coverage that all other city employees get. We have an awful time sometimes explaining to them that question. We simply want the law changed so that the police and firemen can be included under social security if they so desire.

Thank you.

The CHAIRMAN. Thank you very much.

Are there any questions? There is none.

The Senate convened early today at 11 o'clock and we will now recess until 10 o'clock tomorrow morning.

(By direction of the chairman, the following is made a part of the record:)

Introduced by Messrs. Arthur, Hart, and Jeter

A CONCURRENT RESOLUTION Memorializing Congress to enact legislation to provide social-security coverage for the municipal policemen and firemen of South Carolina

Whereas municipal policemen and firemen are not entitled to social-security coverage under the present social-security law: and

Whereas the municipal policemen and firemen of South Carolina desire social-security coverage because their present retirement coverage is inadequate; and

Whereas the municipal policemen and firemen of certain other States do not wish social-security coverage because they have adequate retirement coverage without social security: Now, therefore, be it

Resolved by the House of Representatives, the Senate concurring, That the Congress of the United States be memorialized to enact suitable legislation to amend section 218 of the Federal social-security law so as to provide for the extension of social-security coverage to municipal policemen and firemen of the State of South Carolina on a State and local option basis; be it further

Resolved, That a copy of this resolution be forwarded to each United States Senator from South Carolina, each Member of the House of Representatives of Congress from South Carolina, the chairman of the Ways and Means Committee in Congress, and the chairman of the Finance Committee of the United States Senate.

State of South Carolina, in the House of Representatives, Columbia, S. C., February 8, 1956.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the South Carolina House of Representatives and concurred in by the Senate.

[SEAL]

INEZ WATSON,
Clerk of the House.

CITY OF GRAND RAPIDS, MICHIGAN

JANUARY 9, 1956.

Senator CHARLES E. POTTER,
Senate Office Building, Washington, D. C.

DEAR SENATOR POTTER: I would like to ask if you have given any thought to changes in social-security legislation in this session of Congress; in particular, the exclusion clause which prohibits municipal policemen and firemen from social-security benefits?

It is my understanding that this prohibition was placed in the act to satisfy lobbyists from police and fire organizations who were needlessly alarmed that social security would do away with present pension systems.

We have here in Grand Rapids two pension systems, one for police and fire and the other for all other municipal employees.

Before social security became available to municipal employees other than policemen and firemen, the benefits were similar, except the retirement age was 60 for police and fire, and 65 for the other group.

The eligible municipal employees recently voted overwhelmingly to come under social security, so this is now accomplished and gives them this benefit in addition to what they already had.

The results are that policemen and firemen retirement benefits for comparable years of service will be far lower than the other group.

Also, there must be many police and fire officers in smaller communities throughout the country who have no pension plan and, being excluded from social security, have no retirement benefits whatsoever.

I also know of some cities whose policemen and firemen were under social security before the exclusion act that since have adopted a municipal pension system, thereby being comparable to other municipal employees having both systems.

I am positive that the lobbyists responsible for the present discrimination were 100-percent wrong and did a disservice to many thousands of public employees.

Do you think there is any chance of correcting this injustice in the present Congress?

Sincerely yours,

DEWEY BEAVER, *Superintendent of Police.*

LOS ANGELES, CALIF., *February 7, 1956.*

Hon. HARRY F. BYRD,
Senate Committee on Finance,
United States Senate, Washington, D. C.

We earnestly request that you oppose proposed bill, S. 2646, which would include North Carolina police under social security. This organization still desires total exclusion of policemen from social-security coverage. We trust you will stand by us in this matter so vital to our good morale.

KENNETH A. RISBRIDGER.
Chairman, Executive Committee, Los Angeles County Peace Officers' Protective Association.

PARKSVILLE, MO., *February 4, 1956.*

Hon. STUART SYMINGTON,
Washington, D. C.

DEAR SENATOR: I see by the papers that the social-security laws might be revised in the near future.

I want to call your attention to what appears to me as two injustices in the present laws. Both defects arise from the fact that the rights of the individual are circumscribed by the institution through which the individual works.

1. The retirement monthly benefits are dependent upon when the institution came under the plan. For example colleges were supposed to enter the plan on January 1, 1951. I urged the president of Park College to qualify at that time, but the college did not enter until January 1, 1952. The result is that I will receive considerably smaller payments for the remainder of my life as a result of the negligence of my college. This hardly seems fair to the underpaid private college professor when the cause was not due to any act of the individual.

2. The other injustice lies in the fact that if an institution should arbitrarily and unjustly retire a teacher at 64 it can prevent him from receiving any social-security benefits; or if the college should give the teacher a terminal leave at reduced pay this act of the college will greatly reduce the teacher's monthly benefits for the remainder of his life.

When one reflects upon the dictatorial powers of a college board over the college teacher it seems to me that our Government should not lend its power to such injustice as may be and often is committed by college boards. Why does the Social Security Administration not provide for modification of the law where it can be shown that a college board has mistreated its teachers?

I thank you for your kind consideration to this letter.

Very truly yours,

HOMER L. WILLIAMS.

MAYWOOD, ILL., *January 11, 1956.*

Hon. EVERETT M. DIRKSEN,
United States Senate, Washington, D. C.

DEAR SIR: I wish to respectfully call to your attention an apparent inequity in the old-age and survivors insurance program.

I have been trying for the last 5 years to establish my eligibility for coverage as a worker. So far I have not been able to do so. I am a substitute schoolteacher and not eligible for retirement benefits under the regular teachers' pension system. Therefore no deductions have been made from my salary in either case. I have worked each year for the last 15 years, earning each year in excess of the minimum required by the Social Security Act. My husband receives retirement benefits under Federal civil service and thereby not eligible for social-security coverage.

In contacting various social-security offices in this area in order to establish my eligibility, I am told that there is no provision in the law to cover a worker in my position. In this case I must compare my position with other categories that have recently been given social-security coverage beginning with 1955 amendments to the law. These include self-employed professional people, and to quote a district manager of a local social-security office, "clergymen may come under the social-security program on a voluntary basis." It is therefore felt that substitute schoolteachers could likewise be brought under the provisions of the law since it is the purpose and intent of the law to cover all classes of workers without discrimination.

In behalf of all substitute schoolteachers who are similarly without social-security coverage, I would greatly appreciate your efforts and interest in this matter.

Very respectfully yours,

Mrs. C. J. JACOBY.

P. S.—Following are sources and references to the law as furnished me. Internal Revenue Bulletin dated April 15, 1955, No. 15, page 18, section 1426, revised ruling 55–206, regulation 128, section 408.204, also section 481, regulation 118, section 39.481–3.

UNITED STATES SENATE,
COMMITTEE ON PUBLIC WORKS,
February 7, 1956.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR MR. CHAIRMAN: So that it may receive the consideration of the committee and of the Senate, I hope the attached letter from Mr. Harry C. Knox, of Manchester, N. H., can be made part of the committee's hearings on H. R. 7225.

Mr. Knox discusses a problem which affects a large number of present beneficiaries under OASI, the impact of dropout years and I hope the committee can arrive at a means of assuring equitable treatment, both for pre-1955 pensioners and those to whom coverage would be extended by H. R. 7225.

With every good wish,

Yours sincerely,

NORRIS COTTON.

MANCHESTER, N. H., *January 31, 1956.*

Hon. NORRIS COTTON,
Senator, New Hampshire,
Washington, D. C.

DEAR SENATOR COTTON: From news reports the Senate is considering action on House bill No. 7225, social security (OASI) amendment. The American Medical Society is debating the meaning of "disability" contained in the provision to pay insurance benefits to the totally disabled after 50 years of age. Instead of killing the whole bill have this portion delayed for further study and pass the rest of the bill.

Under the amendment of August 1954 to the Social Security Act which was passed to take effect January 1955 it included a dropout rule by which the five least productive years would be eliminated in figuring a worker's rate for his social-security pension. In signing this bill President Eisenhower said: "This provision is of great importance to many people whose years of low earnings

would sharply reduce their benefits." This provision did not apply to those 4 million pensioners receiving their pensions prior to September 1954.

The pension rates of Federal civil-service employees were substantially raised by law passed at the first session of this Congress and this increased pension was applied to the civil-service employees already on pension. This same procedure also has applied to old pensioners in several of the larger labor unions.

These pre-1955 social-security pensioners suffered a discrimination in being deprived of the benefits of the dropout rule. A bill H. R. 6962 (a copy enclosed) was introduced June 22, 1955, in the House by Representative Merrow to correct the discrimination. In justice to these 4 million old pensioners (1 million of them widows) will you see that this provision is added to the Senate bill now being considered. If this increased benefit only means a few dollars a month they need every cent due them as a recent survey by the Twentieth Century Fund reveals that two-thirds of our retired people have less than $1,000 a year to live on.

Very truly yours,

HARRY C. KNOX,
Counselor, Manchester Sunset Club.

BRUNSWICK, MAINE, *February 13, 1956.*

Hon. MARGARET CHASE SMITH,
Senator from Maine, Washington, D. C.

DEAR SENATOR SMITH: To you as senior representative at Washington of my adopted State of Maine this letter is being sent with the hope that, should you find any or all of its contents worth considering, you would use your high office to endorse the same to whatever proper individuals or body might be indicated.

The problem I submit herewith concerns at once the current status of social security and its impingement upon any and all emeritus professors who are daily running into an impossible roadblock preventing them from helping the Nation's rapidly deteriorating teaching profession. I speak from a rich and varied lifelong combination of experience and observation.

I am not at present carping at the general program, though I have a second cousin in the Middle West who enjoys social security though he and his wife are easily worth a million. Nor am I criticizing the provision that one cannot enjoy social security if, during the year, he earn $1,200. But I am most distinctly questioning the folly of its provisions which establish the calendar year as the fiscal year concerned.

Academic years (of 10 months) straddle January 1 about 50–50. Consequently an emeritus professor stands to have $2,400 canceled from his earnings before he begins to operate. For a very rich or very poor man this is not of supreme importance. For most of us, falling as we do somewhat bewteen the millionaire and the pauper, the present situation is prohibitive. Already I have turned down a New England college and a southern university because, all things considered, I would actually have lost money.

My proposition is that any consecutive 12 months, rather than any calendar year, be considered the termini inter quos for computing. This is not proposing any special asset for the teacher, merely removing one liability to the school system.

Respectfully yours,

THOMAS MEANS.

(Whereupon at 11:20 a. m., the hearing was adjourned, to reconvene at 10:25 a. m. February 1, 1956.)

SOCIAL SECURITY AMENDMENTS OF 1955

WEDNESDAY, FEBRUARY 1, 1956

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to recess, at 10:25 a. m., in room 312, Senate Office Building, Senator Harry Flood Byrd (chairman) presiding.

Present: Senators Byrd, George, Martin, and Carlson.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The meeting will come to order.

Mr. Walter A. Slowinski, of the Bar Association of the District of Columbia, is the first witness.

STATEMENT OF WALTER A. SLOWINSKI, BAR ASSOCIATION OF THE DISTRICT OF COLUMBIA

Mr. SLOWINSKI. My name is Walter A. Slowinski. I am an attorney with offices in Washington, D. C. The president of the Bar Association of the District of Columbia has asked me to appear before you on behalf of the association to tell you of our recent unanimous action in approving the report of our committee on social security and retirement benefits for lawyers.

The board of directors of our association, representing more than 3,200 lawyers in the District of Columbia, recently presented the report of the committee on social security and retirement benefits for lawyers to the entire association membership for study and adoption. The action was taken as a part of the overall American Bar Association survey of State bar associations to determine how lawyers generally feel about social-security coverage on a voluntary or compulsory basis.

Our committee's report was printed in full in the District of Columbia Bar Association Journal for January 1956. It was later reprinted in full in the Congressional Record for January 20, 1956, pages 822 to 825. We respectfully ask that the committee report be made a part of the record of these hearings.

(The document referred to is as follows:)

The following committee report was unanimously adopted by the Bar Association of the District of Columbia at its regular meeting on January 10, 1956:

REPORT OF THE COMMITTEE ON SOCIAL SECURITY FOR LAWYERS

H. R. 7225, passed by the House of Representatives on July 18, 1955, and now before the Committee on Finance of the Senate, amends title II of the Social Security Act to extend the coverage of that title to self-employed lawyers, among other self-employed professionals (H. R. 7225, sec. 104 (d)). Thus, if H. R. 7225

is enacted, self-employed lawyers would be made subject to the tax obligations and be made beneficiaries of the retirement and survivors' benefits attendant on the Federal old-age and survivors' insurance program (OASI). (Exclusion from OASI coverage would be continued for physicians.)

The committee on social security for lawyers recommends (1) that the association record its support of H. R. 7225; (2) direct that its board of directors request to be heard before the Senate Committee on Finance and other appropriate committees of the Congress; and (3) designate a member or members of the association to appear and testify before such committees.

1. THE PURPOSE AND SCOPE OF OASI

The purpose of OASI is to provide protection against economic insecurity for persons gainfully employed and their families, when the earnings upon which such persons have depended for support are cut off by retirement or death. This basic purpose was reaffirmed by President Eisenhower in his social-security message of Janauary 1954. The President pointed out that OASI had been developed in response to the need "arising from the complexities of our modern society * * *. The system is not intended as a substitute for private savings, pension plans, and insurance protection. It is, rather, intended as the foundation upon which these other forms of protection can be soundly built. Thus, the individual's own work, his planning, and his thrift will bring him a higher standard of living upon his retirement, or his family a higher standard of living in the event of his death, than would otherwise be the case. Hence the system both encourages thrift and self-reliance, and helps to prevent destitution in our national life."

The old-age insurance program was originally designed as an expression of the Nation's conviction that older retired persons should have a continuing income, their rights to which would be established by law on the basis of their earnings and contributions and would accrue without reference to a means test. When the program was first instituted, in the early 1930's, the proportion of aged men and women in the Nation's population had been increasing, and their plight had become particularly difficult. Those were depression years, when even young persons were finding it increasingly difficult to get or keep jobs and when family savings were consequently dwindling.

Later, in 1939, survivor insurance provisions were added to the initial old-age insurance program. This was done in recognition of the problem encountered by families when the breadwinner died.

The resulting legislation constituted basically the old-age and survivors insurance program (OASI) as we know it today, although it was thereafter further expanded by the comprehensive amendments of 1950 and 1954.

Today, 20 years after the adoption of the Social Security Act, it is estimated that 69 million workers are in covered jobs under OASI and that 7½ million beneficiaries are receiving checks under that program, totaling about $385 million each month.

Nearly 60 percent of the 14 million men and women in the United States now aged 65 and over either are getting old-age and survivors insurance benefits or are working and have acquired or are acquiring protection. About 70½ million persons have worked long enough in covered employment to be insured under the program, and nearly 30 million of them are permanently insured; whether or not they continue to work in covered employment, their families have achieved survivor protection, and they themselves will be eligible for benefits when they reach age 65 and retire. Nine out of ten of the young mothers and children in the country have survivorship protection that will enable them to draw monthly benefits today if their breadwinners die.

The great mass of persons engaged in gainful occupations are today covered by OASI. The bulk of those still not included are Federal employees covered by Federal employee retirement systems, both civilian and military. Others not covered by the program are self-employed physicians, lawyers, dentists, naturopaths, osteopaths, chiropractors, veterinarians, and optometrists, as well as domestic and farm workers earning less than a specified amount and self-employed persons with net earnings of less than $400 a year.

Thus, at this writing, self-employed lawyers have the questionable distinction of being one of the few groups still outside the confines of OASI. As a result of such lack of coverage, many lawyers now self-employed will forfeit the benefit of contributions they may have already paid when they were employed by others, unless they are now permitted to remain under OASI in their current

independent status. Salaried lawyers in commerce and industry have been covered in the program since its inception. Beginning with 1951, millions of self-employed businessmen have been included and can now boast the benefits of the program. Beginning in 1955, self-employed accountants, architects, engineers, and funeral directors were also brought within the program. Self-employed lawyers are in the very small minority of persons engaged in gainful occupations which today are still excluded from OASI.

2. THE TAXES PAYABLE UNDER OASI

If H. R. 7225 becomes law, self-employed lawyers would pay annually 3¾ percent only of their first $4,200 net income from covered employment, including income from their practice of law. This rate increases to 4½ percent in 1960, 5¼ percent in 1965, 6 percent in 1970, and 6¾ percent in 1975 and after. These rates are identical for all self-employed persons under OASI.

3. THE BENEFITS OF OASI

The benefits which OASI already makes available to salaried lawyers and which would afford to self-employed lawyers should H. R. 7225 be enacted are threefold. These are summarized in graphic form in the table annexed to this report.

(*a*) First are the retirement benefits. These are payable to persons at age 65 if they then retire; to persons between the ages of 65 to 72 when they do retire; and to persons at age 72, whether they retire or not. To one fully insured, whose annual average earnings have not been less than $4,200, there would be payable each month (at present rates): $108.50, if the insured beneficiary is unmarried; $162.80, if he is married, and his wife also has reached the age of 65; and $200, if, in addition, he has children still under 18 years of age. These retirement benefits continue until the death of the insured.

(*b*) Second are the survivors' benefits. These are payable. on the death of the insured, to a person's widow or surviving parents or surviving children. Where the person insured has enjoyed average annual earnings of not less than $4,200: a widow aged 65 or a widow of whatever age with a child under 18 years of age, would receive $81.40 a month; and a surviving family might be entitled to payment of as much as $200 a month.

(*c*) Third are the so-called lump-sum benefits. These are payable to the widow of an insured person or to anyone else who may pay the burial expenses. They are designed to defray such expenses, are limited to a maximum to $255, and are payable in addition to the survivors' benefits.

4. THE REASONS FOR COVERAGE OF SELF-EMPLOYED LAWYERS IN OASI

There are several cogent reasons for coverage of self-employed lawyers under OASI:

(*a*) The exclusion of self-employed lawyers from the program, as we have already indicated, results in the loss to many lawyers of valuable benefits rights for which they have already paid. So that they may gain experience before striking out for themselves, many lawyers start their professional work as employees. Because of the close relationship between legal practice and fields such as business management, real estate, finance, and politics, many also have a strong tendency to move into other lines of work. Many others have OASI wage credits as a result of services rendered in the Armed Forces. It has been estimated that about 30 percent of our self-employed lawyers at one time or other have accumulated some OASI wage credits.

By virtue of the exclusion of self-employed lawyers, these credits must inevitably be lost or curtailed. For there are few of these persons who, before they venture into practice for themselves, have succeeded in building up the 10 years of coverage necessary to full insurance. Moreover, even those among them who have achieved the status of a fully insured person suffer a reduction in the amount of their benefit rights for each year thereafter in which they find themselves not in covered employment.

(*b*) The failure to cover self-employed lawyers under OASI deprives them of the very important protection afforded to survivors under that program. This is particularly significant for younger lawyers. Because of the years required for education, lawyers tend to be generally somewhat older than nonprofessional people when they begin first to earn an income. Many young lawyers starting private practice also are faced with high expenses and heavy family obligations

at a time when income is relatively low. Death of the young lawyer at such a time may be catastrophic to his widow and young children.

The survivors' benefits provided by OASI would assure the lawyer's family a monthly income if he should die. For example, a lawyer with an annual net income of $4,200 or more, who has a wife and 2 children, would afford protection for them should die in the amount of $200 a month until the elder child attained the age of 18 years. The monthly benefit would then drop to $162.80 until the younger child reached 18. After that, no benefits would be payable until the widow reached the age of 65; but, at that point, her benefits would be resumed at the rate of $81.40 a month. In addition, of course, the lump-sum death benefit—a maximum of $255—would at all times be payable to the widow upon the lawyer's death.

Considering these payments as a cumulative cash figure, the widow and children, in many cases, will receive from $20,000 to $35,000 or more in total benefits during those critical years when the children are young. (The exact amount payable would, of course, depend on the age of the children at the time of the lawyer's death.) Moreover, the widow, should she live beyond the age of 65 (with a life expectancy of 15 or more years) would be entitled to further benefits aggregating approximately $14,000.

(*c*) The costs of the insurance offered under OASI are substantially less than the costs of purchasing similar insurance through private insurance plans. It is, of course, difficult to present comparative costs for all varied situations. Let us assume, however, for purposes of illustration, a self-employed lawyer, aged 25 years, who begins to contribute to OASI in January 1956; who dies at the age of 34; who, at the time of his death, leaves a wife and 2 children aged 6 and 4; and who, during the 9 years of his coverage, earns an average of not less than $4,200 a year.

Such a hypothetical lawyer would have contributed a total of $1,291.50. In return, OASI will guarantee to his wife and children, benefits aggregating $45,666.60. The cost of purchasing a $45,000 life insurance policy from a private insurance company, on the other hand, would have been $8,820.90. (These figures are obtained from an article, "Social Security: As Life Insurance—as an Annuity," appearing in the March 1955, issue of the New York Journal of Dentistry.)

Let us assume that the same hypothetical self-employed lawyer retires at the age of 65. According to the same source, with a life expectancy of 13 years at that time, that lawyer would receive, for both husband and wife, a total of $25,396.80, plus a lump-sum benefit of $255, should the husband predecease his wife; a grand total of $25,621.80. For these benefits, the lawyer, during the 40 years of his coverage, would have made contributions to OASI in a total amount of $8,631. To secure a similar annuity program from a private insurance company, on the other hand, would have cost the lawyer $36,048.60. And it should be remembered that under OASI, the lawyer's family has been protected in case of his death before retirement age.

5. THE ARGUMENTS ADVANCED AGAINST OASI

Several arguments have from time to time been advanced against OASI coverage for lawyers. The most significant of these are as follows:

(*a*) It has been said that self-employed lawyers are less likely to retire abruptly at a given age than are most other earners; that they are more likely to retire gradually; and that, like the proverbial old soldier, some never retire. Thus, during the period from age 65 to 72, no monthly retirement benefits whatever may be payable to a self-employed lawyer. After age 72, of course, monthly retirement benefits will be payable notwithstanding the fact that the lawyer may not have retired.

The fact is, however, that in these respects, lawyers do not substantially differ from other wage earners. Older persons in all groups are more and more expressing a preference to continue working as long as they can. Slightly more than 40 percent of the men past age 65 are employed. About 60 percent of all men between the ages of 65 to 70 are employed. The average age of retired workers coming on the OASI rolls is 68 to 69.

There are, however, many causes for dependency in old age which are not within the control of the individual. Even aged lawyers become ill and disabled. Experience has shown that few retired people stop work because they want to do so. Nearly half of those who have retired have done so because of disability.

It must also be kept in mind that retirement benefits are payable at the age of 65, despite the fact that insured persons may derive an income thereafter. Income from real-estate investments, stock ownership, trust notes, partnership distributions of capital, etc., may be received without any effect whatever on OASI retirement benefits. It is only if income is earned in and as a result of employment that the benefits payable are curtailed or withheld.

Moreover, the mere fact that a retirement annuity plan may prove to be unnecessary during the 7 years from age 65 to 72 is little, if any, reason for rejecting a plan available at so low a cost as compared to the cost of private insurance programs.

(*b*) It has also been suggested that most lawyers are able to provide for their own retirement income through private insurance programs.

This seems questionable in light of the Department of Commerce figures relating to the income of lawyers throughout the Nation. Those statistics show that in 1947, the 73.6 percent of self-employed lawyers who were in individual practice reported, before Federal taxes, a mean net income of $5,759 per year and a median net income of $4,275 per year. Such earnings are hardly adequate to support the high cost of privately purchasing the substantial life insurance and annuities insurance which OASI affords.

Moreover, coverage under OASI does not preclude supplemental private insurance. We have already referred to the statement of President Eisenhower, in which he said of OASI:

"The system is not intended as a substitute for private savings, pension plans, and insurance protection. It is, rather, intended as the foundation upon which these other forms of protection can be soundly built. Thus, the individual's own work, his planning, and his thrift will bring him a higher standard of living upon his retirement, or his family a higher standard of living in the event of his death, than would otherwise be the case. Hence the system both encourages thrift and self-reliance, and helps to prevent destitution in our national life."

OASI provides a base above which those lawyers able to do so may build a greater and more ample retirement and life insurance fund for their later years and their families.

(*c*) It has also been urged that compulsory coverage is a means of regimenting the profession. Frankly, the logic of this argument escapes us. Self-employed businessmen, who have been covered by OASI since 1951, have not experienced more regimentation than have lawyers during the last 4 years. We are aware of no widespread complaint by such businessmen; to the contrary, we know of many persons who seek part-time covered employment primarily, if not solely, so that they may gain the benefits of OASI.

(*d*) Finally, it has been stated that the sentiment among lawyers opposes coverage under OASI. The facts, however, belie this assertion.

At its February 1955 midyear meeting, the house of delegates of the American Bar Association recorded itself as favoring voluntary coverage for self-employed lawyers. Mr. Archibald M. Mull, chairman of the conference of bar presidents, there reported that the vote in bar associations was overwhelmingly in favor of voluntary coverage for lawyers. A questionnaire sent to 1,445 local bar associations disclosed that of some 366 associations which had polled their members, 264 had expressed support for OASI, and 45 opposition. Of 293 associations which had not taken a poll, the consensus of their presidents or executive committees as to the opinion of members in their associations was that 222 were for and 71 against inclusion of lawyers in the program.[1]

In September 1951, Senator Henry C. Lodge took a poll of the attitude of Massachusetts lawyers toward OASI coverage and reported that 88 percent had declared themselves emphatically in favor of coverage. Ir June 1953, Congressman Louis Rabaut announced that an opinion poll of Michigan lawyers had disclosed that 2,825 lawyers favored coverage as against 1,395 who were opposed. In August 1953, Congressman Kean reported that lawyers replying to a New Jersey Law Journal poll were overwhelmingly in favor of OASI coverage.

It is true that a good number of those lawyers who have expressed support of coverage in OASI would prefer voluntary as opposed to compulsory coverage. The chances of achieving voluntary coverage for the lawyer group in face of com-

[1] Of the 264 local polled associations which expressed support, 72 expressed a preference for voluntary inclusion and 10 expressed a preference for compulsory coverage. Of the 222 presidents and executive committees of local nonpolled associations which were in favor of OASI, 33 expressed a preference for voluntary inclusion.

pulsory coverage for the great mass of wage earners is, however, practically nil. The Department of Health, Education, and Welfare has unequivocally opposed voluntary coverage. Similarly, the congressional committees which have considered this legislation have rejected the idea of voluntary coverage for any lawyers or other professional groups (except ministers, where questions of relationship of church to state are involved). The report of the Ways and Means Committee of the House of Representatives on the 1954 amendments, reads, in part, as follows:

"Your committee is aware that some groups have expressed a preference for coverage on a voluntary individual basis. There are, however, fundamental objections to that approach. The history of voluntary social insurance on an individual elective basis in the United States and in other countries indicates definitely that only a very small proportion of all eligible individuals actually elect to participate. Those who do participate are usally not the people of below-average income who are in the greatest need of the protection afforded. Moreover, voluntary coverage attracts almost exclusively people who, because they are already old or for other reasons, can expect a large return for their contributions. This 'adverse selection of risks' could result in a significant drain on the funds of the program.

"* * * Your committee concluded * * * that extension of coverage on an individual voluntary basis involved grave dangers with respect to the financing of the system, as well as discrimination against the great majority of workers covered under the program on a compulsory basis * * *

"* * * Those who would elect coverage under a voluntary option are primarily those who could expect the largest return for a relatively small contribution. The deficit in their contributions would have to be made up by increasing the contribution rate for the covered group as a whole. * * *

"Your committee is convinced that the compulsory character of the system must be preserved, and that in the absence of overriding considerations of a special character, as is present in the case of members of the clergy, any extension of coverage must be on a mandatory basis with respect to individuals."

Voluntary coverage for the now excluded self-employed professional groups—about 350,000, including about 110,000 lawyers—would provide special treatment for these professional groups in comparison with the approximately 66.5 million wage earners and self-employed people who are subject to compulsory coverage. Voluntary coverage would be basically unfair to those covered compulsorily, since these latter would be paying a major part of the increased cost arising from the adverse selection which voluntary coverage for lawyers would produce. The American Bar Association's committee on unemployment and social security recently recognized the inequity of such a dichotomy:

"* * * Our committee has already pointed up the unsoundness of such a provision not only from the standpoint of the social-security program, but from the standpoint of general public reaction to a request for such special treatment."

6. CONCLUSION

Your committee concludes that there is no basis whatever for excluding the legal profession from the OASI program. The benefits of protection to surviving families and to retiring lawyers are so substantial, and the costs of achieving that protection are relativly so low that to deprive lawyers of such protection seems unjust and unfair. Moreover, we must realize that, as a practical matter, we, in our status as consumers and taxpayers, are daily paying for the protection which OASI affords to the mass of wage earners and other self-employed persons in the population. Meanwhile, through our own shortsightedness, we are short-changing ourselves.

For those who may be interested in examining further into this problem, we are herewith appending a bibliography of relevant materials.

Respectfully submitted.

SOTERIOS NICHOLSON,
Chairman,
HARRY I. RAND,
Subcommittee Chairman,
MORRIS MILLER,
Subcommittee Member,
JAMES E. CURRY,
Subcommittee Member,
Committee on Social Security and Retirement Benefits for Lawyers.

Social security benefits

[Applicable to salaried lawyers who contribute on each pay day 2 percent of their salary (up to 1st $4,200 received in each year), a similar amount being paid by their employers; and if H. R. 7225 becomes law, applicable to self-employed lawyers who would pay 3¾ percent of the 1st $4,200 of their net earnings when they file their tax returns]

This benefit—	Will be paid—	If at your death or retirement you are—	Amounting to—	
			This percent of benefit due	This in dollars, assuming your average monthly earnings are $350 [3]
Retirement benefit	You at age 65 if you retire then; at any age between 65 and 72 when you do retire; at 72 whether you are retired or not.	Fully insured [1]	100 percent	$108.50.
Wife's benefit	Your wife when you are receiving retirement benefits, if she is 65 or has children under 18 in her care.	Fully insured	50 percent	$54.30.
Child's benefit	Each of your children under 18 when you are receiving retirement benefits.	Fully insured	50 percent each child	$54.30 each child. [4]
Widow's benefit	Your wife if you should die, when she is 65	Fully insured	75 percent	$81.40.
Mother's benefit	Your wife if you should die, no matter what her age, while she has at least 1 of your children under 18 in her care.	Fully or currently insured. [2]	75 percent	$81.40.
Surviving child's benefit.	Each of your children if you should die, until they are 18	Fully or currently insured.	50 percent each child with an extra 25 percent divided evenly among all children.	Assuming widow and 2 eligible children, each child: $67.90. [4]
Parent's benefit	Your parents if you should die, if they are over 65 and dependent on you and if you leave no wife or children to get benefits.	Fully insured	75 percent each parent	$81.40 each parent.
Lump-sum benefit	Your wife (or husband) if you should die: if she does not survive you, or if she is not qualified because of divorce or separation, or if you are single, then to anyone who pays burial expenses.	Fully or currently insured.	300 percent, but not over $255.	$255.
Husband's and widower's benefit.	The dependent husband at age 65 of a working woman receiving retirement benefit (see above); the dependent widower at age 65 of a working woman who dies.	Wife must be both fully and currently insured.	Husband, 50 percent; widower, 75 percent.	Husband, $53.30; widower, $81.40.

[1] Fully insured: If at age of 65 or death, the total numbers of quarters of coverage is at least half as many as the number of calendar quarters that have passed since December 31, 1950, or since age of 21, whichever is later. After 40 quarters of coverage, you are fully insured for life. A wage earner receives a quarter of coverage for each calendar quarter in which he is paid at least $50 in wages. A self employed person receives 4 quarters of coverage for the year if his net earnings are $400 or more. If his net earnings are less than $400, he receives no credit for that year. A minimum of 6 quarters of coverage is required.

[2] Currently insured: If when you become entitled to retirement payments or at your death you have at least 6 quarters of coverage within preceding 3 years.

[3] Average monthly earnings: Total of all income subject to social security taxes from January 1, 1951, to date of retirement or death (not in excess of $3,600 for any year before 1955, not in excess of $4,200 for any year after 1954) plus $160 for each month served in armed services in or since World War II, and divide that sum by the number of months between January 1, 1951, and the date of death or retirement. Payments are reduced if you are under 72 if earnings from any source exceed $1,200, but "earnings" do not include income from property, investments, company pensions and other insurance. After the age of 72, benefits are payable no matter what amount is earned.

[4] The maximum amount of monthly benefits payable to a family is $200.

ARTICLES ON COVERAGE OF SELF-EMPLOYED LAWYERS UNDER OLD-AGE AND SURVIVORS INSURANCE

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Mr. SLOWINSKI. At a regular meeting of the association on January 10, 1956, the members present voted unanimously to adopt the com-

mittee report recommending the association strongly support compulsory social-security coverage of self-employed lawyers as now provided in H. R. 7225, 84th Congress before this committee.

Our reasons for asking this committee to include self-employed lawyers under social security are briefly as follows:

1. The exclusion of self-employed lawyers results in the loss of valuable benefits and rights for which many lawyers have already paid. Many self-employed lawyers have some OASI wage credits as a result of military service, teaching, and other covered employment prior to or perhaps concurrent with their law practice at one time or another. It has been estimated that 30 percent of all self-employed lawyers have accumulated some OASI wage credits, but most of them do not have enough for permanent coverage.

If these self-employed lawyers are to continue to be excluded, these OASI credits will be lost.

2. The failure to cover self-employed lawyers under social security deprives them of the very important protection afforded to survivors under that program. This is particularly significant for younger lawyers.

Because of the years required for education, lawyers tend to be generally somewhat older than nonprofessional people when they first begin to earn an income. Many young lawyers starting private practice also are faced with high expenses and heavy family obligations at a time when income is relatively low. Death of the young lawyer at such a time may be catastrophic to his widow and young children.

3. The costs of the insurance offered under OASI are substantially less than the costs of purchasing similar insurance through private insurance plans.

Our association's unanimous vote was taken after careful consideration of the arguments advanced against social-security coverage for self-employed lawyers. We have heard that lawyers do not usually retire at 65, that most lawyers are able to provide for their own retirement income, and that compulsory coverage means a regimenting of our profession. All of these arguments have been fully considered in reaching our decision.

The association has also studied the advantages of voluntary coverage, and the membership agreed it would be basically unfair to those persons now covered compulsorily. Our association asks no special treatment for lawyers.

The bar association of the District of Columbia respectfully recommends that section 104 (d) of H. R. 7225, including self-employed lawyers on a compulsory basis, be reported favorably by this committee.

The CHAIRMAN. Thank you very much, Mr. Slowinski. Are there any questions? There is none.

Mr. Gambrell of the American Bar Association will not be present this morning. In lieu of appearing he has asked that we incorporate in the record the letter of Mr. Joseph D. Stecher, secretary of the American Bar Association, giving their views on the extension of OASI coverage to lawyers.

(The letter referred to follows:)

AMERICAN BAR ASSOCIATION,
Chicago, Ill., January 18, 1956.

Re Social Security Act

Hon. HARRY F. BYRD,
Chairman, Committee on Finance, United States Senate,
Washington, D. C.

DEAR SENATOR BYRD: I am informed that the Committee on Finance, of which you are the distinguished chairman, has before it for consideration a bill which has heretofore passed the House of Representatives, and which would bring the members of the legal profession within the coverage of the Social Security Act. As you perhaps may know, this subject has been one of sharp conflict of opinion among members of the bar, and since I am certain that you and your colleagues desire to be fully informed as to the views of those who would be affected by the bill, I take the liberty of addressing this communication to you.

At its midyear meeting in February 1955 the house of delegates, which is the representative policymaking body of the American Bar Association, adopted a resolution declaring that the American Bar Association favors voluntary coverage under the Social Security Act for lawyers and such other professional groups as desire to be included. Subsequently the House of Representatives rejected the bills pending there which would have permitted voluntary or elective coverage, and passed the bill providing for compulsory coverage to which I referred above. As a consequence, when the house of delegates again convened at the annual meeting in August 1955 it adopted a further resolution requesting the State bar associations, all of which are represented by delegates in the house of delegates, to obtain the views of their respective members on the question of whether, if voluntary coverage is not provided, they favor compulsory coverage or no coverage.

Thereafter a communication was addressed to the officers of all the State bar associations requesting them to submit a simple questionnaire to their members, a copy of which is enclosed herewith. To date, replies have been received from only 28 of the 49 jurisdictions to which that communication was addressed, although replies were requested by not later than last December 31.

It has been brought to my attention that this matter is on the calendar of your committee for consideration this month, and I therefore feel that I have an obligation to report to you now the state of the record at this date. Our house of delegates will not again meet until February 20, 1956, which will be the first opportunity it will have to give any further consideration to this subject in the light of the views revealed by the poll.

Briefly, of the 28 jurisdictions responding to our request, 22 favored compulsory coverage, but of that number 13 favored such coverage only if voluntary coverage is not made available; 5 jurisdictions favored voluntary coverage, with 2 of that number being opposed to compulsory coverage, and 3 expressing no view on the alternative; 1 jurisdiction opposes any form of coverage. In order that you and your colleagues may be informed as to the States which responded and as to the general nature of the response, I also enclose herewith a summary which we have prepared, and which I trust will be of some assistance to your committee in evaluating the conflicting views of the members of the bar on this subject.

It is to be regretted that the results of the efforts of this association to ascertain the views of the lawyers of the country on this subject are not more complete. As I explained above, the present official position of this association is as declared in the resolution adopted by the house of delegates in February of last year. Whether upon consideration of the incomplete poll which has been taken that position would be changed, I am, of course, unable to state. I again, however, assure you that on this and any other matters which fall within the scope of the objects and purposes of this association, it is our desire and purpose to assist you in any way we can in a spirit not of self-interest but of service to our country.

Respectfully yours,

JOSEPH D. STECHER, *Secretary.*

NOTE: All figures below are percentages.

These percentages are based on the Total number of replies To the specific question only, in view of the fact that a varying number of persons answered each of the questions.

AMERICAN BAR ASSOCIATION

In re Responses To questionnaire re position on Social Security DATE January 18, 1956

Type of poll Taken: General	Partial or selective		For Voluntary Coverage	For Compulsory Coverage	If voluntary is not obtainable, prefer: Compulsory	None	
		ALABAMA					
		ALASKA					
		ARIZONA					
✓		ARKANSAS	86	25	15	58	42
	bar assns, exclusive of San Francisco and Los Angeles	CALIFORNIA	inclusion preferred, with emphasis on voluntary				
		CANAL ZONE					
		COLORADO					
	casual questioning	CONNECTICUT	voluntary preferred; if unobtainable, then compulsory				
		DELAWARE					
		DIST. COLUMBIA					
		FLORIDA					
		GEORGIA					
		HAWAII					
		IDAHO					
	formal position of Assn	ILLINOIS	against any inclusion, especially compulsory				
✓		INDIANA	80	27	26	59	41
✓		IOWA		66	34		
✓		KANSAS	80	29	20	60	40
✓		KENTUCKY	compulsory preferred by wide margin				
✓		LOUISIANA	72	20	29	52	48
		MAINE					
✓		MARYLAND	73	58			
		MASSACHUSETTS					
	1953 position	MICHIGAN	67% for coverage, whether voluntary or compulsory				
	poll of March, 1954	MINNESOTA	35	36	13		
		MISSISSIPPI					
		MISSOURI					
	Resolution	MONTANA	voluntary favored. "Doubt if compulsory can be favored"				
		NEBRASKA					
	previous position	NEVADA	voluntary favored				
✓		NEW HAMPSHIRE	78	32	10	81	50
		NEW JERSEY					
	10 Commissioners	NEW MEXICO	voluntary favored				
	poll of associations	NEW YORK	preponderance for compulsory				
		NORTH CAROLINA					
✓		NORTH DAKOTA	84	34	14	64	
	formal position of Assn	OHIO	favors compulsory coverage				
		OKLAHOMA					
✓		OREGON	66	48	22	64	
	formal position of Assn	PENNSYLVANIA	voluntary if obtainable; otherwise compulsory				
		PHILIPPINE ISLANDS					
		PORTO RICO					
	formal position of Assn	RHODE ISLAND	favors coverage, whether voluntary or compulsory				
		SOUTH CAROLINA					not ascertained
		SOUTH DAKOTA					
		TENNESSEE					
✓		TEXAS	66	19	35	47	53
	previous position	UTAH	favors compulsory				
	earlier statement	VERMONT	favors coverage on any basis				
✓		VIRGINIA	76	26	44	62	
✓		WASHINGTON	86	51	10	94	26
		WEST VIRGINIA					
	Earlier position	WISCONSIN	voluntary preferred; if not obtainable, then compulsory				
		WYOMING					
		FOREIGN					
		TOTAL					

AMERICAN BAR ASSOCIATION

QUESTIONNAIRE ON INCLUSION OF LAWYERS WITHIN THE SOCIAL SECURITY ACT

(*a*) Do you favor coverage of self-employed lawyers within the Social Security Act on a voluntary basis?
Number voting _____ Yes _____ No _____

(*b*) Do you favor coverage of self-employed lawyers within the Social Security Act on a compulsory basis?
Number voting _____ Yes _____ No _____

(*c*) Do you favor complete exclusion of self-employed lawyers from the Social Security Act?
Number voting _____ Yes _____ No _____

(*d*) If your answers above to questions (*a*) and (*b*) show that you favor voluntary coverage but oppose compulsory coverage, what is your choice if voluntary coverage is not obtainable? In that event do you favor:
Compulsory coverage: Number voting _____ Yes _____
or
Complete exclusion as at present: Number voting _____ Yes_____

The CHAIRMAN. The next witness is Mr. Vernon Herndon, American Hotel Association.

STATEMENT OF VERNON HERNDON, AMERICAN HOTEL ASSOCIATION

Mr. HERNDON. My name is Vernon Herndon. I am general manager of the Palmer House and a member of the governmental affairs committee of the American Hotel Association and this is Mr. M. O. Ryan, our Washington representative. My statement will be brief.

I do not wish to pose as a fiscal expert who is competent to judge the impact of an increase in this tax upon the Nation's workers. But I am impressed with the argument that I have heard, that this bill does incorporate into the social-security field a cash disability benefit system which has not heretofore been a part of that program.

I think that employers generally have already moved to provide widespread disability protection and benefits. These include disability insurance, workmen's compensation, hospitalization and medical plans, pension plans, etc.

Actuarial experts should be interrogated carefully to learn whether these forms of disability protection for employees are inadequate, and need to be supplemented under the social-security program.

As this particular tax increases just one-half of 1 percent at a time, it appears to be an inconsequential sum. And any employer is reluctant to oppose such an increase. And yet, may I observe that for each one-half of 1 percent social-security tax, based on the first $4,200 of an employee's wage, this means upward of $4 million added annual payroll to the hotel industry.

Hotels nationally have experienced a downward trend of business and earnings year after year since 1947, so even this small sum becomes important.

I want to speak our vigorously in behalf of the hotelmen of America, and say to you that we are in favor of increasing benefits, under the old-age and survivors insurance program, providing only that the actuarial soundness of that program shall be preserved at all costs.

We understand that the Department of Health, Education, and Welfare has estimated that if this bill is enacted, in its present form, the average annual cost of benefits will be increased by more than $2

billion. If this be true, we feel that the 400,000 employees in the hotel business, as well as the 52,200,000 covered workers in the Nation as a whole, who have a stake in the soundness of this program, must not be sold short for the benefit of special groups.

H. R. 7225, as it passed the House, contains no provision for imposing the social-security tax on tip income of service employees. But we are informed that spokesmen for a labor organization propose to recommend that an amendment be drafted which would make the tax applicable to such forms of income.

We would be strongly opposed to such a proposal.

There is only one circumstance in the hotel business, that we can recite, where the amount of gratuity received by employes is definitely known to management. That occurs in the case where a luncheon or banquet is served, and paid for by one person or organization, where a flat gratuity is included in the check. In no other instance is the amount of income received by waiters, waitresses, bell boys, maids and other service employees, known to management.

And there is no method yet devised by which we can ascertain the sums involved. It would create the worst possible employer-employee relationships if management were required to wring from an unwilling employee a statement as to his tip income.

This whole problem of tips is one which we realize proves irksome to the public. But I do call your attention to the fact that in hotels, restaurants, dining cars, and other establishments where tips have been abolished, the public themselves have compelled management to rescind such policy.

Persons seeking speedier service, or special attention, insist upon tipping the employees, even though the house rule asks them to not do so. So it appears that until a better device is discovered, the industry will have to continue to live with this practice.

Spokesmen for union groups have frequently recommended to the Congress that the social-security tax be made applicable to income derived from tips. But they have perpetually argued that it would not be practical to subject such income to withholding, for income-tax purposes. We submit that this is an inconsistent position. We feel that unless some method can be devised, by which the employer can ascertain definitely the sums involved, neither the withholding nor social-security tax should apply to tips.

As an illustration of the problem which would arise in a hotel, consider the casual waiters. Many hotels hire this type of employee for large meal functions. Immediately after a banquet, they are paid off, and the hotel may not use them again for a month or two, until another large dinner is scheduled. If a hotel were obliged to make a deduction from the cash wages of each such employee, based on tip income, a difficult situation arises.

I can visualize 100 special banquet waiters standing in line before a pay window computing their tips, preparing a statement thereof to the paymaster, and then having to wait in line while he figures 2 percent on each such estimate, and then subtracts that from the sums due each worker. Such a performance would take hours and hours.

Some hotels, such as resort and seasonal properties, have a very fast turnover of employees. Some of them engage young people,

or transients, or schoolteachers, or even housewives, during the summer months.

Many of these folks never work as long as 3 months at a time. But suppose that several months after one of these people left the hotel's employ, he would send a statement to the hotel, indicating his tip income during a certain period totaled X number of dollars. The employee would have no wages coming, from which the hotel could make a deduction, in order to remit the tax. It is conceivable that a rather substantial liability might accrue to the hotel for sums due for social security tax, in spite of the fact that there would be no method by which the operator could learn the exact tax to which the hotel and the employee were exposed.

For these reasons, Mr. Chairman, and gentlemen of the committee, we hope you will not provide that the social security tax shall be applicable to tip income of service employees.

The CHAIRMAN. Thank you very much, Mr. Herndon. Are there any questions?

Senator GEORGE. I have no questions.

Senator MARTIN. No questions.

Mr. HERNDON. Thank you very much, Mr. Chairman, and gentlemen.

The CHAIRMAN. The next witness is Mr. Harry C. Lamberton of the National Lawyers Guild.

STATEMENT OF HARRY C. LAMBERTON, NATIONAL LAWYERS GUILD

Mr. LAMBERTON. My name is Harry C. Lamberton. My office is at 1822 Jefferson Place NW., Washington, D. C. I am appearing on behalf of the National Lawyers Guild, a national bar association, which, since its organization in 1936, has been actively interested in social welfare legislation.

I am here to urge you, on behalf of the guild, to approve the provisions of H. R. 7225, the social security amendments of 1955, which would extend social security coverage to self-employed lawyers.

The National Lawyers Guild has had numerous occasions in the past to express its views on the merits of pending legislation to amend the Social Security Act.

In general, it has favored the extension of coverage to the entire gainfully employed population, with benefits high enough to provide decent minimum living standards and allowances for temporary as well as permanent total disability.

It has also urged that the social security system should be financed out of general revenues on a pay-as-you-go basis. The guild has repeatedly published monographs and brochures analyzing the Social Security Act and urging its improvement.

And Congress has, by a series of historic amendments, particularly the great amendments of 1939, 1950, and 1954, expanded coverage and benefits under the act. In 1940, it was estimated that only half of the gainfully employed population was effectively covered by the old age and survivors' insurance program. Today, 9 out of 10 gainfully em-

ployed Americans are covered. And most of those not covered are protected by civil service or other retirement and pension programs.

But on this occasion we propose to devote our time to a discussion of the desirability of coverage for self-employed lawyers.

THE BAR NEEDS SOCIAL SECURITY PROTECTION

When the Congress, in 1950, amended the Social Security Act so as to extend its benefits and taxing provisions to some 4½ million self-employed persons, but excluded self-employed professional persons, the National Lawyers Guild urged that this constituted an unwarranted discrimination against self-employed persons and the National Lawyers Guild urged the Congress to amend the Social Security Act so as to eliminate this discriminatory exclusion. Coverage was extended to some professional persons but lawyers were still excluded.

Again at the time of the 1954 revision, the guild testified before this committee in an effort to secure such legislation, for the benefit of lawyers.

We now strongly urge again that this discrimination be ended by the enactment of section 104 (d) of H. R. 7225 which would accomplish this end by amending paragraph 5 of section 211 (c) of the act to delete the words which excluded self-employed lawyers from coverage.

Congress recognized in 1950, when it extended coverage under the Social Security Act to self-employed persons, that the self-employed need this protection just as the employed do, since the self-employed cannot provide for their own economic security any more than the employed can. What is true of the self-employed generally is also true of self-employed lawyers.

The Social Security Act now covers employed lawyers. yet statistical data reveals that in 1947 self-employed lawyers earned less in net income than employed lawyers.

In 1947, the median net income for salaried lawyers was $6,134, but for self-employed lawyers it was $5,199 or almost $1,000 less. For 1947, 25 percent of all self-employed lawyers reported net incomes under $3,000, but only 6 percent (or one-fourth as many) of salaried lawyers reported such low income.

The data showing the distribution of income which we have for 1947 shows that half of all independent lawyers earned less than $5,199. More than a fourth earned less than $3,000. At the other end, less than 12 percent earned between $15,000 and $25,000. Only 3 percent earned over $25,000 and only a fraction of 1 percent earned over $50,000.

As to income distribution by age, the Department of Commerce studies show that as of 1947 the self-employed lawyers start with a median net income of about $3,000 in their first years at the bar between 25 and 29.

This rises gradually to less than $7,000 annually during the ages of peak income, 50 to 54, then drops sharply so that 10 years later, at age 65, the median net income is again at about the starting point.

The paucity of income earned by most self-employed lawyers during their active years of practice obviously gives them little opportunity to save against the hazards of old age and premature death.

The same low income results in their inability to purchase adequate life insurance and obviously prevents the purchase of expensive annuities for the great majority of the profession.

Incomes are, of course, higher now than they were in 1947, but so are living costs and taxes. It is plain that most lawyers cannot afford to purchase the annuities and life insurance which they need and could have if they were covered by social security.

Moreover, the benefits available under the Social Security Act could not be purchased by self-employed lawyers through private insurance except at far greater cost.

In 1948, 140,000 out of the probably 170,000 lawyers in the United States, were self-employed. One-third of self-employed lawyers are now over 50 and face the prospect of diminishing income; on the other hand only about 25 percent of the salaried lawyers are over 50 and they face the prospect of higher incomes and pensions as well, whether they are employed by the Government or private industry.

Thus, there is presented the gross inequity that those who are more secure are protected, while those who are insecure are deprived of protection.

In June 1952 a report prepared for the Survey of the Legal Profession and published in 38 American Bar Association Journal 6, came to the same conclusion:

> It is plain that the individual practitioner and those in small firms, constituting 90 percent of all lawyers, after paying income taxes, have little or nothing left to put aside for old age * * *. The self-employed lawyer thus finds himself unable to provide sufficient social security and yet is excluded from coverage under the terms and provisions of the Social Security Act.

THE BAR WANTS SOCIAL-SECURITY PROTECTION

In 1950 and again in 1954 when Congress excluded self-employed lawyers from the coverage then being extended to other self-employed persons, Congress did so because Members of the Congress believed that the professions did not want coverage. The only basis they had for so believing was that representatives of the American Bar Association expressed their opposition to inclusion. The American Bar Association revised this position by a vote of its house of delegates on February 21, 1955. Even before that, it was abundantly clear that the bar as a whole wanted social-security coverage.

In May 1952, the guild caused a national ballot to be taken of the profession. The poll was conducted by disinterested parties who selected, and mailed a ballot to every 10th name in a full list of some 175,000 lawyers. Another independent agency received and counted the ballots, and it subsequently certified that 75 percent of all those casting ballots favored the extension of coverage to self-employed lawyers.

In 1953, the New Jersey Law Journal conducted a poll of New Jersey lawyers. Its issue of August 27, 1952 (vol. LXXVI, No. 35), showed that of atotal of 685 votes received, 634 lawyers had voted for social security, or more than 9 out of 10.

The Minnesota State Bar Association polled its members in March 1954, and reported that out of 1,424 lawyers, only 181, or less than 1 out of 10, were opposed to social security for lawyers.

The New York County Lawyers' Association, the largest local bar association in the United States polled its members in the spring of

1954. On this poll, 2,011 voted in favor of social-security coverage and 1,230 were in opposition.

On March 9, 1954, the Association of the Bar of the City of New York adopted a resolution recommending that lawyers be covered under the Social Security Act (New York Times, March 10, 1954).

Early in 1955, the National Conference of Bar Presidents sent questionnaires to presidents of State and local bar associations throughout the United States. On February 15, 1955, the conference reported that out of 607 bar presidents stating their personal opinions, 490, or 5 out of 6 bar presidents, were in favor of social-security protection.

Of 366 State and local associations which had polled their members, 264 polls showed association members in favor of social security. In 57 other associations where the opinions of boards of governors or executive committees were sampled, social security was favored by a margin of 51 to 6.

All of the foregoing serves to substantiate the position taken by the National Lawyers Guild that self-employed professional persons not only need social-security protection; they want it.

Mandatory coverage is in the interest of the bar as well as in the national interest.

From the standpoint of the national interest, it would be better to bring all lawyers and all the professions in on a compulsory basis. The representatives of the United States Chamber of Commerce, appearing before the congressional committees on hearings on social security, understood this when they urged universal coverage on a compulsory basis.

It is unsound that those who need the protection most and are perhaps the poorest risks should come in while the best risks stay out. Those who are nearest the retirement age or whose longevity is shortest because of age or poor health would come in; they would pay the least and take out the most.

On a voluntary basis, the healthiest, the best circumstanced, those who pay the most and probably take out the least, would stay out.

From the standpoint of sound social-insurance principals, voluntary coverage is wholly inappropriate. A private insurance company can adjust premiums so that the best, the youngest and healthiest risks pay small premiums and the poorest, the sickest and the oldest, pay more. But in social insurance each pays at the same rate based upon income and each takes out benefits again based to a certain extent on contributions.

If social security were on a voluntary basis, well-to-do lawyers who think they do not need the benefits would stay out. They would lose the tax advantages of the tax-exempt income involved. But the greatest loss would be the social loss in that the national fund would lose the taxes they would pay. There is, however, the danger that young lawyers and improvident lawyers of any age might forfeit the benefits of that for themselves and their families by reason of the folly of saving $100 or so a year in taxes.

That they would suffer in their old age and that there would be a social burden in protecting them in destitution would be bad enough. But that their families should suffer for this improvidence and that our country—that is, all of us—should have to pay for this improvi-

dence, as we surely would have to, simply makes no sense at all. Particularly when the cost is so small.

The polls recently taken demonstrate that lawyers favor social security whether on a mandatory or a voluntary basis.

The New York Law Journal, on December 14, 1955, reported that State bar associations of nine States—Connecticut, Kentucky, Utah, Ohio, Minnesota, New York, Pennsylvania, Oregon, and Wisconsin—have stated that—

a clear majority of their members favored social-security coverage whether mandatory or voluntary, although most prefer the selective method.

For these reasons, the National Lawyers Guild believes that coverage should be extended on a mandatory basis, as provided in H. R. 7225.

The CHAIRMAN. What is the latest position taken by the American Bar Association, Mr. Lamberton; do you know?

Mr. LAMBERTON. It is my understanding, sir, that the American Bar Association favors coverage on a voluntary basis.

The CHAIRMAN. Is that a recent position?

Mr. LAMBERTON. I think that was the position taken in February of 1955. It represents a change of position on their part.

The CHAIRMAN. Was that due to a referendum?

Mr. LAMBERTON. I don't think so, Senator. But I understand a poll of State bar associations was recently taken and described in a letter from the American Bar Association to you dated January 18, 1956, which is in the record and which reflects considerable support for compulsory coverage.

The CHAIRMAN. The change was to the effect that they do not advocate the compulsory but the voluntary?

Mr. LAMBERTON. Formerly they opposed inclusion of self-employed lawyers.

The CHAIRMAN. The bar in Virginia seem to be very much divided on it. Most of the letters I receive are in favor of the voluntary participation but not the compulsory.

Mr. LAMBERTON. I can understand that some lawyers themselves might feel that way. It is our feeling that from a national point of view, all self-employed lawyers should be covered by social security. We don't like to ask for special favors for lawyers.

The CHAIRMAN. Thank you very much. Senator Carlson?

Senator CARLSON. The mail that I get from the State of Kansas from the lawyers concur in the statements that were just made by the chairman of the committee that they would like very much to have it voluntary, if they are to be included. I receive mail both ways. I would say it is about 50–50.

Mr. LAMBERTON. I see, Senator. It is very interesting.

(The following was subsequently received for the record:)

RICHARD D. STURTEVANT,
New York, N. Y., February 27, 1956.

Hon. HARRY FLOOD BYRD,
Member of the Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: We beg leave to supplement the statement recently made by Harry C. Lamberton, Esq., in behalf of our organization before your committee urging your committee to approve the provisions of H. R. 7225, the Social Security Amendments of 1955, extending social security coverage to self-employed lawyers.

We desire to call your attention to the fact that on February 21, 1956, the house of delegates of the American Bar Association approved by a vote of 100 to 25 a resolution favoring compulsory coverage of self-employed lawyers under the Federal social security system. This action was taken after 27 out of 34 State bar associations reported that polls taken by them showed that their members favored compulsory coverage.

Our organization has for 15 years urged the extension of social security protection to the bar because of our conviction that the bar both needs and wants such protection. The statement submitted in our behalf by Mr. Lamberton, together with the accompanying monograph which we filed with your committee, documented our position. We believe that the welcome action of the American Bar Association above referred to demonstrates completely the correctness of our position.

Since your committee has previously taken the position that you would approve such legislation if the bar wanted it, we respectfully submit that the demonstration now made of the desire of the bar for the protection would now justify your approval thereof.

May we urge that you use your best efforts to obtain early favorable action by the Senate Finance Committee of these provisions of H. R. 7225.

Respectfully submitted.

ROYAL W. FRANCE,
Executive Secretary.

(The monograph referred to in paragraph 3 is made a part of the record and is retained in the committee files.)

The CHAIRMAN. This concludes the hearing for this morning. We will resume tomorrow at 10 o'clock.

(By direction of the chairman, the following is made a part of the record:)

STATEMENT OF THE WASHINGTON, D. C., BRANCH OFFICE, THE NATIONAL FEDERATION OF BUSINESS AND PROFESSIONAL WOMEN'S CLUBS, INC.

The National Federation of Business and Professional Women's Clubs, Inc., an organization of women actively engaged in business and the professions, opposes the provisions of H. R. 7225, providing a different retirement age for men and women under the Social Security Act, and defining the term "retirement age" to mean age 65, in the case of a man, and age 62 in the case of a woman.

At the federation's last national convention, held in St. Louis, Mo., in July 1954, delegates representing its 165,000 members, organized in 3,100 local clubs in the 48 States; Washington, D. C.; Alaska; and Hawaii, voted a directive to support "uniform retirement age under the Social Security Act."

The need of women for equal rights under law is the cornerstone of our philosophy and of our legislative platform, of which the above-mentioned directive is one item. A difference in the age of eligibility for retirement for men and women negates the principle of equality for women, both in law and in custom. Such a difference would hold women back (perhaps for years), until the legislation establishing it was revoked, from obtaining either equal rights or equal pay. It would wipe out many of the gains which employed women have been able to win, through the years, in recognition of the common justice of having their abilities and their performances in their jobs or their careers judged on their merits.

There are about 19 million women in the labor force in this country. A difference in retirement age for men and women would discriminate against these 19 million producers. If women may be expected to retire at an earlier age than men, they will be at a disadvantage in seeking employment or promotion; for, of course, industry seeks stability in its employees, and must foresee that it will be repaid for any investment in training and experience which goes into the development of its personnel. Thus we see that lowering of the retirement age would unfavorably affect employment of women at every stage, whether you consider the employment of a young girl on her first job, a mature woman entering the business world for the first time (perhaps a widow), or the employed woman who, for one reason or another, seeks a change in employment. The proposed difference in retirement age would operate against employed women, especially in their later years, when their skills and experience would be discounted in favor of men, who could be expected to stay longer at their posts, and when promotions which might have been earned by women will be denied

them, because of the likelihood that their services may be terminated earlier by retirement than the services of a man would be.

Why do women work? One might as well ask why men work; for the answer is basically the same. Women work, as men do, because of economic necessity. They work to support themselves; to support others (their dependents, either of an older or younger generation); to maintain homes; to maintain standards of living; to provide for their old age. These, to a large extent, are the major economic reasons which place women in jobs. Women must continue as economic producers if our living standards are to be maintained, if the Government is to have a sufficient amount of taxes to carry the Nation's business, and if the millions of children and old people dependent upon women as wage earners are to be cared for privately in their own homes.

We oppose lowering of the retirement age for women because it would be a drawback, especially detrimental to women in times of unemployment; or when women are under consideration with men for promotion in their jobs, or appointment or election to positions of high responsibility. It is well known that a discrimination or difference which is first imposed on a voluntary basis quickly becomes in custom and in fact, an arbitrary and binding straitjacket so that we might look foward to the increasing acceptance of the voluntary age as the age for retirement for women.

We see no advantage which employed women can gain from any retirement age difference based on sex, but only great and accumulative disadvantage. The federation expresses no opinion respecting the lowering of the retirement age for both men and women. We are opposed to a difference in the retirement age for men and women.

THE NATIONAL FEDERATION OF BUSINESS AND PROFESSIONAL WOMEN'S CLUBS, INC.,
Washington, D. C., June 28, 1955.

Hon. HARRY FLOOD BYRD,
Chairman, Finance Committee,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: It has been reported that the Senate Finance Committee may give consideration during this session of Congress to legislation amending the Social Security Act by lowering the retirement age for women.

The National Federation of Business and Professional Women's Clubs, Inc., an organization of 165,000 women actively engaged in business and the professions, supports a uniform retirement age for men and women under the Social Security Act and vigorously opposes any legislation which would lower the retirement age for women only under this act.

We believe that there are more disadvantages to our group of women than advantages in any proposed reduction of retirement age for women only, even though it be on a voluntary basis. A legislative platform which includes uniform retirement age under the Social Security Act was adopted at the national convention in St. Louis, Mo., in July 1954, by the representatives of its 165,000 members, organized in 3,100 clubs in the 48 States, Washington, D. C., Alaska, and Hawaii.

Sincerely yours,

ISABELLA J. JONES,
Chairman, National Legislation Committee.

BUSINESS AND PROFESSIONAL WOMEN'S CLUB,
Huntsville, Ala., February 4, 1956.

CHAIRMAN, SENATE FINANCE COMMITTEE,
United States Senate, Washington, D. C.

DEAR SENATOR: In view of the responsibility of the Senate Finance Committee for study of H. R. 7225, we would like to make clear to you the position of the 70 members of the Huntsville Business and Professional Women's Club with regard to certain provisions of the bill.

While we recognize that it contains many desirable features, we are unalterably opposed to the provision lowering retirement age for women only. We believe that such a provision will place women at a disadvantage in seeking employment or promotion, especially in their later years when their skills and experience will be discounted in favor of men who may be counted upon to stay longer at their posts.

We call to your attention the fact, recognized by national leaders, that in the event of a national emergency in the near future, manpower would be our scarcest commodity. The only readily available source of an appreciable amplification of the labor supply would be women 40 years of age and over. It would seem, therefore, to be in the national interest to enact legislation encouraging these women to enter and stay actively in the business world. In this manner, they could be trained and continually develop skills which may someday be urgently needed.

In our opinion, H. R. 7225, as it is now written, not only will operate to prevent employment of these women, but will serve to prevent advancement and retention of those presently employed.

We are not opposed to the lowering of retirement age, by reason of hardship, for both men and women, but we feel that there is nothing to be gained and much to be lost—not only by women personally, but by the Nation at large—by lowering it for women only.

We therefore urge you to oppose H. R. 7225 and any similar proposals which may include this objectionable provision.

Respectfully,

MYRTLE K. WALL
Mrs. James S. Wall,
Chairman, Legislation Committee.

BUSINESS AND PROFESSIONAL WOMEN'S CLUB OF NORFOLK, VA.,
LEGISLATIVE COMMITTEE,
January 30, 1956.

Senator HARRY FLOOD BYRD,
Senate of the United States, Washington, D. C.

DEAR SENATOR BYRD: The legislative committee of the Norfolk Business and Professional Women's Club wishes to inform you that the board of that organization went on record unanimously against bill H. R. 7225, which proposes to lower the retirement age for women only in the Social Security Act. We feel that this is discriminatory against us. If the Congress feels it is necessary to lower the age of retirement for social-security benefits, we will gladly cooperate if you men will go along with us. We object to being made old before our time and sitting alone by our firesides 3 years before you join us. It isn't fair.

Very truly yours,

Miss JANET F. TAYLOR, *Chairman.*
Miss MARIAN BENOIT, *Co-Chairman.*

BUSINESS AND PROFESSIONAL WOMEN'S
CLUBS OF NEW YORK STATE, INC.,
July 27, 1955.

Hon. HARRY F. BYRD,
United States Senator,
Chairman, Finance Committee,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR BYRD: I understand that your committee is considering amendments to the Social Security Act which would reduce the age for women from 65 to 62 for purposes of retirement to old-age and survivors insurance benefits.

While we appreciate the generous intention of such a legislative proposal, it is our belief that it would, on the contrary, work a real hardship on employed women and tend to set a standard for compulsory retirement at age 62 for women as compared to age 65 for men. Since women live longer than men and are at least as well able to continue work till age 65 as are men, we believe this economically and socially unsound.

Very truly yours,

MARGARET BARNARD, *President.*

PERTH AMBOY, N. J., *October 8, 1955.*

Senator BYRD,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I understand that as chairman of the Finance Committee you will conduct hearings on bills to revise the social-security program. Therefore, I am taking the liberty of writing to you and expressing some of my views for your consideration. I have also expressed my views to my Senators and Congressmen from New Jersey.

I am a widow going to be 65 years old this summer. I earn my own livelihood. I believe that widows and self-supporting unmarried women should at the age of 65 years be entitled to unlimited earnings with their social-security benefits, the same as a man does at the age of 72 years.

I believe the Government would lose very little in taxes as there aren't many self-supporting women at the age of 65 years. Why should we wait until we are 72 years of age, with one foot in the grave, for an easier way of life. We do not want charity; all we want is a decent living wage for the comforts of old age.

Is it fair that the wife who never earned a cent in her life is going to receive social security at the age of 62 years from her husband's earnings and the woman who is self-supporting has to wait until she is 72 years of age to benefit from unlimited earnings along with her social security. Social security with limited earnings at the age of 62 or 65 years is not enough for a livelihood for us old ladies who have to work for a living.

Thank you for your interest in the aging people and trust that you will consider my views.

Sincerely yours,

MRS. JULIA M. GLUCK.

BIRMINGHAM, ALA., *December 28, 1955.*

Senator JOHN SPARKMAN,
Washington, D. C.

DEAR SENATOR: I appreciate your efforts regarding the age of women drawing social-security benefits.

I wish you would please lend your assistance in changing the social-security law relating to the remarriage of persons who are covered by the social-security law. Take as a case in point myself and wife. I work and contribute over a long period of years to build up a small financial security for us under the social-security law. But suppose that I should be called to the Great Beyond. Then my wife must either face a life of loneliness or she must lose the financial benefits of social security. For the minute she becomes married to a second husband, the Government snatches from her all social-security payments that justly belong to her through my contributions. I consider this grossly unfair.

There are other phases of the social-security law relating to the remarriage of persons that deserve study and improvement.

Meantime, you are my Senator and I will be on your side of the fence in any election.

Yours truly,

W. H. HUDSON.

To the Honorable CLIFFORD P. CASE.

DEAR MR. CASE: Thank you for your kind letter of the 12th of January.

We are in favor of H. R. 7225, which passed the House of Representatives in the last session of Congress. This bill reduced the social-security eligibility age for women from 65 to 62.

President Eisenhower said he would be glad to sign it as soon as it passes the Senate.

We would appreciate it if you do all in your power to get this law passed in the coming session.

Edythe M. Fulkerson, Mrs. Bertha Franks, Mrs. Florence C. Parkin, Mrs. Thos. Eroman, Mrs. Gladys Kelly, Mrs. Henrietta Glop, Evelyn G. Taylor, R. W. Taylor, Mrs. H. Glentenkamp, Mrs. L. Bather, Mrs. Lillian Keyes, Miss Margaret Ryan, Matther V. Keyes, Louise Sigler, A. E. Carlson, Gertrude Carlson, Walter C. Ande, Sr., Margaret S. Ande (Mrs. W. C.), Walter C. Ande, Jr., Ruth M. Ande (Mrs. W. C., Jr.), John McLean, Mildred McLean.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., January 23, 1956.

HON. HARRY BYRD,
Chairman, Finance Committee,
Senate Office Building, Washington 25, D. C.

DEAR SENATOR BYRD: Enclosed is correspondence I have received from my constitutent, Mr. Floyd Anson, together with the report received from Mr. John R. MacKenzie, of the Department of Health, Education, and Welfare, which will be self-explanatory.

You will note the Department acknowledges their concern with the provision in question, and I have knowledge of several similar instances where such provision has worked a hardship.

Inasmuch as our committee is not likely to further consider social-security amendments this session, I am submitting the enclosures for your consideration.

With all good wishes.

Very sincerely,

CECIL R. KING,
Member of Congress.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
Washington 25, January 20, 1956.

HON. CECIL R. KING,
House of Representatives,
Washington 25, D. C.

DEAR CONGRESSMAN KING: This is in reply to your letter of January 4, with which you sent me the enclosed letter from Mr. Floyd Anson, 889 25th Street, San Pedro, Calif. Mr. Anson discusses the termination of survivors' benefits under the old-age and survivors insurance program when a beneficiary remarries.

The Department of Health, Education, and Welfare is concerned about the loss of protection which results when a widow gives up her benefit rights based on her deceased husband's wage record by remarrying and then, in the absence of children born to the couple, has to wait 3 years to qualify for wife's benefits an the wage record of her second husband. The Department is equally concerned about the widow who gives up her benefit rights on her first husband's record by remarrying and then is widowed again before she can meet the 1-year marriage requirement necessary to qualify for widow's benefits on her second husband's record.

The 1-year requirement for the widow and the 3-year requirement for the wife were adopted as a general precaution against making payments in situations where a marriage was undertaken solely to secure old-age and survivors insurance benefit rights. The Department recognizes that remarriage for the purpose of acquiring benefit rights does not occur when rights to other benefits exist as in the case of Mr. Anson's second wife. The Department has been studying a proposal to eliminate that waiting periods required to qualify for wife's or widow's benefits upon the remarriage of a woman who either has previously been receiving widow's benefits under the old-age and survivors insurance program or would have been entitled to receive such benefits at age 65 had she not remarried.

I hope this will help you reply to Mr. Anson.

Sincerely yours,

JOHN R. MACKENZIE,
Legislative Liaison Officer.

SAN PEDRO, CALIF., *December 28, 1955.*

HON. CECIL R. KING,
House of Representatives, Washington, D. C.

DEAR SIR: As one oy your constituents and supporters in your political career, I wish to call to your attention a suggestion of change in the social-security laws as follows, to wit:

1. The clause which compels a widow to be remarried for 1 year before participating in her husband's social security on his death.

2. The clause which compels her to be remarried 3 years before receiving any moneys of her husband's social-security benefits while he is alive.

These clauses should be amended as to not work a hardship on people who has had the misfortune to lose their husbands and wives, especially after the years of 65.

My wife was married to her deceased husband 41 years and was not 65 years old upon his death. Two years later she started to receive her social security from the Government. However her husband had paid into the social-security fund from its inception and passed away without ever receiving any payments.

I was married to my deceased wife 45 years and we started to receive social security upon my retirement at the age of 66 years in April 1953.

My wife passed away October 12, 1954, and I was alone and having known my present wife quite a number of years we were married. Her social security was stopped immediately.

I had purchased a new home and moved out of the environment of the past so as to try and be happy again.

My wife and I was not aware that she would lose her social security by remarrying at the time, and to have to wait, at our time of life for a period of 3 years for renewal of her social security creates a genuine hardship on us old folks and personally, I think it is unjust.

I have lived in the harbor district for 68 years and worked in the steamship business for 51 years.

I intended to contact you on your recent visit home, but was too ill to do so, however I am acquainted with Capt. "Bill" Donohugh and Clara Colden and spoke to Bill about this letter for his approval before writing.

I know you have a tremendous task before you in revising the social-security laws and their importance to humanity.

Wishing you every success in your efforts,

I remain sincerely,

FLOYD ANSON.

SHARON, MISS., *January 30, 1956.*

Hon. JAMES O. EASTLAND,
United States Senate,
Senate Office Building, Washington, D. C.

DEAR SENATOR EASTLAND: You will find enclosed that portion of the social-security law underscored whereby if a parent is employed by one of their children, even though they meet and pay all the requirements under the law, they cannot draw social-security benefits. Since my position falls in this category, I trust you will introduce legislation to correct this inequity. This clause was not placed in the law until 1940; therefore, as you will readily see, any change would have to be retroactive, as all of my receipts go back to the early months of 1950, and I know several cases that go further back than mine.

Trusting you may be able to do something that will help me as well as many other people who may be in the same situation, I remain,

Sincerely yours,

WALTER F. RAY.

Work not covered

Certain kinds of work are not covered by the law. These include self-employment in certain professions listed on page 34, Federal employment in jobs covered by a retirement system, and some others.

Work performed as an employee by a parent for his son or daughter, by a child under 21 for his parent, by a husband for his wife, or by a wife for her husband is not covered by the law.

DINING ROOM EMPLOYEES' UNION, LOCAL 1,
HOTEL AND RESTAURANT EMPLOYEES' AND
BARTENDERS' INTERNATIONAL UNION,
New York, N. Y., February 8, 1956.

CHAIRMAN AND MEMBERS, SENATE FINANCE COMMITTEE,
Senate Office Building, Washington, D. C.

(Attention Mrs. E. B. Springer, committee clerk.)

DEAR SIRS: The above union represents approximately 11,000 waiters, waitresses, and busboys in the restaurants located in the Boroughs of Manhattan and the Bronx in the city of New York, and respectfully submits, on their behalf,

their views to this honorable committee now holding hearings for the purpose of extending or applying social-security taxes to tips.

Obviously, this committee can take judicial notice of the fact that the basic low wage of this category of employee in our economy is insufficient to enable him to support himself and his family and to participate in the consumption of goods and services so vitally important in our highly productive society.

It is equally obvious, and this honorable body can take further judicial notice of the fact, that it is the intention of both the employee and the employer that this low basic wage is to be augmented to a decent level by gratuities or tips furnished by patrons of the employer who are served by these employees, thereby shifting the payment of the fair and regular wage from the employer to the uncertain and variable payments of such gratuities.

While we do not believe that this is the proper forum to discuss the merits or demerits of such a system, its existence is a reality and the conditions it creates in connection with social-security payments and benefits must be faced.

It is manifestly unfair and unjust to isolate this large segment of our population (many, many hundreds of thousands of workers throughout the country derive a substantial part of their earnings from gratuities, which are customary in service and allied industries) from the earned benefits of our social-security laws merely because they are service workers. These gratuities are an integral part of their earnings and form the basis for the substantial part of the income-tax payments by these employees and for the payment of State unemployment and disability insurance by their employers.

It is respectfully submitted that this large segment of our population should be afforded the opportunity to obtain for themselves and those dependent upon them the full benefits of our social-securiy laws by permitting them to voluntarily submit and report to their employers the amount of gratuities received by them for the purpose of payment of social-security taxes thereon. The small-business man, by the amendatory action of Congress, is now permitted, if he so desires, to participate in the full benefits of the social-security laws to which he may be entitled by the payment of the proper premium therefor.

We respectfully submit that this same latitude should be permitted to employees in service industries who earn a substantial part of their income from gratuities. We further submit that such gratuities, constituting a substantial part of the earnings of such employees, are completely analogous to the earnings of the small-business man.

Sincerely yours,

E. SARNI ZUCCA,
President.
DAVID SIEGAL,
Secretary.

New York, N. Y., *February 4, 1956.*

Senator HERBERT H. LEHMAN,
Senate Building, Washington, D. C.

MY DEAR SENATOR: Equal justice to all under the law says the Spirit of God. There are three and one-half to four thousand citizens in the city of New York who ask not for special privileges, but for fair treatment and equal justice. These citizens, of both sexes, work in the various hotels of New York City as waiters in the banquet department. You are well aware of the rotten system of tipping. Due to this system the hotel employers make a football out of human beings. Therefore unfair practices are arising from this system.

It is well understood that tips or gratuities are received by an employee directly from a customer. There is no law to compel the customer to give what the employee might want. If any employee were to demand more of the customer, the customer would complain and he would be immediately dismissed and left without any protection. That is the system of tipping.

But there is still another evil even worse than this. The employers charge the customer, for any party or parties, a certain percentage on the sales. Part of this percentage goes to the group of waiters serving that particular party—in other words, supplements the wages—and therefore is no longer a tip or gratuity, but part of the wages which the employee receives directly from his employer.

The employers are authorized by the Government to withhold the tax, for Federal income tax purposes, from wages and commissions and do the same for social security, but on the supplementary wages or commissions, the employers, in

order to save millions of dollars on their contributions to social security, do not withhold the Federal tax. Our work is the only means we have and the future of our social security depends on our earnings. If the tips, gratuities, and commissions are taxable, they should also be declared by the employers for social security, but if it is charity—then the whole matter needs changing.

This practice is of long duration—since the inception of social security and of the withholding of the Federal tax. We have many times attempted to convince our employers that they should declare what we receive directly from them as part of our wages (because 95 percent of the tips, gratuities, commissions, or whatever they may be called are received directly from them and not from the customers) with the hope in mind that we might secure better benefits from our social security at the time of our retirement. But the employer tells us that these tips, gratuities, and commissions are not taxable and threaten to dismiss us.

Many of us today are overage, physical wrecks, and half blind, but we have to work until we drop dead in the ballrooms. Why? Because the benefits we get from social security are inadequate to make both ends meet for the mere necessities of life.

Did not the Internal Revenue notice in years past this practice of the employers? Could nothing be done about it long before this? We wrote and protested against this practice to the social security bureau but no action to stop this evil was taken. On our protest the Unemployment Insurance Department of the State of New York took very drastic action against this practice and put a stop to this evil. It is not true that the public favors tipping in order to get speedier and better service. We are hired to do the work with courtesy and smile to all without special favors to anyone.

Now today, the Internal Revenue acts to investigate the banquet employees and not the employers—so the guilty go free and the innocent will get one more round of kicks, although we declare approximately 35 to 50 percent of our tips for income-tax purposes whether received directly or not from the customers. We can assure you that we never receive so great an amount at any time because at the banquets very, very seldom do we get anything directly from the customers, but we receive that directly from the employer.

The Internal Revenue demands for every dollar in wages that we receive $1.40 in tips or gratuities, regardless of whether we get such an amount or not. We say that there is no law to compel the customer to give what the waiter wants, but for us it is mandatory, although the employers are responsible for all this evil. The employers first put the load on the customers, defrauds the Government of the taxes and deprives us of our full social security. Is this justice—the powerful and rich violating the laws and going free and the poor and weak being pushed around? Let us remember, please, that we are also humans, living under the same heaven, and in this great and free Nation. The spirit of God protested powerfully through the ages against these practices.

We are willing to appear any day, any time, before a Senate or congressional committee to testify. We wish, pray, and hope that some day this wrong can be righted and the truth come out; yes, it is this day that our wish comes true.

We disagree with Mr. Vernon Herndon, the manager of the Palmer Hotel of Chicago. We believe that a better understanding should exist between the employers and employees, and a better future for the hotel workers should come out of it.

We, therefore, entreat you to use the power and authority of your good office to bring a satisfactory solution to all parties concerned. Please do not let the hotel employers oppose the will of the people. You, Senator, are the will of the American people.

Yes, it is a long story, but it is also the only way to give you a clear picture of the situation. We thank you.

Respectfully submitted.

The committee: Spiridon John Aniphandis, Arta Trimer, Robert Vohy, Manuel Waite, Ludwig Himmell, Ray Stoffel, Theodor Hermann, Nick D. Sroatsas, Julius Milok, Angelo Alvarez, Edward Horvath, Kalman Varge, Clement Stephen, Michael Pappeles.

P. S.—Direct all correspondence to Spiridon John Aniphandis, 134 West 63d Street, New York 23, N. Y.

THE FLORIDA BAR,
Jacksonville, Fla., February 8, 1956.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Enclosed herewith is a tabulation of a poll recently taken of the members of the Florida Bar, an integrated bar consisting of 6,700 members, on the question of the inclusion of self-employed lawyers within the Social Security Act on a voluntary or compulsory basis, which tabulation we would like to submit to your committee for consideration in connection with pending legislation. Enclosed also is a copy of the December 1955 issue of the Florida Bar Journal which contains on pages 596–598 a discussion of the question. Between pages 596 and 597 you will find inserted the ballot used in this poll.

You will note that the four questions asked are the questions suggested for State bar polls by the American Bar Association, though we added a clarifying note with reference to the fourth question. We did one other thing that we think you will find of interest—we asked each member filling in the ballot to state his age, and in the attached tabulation we have broken down the results in two classes—those 35 years and under and those over 35.

For your information we carefully checked the ballots to see that as to the fourth question only the ballots were counted of those who had voted "yes" on the first question and "no" on the second question.

While the interpretation of any poll is usually pretty hazardous, it seems to me, looking at the poll with impartiality, that this is a fair conclusion: The members of the Florida Bar (or at least those who answered the poll) overwhelmingly favor the inclusion of self-employed lawyers within the Social Security Act on a voluntary basis. If, however, voluntary coverage is not obtainable, a substantial majority favors compulsory coverage. It seems to me that to the 246 who stated their preference for compulsory coverage under question 4, we can properly add the 210 who answered "yes" to question 2 (for the ballots of these latter were not counted in compiling the figures under question 4), making a total of 456 who would favor compulsory coverage, at least if voluntary coverage is not obtainable. As to the number of those who oppose compulsory coverage if voluntary coverage is not obtainable, the question is a little more difficult; who do, of course, have the number of 188 who would oppose compulsory coverage if voluntary coverage is not obtainable and to that number we should no doubt add the 98 who voted "yes" in answer to question 3 that they favored complete exclusion, making a total of 286 who should be counted as against compulsory coverage, at least if voluntary coverage is not obtainable.

I might also add for the information of your committee that the board of governors of the Florida Bar at its meeting on December 10, 1955, endorsed the Jenkins-Keogh bill now before Congress.

Trusting that this information will be of service to your committee, I am,
Sincerely yours,

DONALD K. CARROLL.

FEBRUARY 2, 1956.

TABULATION OF RESULTS OF SOCIAL SECURITY POLL OF MEMBERS OF THE FLORIDA BAR [1]

	Yes	No
1. Do you favor coverage for self-employed lawyers within the Social Security Act on a voluntary basis?		
35 or under	219	49
Over 35	444	75
Total (all ages)	666	124
2. Do you favor coverage of self-employed lawyers within the Social Security Act on a compulsory basis?		
35 or under	56	200
Over 35	154	340
Total (all ages)	210	540

See footnote at end of table.

3. Do you favor complete exclusion of self-employed lawyers from the Social Security Act?

	Yes	No
35 or under	39	195
Over 35	59	369
Total (all ages)	98	564

4. If your answers above to questions 1 and 2 show that you favor voluntary coverage but oppose compulsory coverage. What is your choice if voluntary coverage is not obtainable? In that event do you favor:

Compulsory coverage:	
35 or under	90
Over 35	156
Total (all ages)	246
Complete exclusion:	
35 or under	85
Over 35	103
Total (all ages)	188

[1] The ballot used in this poll was inserted in each copy of the December 1955 issue of the Florida Bar Journal which was sent to each member of the Florida bar late in December. As of Feb. 2, 1956, a total of 813 ballots had been received, which ballots form the basis for this tabulation.

THE STATE BAR OF CALIFORNIA,
San Francisco, January 16, 1956.

Hon. WILLIAM F. KNOWLAND,
United States Senate, Washington, D. C.

DEAR SENATOR KNOWLAND: I have been instructed by the board of governors of the State Bar of California to advise you and Senator Kuchel, and each of the Representtives in Congress from California of the adoption by the conference of State bar delegates at its 1955 meeting of the following resolution:

"*Resolved*, That the conference of State bar delegates recommends to the board of governors of the State bar that the State bar communicate with the Representatives from California in the United States Congress expressing the decision of the bar of California that the Social Security Act be amended to extend coverage to self-employed lawyers."

For your information, I should state that the conference of State bar delegates is an organization created by the board of governors of the State Bar of California composed of representatives of approximately 80 voluntary bar associations of the State of California. The conference meets annually at the time and place of the annual meeting of the State Bar of California. Its actions normally are in the form of recommendations to the board of governors.

Very truly yours,

JACK A. HAYES, *Secretary.*

MILLER & MILLER,
Brazil, Ind., January 30, 1956.

Hon. HARRY BYRD,
United States Senator,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: In your position as chairman of the Senate Finance Committee, I thought that you would be interested in knowing how all of the members of our local bar association feel about the possibility of some measure being enacted by Congress which would place attorneys under the requirements and benefits of the social-security law as self-employed persons.

At a recent meeting of our Clay County (Ind.) Bar Association, held at the home of Judge Robert B. Stewart at Brazil, Ind., it was unanimously resolved that this bar approve and urge the passage of such an amendment to the law as would accomplish this purpose.

Soon afterward, all of the attorneys in this county (14 in number) signed petitions which were forwarded to Senators Capehart and Jenner, and to our Congressman, Hon. William G. Bray, stating our position in favor of this kind of an amendment, and earnestly requesting the inclusion of attorneys either on a voluntary or compulsory basis.

We feel that our own attitude is fairly representative of the feelings of most practicing attorneys. Why this profession, together with a very few others, should be excluded from the modest requirements and wholesome benefits of the social-security law is not clear to us; and it seems highly unreasonable, unfair, and prejudicial. Somehow, we have the feeling that the American Bar Association as well as our State bar association may have been somewhat negligent in the past, in respect of representing the wishes of a great majority of the practicing attorneys, in this matter. This may have been due to the fact that some of the most active leaders in these organizations, and similar organizations, still cling to the standard of "aloofness" and they are inclined to believe that their own ideas reflect the personal wishes of the great bulk of the average practitioners. Some of these ranking officers may be in the position of "having it made" (if you will pardon the use of some ordinary slang); and, consequently, are not very interested. But the members of our bar also feel that this attitude on the part of these bar association officials is changing—and has undergone a very noticeable change in the last year.

So, as the president of our Clay County (Ind.) Bar Association I am writing to you for the purpose of giving you our solid front views on this question.

Thanking you for your consideration, I am,

Sincerely yours,

KENNETH C. MILLER,
President, Clay County (Ind.) Bar Association.

LITTLE ROCK, ARK., *July 11, 1955.*

Hon. J. W. FULBRIGHT,
Senate Office Building, Washington, D. C.:

On July 8, 1955, the executive committee of the Arkanusas Bar Association unanimously adopted a resolution opposing compulsory social-security coverage for lawyers and recommending that Congress adopt legislation bringing lawyers under voluntary social-security coverage. This action was in accordance with the results of a poll of members taken in the summer of 1954.

SHIELDS M. GOODWIN,
President, Arkansas Bar Association.

BALLARD, SPAHR, ANDREWS & INGERSOLL,
Philadelphia, July 20, 1955.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: We have been informed that your committee is presently considering certain amendments to the Social Security Act recently passed by the House of Representatives and we should like to record with you the action of the Philadelphia Bar Association taken at its quarterly meeting on June 7, 1955. At that meeting the membership adopted the following resolution:

"*Resolved*, That the Philadelphia Bar Association endorses in principle the inclusion of self-employed members of the legal profession in social-security coverage on a compulsory basis; further

"*Resolved*, That the committee on lawyers' retirement benefits be authorized to adopt such measures as may be reasonably appropriate in its opinion to promote the enactment of such legislation by the Congress of the United States, including cooperation with the American Bar Association and other interested organizations, and to take such other appropriate steps as may be feasible within the limits of personnel and resources at their disposal."

When this matter was being considered by the House Committee on Ways and Means, we filed copies of the foregoing resolution with the committee. At the hearing on the Jenkins-Keogh bill (H. R. 9 and 10), I appeared and testified in support of that bill and at that time I reported to the committee that the Philadelphia Bar Association favored the inclusion of self-employed lawyers in social-security coverage on a compulsory basis. We are pleased that the House adopted this principle and we sincerely hope that your committee will see fit to approve this action.

We shall appreciate having this letter filed as a part of the record of the hearings which you plan to start on Friday of this week. A representative of the Philadelphia Bar Association's committee on lawyers' retirement benefits will be pleased to appear and testify in support of the inclusion of self-employed lawyers on a compulsory basis if it is your wish that this be done.

I am sending herewith 25 copies of this letter so that the clerk may make a copy available to each member of the committee.

Respectfully yours,

WILLIAM R. SPOFFORD,
Chairman, Philadelphia Bar Association,
Committee on Lawyers' Retirement Benefits.

NEW ORLEANS, LA., *January 18, 1956.*

Senator HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I understand that hearings will commence shortly with regard to the social-security bill presently before the Senate Finance Committee. As you know, self-employed lawyers have not been included in the coverage of the Social Security Act. I believe that the act should be amended so as to provide such coverage.

Unfortunately, lawyers like all other people, grow old and need retirement; they die like other people and sometimes leave widows and minor children surviving them who need the insurance benefits provided by social security. The same reasons which induced the passage of legislation extending coverage to practically all other self-employed persons apply with equal force to self-employed lawyers.

With income taxes what they are, it has become increasingly difficult for the individual on a voluntary basis to provide all of the funds necessary for his own retirement and for the protection of his family.

At long last, the board of governors and the house of delegates of the American Bar Association have decided that the association should favor the inclusion of self-employed lawyers on a voluntary basis within the provisions of the Social Security Act. However, it is anticipated that certain members of a former committee of the American Bar Association will continue their attempts to prevent the amendment of the act so as to include self-employed lawyers, even on a voluntary basis.

At the last session of Congress, the House of Representatives passed a bill including lawyers, but the spokesman for exclusion were successful in having the Senate Finance Committee remove lawyer coverage as passed by the House.

The House of Representatives on July 18, 1955, approved H. R. 7225, which bill once again extends coverage to lawyers. The opportunity is thus again presented to include lawyers within the coverage of social security.

I earnestly trust that you will support social-security coverage for self-employed lawyers, at least on a voluntary basis. If consistent, I would greatly appreciate an expression of your views with regard to this matter.

Sincerely yours,

NELSON S. WOODDY.

MARTZ, BEATTEY & WALLACE,
Indianapolis, January 25, 1956

HON. HARRY F. BYRD,
Chairman, Committee on Finance, United States Senate,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Your committee has presently under consideration H. R. 7225, to amend title II of the Social Security Act, among which provision of this act is a provision including mandatory, under the coverage of the act, self-employed lawyers in general practice now excluded.

This letter is directed only to this portion of the act.

As a lawyer in general practice and self-employed, I am absolutely opposed to the inclusion of lawyers so situated under the mandatory coverage of the act. You will note that I use the word "mandatory."

There has been much division of opinion in the various bar associations and National Lawyers Guild, which as you know, is not in any way qualified to

speak for the great mass of American lawyers as urged the inclusion of this particular category in the act.

If your committee will follow up this matter, you will find that such requests by lawyers for inclusion in the act has come to you by almost 100 percent from young lawyers who believe that by inclusion under the act their dependents would be protected in the event of their untimely decease.

Without arguing this point, I will say that for the lawyer who has gotten along to his forties or beyond and developed a reasonable practice, the act is an intolerable burden. There is no superannuation in the career of the average lawyer. At age 65, when corporations retire their employees mandatorily from various positions, the lawyer is just beginning to hit his stride. We have a number of practicing lawyers who are over 80 and going to their offices every day and doing a fine job.

The writer in his earlier years was a law clerk for a now deceased attorney of this city and general practice, who accumulated almost his entire competence between the ages of 70 and 77, it must be admitted that the income tax was then not what it is now.

Lawyers are heavily taxed as it is now and the Jenkins-Keogh bill which would permit us to set aside temporarily tax deferred certain assets for our later years has been killed in committee or otherwise in the last two sessions.

I urge most strongly upon you that your committee, if you feel that you must report the bill out for passage with application to the legal profession, do so only upon a voluntary and not a mandatory basis, then those of us who do not desire the coverage will not be thrown in the pot for the benefit of others who may wish to come within the holds of the act.

The financial load upon the back of the legal camel, to paraphrase the fable, is almost to the breaking point now. Please do not add the final straw.

Very truly yours,

CASSATT MARTZ.

NEW YORK, N. Y., *January 30, 1956.*

CHAIRMAN, SENATE FINANCE COMMITTEE,
Senate Office Building, Washington, D. C.:

Committee on Federal legislation, New York County Lawyers' Association, has approved compulsory coverage of lawyers under social-security system as proposed in H. R. 7225. Detailed report F–3 follows by mail.

GEORGE D. HORNSTEIN, *Chairman.*

NEW YORK COUNTY LAWYERS' ASSOCIATION

COMMITTEE ON FEDERAL LEGISLATION

REPORT NO. F–3, JANUARY 26, 1956, ON H. R. 7225, INTRODUCED BY MR. COOPER

Report of committee on Federal legislation on H. R. 7225, 84th Congress, 1st session, which would amend the Social Security Act

Recommendation: Approval in part.

For reasons presented in a prior report of this committee, 1952 F–30, hereto attached, the proposed bill is approved to the extent that it includes lawyers in the social-security system, on a compulsory basis. After a full discussion of the problem at a stated meeting of the membership of the association on March 8, 1954, a postcard poll was had of the membership upon the specific question of the inclusion, on a compulsory basis, of lawyers in the social-security system. The vote was, as follows:

In favor of compulsory inclusion	2,011
Opposed to compulsory inclusion	1,230
Votes invalid (no choice indicated, etc.)	59

Respectfully submitted.

GEORGE D. HORNSTEIN, *Chairman.*

NEW YORK COUNTY LAWYERS' ASSOCIATION

COMMITTEE ON FEDERAL LEGISLATION

REPORT No. F-30, MAY 15, 1952, ON SENATE BILL 2481, INTRODUCED BY MR. LODGE

Report of the committee on Federal legislation on S. 2481 (the Lodge bill) which would amend the Social Security Act to provide for coverage of lawyers under the old-age and survivors insurance program on a voluntary basis

Recommendation: Approved, if the voluntary feature be eliminated.

Federal old-age and survivors insurance, on a compulsory basis, is now provided for all salaried lawyers, as well as for the majority of wage earners and persons engaged in trade or business.

Nonsalaried lawyers (i. e., independent legal practitioners) are one of the few classifications outside the Federal insurance system.

The Lodge bill would give the independent legal practitioner his choice whether or not to join the system.

In introducing the bill, Senator Lodge listed nine reasons for its enactment which we quote:

"1. An attorney at 40 years of age cannot count on reaching age 65 or later with sufficient savings to provide for his years of retirement, even though it is true that some self-employed lawyers do practice after 65 years of age.

"2. Lawyers, as a class, are no better off financially than many other insured groups.

"3. The average attorney's income is rarely the same for any 2 years. This makes it harder for him to plan ahead than it does for others with more or less fixed costs and predictable revenues. Economically speaking, the practice of law is a hazardous occupation.

"4. Private insurance plans for retirement are very expensive and cannot begin to equal in value what would be received under social security.

"5. It is increasingly difficult for a person starting without capital and under the present and prospective tax laws and the hazards of inflation to accumulate savings for old age.

"6. A young self-employed lawyer who dies leaving a family is certainly in as great a need for insurance benefits as any other self-employed individual presently covered by the Social Security Act.

"7. Lawyers often must continue working long beyond the average retirement age simply because they have not been able to accumulate the necessary savings for old age. In a very literal sense many lawyers work themselves to death.

"8. The fact that some lawyers are presently covered while self-employed lawyers are not covered creates an anomalous situation.

"9. The statement that 'most good lawyers live well, work hard, and die poor' is as true today as when it was uttered by Daniel Webster 104 years ago."

Other reasons for enactment are to be found in the present disparity of treatment between salaried and nonsalaried lawyers. A nationwide survey of lawyer incomes, made in 1948 by the Department of Commerce with the cooperation of the Survey of the Legal Profession, an independent organization jointly sponsored by the Carnegie Corp., and the American Bar Association, reported that nonsalaried lawyers[1] constitute roughly two-thirds of all practicing lawyers in this country, that their average and median earnings are lower than those of the salaried lawyers, and that they work to a greater age.

The 1948 report, which was published in the September 1949 issue of the Bar Bulletin of the New York County Lawyers' Association, indicates that the nonsalaried lawyer tends to reach his maximum income between the ages of 50 and 54, and, if still practicing after age 65, his income has then fallen to about half its maximum. On the other hand, the salaried lawyer reaches his maximum income between ages 60 and 64 and, so long as he continues to practice after age 65, his income drops only about 20 percent below maximum. It also shows that, of all the nonsalaried lawyers practicing at a given time, about 13 percent are above the age of 65, while of all the salaried lawyers practicing at a given time only about 5 percent are above the age of 65.

[1] Nonsalaried lawyers are defined in the report as those practicing law as entrepreneurs, either with or without partners, who receive no additional salaried income from law practice.

These figures tend to show that the independent legal practitioner must work to an older age than his salaried brother at the bar, and that more reason exists to include than to exclude him from the Federal old-age and survivors insurance system.

The present statutory scheme in which insurance is provided for salaried lawyers, and forbidden to nonsalaried lawyers, produces injustice in many cases. This is particularly so when a lawyer changes his status from one to the other of these categories. The law clerk who hangs out his shingle or becomes a partner soon loses most of the benefit from the premiums he has paid into the system. The independent lawyer who enters business or takes a salaried position may not be able to build up, before retirement, benefits which are equivalent to those of persons who have not been lawyers.

We can see no reason why nonsalaried lawyers should be excluded from the Federal old-age and survivors' insurance system when salaried lawyers are within it. The needs of the two classes are not greatly different; if there be a difference, it is the nonsalaried lawyer who needs protection more.

We disapprove the unprecedented suggestion that the nonsalaried lawyer should be given an option, not given any other citizen, to elect whether he will or will not enter the Federal old-age and survivors insurance system. Such an option would permit individuals to speculate under circumstances where the Federal Treasury would usually always be the loser. It would give the nonsalaried lawyer a discriminatory advantage over his salaried brother. No inherent characteristic of law practice appears to make it necessary that lawyers should receive an advantage which no other profession, trade, or business now possesses.

Respectfully submitted.

COMMITTEE ON FEDERAL LEGISLATION.

STATE OF INDIANA,
HOUSE OF REPRESENTATIVES,
Lafayette, Ind., February 8, 1956.

Re H. R. 7225—Social security.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I am unalterably opposed to this bill and hope your judgment will lead you to oppose it. I think it is bad legislation on all counts, but as to lawyers it is, in my opinion, nothing but a fraud.

The whole problem of social security and the utter financial unsoundness of the program even as presently set up is, I feel, a menace and threat to the operation of responsible government.

Very sincerely yours,

CABLE G. BALL,
Joint Representative, Tippecanoe and Warren Counties.

QUEENS COUNTY BAR ASSOCIATION.
Jamaica 35, N. Y., February 15, 1956.

Re Social security for self-employed attorneys

COMMITTEE ON FINANCE,
The United States Senate,
Washington, D. C.

GENTLEMEN: You may be interested to know that the Queens County Bar Association, at its stated meeting in February 1955, devoted a great deal of time considering the proposition for compulsory social-security coverage for self-employed lawyers. A digest of all the arguments offered on both sides of the question was mailed to every member of the association, with a reply post card ballot, in March 1955, and the results, as tabulated in April, were 448 in favor of the proposition and 175 against.

Since the matter is currently before the Congress, the board of managers requests that you be informed of the sentiments expressed by the voting members of the Queens County Bar Association.

Respectfully yours,

WILLIAM W. WEINSTOCK,
Executive Secretary.

THE VIRGINIA STATE BAR ASSOCIATION,
Richmond, Va., February 16, 1956.

Hon. HARRY F. BYRD,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: I should like to report that the executive committee of the Virginia State Bar Association has voted to endorse legislation providing social-security benefits for lawyers.

Sincerely yours,

WILLIAM T. MUSE.

STATEMENT ON BEHALF OF THE ILLINOIS STATE CHAMBER OF COMMERCE

My name is Richard D. Sturtevant. I am secretary of Jewel Tea Co., Inc., Melrose Park, Ill., and chairman of the social-security committee of the Illinois State Chamber of Commerce, for whom I am presenting this statement. The Illinois State Chamber of Commerce is a statewide civic association with a membership of over 14,000 businessmen located in every part of the State. These members are engaged in every type of business, ranging from the largest corporations to the self-employed.

The Illinois State chamber's social security committee, comprised of 90 members representative of the chamber's membership, has for years given serious study and consideration to the principles involved in the suggested changes in the old-age and survivors insurance program as proposed in H. R. 7225. This statement reflects the considered judgment of these committee members and also of the Illinois State chamber's 72-man board of directors which has endorsed the recommendations of the committee. Thus, it is believed the viewpoints expressed herein broadly represent those of Illinois businessmen.

EXPANDED OLD-AGE AND SURVIVORS INSURANCE COVERAGE

For many years, we have endorsed the principle that coverage of the old-age and survivors insurance program should be broadened to the fullest extent that is administratively feasible. The position is based upon our belief that a basic floor of protection for the aged should be provided primarily through the federally administered contributory insurance program rather than through the State-administered public assistance programs. We, therefore, support the extension of coverage provisions of H. R. 7225. We further suggest, however, that immediate consideration be given to ascertaining the ultimate extent to which OASI coverage should be expanded and to the adoption of an orderly plan for withdrawal of the Federal Government from the State old-age-assistance programs.

LOWERING OF RETIREMENT AGE FOR WOMEN

Realizing that your committee has had the benefit of actuarial and statistical testimony relative to the age at which individuals retire, I shall confine my comments to certain basic social and economic principles which lead to the conclusion that lowering the retirement age for women is unwise.

Discrimination between sexes

There is no sound, justifiable reason for discriminating between men and women as to the age at which they should be encouraged or compelled to retire. As a matter of fact, if such discrimination were justified, it would seem that it would be in the direction of a lower retirement age for men rather than for women. It is a recognized fact that the life expectancy of women is longer and it would seem to follow that they retain the capacity to work at a later age than men. We do not believe that there is any basis for the contention that employers discriminate against women by separating them from employment at an earlier age than men. But if this were true, the proposal in H. R. 7225 to provide lower retirement age for women would give Government sanction and encouragement to employers to practice such discrimination. Establishment of a lower retirement age for women would be contrary to the whole trend of our labor laws to provide equal treatment for women in business and industry.

Wives' benefits

Your committee has had testimony from Mr. Robert J. Myers, Chief Actuary for the Social Security Administration which indicated that only 2 percent of the men who have retired apparently deferred their retirement until their wives reached age 65. This supports our belief that there is no urgent need to reduce the eligibility age for wives of OASI recipients. Apparently, the age of an individual's wife is not a major consideration in determining the time of retirement. If it were, it would be pertinent to inquire why a retired individual should not receive full benefits for his wife without regard to her age. Thus, reducing the qualifying age for wives to age 62 would establish a principle which could call eventually for further reduction or complete elimination of this age requirement. We would then be faced with an even greater financial problem than the one facing your committee today.

Widows' benefits

In considering changes in the old-age and survivors insurance program we must always keep in mind that it was never intended to be a complete life insurance or retirement program. Social security was established to provide a basic floor of protection. Incentive must be maintained for the individual to provide protection for himself and his survivors. We see no logical reason for reducing the qualifying age for widows from 65 to 62. Such action would inevitably give rise to the further demand that OASI benefits be provided to all widows regardless of age. It is our contention that there is no demonstrated inability on the part of private life-insurance companies to provide needed protection for widows. In those instances where the wage earner fails to provide sufficient life insurance, it is the responsibility of the State and local governments to provide the assistance necessary, and it is well within their capacity to do so without Federal aid.

Earlier retirement age not justified

There is general acknowledgment of the fact that today individuals can lead, and desire to lead, more active physically and mentally productive lives than was even thought possible in the past. Advances in medicine have increased man's longevity. It is also generally recognized that continued physical and mental activity in productive work is in the best interests of the older individual as well as of society. Government and business both support programs to encourage the employment of older workers. A reduction in the retirement age under the old-age and survivors insurance program would ignore this social progress. Reducing retirement or qualifying ages for any class of beneficiaries under the program could only bring unsound demands for further reduction in age requirements for all beneficiaries. Particularly, under today's conditions there is no justification for the Federal Government to encourage earlier retirement through amendments to the old-age and survivors insurance program. On the contrary, there is social and economic justification to develop a program that will keep our older workers in productive employment.

Originally, social security was designed to encourage older workers to discontinue employment and provide openings for the younger people. However, today the economic fact is that the older people are needed to maintain the productive capacity of our economy. It is only through the production of those who are able to produce that we will have the capacity to care for those who are no longer able to produce. Each year, a greater proportion of our population consists of those normally considered of retirement age. If they should, through encouragement from Government and business, cease producing, a greater and greater share of the costs of the OASI program must necessarily fall on the younger workers. These costs could become prohibitive and raise serious objection on the part of the productive working force.

It is obvious that any reduction in retirement age under the OASI program would increase costs substantially. As indicated in the House Ways and Means Committee report, just the reduction in the qualifying age of widows from 65 to 62 "means the addition of about $15 billion in face value of the survivor protection of insured workers under the program." We believe that critical examination must be given to the social and economic implications of the principles involved in H. R. 7225 which could eventually, through further reduction of retirement and qualifying ages alone, increase the costs of the OASI program to the point where they would become prohibitive.

DISABILITY BENEFITS

The enactment of social-security legislation and its widespread acceptance indicates universal recognition that the problem of providing basic protection for the aged is of such scope and magnitude that solution is possible only at the Federal level. We do not believe, however, that the old-age and survivors' insurance program should be—or was ever intended to be—a program to protect us against all risks of life. Rather, individuals must use this program as a foundation on which to build their own security programs.

To us there is no sound basis for Federal action in the disability field. What national emergency or countrywide problem exists to call for such Federal action? Our belief is that the hazard of permanent and total disability is not a matter of such great public concern as to justify compulsory insurance protection by the Federal Government. Providing this protection is primarily a matter of voluntary personal choice, subject always to the obligation of the State to provide for those who are unable to provide for themselves. Such aid can best be supplied, controlled, and financed by the several States through their own assistance programs. There is inherent danger in action establishing individual rights to Federal protection for all the risks of life. Aside from the threat of war, the greatest single threat to the continued well-being of our Nation, it seems to us, is the development of the idea that we have an inexhaustible Federal Treasury upon which we can draw to meet our every need.

Disability benefits for those over age 50

Enactment of the provision in H. R. 7225 providing permanent and total disability benefits to persons over age 50 would inevitably lead to providing the same benefits to all covered workers regardless of age. Congress could not long justify the payment of permanent and total disability benefits to a person age 50 and at the same time deny these benefits to younger persons with similar disability and work experience. Thus, this provision leads directly to the problems involved in a complete disability program under OASI.

The House Ways and Means Committee report on H. R. 7225 supports the provision of disability benefits to persons over age 50 by stating that the OASI program is "incomplete because it does not now provide a lower retirement age for those who are demonstrably retired by reason of a permanent and total disability." This statement assumes that those who are unable to work because of disability are retired and should be taken care of under a retirement program. We submit that those who are disabled are not retired and that the problem of providing necessary care for them is separate and distinct from the problem of superannuation. There is no need or justification for attempting to apply the principles of a retirement program to the much more complicated administrative problems inherent in a disability program. Furthermore, we do not believe that it has been demonstrated that the problem of providing disability benefits is of such magnitude as to warrant Federal intervention.

The problem of providing for those who are so unfortunate as to become permanently and totally disabled should rest first with their families and secondly with the communities and States within which they reside. Federal assistance, control, and obligation to provide benefits from a compulsory tax program should only be undertaken when it has been clearly demonstrated that the problem is one that cannot be met through voluntary means, by the individual himself, with the help of his employer or through the local governments up to the State level where the control and financing of such programs can best be administered.

Children's disability benefits

The problems faced by families in which there are disabled children certainly should be of concern to all of us and every attempt should be made to alleviate the hardship and distress that befalls a family where a child becomes permanently and totally disabled. Here again, we feel the solution to the problem rests in local and State action. The receipt of a monthly check from the Federal Government is not the complete answer to this family problem which becomes individual in nature. Possible rehabilitation, special medical care, State and local institutions to care for these disabled persons, all play their part in providing relief from this tragedy.

In our minds, these individual problems can best be solved through local and State action by those officials who have intimate knowledge of local and family conditions. The problem is not of such magnitude that it cannot

be met by local action. The House Ways and Means Committe report estimates that 1,000 disabled children would become immediately eligible for benefits under this provision and each year in the future an additional 500 would be continued on the rolls so that eventually 5,000 children and their mothers would be receiving these benefits. This, we believe, does not indicate a problem of the scope requiring Federal action. As a matter of fact, Federal intervention here might well add to the distress of these families by removing local and State responsibility in this field.

Tax rate increase costs

The increase in the present payroll tax rates of one-half percent on employees and employers and the three-fourths percent on the self-employed would be unfortunate at this time when there is a general hope that it will be possible to reduce individual income taxes. For the majority of individuals, the proposed increase in OASI taxes would about cancel any income-tax reduction they expect to receive. This OASI tax increase, of course, will be unnecessary if the provisions relating to disability and a lower retirement age for women are not enacted.

The proposed reduction in retirement age not only would have a direct impact on the cost of the Federal old-age and survivors insurance program but also would affect the costs of private programs dealing with the problems of our aged population. In recent years, we have witnessed a tremendous growth in private pension plans, integrated with OASI. Employers are committed to long-term plans involving billions of dollars and the security of their employees, and a reduction in retirement age under OASI would lead to demands for a similar reduction in these private plans with cost increases not anticipated when the plans were initiated.

CONCLUSION

We have approached our task of speaking on this important subject with a sense of responsibility. The positions which have been taken represent the thoughtful and considered judgment of many responsible men. They have been made with concern for maintaining a sound basic retirement program for our expanding, aging population. This is the basis upon which claim is made for your consideration of these views.

We appreciate the fact that your responsibility to guide the thinking and decisions of the Congress is great. We can only hope that this presentation of views may prove to be helpful to you in the discharge of that responsibility.

Respectfully submitted.

RICHARD D. STURTEVANT,
Chairman, Social Security Committee.

(Whereupon, at 10:55 a. m., the hearing was adjourned, to reconvene at 10:10 a. m., Thursday, February 2, 1956.)

SOCIAL SECURITY AMENDMENTS OF 1955

THURSDAY, FEBRUARY 2, 1956

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to recess, at 10:10 a. m., in room 312, Senate Office Building, Senator Harry Flood Byrd (chairman) presiding.

Present: Senators Byrd (chairman), George, Kerr, Long, Martin, Malone, and Carlson.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The meeting will come to order. The first witness this morning will be Senator Neuberger, of Oregon.

Senator, we are delighted to have you, sir. You may proceed.

STATEMENT OF HON. RICHARD L. NEUBERGER, UNITED STATES SENATOR FROM OREGON

Senator NEUBERGER. Thank you very much. I appreciate the fact that three distinguished Members of the Senate who have such long individual experience and such great accumulated tenure among you will give of your time to someone who has only 1 year's tenure to his credit, and I certainly don't intend to presume on your time very long.

I want to testify briefly about some of the proposed amendments to the social-security laws which you are considering now in the Senate Finance Committee.

I am very glad to appear before this distinguished committee to testify on this subject, because I believe it is one of the most important subjects of Government policy to millions and millions of people throughout the Nation. I know this is so, not only from the proportion of my mail every week which is concerned with problems of financial security in retirement and old age, but also from speaking with thousands of men and women in my home State of Oregon during the 4 months which I spent there after the last session of Congress.

PEOPLE SUPPORT IMPROVEMENTS IN SOCIAL SECURITY

I would like to begin my testimony by simply describing briefly to this committee the possible changes in the social-security program which are discussed and urged most frequently in the course of correspondence which comes to my office over a period of months.

I shall then proceed to speak in somewhat greater detail of the proposal to lower from 65 years to 60 the age at which women may become

eligible for social-security benefits, which happens to be the first legislation I introduced upon becoming a United States Senator.

1. There is a great deal of dissatisfaction over the maximum allowable income which a social-security beneficiary may earn while drawing benefits, and there have been many suggestions to increase that maximum. I would support such a change, because the limit of $1,200 is obviously unrealistic.

2. Many people write that minimum payments and average benefits are too small under modern conditions. Since OASI is a self-sustaining program, and since it is the feeling of so many people under this program that payments are inadequate, this committee must often reassess the degree to which people are ready to assume heavier payroll deductions to increase these benefits.

3. Many letters have reached me on the subject of lowering from 65 to 50 the age limit at which disabled men and women may begin to collect social security. This change is included in H. R. 7225.

4. Dentists, lawyers, and optometrists have written me many times to urge inclusion of members of their professions within the provisions of the Social Security Act. I favor the extension of the program to all professional groups as to other self-employed individuals.

I should just like to interpolate that I myself am an author and approximately 5 years ago, as you know—because you gentlemen undoubtedly had a hand in that—I, as well as all the authors of the United States, came under this program, and I am convinced that it is a program which has been of benefit to the writers of the Nation and that it could benefit people like dentists and attorneys and others who are similarly self-employed.

5. At present, the Social Security Act does not extend benefits to disabled children after they reach the age of 18. H. R. 7225 would extend benefits for disabled children, and for mothers as long as a disabled child is in the care of the mother. The testimony of the actuary of the Social Security administration, Mr. Robert J. Myers, indicates that this change would not be expensive, yet it is important to the people who would benefit from this particular change, and I support it.

6. Finally, I want to mention that I continue to receive a great deal of mail in favor of universal old-age pensions. This is not, of course, directly a part of the social-security program under consideration by your committee—in fact, it is perhaps urged to a large extent by people who for one reason or another do not enjoy the benefits of that program—so I do not want to discuss its merits today.

I merely include it in this review of the requests which I most frequently receive so as to illustrate that the demand for social responsibility for decent standards of living in old age is one of the most widely held governmental objectives of the American people.

Just to digress briefly again, I have written several books about Canada, and I remember I was in Canada when their universal old-age pension first went into effect; and I believe I was in Edmonton on the day a picture appeared of their illustrious Prime Minister, Mr. Louis St. Laurent, qualifying for their old-age pension. While I am not suggesting that we adopt their system, I am suggesting that where a country like Canada, so closely identified with us culturally and otherwise, has adopted such a system, a congressional committee

may want to study that system with a view to determine whether it is or is not feasible.

Mr. Chairman, I have tried to keep as brief as possible this summary of views on some of the proposals on which others will offer much detailed testimony to your committee. I shall now turn to one particular change which I consider especially important.

WOMEN SHOULD BE ELIGIBLE FOR SOCIAL SECURITY AT 60

Early in the first session of this Congress, I introduced a bill, S. 521, which provided that the qualifying age for women to receive social-security payments would be lowered from the present 65 to 60 years. The House bill before you contains a provision to go part of the way, to age 62.

In reducing the qualifying age for women to 62 years, H. R. 7225 has recognized some of the incontrovertible facts which support a differential in retirement age for men and women. Nevertheless, I believe that these facts actually warrant a reduction of the minimum eligible age for women to 60 years.

If a married couple is to retire with adequate security under our social-security program, husband and wife together should be drawing benefits to support an American standard of living. With benefits at about $100 a month, a 65-year-old husband with no additional income cannot retire and provide a decent living for himself and his wife who is not yet 65 herself.

Even with the additional benefits accruing to the couple when she as the wife qualifies, or if she qualifies under her own employment record, the amount which they might receive would not go far in paying for the costs of living today.

Government estimates of the entirely modest living costs for an elderly couple made in 1950, when prices were lower than they are now, ranged from $1,602 to $1,908 and averaged about $1,750.

This income is totally inadequate when we contemplate the possibilities of catastrophic illness or accidents and the rising medical costs incurred by older people generally. And, of course, we must recognize that many people without other sources of income do not receive the maximum benefits possible under the program.

Thus in many families the husband does not retire when he reaches the age of 65, simply because he realizes that the income from his social-security payments will not cover family expenses until his wife also is 65.

Likewise the unmarried woman, and the widow under 65 who faces the hard task of finding work to keep her alive until she qualifies for widow's benefits at age 65—these, too, deserve the opportunity to qualify earlier for their social-security benefits.

MANY HUSBANDS CANNOT RETIRE UNTIL WIFE REACHES 65

Some figures will illustrate the dimensions of this proposed change.

There are 6,525,000 men in the United States who are 65 years of age or older. Nearly two-thirds of these have living wives—4,375,000.

Of their wives almost one-fourth have reached the age of 60 but are not yet 65. Contrast this figure of 1,025,000 wives between the ages

of 60 and 65 with the figure of 675,000 wives between the ages of 62 and 65. If we assume that the proportions among men and women covered by social security are the same as in the population at large, putting a floor of 62 on eligibility ages for women would leave almost the same number of wives of 65-year-old men ineligible because they were over 60 but under 62. In these families, husbands would have to continue working past their own eligibility age to wait for their wives to reach the age of 62 years.

I have not been able to obtain comparable figures from the Social Security Administration for the men and women who are covered by social security provisions today, but if the situation is at all comparable, and I think that this can well be assumed, then reducing the age level for women to age 60 would indeed go much further toward the necessary solution for these families than would a halfway measure.

The total number of women today between the ages of 60 and 64 is 3,400,000. The number between 60 and 62 is 1,950,000 less, or 1,450,000. If the same logic can be applied here as was applied above, we would again find that not only for married women, but also for women who are single or widowed, a reduction to the age of 60 would take in another significant numerical group which deserves the opportunity to retire.

EXPERTS HAVE PROPOSED ELIGIBILITY AT AGE 60 FOR WOMEN

Sixty years is the eligibility age for women which has been recommended by Dr. Arthur J. Altmeyer, who as a member of the first Social Security Board—chairman from 1937 to 1946—and Commissioner of Social Security until April 1953, is an undisputed authority on this subject.

He made this recommendation before the Senate Committee on Finance on January 17, 1950 and the House Committee on Ways and Means in 1949. Moreover, this was not a new recommendation at that time.

I have no doubt of course that you gentlemen are far more familiar with Mr. Altmeyer's recommendations than I am.

The Seventh Annual Report of the Federal Security Agency, 1942, stated that:

> Two and one-half years of experience in paying old-age and survivors insurance benefits have demonstrated the desirability of liberalizing certain provisions, removing anomalies, and simplifying administrative requirements. At present, only about 42 percent of the wives of primary beneficiaries are 65 years of age or over and so entitled to benefits; the requirement should be lowered to age 60 for wives of annuitants so as to make more of them eligible for benefits, and the age requirement for widows and female primary beneficiaries lowered to the same extent.

This recommendation was repeated in every annual report until 1946, and again in 1948, 1950, and 1952.

I might mention also that our largest national labor organizations have declared that their millions of members would be ready and willing to assume their share of the increased payroll taxes necessary to cover this change.

Before concluding, Mr. Chairman, I think I should just advert to the apprehension which has been expressed by some that, if 60 is to become the age of social-security eligibility, it will also become the age of dismissal. I do not believe this fear is well founded. If

an individual who would like to continue working past his eligibility age is dismissed, it is as a result of employers' personnel policies and company pension programs, not of the social-security laws. The remedy lies with employers' policies, not with continuing inequities in the social-security structure.

NATION SHOULD LEAD IN SOCIAL SECURITY

In conclusion, Mr. Chairman, I would like to point out one consideration which applies not only to the eligibility age for women, but to our attitude toward maintaining progress in our social security laws generally.

Everyone in the world knows that the United States is, by a wide margin, the richest nation in history. We pride ourselves on the fact that our economy, our social structure, our form of government have made a steadily increasing standard of living the main characteristic of American civilization.

We are, indeed, able now to raise our sights to the goal of a comfortable period of retirement and old age for all of our citizens—freed from poverty, from the pain of many diseases, lightened by the conveniences of modern housing, and brightened by the prospect of an increased span of leisure years. Our thinking on social security must face up to the needs of these longer years of retirement without drastic impairment of the standard of living to which Americans now become accustomed during their working years.

And it must also face up to the fact that our claim to international leadership rests on the success with which we can make our acknowledged riches work for all of our people. No doubt our performance in this respect, as the leading exponents of fre and democratic methods of government, is constantly watched by other peoples and compared with that of our Communist competitors.

It would be wrong of us to rest complacently on our laurels in the matter of social security and social services. As a matter of fact, in some of these areas we have fallen behind several progressive measures of other democratic nations. I want to suggest to this committee that there is no reason why the people of this rich nation should not be able to have the assurance of adequate security in disablement, retirement and old age.

This committee and the Congress have the opportunity in the present bill to take some important forward steps toward that goal.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator. Any questions?

Senator NEUBERGER. I appreciate the opportunity of coming here. Thank you.

The CHAIRMAN. Next witness, Mr. E. Russell Bartley, Illinois Manufacturers' Association.

STATEMENT OF E. RUSSELL BARTLEY, ILLINOIS MANUFACTURERS' ASSOCIATION

Mr. BARTLEY. Mr. Chairman and members of the committee, I appreciate the opportunity to appear before you today.

My name is E. Russell Bartley. I am director of industrial relations for the Illinois Manufacturers' Association. The IMA has a

membership of approximately 5,000 firms of all sizes—small, medium-sized and large, throughout the State of Illinois, who are engaged in the manufacturing industry.

We have carefully considered and are vitally concerned with the proposed amendments to the Social Security Act, as embodied in H. R. 7225.

This bill proposes a number of changes in the act. The IMA is concerned primarily with the serious implications of those changes relating to the reduction in the benefit eligibility age for women from 65 to 62, the extension of monthly benefits to disabled workers who are aged 50 or over, the continuation of benefits for disabled children age 18 and over and the increase in the OASI tax rate on both employee and employer.

LOWERING THE AGE REQUIREMENT FOR WOMEN

I will first discuss the proposal that the age requirement for the payment of monthly benefits to women who are insured workers, to wives of insured workers, and to widows and dependent mothers of deceased insured workers, be reduced from the present age of 65 to 62 years. We are not in accord with this change.

Social security is primarily a program to pay benefits to the aged when they can no longer support themselves by working. The proposal for lowering the age for women is apparently intended to induce men and women to retire early. Advances in medical science have enabled men and women to live and work longer. This proposal seems to run counter to the increasing life expectancy of American workers and the long-term projections of needed manpower in the future. At the present time employment is high and job opportunities are plentiful and it is certainly questionable whether this is the time to endeavor to induce individuals to retire early. There is much evidence that premature retirement is not in the best interests of the people concerned.

A new definition of when women become old would inevitably affect old-age assistance payments by the States and the Federal Government, and could result in unanticipated cost increases and less adequate payments to those in need.

Reducing the age of eligibility for women would greatly increase the cost of operating the OASI program and would require an increase in the tax rate to cover such increased payments. It would also reduce the income to the so-called social security fund by requiring 3 years less of payroll taxes paid both by the employer and the employee.

The effect of this proposal would, in all probability, result in discrimination against women in favor of men. Some employers might use the earlier retirement age for women as an excuse for retiring them earlier, even though the women might be in good physical condition, and have a desire or need to continue working. It would result in discrimination against women who are seeking employment and result in unemployment among older women, whether or not they are eligible for pensions.

We believe that this provision would soon be followed by demands to reduce the age requirement for men to 62 years and eventually for a further reduction from 62 to 60.

Employers who have retirement programs for their employees would have to reduce the age requirement for women to 62. This would increase the cost of private pension plans and tend to curtail the adoption and extension of such plans.

Age discrimination in hiring is being fought by numerous groups, including the United States Department of Labor. It would seem to be difficult to justify having one Federal Government agency working to encourage the hiring of older people while the benefit system of another agency is amended to have the effect of promoting this discrimination.

BENEFITS TO DISABLED PERSONS

The next provision in H. R. 7225 to which we object is that if at any time after the age of 50, a man becomes totally disabled and is so certified by the Government, he could immediately start collecting the same amount of social security benefits that he otherwise would get after retirement at age 65, or, in the case of women at age 62. We also object to the proposal that benefits to disabled children and their mothers be continued after the child reaches the age of 18.

The proposed amendments introduce for the first time payments in event of disability.

Benefits to disabled persons is a separate problem and does not belong in the old-age retirement program. Social security is a program to provide protection in old age for the retired worker and should not be confused with a sickness or accident benefit program. This is an unwise and unsound proposal and indicates a dangerous shift in the philosophy of social security into new areas in benefits.

We submit that this would be a big step toward socialized medicine. We believe socialized medicine to be undesirable. To be eligible for total disability, a worker would be certified by doctors who would be on the Government payroll. This places doctors in Government. Inevitably the provisions for disability benefits and for rehabilitation would be folowed by a demand for Federal medical care.

The amendment provides that benefits would be suspended in the case of refusal, without good cause, to acept vocational rehabilitation. There would, no doubt, be many cases of "good cause" so that disabled persons could draw benefits.

If this proposal were enacted into law, any of the millions of workers, 50 years of age and over, and who are now insured in the program and who leaves a job for any reason, could apply for and obtain a free medical examination at the expense of the Government.

This proposal might encourage certain individuals to become or remain disabled. It would weaken the individual's incentive for recovery and rehabilitation, which should be a disabled person's prime objective. It would give disability payments to persons of an age who are least susceptible to rehabilitation.

The determination of disabilities would be made by agencies of the various States. This would not work satisfactorily. It would be impossible to obtain uniformity of policy or administration

among the States and discrimination would result. It would be difficult for a Government agency to exercise impartial judgment in determining the extent of disability in each particular case. States would have an incentive to make liberal decisions in order to relieve the cost burden of this, of their own welfare programs.

The disability provisions would be unmanageable and would lead to an untold number of unwarranted claims. It would require an ever-growing army of doctors on the Government payrolls to police disability claims. Either substantial amounts of money would be paid out on fraudulent claims, or the Government will have to go into the medical business in order to determine the extent of disability of each claimant. This represents a definite authorization for Government agencies to perform medical functions otherwise delegated to private practice.

Some employers might use the availability of cash disability benefits as an excuse for retiring handicapped persons from the labor market, especially if they are approaching retirement age. Employers, the Government and other agencies have, during the past several years, been engaged in a meritorous campaign to encourage employers to hire the physically handicapped. This proposal would seriously handicap those efforts.

We could expect constant pressure for future liberalization provisions. The age of 50 is no magic figure as the dividing line for benefits. The disabled, regardless of age, would soon be demanding benefits. Benefits for dependents of disabled persons would doubtless be demanded in the future.

Disability benefits could jeopardize the continuing rapid development of voluntary health protection which has taken great forward strides in the past several years. This program should continue to be on a voluntary basis and not replaced by a compulsory system of disability benefits.

Pressures from many sources could result in liberalization in the administration of the law and move it into the direction of a special unemployment compensation system for the physically handicapped.

WOULD GREATLY INCREASE COSTS

Now let us consider the ever-increasing costs of the OASI program. The Congress cannot grant these additional benefits to recipients of old-age insurance, without extracting the funds to pay for them from other citizens. Each move to make pensions bigger or easier to obtain brings the Congress face to face with the need to make the social-security tax still higher.

It is impossible to predict the cost of these proposed changes, especially the disability provisions; there are estimates that these amendments would cause an annual increase in cost from $1½ billion to $2 billion a year—an increase of 30 to 40 percent over the present payments of $5 billion per year.

These amendments, if enacted, could very well endanger the whole social-security program by adding unanticipated additional costs which might jeopardize the availability of benefits for those who are really in need and who have been paying into the fund for many years. The way the costs of old-age pensions are rising, people are wondering

whether there will be any money left for them by the time they retire. The whole history of social security has been to make it more and more liberal and more expensive.

As the law now stands, the tax on both employee and employer is 2 percent. It goes up to 2½ percent in 1960 and finally to 4 percent in 1975. H. R. 7225 would raise the tax to 2½ percent now and finally to 4½ percent in 1975 instead of 4 percent. This would immediately add $21 to the tax paid by an employee who earns $4,200 per year, and $21 for the employer. Eventually the tax which would be paid by each would be $189, providing the base were not increased to above $4,200 per year.

Many Members of Congress desire, I understand, to reduce the income tax for the lower income groups. Actually the social-security tax paid by many people is much higher than their income tax. In fact, in certain family classifications there is no income-tax liability, but the social-security tax may be as high as $84 per year. The social-security tax is levied on gross pay up to $4,200 per year, without the deduction or exemptions allowed in computing the income tax. Increasing the social-security tax for these same people is paradoxical. Before long, there may be pressures to reduce the social-security tax to benefit the same mass of individuals. The way the pension costs are rising, the social-security tax threatens to become the No. 1 tax problem for many millions of people. It will edge the income tax off the center of the stage. The ultimate burden of OASI costs might exceed the willingness of future generations of American people to support them.

If any of these proposed changes which would greatly increase the cost, such as reducing the age requirement for women and providing disability benefits, are enacted into law, it seems clear to us that the Congress will be obliged to abandon the proposal to increase social-security taxes this year. Experience shows that repeatedly the scheduled increases in taxes have been postponed. The illusion of $21 billion in the so-called reserve fund is a temptation to increase benefits without increasing the taxes to pay for them.

The old-age-insurance system is not insurance. It is an actuarially unsound system of Federal grants. Insurance is based on premiums which bear a direct relation to the benefits accrued. The social-security tax bears no relation to benefits. No one pays enough into the social-security till to provide the benefits he is promised by law. His employer's tax payments, added to his own, are not sufficient. The reserve fund does not exist but it is a legal illusion. The proposed amendments would put the system on an even more unsound basis than it is now.

Senator GEORGE. Don't you think the Treasury knows that?

Mr. BARTLEY. Many people think that the money is sitting there and waiting for them.

Senator GEORGE. The Treasurer does not think so. He knows very well he will have to get it.

Mr. BARTLEY. In order to get it the Congress has to make other appropriations to——

Senator GEORGE. He has to sell bonds.

Mr. BARTLEY. The social-security law was enacted in 1935, and has been amended in 1939, 1950, 1952, and 1954 and further drastic changes

are now under consideration. In1954 the Congress made the most comprehensive changes in the Social Security Act since the law was first enacted. These amendments included greatly increased benefits, liberalization of the retirement test, freezing of taxes for disabled persons, and extension of coverage to 10 million Americans. There is no need for sweeping changes in the law every 2 years. We believe that the situation is getting out of hand. We are alarmed when we envision the end product of these intermittent and piecemeal changes. The insidious growth and extension by little steps on many different fronts and further pyramiding of the costs must be stopped, or it will pose a serious threat to both the Nation's economy and the morale of the people. This has been proven in other countries, especially in England and Germany.

We agree with the statement made by Mrs. Hobby, former Secretary of Health, Education, and Welfare, to the House Ways and Means Committee on June 21, 1955:

> The actuarial status of the fund is too vital to the welfare of our people—the employed, the self-employed, and their families—to permit of even the possibility of hasty action without full understanding by all members of this committee, the Congress, and the American people of the implications of that action.

We also agree with her statement that a thoroughgoing review and inquiry into these issues is essential. She recommended that a study commission or advisory council be appointed to make an intensive study of the broad economic and social policies and other related questions, "so as to lend the soundest possible approach to strengthening our social insurance system."

A basic policy should be reached with respect to the basic purposes and objectives of the system. If basic objectives of social security can be determined, each individual will be aware of the degree to which he can rely upon the Federal Government in planning ahead for his death or retirement. In addition, American industry will know the types and amount of security to be provided by the Federal Government and can thereby more effectively plan its private programs to supplement social security.

The determination of basic philosophy and objectives of social security should be given precedence over the consideration of specific amendments, not for the purpose of delaying the enactment of needed changes but for the determination of what, if any, these needed changes are.

President Eisenhower, in his state of the Union message to the Congress on January 5, warned that the old-age and survivors' insurance program must be kept sound. He further stated:

> In developing improvements in the system, we must give the most careful consideration to population and social trends, and to fiscal requirements. With these considerations in mind, the administration will present its recommendations for further expansion of coverage and other steps which can be taken wisely at this time.

We do not believe that the changes proposed in H. R. 7225 are sound. They certainly do not take into consideration the fiscal requirements of our Government as suggested by President Eisenhower.

We respectfully submit that these proposed changes in the Social Security Act should not be adopted by the Congress.

Thank you very much.

The CHAIRMAN. Any questions?

Senator CARLSON. Mr. Bartley has raised an interesting thought here. I noticed in the statement he says that if Congress, in his opinion, at least, should reduce the age of eligibility for women to 62 under the OASI, we would probably have to do the same for the old-age assistance programs. I know some of the problems we have in the State of Kansas which contributes through the State and through the counties. I think it might be well, Mr. Chairman, to ask the Department of Health, Education, and Welfare to get us some figures before we get into this.

The CHAIRMAN. That is a good suggestion. Will you do that, Mrs. Springer? Any further questions?

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
SOCIAL SECURITY ADMINISTRATION,
OFFICE OF THE COMMISSIONER,
Washington, D. C., February 20, 1956.

Hon. HARRY FLOOD BYRD,
Chairman, Finance Committee,
United States Senate, Washington, D. C.

DEAR MR. CHAIRMAN: This letter is in response to a request from Mrs. Springer, of the staff of your committee, for information as to what the effect would be on the old-age assistance program if the minimum age at which women can qualify for old-age assistance were to be reduced to 62. We understand that Senator Carlson asked for this information during the hearings on H. R. 7225 now being held by your committee.

Should such a change be made in the old-age assistance program, it is estimated that the number of women 62 to 64 years of age that might be added to the old-age assistance rolls would shortly reach about 134,000 and that the additional total cost would be about $85 million a year. Of this, the Federal share would be approximately $47 million.

Sincerely yours,

CHARLES I. SCHOTTLAND, *Commissioner.*

The CHAIRMAN. Thank you.

The next witness is Mr. A. L. Archibald, National Federation of the Blind. We are very happy to have you with us. Glad to hear from you.

Mr. ARCHIBALD. Thank you.

STATEMENT OF A. L. ARCHIBALD, NATIONAL FEDERATION OF THE BLIND

Mr. ARCHIBALD. Mr. Chairman, I have a prepared statement, which I should like to have included in the record of the committee, although I will attempt to summarize my testimony orally now for you this morning.

The CHAIRMAN. We will include the statement.

Mr. ARCHIBALD. Thank you.

(The document referred to is as follows:)

STATEMENT OF A. L. ARCHIBALD, EXECUTIVE DIRECTOR, NATIONAL FEDERATION OF THE BLIND

Mr. Chairman and members of the committee, my name is A. L. Archibald. I am the executive director of the National Federation of the Blind, with offices at 1822 Jefferson Place NW, Washington, D. C. My appearance here is for the purpose of testifying in behalf of the more than 40,000 blind men and women who compose our 35 affiliated statewide organizations of the blind, as well as our direct individual members in all of the remaining States. I wish to express to

you our deep appreciation for the privilege you have granted us to express to you our views in respect to H. R. 7225.

For many years it has been our steadfast opinion that the enactment of a thoroughgoing disability insurance measure would bring about a vast improvement in the lives of the blind people of this country. Disability benefits, given as a matter of legal right, would do much to preserve a sense of human dignity, individual independence, and personal worth. These are qualities of personality and character which for any person in a democratic society are indispensable to the fullest realization of his capabilities. Indeed, they are the necessary ingredients of a full and productive life. When they are present, they enable and impel the individual to participate fully in society and to make his contribution to the economy through the achievement of self-support and the support of his family.

The blind have long lived under circumstances which have in general deprived them of the opportunities, rights, and privileges which are usually accorded to individuals and classes by democratic government. Their value to the community at large has not been appreciated or understood. As a class of people, they have for the most part been compelled to live out their lives in enforced idleness as objects of public or private charity. Their incentive and initiative have been stifled by rigorous applications of means tests. Society has embraced them only to the extent of granting them protection from the most adject want; but by custom, by behavior, and even by provisions of law, the blind as a whole have in the main been excluded from the mainstreams of economic and social life.

When the news was circulated last year that the House Ways and Means Committee planned to report for favorable action a disability insurance bill, the blind in every corner of the Nation were filled with the eager excitement of anticipation. They thought that at last they might be provided with a system of compensation for loss of earning power resulting from blindness without the stigma of public relief or the badge of pauperism. Since H. R. 7225 was passed by the House, this bill has been studied and analyzed by many individuals. It has been written about in bulletins and in Braille publications. It has been discussed and argued about in meetings and conventions wherever blind people have gathered to deliberate on their common problems. Their disappointment has been keen.

In the judgment of the blind, H. R. 7225 falls far short of what is needed. It fails to provide what they regard as the minimum requirements of an adequate system of disability insurance for them. It represents a halting step forward in social legislation rather than a resolute stride into the future of social progress. As the bill stands, the blind are convinced that it offers them only the alternative of escaping from the millstone of public assistance to the shackles of inadequate disability insurance.

We believe that certain improvements in H. R. 7225 are urgently needed in order that the bill may become worthy of our wholehearted support. Without these improvements, we shall be reluctantly compelled to consider whether it is not more desirable to ask that the blind be excluded from the bill. The feeling is widespread among the blind that if a thoroughgoing system of disability insurance is not to be extended to them now, they will prefer to await the occasion when one can be adopted. We wish therefore to urge and recommend that the committee's earnest consideration be given to the following amendments which we believe are necessary as a minimum to convert H. R. 7225 into a genuine disability benefit program for the blind:

1. THE DEFINITION OF DISABILITY

H. R. 7225 contains a definition of disability which differs materially from the definition already in the Social Security Act in connection with the disability freeze provisions of the OASI system. The bill would require that the blind, like all other categories of the disabled, would have to meet the test of "inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued duration."

Section 216 (i) of the present law, enacted in 1954, provides that the term disability shall mean "(A) inability to engage in substantial gainful activity * * *; or (B) blindness."

The first amendment we urge upon you is that blindness ought to be recognized categorically in the definition used for benefit purposes as it was in connection

with the disability freeze provisions enacted in 1954. It seems to us that it is a sound legislative practice to specify unequivocally that a particular group is intended to be included under the provisions of a law whenever that group constitutes a well-known and clearly definable category of people. A great variety of administrative questions and problems as well as the many uncertainties which arise in the minds of possible beneficiaries are quickly resolved when precise definitions are included in laws.

We feel, moreover, that this special recognition of blindness accords with the facts which we face as blind people. We contend that virtually all blind people in the productive years of life are able to engage in gainful activity, but that they are prevented from finding employment because of the general public attitude that they are helpless and incapable of work. It is in the main the preconceptions about blindness rather than the physical disability itself which give rise to the economic problems the disability benefits system must be designed to meet.

Yet, the definition of disability presently set forth in H. R. 7225 rests wholly upon inability to engage in substantially gainful activity. Under this definition, administrative decisions may too easily be made that certain blind individuals are able to work, even though these blind people cannot secure employment however hard they seek it. In addition, these decisions may vary from place to place, according to the individual preconceptions and interpretations of differing administrative personnel.

Consider the position of the blind person who has, by dint of great effort and perseverance, been employed for a length of time sufficient to qualify him for benefits. Suppose that he lost his job through no fault of his own, and throughout the waiting period of 6 months he has diligently sought other employment without success. Benefits may be denied him by administrative action under the definition in the bill on the ground that he has proved his ability to engage in gainful activity. He would have no resource but to use up his carefully garnered resources and eventually in impoverishment apply for public assistance.

We see no good reason for adopting a different definition for disability benefits than for "disability freeze" purposes. Indeed, we can foresee unfortunate consequences. We sincerely recommend that the definition in section 216 (i) of the present act be made to apply to disability benefits to the blind.

Our only criticism of the definition in section 216 (i) is that it uses the ophthalmic measurement of 5/200, or a visual field restricted to 5 degrees as the standard for determining blindness. We believe that the customary definition used elsewhere in law and in many programs for the blind should be substituted. This definition established 20/200, or a visual field restricted to an angle of 20 degrees, as the standard. We think it would be a better and more consistent legislative practice to utilize the same definition for blindness in all laws.

2. THE 50-YEAR AGE REQUIREMENT

The second amendment to H. R. 7225 which we regard as indispensable is the elimination, at least for the blind, of the 50-year minimum age requirement for eligibility. As it applies to the blind, this requirement makes little sense. Blind workers under the age of 50 are in no differnt situation from blind workers between 50 and 65 years of age. It is the worker's blindness, not his age, which prevents him from securing remunerative employment or renders him unable to engage in substantially gainful activity.

Elimination of the 50-year minimum age requirement for the blind could not significantly increase the cost of the system. Because a large variety of eye diseases, such as glaucoma and unremovable cataracts, are medically associated with the aging process, the incidence of blindnsss increases with advancing years. In fact, it has been estimated by many reliable studies that about 50 prcent of the blind in the United States are 65 years or over. Precisely how large a percentage are over 50 years of age is not known. But if we may judge from experience, this group includes 80 percent or more of the blind.

It seems evident, therefore, that a substantial majority of people who are blind, or who become blind, would not be excluded from benefits by the 50-year minimum age requirement. But this conclusion has its greatest meaning in that little would be added to the cost of the disability insurance program by eliminating the requirement altogether for the blind. According to testimony already entered into the record by the actuaries of the Social Security Administration, the estimated cost of disability benefits would be increased by only 0.21 percent of payroll if the 50-year age requirement were eliminated for all

classes of the disabled. In respect to the blind, the added cost would be very much smaller.

The requirement is, after all, based upon a misconception of the purpose of this insurance program in relation to the blind. We do not believe it is appropriate to the facts to consider disability insurance for the blind as merely a retirement system. Rather, it ought to be regarded as a program of compensation for loss of earning power due to blindness which may be used as a means of both maintaining a measure of income and assisting the beneficiary to achieve economic independence again.

What about the worker who at the age of 35 loses his sight, or who being already blind loses his job? Are his problems and his needs any less than or any different from what they would be at the age of 50? The newly blinded person faces an immensly difficult task of adjustment to blindness. His resources are probably slender and they are likely to disappear rapidly in the oftentimes futile search for restoration of vision. His family may soon be faced with privation.

The blind workman in this plight is fully as worthy of entitlement to a benefit as he would be at age 50. Yet, under H. R. 7225, he would be politely told to wait for 15 years and to survive, if need be, on public assistance and to endure all the corrosive effects of the means test. His rehabilitation would be impeded, his efforts to become reintegrated into society would be frustrated. In a word, he may easily be overwhelmed by his situation and lost to the ranks of the defeated.

We hold that if Congress is to adopt disability insurance for the blind, the program should be made equally applicable to all blind people in the productive years of life. We therefore urge and recommend to this committee that the 50-year minimum age requirement be eliminated.

3. EXEMPTION OF EARNINGS

Third, we recommend and urge that disabled beneficiaries be entitled to earn at least the $1,200 per year which is allowed by law to old-age beneficiaries between the ages of 65 and 72. Failure to specify a clear standard in respect to earnings which will render individuals ineligible can lead to serious inequities in the treatment of differing individuals and differing groups under administrative practice.

Surely, it will be conceded by everyone that blind men and women are as much entitled to earn $1,200 a year as are aged persons who in many ways have a greater ability to find and retain employment. Good arguments could be advanced for a higher exemption of earnings in the case of the blind and other disabled groups, or for the elimination of any consideration of earnings whatsoever. But if ability to engage in substantially gainful activity remains a test of eligibility in the law, the most compelling reason for specifying a generous standard of exempt earnings is that without any standard at all, every beneficiary will be hesitant to earn anything, however small the amount, for fear that even meager earnings may be regarded as substantial.

Unless the law is clear with respect to earnings, incentive and initiative are destroyed. We believe that a disability benefit system should constantly invite the fullest possible participation in economic activity. This can be accomplished only by assuring individuals that they may without penalty enjoy some of the rewards of labor.

H. R. 7225, as now drawn, leaves to the administrators the important question of what constitutes "substantial gainful activity." We have sought in vain to procure from the Social Security Administration a precise notion of what their interpretation of this language is likely to be. We are told that the amount of earnings an individual may make while remaining eligible for the benefit will vary from case to case. It has been indicated to us, however, that as little as $300 or $400 of earnings per year will bring about a suspension of benefits. This amount is obviously altogether too low.

The contrast is startling between this failure to provide a standard amount of exempt earnings and the provision in the bill for exempting all earnings during the first year of employment in connection with the achievement of an administratively approved plan of vocational rehabilitation. If retention of earnings is valid in relation to vocational rehabilitation, is it not equally desirable to preserve the incentive and initiative which comprise the basis of vocational rehabilitation? Each year, upwards of 30,000 people lose their sight. At the present rate, only 2,500 to 3,500 blind persons are being rehabilitated under the Federal-State vocational rehabilitation program. Does Congress wish to condemn all those who are not given rehabilitation services to lives of idleness and frustration?

We fully endorse the idea that all earnings should be exempted during the first year of employment after the onset of blindness. Our only reservation is that 1 year may not be a sufficient period of time in many instances to enable a blind person in an independent pursuit to become firmly established. We believe, therefore, that a provision should be included granting administrative authority to lengthen this period of exemption for an additional year or for such time as may be required to assure successful rehabilitation. But we are even more emphatic in our belief that it is absolutely necessary to specify in the law that every blind beneficiary shall be entitled to earn at least $1,200 per year.

The foregoing are the three amendments to H. R. 7225 which the Nation's blind regard as the minimum improvements necessary for the bill to merit their approval. We ask that all of them be included in this committee's report. We rest confident that careful consideration will be given them; for our experience indicates that the Senate Finance Committee has a special appreciation for the problems connected with blindness.

One further amendment we think should also be given thorough study and consideration by this committee. The length of time with respect to quarters of coverage, required for eligibility under the bill, is excessively long. The minimum coverage made necessary in the bill is (1) 6 quarters of coverage in the last 3 years; and (2) 5 years of coverage in the last 10 years; and (3) coverage for half the time since 1950. An individual with 10 years of coverage would, of course, thereafter be always eligible.

The OASI system, as presently in force, provides that certain aged people may qualify fully for retirement benefits with only 1½ years of coverage. We fail to understand why the blind should not receive equal treatment if a disability insurance program is now to be added to the system. It would seem highly desirable to us that the program should be extended to as many blind people as possible in the years ahead. We therefore recommend to you that not more than 6 quarters of coverage be required for the blind to become beneficiaries.

REVISIONS OF AID TO THE BLIND UNDER TITLE 10 OF THE SOCIAL SECURITY ACT

As important as an adequate disability insurance system is for the blind, it should not be forgotten that many who are now blind and some who will become blind in the future will, of necessity, be forced to rely on public assistance for their maintenance. For an unknown number of years ahead, this program will play a principal role in the lives of the blind. It is altogether fitting that Congress should at this time give attention to badly needed improvements in the public assistance program for the blind under title 10 of the Social Security Act.

There are a number of bills dealing with this subject pending before this committee. Some of them contain highly desirable amendments. But the bill which we wish most heartily to commend to you for your approval is H. R. 6996, introduced by Congressman Cecil R. King, a member of the House Ways and Means Committee. We should like to request that H. R. 6996 be made a part of the record in order that it may be officially before you for consideration.

Twenty years of experience with the Federal-State program of aid to the needy blind have given us a greater understanding of the needs, problems, and capabilities of the men and women whose welfare is the concern of this program. The blind assistance provisions of the Social Security Act were adopted at a time of depression. The primary objective then was relief from the distress of poverty. We have learned that assistance can be granted to needy blind people on terms that inescapably perpetuate poverty and dependency. The importance of more adequate relief from poverty among the blind than we now grant cannot be overemphasized. But relief alone is not enough; rather it must be given on terms which assist, encourage and impel the recipient to achieve independence and self-support by offering to him hope and opportunity.

A new approach in providing aid to the blind under title 10 of the Social Security Act has become imperative. This public-assistance program is rapidly becoming one entirely for blind men and women in the productive years of life. Owing to the greatly expanded coverage and increased benefits under the old-age and survivors insurance system, those who lose their sight from diseases associated with the aging process will almost exclusively be old-age insurance beneficiaries. Blind workers who have succeeded in securing employment or self-employment in covered occupations will likewise be entitled to old-age

benefits upon retirement. The fact emerges that the category of blind people to be helped by public assistance is in consequence composed predominantly of those who still have ahead of them years of possible productive effort and contribution to their communities and their families. It is of the utmost importance to these individuals as well as to the country that their productive powers be preserved from atrophy. This can only be done by granting assistance to them under conditions which save and promote their sense of personal worth, individual dignity, and self-respect as valued members of a democratic society. Aid to the blind can be made into a program which extends to recipients the American tradition of opportunity. Reshaping the law to accomplish this end in addition to affording greater security from want is the principal purpose of H. R. 6996.

First, H. R. 6996 proposes that all blind recipients be given incentive by granting them increased exemptions of earned income up to $1,000 per year, and that incentive to gain complete economic independence be retained by gradually reducing aid payments to them through the device of taking into consideration only 50 percent of each earned dollar above $1,000 per year. The existing law was amended in 1950 to provide that $50 per month of earned income be disregarded in determining the amount of monthly assistance. Thousands of blind recipients took advantage of this exemption to improve their slender economic status and some were stimulated to achieve self-support.

But the ceiling on incentive is still retained and the amount of exempted earnings has proved to be too low to gain a firm foothold on the economic ladder. For most, it has been impossible to make in a single bound the immense leap from economic dependence to complete self-support which the present exemption necessitates. For fear of losing what little security blind assistance affords, others have been discouraged from making the effort. The method proposed in the bill for a larger exemption and for reducing aid payments gradually as independent earnings increase will at one and the same time enlarge the economic opportunities of the blind, stimulate them to greater efforts to become self-supporting, and enable them to achieve total economic independence.

Second, H. R. 6996 provides that every aid to the blind recipient shall be entitled to possess at least the assessed valuation of $3,000 in real and personal property; and additional possessions of real and personal property may be approved for individuals whose particular plans for attaining self-support may require their use. The requirement in the present law that all property and income of a blind individual must be utilized exclusively for his maintenance as a prior condition for receiving assistance has succeeded only in either impoverishing the individual who becomes a recipient or compelling him to live in impoverished circumstances without assistance.

To permit individuals to retain and enjoy modest amounts of property while being eligible for assistance is to preserve a basis for rehabilitation. To enable recipients to utilize their own property and other resources to gain self-support and independence from aid is to put constructive purpose into the law.

Implementing these purposes further, the bill prohibits any public-assistance agency from requiring blind recipients to subject their property to liens or transfer to these agencies title to their property as a condition of receiving aid. Encumbering the property of blind aid recipients deprives these individuals of an ability to use their own possessions for self-restoration and rehabilitation. We cannot successfully help the blind to return to productive and useful lives if we permit their futures to be mortgaged or their property to be taken from them because they received assistance in time of need.

Third, H. R. 6996 also requires that the ability of relatives to contribute to the support of recipients be entirely disregarded in determining the blind individual's need for public assistance. The enforcement of the legal responsibility of relatives to support dependent blind persons has never been financially significant in reducing public-assistance expenditures. It has, however, demoralized recipients by constantly emphasizing in their minds their dependent status and sense of helplessness. The enforcement of relatives' liability is unjust to aging parents of blind individuals in the productive years of life, and unfair to their youthful children endeavoring to become established in the world. It generally results in spreading poverty rather than relieving it. The enforcement of relative responsibility is frequently disruptive of family relations. It creates bitterness and resentment where hope and affection should be fostered and saves little or nothing in the cost of assistance to the blind. Accordingly, it has no place in a welfare program which ought to maintain the sense of importance and

belonging on the part of a recipient within the atmosphere of good family relations as a sound basis for his adjustment to blindness and restoration to normal life.

Fourth, H. R. 6996 further provides for equal minimum payments to all eligible blind individuals under this Federal-State assistance program. The specified minimum would be fixed by each State, and could, therefore, vary from State to State in accordance with local conditions. Payments of higher amounts to recipients having special additional financial needs for assistance would not be prohibited.

But the present system of individually budgeting recipients on the basis of individual need, individually determined by a wide exercise of discretion on the part of individual social workers, would be in large measure replaced. Individual budgeting inescapably leads to the gradual assumption by social workers of control over the affairs and lives of recipients. If every bit of income must be searched out and every resource tracked down before the amount of each month's payment can be determined on the basis of the budgetary deficiency which then exists, the inevitable result is that the blind recipient, already oppressed by a sense of helplessness, soon loses all direction of his supposedly free consumption choices. The fibers of self-reliance are quickly sapped and loss of self-management is the unavoidable consequence. Under these conditions, the personal qualities of morale and enterprise which are indispensable to rehabilitative effort are undermined and destroyed.

The payment of fixed minimum amounts of aid to which all eligible persons are equally entitled as of right will reduce administrative overhead and preserve and promote the moral and psychological well-being of recipients. It will restore to them a power to manage their own affairs. It will nourish initiative and stimulate self-improvement. In contrast to the rigid means test and individual budgeting, equal minimum payments determined by law will provide a floor of security and foster economic independence and social reintegration.

Fifth, to assure that aid-to-the-blind payments will more adequately meet the actual financial needs of recipients while they are in distress, H. R. 6996 raises the ceiling on the matching of State funds by the Federal Government from the present maximum of $55 per month to a maximum of $75 per month. When the Social Security Act was first passed in 1935, the maximum payment to any blind recipient in which the Federal Government would participate was fixed at $50 per month, of which the Federal Government would pay one-half. The maximum amount in which the Federal Government will share has been increased by only $5, although the cost of living has nearly doubled since 1935 and the standard of living to which the people have become accustomed has sharply risen.

The consequence of the Federal Government's failure to keep pace with rising prices has been that even greater poverty and distress has been imposed upon the blind who must depend on public assistance. They have been compelled to eat and dress and live in a manner markedly different than the rest of the community. Many of the States have demonstrated their willingness to meet in part the challenge of the desperate situation thus brought about and have raised payments substantially above the Federal matching ceiling, but others have fallen far behind. The latest figures available show that average payments throughout the United States are but $56.53 per month.

The time has been long overdue for the Federal Government to attempt more reasonably to meet its responsibility for raising the level of aid to the blind in every State. The bill therefore proposes that, in addition to raising the matching ceiling to $75, $30 out of the first $35 of average monthly payments to the blind shall be paid by the Federal Government. Accordingly, even the States which have the least ability to raise assistance payments without additional Federal participation because they have the smallest taxable resources, will be enabled to meet the actual needs of the blind recipients more adequately.

Finally, H. R. 6996 provides that every State shall be free to establish whatever other programs of aid to blind persons it wishes to undertake without Federal financial participation. The Federal-State programs of public assistance to the blind are intended to provide only the minimum of protection from want and insecurity to which the country as a whole believes recipients are entitled. The States would be encouraged to initiate wholly State-supported programs for some groups of blind who, because of their financial circumstances, are not eligible for assistance under programs to which the Federal Government contributes.

Four States—California, Missouri, Pennsylvania, and Washington—now have special programs for some partially self-supporting blind individuals whose outside income or property possessions are too great to render them eligible for the more restrictive Federal-State program. These States are in danger of having to abandon these wholly State-financed programs. The Federal law has been interpreted to require that each State must have but a single program of aid to the blind. Because of a special amendment adopted in 1950, Missouri and Pennsylvania will continue until 1957 to receive Federal participation in payments to those individuals who are eligible for aid under the Federal law. But the principle that the Federal Government ought not have any concern in or interfere with State programs which do not involve Federal expenditures ought to be made permanent and to apply to all States.

Adoption of these amendments will mean that the rehabilitative approach will be put in the core of the Federal law providing aid to the blind. We now know from the examples of increasing numbers of blind men and women, who successfully work at a wide variety of occupations ranging from mechanics and farmers to businessmen and college professors, that every blind person who is sound of body and mind is capable of completely normal living and productive usefulness. By revising the Federal law, we can materially enable and impel the one-third of the Nation's 300,000 blind who are dependent upon public assistance to take their places in the economy as taxpayers rather than tax-consumers. It is high time that the Nation's laws providing aid to the blind catch up with the facts.

Mr. ARCHIBALD. Mr. Chairman, my name is A. L. Archibald. I am the executive director of the National Federation of the Blind, with offices at 1622 Jefferson Place NW., here in Washington, D. C.

I am appearing here this morning in behalf of the more than 40,000 blind men and women of the country who comprise our 35 affiliated statewide organizations of the blind, as well as our direct individual members in the remaining States. We are very pleased with the privilege of expressing our views to you here today.

The blind of the Nation have long looked forward to a thoroughgoing and adequate disability insurance program. It provides relief from the distress of poverty on terms which are much better than other forms. They preserve the individual dignity of the beneficiary, his sense of worth, a degree of independence. They stimulate him through a sense of belonging to greater efforts on his behalf.

We urgently desire that a thoroughgoing and adequate system of disability insurance be adopted at the earliest possible time. The blind everywhere were filled last year with a sense of real anticipation when news came that the House was considering what has turned out to be H. R. 7225. The blind have considered this bill in meetings all over the country. They have analyzed it individually and written about it in Braille publications and in bulletins, and they have reached several conclusions about it.

I must say unfortunately that the sense of disappointment of the blind is fairly keen. We hope that the bill will be much more thorough than it now is.

There are several amendments which we should like to request that this committee earnestly consider. We feel that these should be included in the bill before it can become a measure to which we can give our wholehearted support.

The first of these has to do with the definition of disability. The one provided in the bill rests wholly upon inability to engage in substantial gainful activity by reason of a medically determinable physical or mental impairment, which is of long-continued duration or expected to result in death.

This definition differs quite definitely in respect to the blind from that which was adopted by the Congress in 1954 in respect to the disability freeze provisions.

The definition at that time Congress specified that disability should mean inability to engage in substantial gainful activity, et cetera, or (2) blindness, and blindness was defined as 20 over two-hundredths visual acuity or field restricted to an angle of not greater than 5°.

This definition is highly more appropriate to the blind. We would ask you to consider the position of the blind person who would otherwise qualify for benefits but who has proved his ability to work by holding down a job for a series of years as a blind person. This individual would face the possibility, indeed the probability, if experience in other programs is an indication, that determines, that determinations would be made that he is able to work, he has an ability to engage in substantial gainful activity.

Yet if he is laid off or for some other reason loses his job, he is very likely not to be able to find another one. The reason for this is because of the general preconceptions about the blind, their helplessness and incapability. They are traditionally regarded in this manner.

Employers employ them only hesitantly and after a great deal of persuasion.

The result is that this blind person is likely not to get any benefits whatsoever, being denied them on the administrative grounds because of a supposed ability to work although he cannot secure employment and may be in distress.

We ask, therefore, that the definition of disability in respect to disbility benefits be made the same, at least the same as that for the disability freeze.

Our only criticism of the disability freeze definition is that we think the conventional definition of 20 over two hundredths visual acuity or an angle restricted to 20° in visual field, would be more appropriate. This is adopted in other laws and is customary throughout all programs for the blind.

The second amendment we think highly important deals with the 50-year age requirement. This does not make sense in respect to the blind. It is the blind persons' blindness not his age which would bring about the situation where he would have to apply for a disability benefit.

Individuals under 50 should be equally entitled to disability benefits as those over 50. Moreover, while the facts probably are that the majority of blind people will be included by the 50-year age requirement, it is still true that very little would be added to the cost of the system by adding blind people under the age of 50.

It has been estimated reliably that probably about 50 percent of blind people are 65 years or over. If we were to consider the 50-year-age figure, why the percentage of the blind over 50 would probably be about 90 percent. Hence there are relatively few who would be added, but they are fully as much in need of a disability benefit system as those over 50, and we urge that the committee extend this system to them.

After all in respect to the blind it seems to us there is a mistaken conception that this should be a retirement program. This is not a retirement program. It should give assistance or benefits to blind individuals which will not only preserve their sense of belonging to

society but which will also enable them to reintegrate themselves into society, perhaps to once more take a job and maintain themselves and their families; in terms of this consideration, also, Mr. Chairman, the bill fails to provide any standard for exemption in respect to disability beneficiaries. Surely it would be conceded by everyone that the blind are equally deserving of receiving at least $1,200 per year exemption. That is the amount which at present is extended to old-age beneficiaries under the OASI program. The value of exemption in earnings in enabling the individual to maintain his incentive his initiative to go forward in producing something for his own self-support and adding to his activity, the value of exempt earnings to this is well known. We urge the committee to make at least the $1,200 figure applicable to this group of beneficiaries.

We think there is another reason for including a specified figure in law and that is that the determinations of what amount of earnings will make an individual ineligible will vary from place to place subject solely to administrative determination. We have tried to find out exactly how much exempt earnings would be allowed blind beneficiaries but we have been unable to get specific figures.

We think that it has been indicated to us that this might be as low as $300 or $400 per year. That in many instances might render an individual ineligible for further benefits. We think this is obviously too low an amount. While we think there are good arguments for even higher exempt earnings for the blind than the $1,200 figure and there are some arguments for, there are some good arguments for no limitation at all upon exempt earnings we think at least the $1,200 per year should be extended to the blind.

Mr. Chairman and Members of the Committee, there are three amendments which we think are urgently necessary to make this a satisfactory bill in respect to the disabled blind.

We think, however, there is one additional one which we would like to urge you to consider. The bill at present provides an unduly long period of time for qualification for benefits. In general it may be summarized as not less than 5 out of 10 years of coverage, along with a certain recency of employment. We note that many aged persons are now permitted by law to qualify for benefits with only six quarters of coverage under the system. Since the benefits of this program are likely to be so very great for the blind, we think it is highly desirable for them, for as many of them to be included as can obtain at least some work record.

Therefore, we recommend to you that this figure be reduced to six quarters of coverage.

As important as the disability insurance program is to the blind, it cannot be forgotten that many persons now blind and some who will become blind in the future owing to some circumstances will have of necessity to apply for public assistance and be dependent upon this program.

Accordingly we think that the committee at this time should not overlook some needed amendments in title 10 of the Social Security Act. The blind are in this situation in respect to public assistance. Blindness is associated with the aging process. Social security has gradually been extended to the point where it is nearly universal. Hence most of the aged blind will in the future be covered by OASI benefits rather than by public-assistance benefits.

This means that mostly for blind people who could not now qualify for a disability insurance program if adopted would never be able to qualify or if they did qualify they would become OASI beneficiaries at age 65 or over rather than public assistance recipients.

The consequence of all of this is that the aid-to-the-blind program under title 10 is becoming a program for blind people in the productive years of life. We think some changes ought now to be considered and should be made to improve this program with a new approach, a rehabilitative approach, to public assistance. We have a series of amendments which we support, Mr. Chairman and gentlemen, and these have been put forth most precisely in a bill which is now in the House, H. R. 6996, sponsored by Congressman Cecil King, a member of the House Ways and Means Committee. In order that these proposals will be before the committee, I should like to ask that a copy of this bill be made a part of my testimony.

The CHAIRMAN. Without objection.

(The bill referred to follows:)

[H. R. 6996, 84th Cong., 1st sess.]

A BILL To amend title X of the Social Security Act to enable the States to provide more adequate financial assistance to needy individuals who are blind and to encourage and stimulate needy blind individuals to become self-supporting

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1001 of the Social Security Act is amended by inserting after the word "blind" in the first sentence thereof a comma and the following: "and for the purpose of encouraging and stimulating needy blind individuals to become self-supporting".

(b) Effective for the period beginning July 1, 1955, and ending June 30, 1957, clause (8) of section 1002 (a) of such Act is amended by adding before the semicolon at the end thereof the following: "and may disregard (A) not to exceed the first $1,000 per annum of net earned income increased by one-half of that part of net earned income which is in excess of $1,000 per annum, and (B) in the case of an individual who has an approved plan for achieving self-support, such additional amounts of other income and resources as may be necessary for the fulfillment of the plan".

(c) Effective July 1, 1957, clause (8) of section 1002 (a) of such Act is amended to read as follows:

"(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming aid to the blind; except that, in making such determination, the State agency shall disregard (A) the first $1,000 per annum of net earned income increased by one-half of that part of net earned income which is in excess of $1,000 per annum, (B) not less than $3,000 of the assessed valuation (less all encumbrances) of real and personal property, and (C) in the case of an individual who has an approved plan for achieving self-support, such additional amounts of other income and resources as may be necessary for the fulfillment of the plan;".

SEC. 2. Subsection (a) of section 1002 of the Social Security Act is further amended by striking out the word "and" at the end of clause (11), by striking out the period at the end of clause (12) and inserting in lieu thereof a semicolon, and by adding at the end of the subsection the following new clauses: "(13) provide that equal minimum payments shall be made to all recipients of aid to the blind, except as such payments may be reduced as provided in clause (8) of this subsection; (14) provide that the State agency shall, in determining need, disregard the ability of a blind individual's family or relatives to provide for his support; and (15) provide that no individual claiming aid to the blind shall be required as a condition of such aid to subject any property to a lien or to transfer to the State or to any of its political subdivisions title to or interest in any property, and that no person shall be required to reimburse the State or any of its political subdivisions for any aid lawfully received by a blind individual."

SEC. 3. Section 1002 of the Social Security Act is further amended by adding at the end thereof the following new subsection:

"(c) The Secretary shall not disapprove any plan which fulfills the conditions specified in subsections (a) and (b) because there is in effect in the State another plan for aid to the blind with respect to which payments to the State may not be made under section 1003 for the reason that such other plan does not fulfill the conditions specified in subsections (a) and (b) of this section."

SEC. 4. Effective on the first day of the first calendar quarter which begins after the date of the enactment of this Act, section 1003 (a) of the Social Security Act is amended to read as follows:

"SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the blind, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $75—

"(A) six-sevenths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $35 multiplied by the total number of such individuals who received aid to the blind for such month, plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the blind, equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose."

Mr. ARCHIBALD. The first significant improvement proposed in this connection is an enlargement of exempt earnings under title 10. In 1950, the Congress enacted a provision granting $50 per month exempt earnings for the blind. This has helped very substantially. Many blind persons have availed themselves of it and so have become entirely self-supporting as a result of this. We feel that the program has so well demonstrated itself that an enlargement of it should be made now. We would support a provision making a basic exemption for every recipient of $1,000 per year, rather than $50 on a monthly basis and in addition to this, we feel that another provision should be added. Even with a specific figure of exempt earnings, a ceiling on incentive appears for many individuals.

The individuals are faced with a situation where they must at a singe bound obtain complete economic independence or remain upon public assistance. Therefore, we would think it would assist the pros very greatly if a provision were added whereby 50 cents out of each dollar over the $1,000 exemption would be disregarded and 50 percent of each dollar over the thousand dollars would be taken into consideration in reducing aid.

The individual would thus go off aid to the blind in a gradual process, befitting his circumstances as he gradually attains a stronger economic position. We should like to recommend this to you strongly.

Secondly, we feel that a minimum, a standard minimum exemption of real and personal property should be included in this bill as a floor for all of the country. We endorse the figure of $3,000 as assessed valuation as a minimum figure.

The individual ought to be permitted to retain these resources to assist himself to gain self-support. The preservation of his own

resources as to that is an extremely valuable thing to the individual, and maybe in many cases that thing which is decisive in spelling the difference between his ability to once again take his full place in society after the onset of blindness or becoming dependent forever.

If under the present practice the individual is compelled to use up all his personal and real-property resources before becoming eligible, the consequence will be that he will either have to live in impoverishment on assistance or in relative impoverishment without assistance.

We think that a specific real and personal-property exemption can be a very great benefit to the blind.

In this connection we also think that a specific provision against liens against the property of blind persons should be included. We believe this for this reason: We believe that blind people who will be the objects of this program, as we have pointed out before, will be in the main in the productive periods of their life. If they are to mortgage their futures with a lien on their property which must be paid off in order for them to utilize their property freely to become self-supporting and economically independent, they have an obstacle which is exceedingly difficult to overcome. We think that these ought to be prohibited by the Federal Government as a condition of receiving Federal funds.

Thirdly, we should like to recommend to this committee the adoption of an amendment to title 10, under which the ability of relatives to contribute to the support of recipients will be disregarded. It is our conviction from the information we have been able to gather that such contributions have never really been financially significant in this program. But they do result in demoralizing the recipient himself through overemphasizing his sense of great dependency upon his family.

They also cause family strife and disunity. They are unjust to the aged parents of blind recipients in the middle years of life and they are also unjust to the very youthful children of blind individuals in these years who are just trying to get started in the world.

We think that it would be a very great step forward in terms of making this program a useful forward-looking constructive one to adopt this particular provision. Also we should like to recommend that a provision be included in title 10 whereby payments of aid to the blind in the States are made on the basis of equal minimum payments to all eligible individuals as of right. That means that if they fulfill the qualifications otherwise set down as to blindness, possessions, income, and so on, they shall receive the specified minimum as of right.

This does not prohibit the payment of additional amounts in individual cases on an individual budgeting basis where need is demonstrated. But it does free the individual from the present system of loss of self-management because of the needs of the individual budgeting system itself.

That is if every bit of income, every resource has to be searched out by a social worker and tracked down in order to determine a monthly budget, then the individual finds himself in a situation where he has no control over his affairs, he soon loses it to the social worker. We think that equal minimum payments as of right will restore a good deal of control over his own affairs to the recipient and enable him to take hold of his life and reintegrate himself in much better fashion.

In this connection we think more adequate payments from the Federal Government in support of this program are needed.

We would recommend that the ceiling on assistance payments be raised to at least $75 per month from the present maximum of $55. We think also that in order to assist the poorer States, the Federal proportion at the lower end of the contribution should be increased. We recommend that 30 Federal dollars out of the first 50 paid in the State should be made. This amendment——

Senator LONG. You are not speaking of the public-assistance program; are you?

Mr. ARCHIBALD. Yes. This is the public assistance for the blind.

Senator LONG. It seems to me as though it should be increased beyond what it is now anyway, speaking of my own opinion.

Mr. ARCHIBALD. We certainly recommend that.

Finally, Mr. Chairman, there is a particular problem which we would have your committee consider. Under an interpretation made by the Social Security Administration some years ago, States are required to have but a single program of aid to blind. It happens that there are four States, which have in addition to the Federal-State program a second wholly State-financed, State-supported program of assistance to blind persons who for one reason or another do not meet the minimum standards set down in the Federal act.

Under the interpretation, these States are in danger of losing Federal money for those persons who do meet the conditions, minimum conditions laid down in the Federal law. Pennsylvania and Missouri will continue to receive Federal money until 1957 under a special amendment adopted in 1950 and extended in 1954. We should like to urge that this committee include a specific amendment with respect to title 10 which will state that the Federal grants-in-aid for assistance to the blind shall be given to the States without respect to the existence of any other wholly State-financed program of aid to the blind. These other programs have proved themselves to be of very great value in the States which have adopted them and they are not a proper matter of Federal concern.

They do not involve Federal money in any way, shape or form, whatsoever. We hope that this matter will be settled now.

Finally, Mr. Chairman, may I thank the committee for the time given me here, but also I should like to make this overall observation. We think that an adequate disability insurance program is very badly needed and that a good program of assistance to the blind should be established in order to re integrate more blind people quickly.

We think that if these were submitted to the public as a whole they would be adopted almost unanimously, certainly overwhelmingly they do, we are certain from all the response we get, very overwhelming public approval. Therefore, we think you ought to consider in detail going into a thoroughgoing project of stability insurance and aid to the blind at this time.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Archibald. Any questions?

Thank you very much, sir.

Next witness, Mr. George Keene, American Association of Workers for the Blind, Inc.

Take a seat, sir.

STATEMENT OF GEORGE KEENE, AMERICAN ASSOCIATION OF WORKERS FOR THE BLIND, INC., ACCOMPANIED BY ALFRED ALLEN, SECRETARY GENERAL, AMERICAN ASSOCIATION OF WORKERS FOR THE BLIND, INC.

Mr. KEENE. Mr. Chairman, and gentlemen of the committee, in representing the American Association of Workers for the Blind, may I say first that we are most grateful at this time to express our views on the matter of amendments to the Social Security Act.

First, may I ask that a prepared statement which we brought this morning be made a part of the record with your consent, sir?

The CHAIRMAN. Without objection that will be put in the record.

(The document referred to is as follows:)

STATEMENT OF GEORGE E. KEENE, VICE CHAIRMAN, LEGISLATIVE COMMITTEE, AMERICAN ASSOCIATION OF WORKERS FOR THE BLIND

RÉSUMÉ OF EFFORTS TO ESTABLISH DISABILITY INSURANCE FOR PERSONS WHO LOSE THEIR SIGHT WHILE EMPLOYED

From earliest days thoughtful citizens have been interested in and have tried to promot conditions under which persons who lose their sight may have relative economic security. Alms, of course, was the earliest answer to the problem and, as you know, dependency and mendicancy was the lot of the blind for most of the earlier centuries of civilization. In fact, until the turn of this century, there was no real organized effort on a national basis to find broader means of support for dependent blind persons than that of the alms-giver. There were some isolated developments prior to 1900; schools for the blind had been established, 3 or 4 agencies for the blind had been incorporated and the American Association of Workers for the Blind was still in its infancy. After 1900, many agencies and schools were established, and the American Association of Workers for the Blind realized that it was necessary to form a research and program development service, which is the American Foundation for the Blind. Not enough can be said for the courage shown by these early pioneers working with great faith but very little funds, to bring a better life to the blind of the Nation and to remove them from the rolls of the dependents and the mendicants.

With the development of the American Association of Workers for the Blind and of agencies and services for the blind throughout the United States, more coherent thinking was brought to bear on the problem, and several of the States introduced relief or dole programs, most of them of a very meager sort, to meet the problem. It can be said that there was no broad step forward until the writing of the Social Security Act in the early thirties. Every one who was close to the development of this act, including those of us who were active in the American Association of Workers for the Blind and the American Foundation for the Blind, brought all of our best thinking to bear on proposals to include services and assistance to the blind in this new act, and, as you know with some success, title X of the Social Security Act, taken in conjunction with the earlier adoption of Public Law 732 and the later adoption of Public Law 113 affecting the rehabilitation and employment of blind persons might be said jointly to stand as the Magna Carta for the blind of the United States. When the Social Security Act was first under consideration, the best thinking of the country believed that title II might one day serve to make both title I and title X almost unnecesary, and at the time we, in work for the blind, urged that title II be expanded to include broad disability provisions and in particular broad disability provisions for the blind.

In the past, even the commercial life insurance available to those who could afford it, contained such disability provisions upon the onset of blindness as were proposed by us in the original Social Security Act. Later in 1950, when the first major efforts toward broad revision of the Social Security Act were embodied in H. R. 6000, which was later passed into law, we of the AAWB and AFB again came to Congress with similar proposals revised only to the extent that our increased knowledge of the problem and statistical information

then available seemed to warrant. Several provisions which we proposed were written into the law at that time, particularly in amendments to title X, and the proposal for an amendment to title II creating a disability allowance for blind persons was passed by the House, rejected by the Senate and omitted in the final draft of the bill which came out of the joint committee in the Senate and House. We were deeply disappointed for, as you know, no disability provisions were written into title II at that time.

We believe that now all social welfare experience, as well as a more accurate knowledge of the subject available to the Senate and House, has made the possibility of the inclusion of disability insurance more feasible and more probable this year than at any time in the past. What we are asking is stability for those of our citizenry who are employed in covered industries and who are unfortunate enough to lose their sight. We believe sincerely that such insurance provision should not be based on the number of periods of coverage, nor the nature of the work engaged in, nor the level of pay which such worker receives at the time of onset of blindness, but that instead, it shall be assumed that the maximum payments possible under OASI should immediately become payable at the moment any person employed in covered industry shall lose his sight. The number of those affected cannot be very great in any given year, and cannot in any case ever accumulate to a very large number. As you undoubtedly know, there are only 320,000 blind persons in the United States. It is estimated that 50 percent of this number are over the age of 60 and could not be affected by the provisions proposed, unless they are still employed in covered industry. This would mean that approximately 160,000 persons would have to be considered if a bill were to be passed. It has also been estimated that 22,000 persons lose their sight each year. Here again, more than 50 percent are over the age of 60, which means that a maximum of only 11,000 persons would have to be considered as affected by the provision. Again, it is apparent that not all of these can possibly be employed in covered industry and would still have to be taken care of through other provisions of the law than OASI.

The number of those who are already blind and who may become affected by the law because they are now employed in covered industry is even a more negligible figure, probably not exceeding 10,000 persons in the United States.

In conclusion, may we say that we believe that the proposed inclusion of such a disability clause, the old age and survivors insurance provisions of the law, will do more than any other act which Congress might perform, to restore dignity and stability to those blind persons who now must look to public assistance for their very existence.

We feel that it is a commentary on how far we have come in the United States in humanity toward our fellow men, that we can now seek with confidence a stable and dignified way of life for blind persons as a matter of right, rather than as a matter of dole or relief.

We cannot help but feel that in the long run this will be a less expensive way of giving security to those of our citizens who lose their sight and can no longer work.

May we, therefore, respectfully urge that in considering H. R. 7225 and any other measure designed to provide security to those who become disabled while employed in a covered industry, that you, the gentlemen of the committee, remember the bewilderment and fear which all men have when faced with the disabling handicap of blindness. May we hope too, that you will remember that the need is immediate and cannot be postponed to some arbitrary date, such as age 50, and beyond this, that the contingencies of life itself which cause blindness cannot be governed by any number of quarters of coverage or of any waiting period, and that while OASI payments are a boon to Americans who need them, they are at best limited, and that, therefore, maximum payments should be made beginning on the date of the onset of blindness after eligibility has been established and application made.

In considering such eligibility, may we also hope that the Senate will consider a definition of blindness which is realistic. It was unfortunate that in the writing of the "disability freeze" in the 1954 amendments to the Social Security Act, the definition of 5/200 visual acuity in the better eye was used, rather than that of general usage throughout the United States and in the Department of Health, Education, and Welfare—of 20/200 in the better eye with correction. Since this latter definition describes a state of visual acuity so low as to be totally disabling in terms of employment, it would seem logical and reasonable that this definition should be used rather than the narrower one.

May we hope that the Senate in its good judgment and humanity will write

into any bill it proposes provisions that will make this possible, so that any person employed in a covered industry shall upon the onset of blindness be deemed to be fully covered, eligible for existing maximum primary insurance benefits and to have reached retirement age. This regardless of his age at the time of the onset of blindness, of his level of pay or whether he has been employed for a day or for any number of quarters.

This is the kind of handicap allowance that will make the rehabilitative process necessary for the elimination of bewilderment and fear in the blinded citizen an easier task for all of those who are engaged in such rehabilitative work, for one of the basic causes of such bewilderment and fear is the sudden loss of competence, mobility, and earning power, which go to make up the ingredients of security in the minds of most working people.

The passage of such a bill will earn the deep and lasting gratitude not only of those blind persons whom it will benefit, but also of all thoughtful Americans, who will understand and welcome it.

Mr. KEENE. We have come today primarily to discuss one aspect of the program recommended in H. R. 7225. I might say that we are in substantial agreement with all of the provisions that have been proposed in this bill except that we feel that the disability insurance clauses could stand considerable review by this committee.

I might add that in listening to Mr. Archibald representing the Federation of the Blind this morning I find that we are in very substantial agreement with everything he has said, concerning the amendments we would like to propose to this H. R. 7225 and also to the amendments to title 10 of the Social Security Act as he has reviewed them here. We do think that the original purposes of title 2 as they were discussed in the early thirties prior to the passage of the Social Security Act that it might ultimately replace the necessity for title 1 and title 10 and later some of the additional titles that were written into the act to a large extent, might have an opportunity at this time to be implemented if we can secure fully competent series of amendments to title 2. We believe that disability insurance is not essentially an old-age and survivors insurance problem, however, I can think of no other area where the needed proposals could be written into the law.

We feel very strongly that the contingencies of life that are involved in the onset of any total disability are such that you can't establish arbitrary rules related to them. We feel as Mr. Archibald has stated that age 50 is an unrealistic time at which to place benefit accumulations for him. We also feel that the coverage period of 20 quarters is entirely too long a period to require. We think if a person is employed for a day and is afflicted with total blindness, he should be eligible as of that moment for whatever proposed benefits the bill can give. We think the relationship of time has very little to do with his need for some basic floor below which his income will not sink. We think that insurance is the answer to this problem.

We are really social workers and rehabilitation specialists in our organization rather than economists. And we know that in your good judgment you will find the means to develop whatever you think is acceptable but we do think that insurance will remove one of the basic causes for the failure of rehabilitation.

And that is the bewilderment and fear which usually arises in blindness when blindness strikes.

Senator LONG. May I ask the witness a question at that point?

The CHAIRMAN. Yes.

Senator LONG. Senator Long speaking, I just want to ask you a question.

Do you have any knowledge of the percentage of people who become blind after they have been gainfully employed over a sufficiently long period of time to qualify let us say for social security protection as compared to those who because of blindness never qualify for it?

Mr. KEENE. Actually yes. We have this set of figures which are estimated actually, as you probably know as well as I do, we have in the United States some 320,000 blind persons of that group. We have reason to believe that about 22,000 each year are stricken with blindness and possibly half of that number would have to be considered in this area of insurance.

Then in addition to that there are some 10,000 blind persons—these are all estimated figures—based on the fact that we have about 3,000 employed in workshops throughout the country that are operated by agencies for the blind, another 2,800 to 3,000 blind persons who are employed in industry, competitive industry, in one fashion or another, and another 2,000 that are employed in various types of vending stands and small businesses.

There may be an additional few hundred. We have assumed 10,000 in all that might become affected by this bill. We have written this into the statement which I have put into the record, sir.

Senator LONG. About what percentage do you think there are who have no visual means at any time, who are not covered by social security and would have to rely upon public welfare. That is not covered by social security, not employed, not operating a vending stand somewhere.

Mr. KEENE. I wouldn't know the precise figure.

Mr. ALLEN. There are 109,000 on public assistance now. They have no other means of support.

Mr. KEENE. This is Mr. Alfred Allen, the secretary-general of our association.

Mr. ALLEN. That is the act that makes monthly payments to the blind.

Senator LONG. That is Federal aid to States?

Mr. ALLEN. That is Federal grants in aid to the States.

Senator LONG. What is the average payment?

Mr. ALLEN. Average payment is $55 a month.

Senator LONG. That is the maximum also?

Mr. ALLEN. It is not the maximum. It is the average.

Senator LONG. Is that the maximum, the Federal Government will match?

Mr. ALLEN. The Federal Government will match $35 out of the first $55, so it is not all Federal money.

Senator LONG. The Federal Government will match $35 against $55. That I understand. That is the maximum that the Federal Government will match. You just told me that the average that blind persons were receiving; that is the average that this 109,000 was receiving, was $55.

Mr. ALLEN. That is correct.

Senator LONG. Do I understand you correctly that blind persons on the average are receiving the maximum amount that the Federal Government will match?

Mr. ALLEN. We do, sir.

Senator LONG. Very well. Thank you very much.

Mr. KEENE. We are thoroughly convinced that that whole program of aid to the blind that you have just been discussing has been a tremendous boon to the blind people of the country, even though it is limited. We do feel that this writing into title 2 some more positive income by insurance rights would be a far more adequate and substantially satisfactory to them. That is in brief the contents of our paper here. We had a very simple proposal that we thought if it might be considered might express our point of view on what this disability clause should be, and that is that any person employed in a covered industry upon the onset of blindness shall be deemed to be fully covered for maximum primary insurance benefits and also shall be deemed to have arrived at retirement age. It seemed to us that in its simplest terms that was the best possible insurance against total disability.

Thank you very much, sir.

Senator LONG. If I understand your position correctly, you are contending that there is no doubt about a person being totally blind, that you don't have to worry about the various tests of disability. A blind person is in need of his social-security payments and regardless of whether he is 50 years old or younger than that if he is blind he ought to be eligible for his payments.

Mr. KEENE. Exactly, sir. If he is 25 and loses his sight, it seems to us that he requires then just as much in the way of security as he will when he is 90. We do feel, however, that this shall be no bar at all to the rehabilitation process which has been going forward very successfully in the States, particularly in our State of New York, where we have had a most successful program there, and our public assistance rolls for the rolls have been reduced considerably.

Senator LONG. If a blind person is able to resume gainful employment, would it be your contention that he should nevertheless draw his disability payments?

Mr. KEENE. Within limitations. I agree that the payments should certainly not be any less, that is his right to earn should be no less than a retired person at 65, let us say $1,200 a year and his benefits thereafter should be reduced thereafter in proportion as they are now for those who are 65 or over. I think there is a very strong reason to extend that exempted earning area, in the case of blind persons who may actually never be able to earn $100 a month again. One of the great problems in our field as Mr. Archibald has said is that blindness has become essentially a handicap of old age and frequently, more than frequently, in the majority of cases where the person who loses his sight has been employed in a skill during most of his working years, it is difficult if not impossible for him to adapt or adjust to some rehabilitative process in that area, you see.

So that as an older person he is not able to learn new skills and new areas of business that will be as remunerative as those he has been engaged in in the past, so the probabilities are he will not be earning at the same level that he did in his youth or his working years.

Senator LONG (presiding). I advert to the fact that his income-producing capacity is very much reduced. You feel he should at that point begin drawing disability benefits?

Mr. KEENE. Yes. Beyond question I think it is important that he should have some stability in his income level which I think can be secured only through this form of insurance.

Senator LONG. I was conducting another hearing as the chairman of a subcommittee and did not hear the beginning of Mr. Archibald's statement.

Do I understand that you join in recommending a minimum payment higher than that presently existing in the legislation?

Mr. KEENE. I certainly would. Not to complicate this situation, though it seems complicated enough as it is, we had hoped to make this simple proposal. However, we agree fully with what Mr. Archibald has said.

Senator LONG. What minimum do you recommend?

Mr. KEENE. In benefits do you mean?

Senator LONG. Yes.

Mr. KEENE. We have thought of practically double this $108.50 level but that sounds absurd when we listen to the economics of the problem involved in the present discussions.

As I said before, we are social workers. We are not economists, we know what we would like to see would be some simple basic income level which would give the totally disabled person a sense of independence, security, well-being so that he could then go on and pursue whatever he has left to him, using all of his remaining capacities to the utmost.

Senator LONG. I have been threatening to introduce an amendment to fix a $55 minimum for social-security payments.

Mr. KEENE. I agree that should be raised to $75 rather than the present 55 simply to give some general nationwide minimum.

Senator LONG. Thank you very much.

The next witness is Hulen C. Walker.

STATEMENT OF HULEN C. WALKER, AMERICAN FOUNDATION FOR THE BLIND, INC.; ACCOMPANIED BY ALFRED ALLEN, ASSISTANT DIRECTOR, AMERICAN FOUNDATION FOR THE BLIND, INC.

Mr. WALKER. My name is Hulen C. Walker and I am the legislative analyst for the American Foundation for the Blind. That information is all set forth in a prepared statement, Mr. Chairman, which I would like to have made a part of my testimony here if there is no objection.

Senator LONG. That will be done.

(The document referred to is as follows:)

STATEMENT OF HULEN C. WALKER, LEGISLATIVE ANALYST, AMERICAN FOUNDATION FOR THE BLIND, INC.

Mr. Chairman, members of the committee, I am Hulen C. Walker, legislative analyst for the American Foundation for the Blind. A private agency, with principal offices in New York City and branch office in Washington, D. C.

My statement with regard to H. R. 7225 will be directed to the provision dealing with disability insurance.

First, I want to go on record thanking Mr. Cooper and the other members of the House committee for including disability provisions in H. R. 7225. We do believe, and have so stated many times, that a disability provision should be much more liberal than the one included in this bill. However, this provision goes much further toward the goal than anything previously enacted. We do

hope that this committee of the Senate will see fit to broaden the disability provisions to make it more beneficial for the blind.

The American Foundation for the Blind was one of the first organizations of its kind to start promoting the idea of disability insurance. We have always liked to use the term "insurance against blindness." Over the years we have worked very closely with both the Committee on Finance in the Senate and the Committee on Ways and Means in the House, developing benefits to the blind under provisions of the Social Security Act. In the development of this act, the standard definition of blindness has been accepted as presumptive entitlement to benefits. H. R. 7225 does not continue this presumption of disability due to blindness. We hope that this committee will restore the theory of the presumption of disability in the case of blindness.

Further, H. R. 7225 does not make the disability payments available to an individual until or after he reaches age 50. In the case of the blind, we contend that it is not his age that makes him unemployable, but his blindness. Therefore, we strongly urge that if disability payments are to be made, they should start at the onset of blindness regardless of the age of the covered worker.

We also note that in order to receive benefits under the disability provision of H. R. 7225, the individual must be unable to engage in remunerative employment. We would like to see the payments made to the individual as compensation for his loss of sight, rather than on the basis of his inability to engage in gainful employment. If this change were made, the individual, after losing his sight, would be encouraged to become rehabilitated and return to work. While, as it now stands, it would be very hard for a blind person to receive benefits, due to the fact that it would be difficult to prove that a blind person could not be gainfully employed; and if he does receive benefits, then he is tempted to continue in idleness rather than to try to become rehabilitated.

To sum up our recommendations, we would like to see included in H. R. 7225 the disability payments to the blind and other disabled, with a presumption of disability to the blind person immediately following the loss of his sight.

Second, we would like to see the payment of the maximum primary benefit provided by the existing law.

We would further like to suggest that the worker be considered fully insured and entitled to benefits regardless of his age when he suffers the loss of sight while employed in a covered industry.

Now, again, I wish to thank this committee for the privilege of appearing here and presenting this statement for the American Foundation for the Blind, in behalf of the workers in covered industries who will become blind in the future.

Mr. WALKER. I would like to make a few remarks.

Senator LONG. Would you pause long enough to let me read your prepared statement and then I will go forward with you.

Mr. WALKER. I sure will, Senator. I will even permit you to read it out loud if you will.

Senator LONG. Thank you very much. Now you may proceed.

(Discussion off the record.)

Mr. WALKER. I am not going to take up much of your time but I want to point up 2 or 3 things. All of us who have testified here for the blind this morning are in agreement that the definition in this bill should be changed to the recognized definition used in rendering other services to the blind. We think that workers for the blind should use as broad a definition as possible. We also think that the presumption of disability should continue rather than as outlined in 7225. We think that blindness is a definite thing. We do not feel that it is a condition that has to be proven. We know that blindness is something that goes on. Total blindness may remain the rest of an individual's life and we would like to urge this committee to not consider the 50-year age but rather consider the blindness of the presumed disability and start the benefits for a worker at the onset of blindness regardless of his age. It is not his age, it is his blindness that makes him eligible for benefits under this disability clause of the Social Security Act if and when enacted into law.

Further we would like to see those benefits based on the existing law at the time. To be specific, we would like to see the payment the maximum primary benefit to which the individual is entitled under the existing law at the time.

We did not realize that the discussion would go into the assistance program here this morning. We thought it was more or less limited to this 7225, but since you have been kind enough to hear some other things, I would like to state that generally speaking we are in pretty close agreement on most of the things that were said here this morning and that I would like to ask that H. R. 5658, introduced by Congressman Jenkins be made a part of my testimony since this bill sets forth our policy for changes in title X of the Social Security Act.

(The document referred to is as follows:)

[H. R. 5658, 84th Cong., 1st sess.]

A BILL To amend title X of the Social Security Act to increase the amount of income which an individual may earn while receiving aid to the blind thereunder, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) effective July 1, 1957, clause (8) of subsection (a) of section 1002 of the Social Security Act is amended to read as follows: "(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of the individual claiming aid to the blind; except that, in making such determination, the State agency shall disregard the first $50 per month of earned income and one-half of any amount of earned income in excess of $50 per month;".

(b) During the period beginning July 1, 1955, and ending June 30, 1957, any State agency established or designated as required by clause (3) of section 1002 (a) of the Social Security Act may, in determining an individual's need under the provision of the State plan required by clause (8) of such section, disregard both the first $50 per month of such individual's earned income and also one-half of his earned income in excess of $50 per month.

SEC. 2. (a) Effective July 1, 1957, subsection (a) of section 1002 of the Social Security Act is amended by striking out "and" immediately before clause (12), and by striking out the period at the end of the subsection and inserting in lieu thereof a semicolon and the following: "and (13) provide that if an individual who has received aid to the blind becomes ineligible for such aid because of an increase in the amount of his earned income, and such individual again becomes eligible for aid to the blind (by reason of a decrease in or termination of such income) within a period of 6 calendar months after the last previous month for which he received such aid, he shall be furnished such aid without further application, effective (subject to verification of such decrease or termination by the State agency) as of the date on which he files written notification of such decrease or termination with such agency."

(b) During the period beginning July 1, 1955, and ending June 30, 1957, any State agency established or designated as required by clause (3) of section 1002(a) of the Social Security Act may furnish aid to the blind to an individual who had been eligible for aid to the blind but became ineligible for such aid because of an increase in his earned income, if such individual shall have again become eligible for such aid (by reason of a decrease in or termination of such income) within a period of 6 calendar months after the last previous month for which he received such aid, without further application and effective (subject to verification of such decrease or termination by the State agency) as of the date on which he files written notification of such decrease or termination with such agency.

Mr. WALKER. Now, also, that bill has been introduced into the United States Senate and is pending before this committee. I am sorry that I can't give the number of it, but I will supply it to the reporter in a few minutes after this hearing is over. It was introduced by Senator Wiley in 1955. It is an identical bill or companion

bill rather with H. R. 5658. I think, Mr. Chairman, that that about sets forth our thinking here. These other gentlemen have so well covered our feeling on disability insurance that I am not going to belabor the point here any further.

The bills I have cited here set forth our policy as we endorsed it in the House and also in the Senate bill with regard to amendments to title 10.

We would not argue with the proposal to raise the present exempt earnings to any figure above where they now stand.

Senator LONG. I believe you had in mind a bill that has a counterpart over here by Senator Wiley as a bill to amend title 10 of the Social Security Act to increase the amounts of income which an individual may earn while receiving aid to the blind thereunder.

Mr. WALKER. That is the bill.

Senator LONG. In the Senate it is 2119.

Mr. WALKER. That is right. I couldn't remember that number.

(The document is as follows:)

[S. 2119, 84th Cong., 1st sess.]

A BILL To amend title X of the Social Security Act to increase the amount of income which an individual may earn while receiving aid to the blind thereunder, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) effective July 1, 1957, clause (8) of subsection (a) of section 1002 of the Social Security Act is amended to read as follows: "(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of the individual claiming aid to the blind; except that, in making such determination, the State agency shall disregard the first $50 per month of earned income and one-half of any amount of earned income in excess of $50 per month;".

(b) During the period beginning July 1, 1955, and ending June 30, 1957, any State agency established or designated as required by clause (3) of section 1002 (a) of the Social Security Act may, in determining an individual's need under the provision of the State plan required by clause (8) of such section, disregard both the first $50 per month of such individual's earned income and also one-half of his earned income in excess of $50 per month.

SEC. 2. (a) Effective July 1, 1957, subsection (a) of section 1002 of the Social Security Act is amended by striking out "and" immediately before clause (12), and by striking out the period at the end of the subsection and inserting in lieu thereof a semicolon and the following: "and (13) provide that if an individual who has received aid to the blind becomes ineligible for such aid because of an increase in the amount of his earned income, and such individual again becomes eligible for aid to the blind (by reason of a decrease in or termination of such income) within a period of six calendar months after the last previous month for which he received such aid, he shall be furnished such aid without further application, effective (subject to verification of such decrease or termination by the State agency) as of the date on which he files written notification of such decrease or termination with such agency."

(b) During the period beginning July 1, 1955, and ending June 30, 1957, any State agency established or designated as required by clause (3) of section 1002 (a) of the Social Security Act may furnish aid to the blind to an individual who had been eligible for aid to the blind but became ineligible for such aid because of an increase in his earned income, if such individual shall have again become eligible for such aid (by reason of a decrease in or termination of such income) within a period of six calendar months after the last previous month for which he received such aid, without further application and effective (subject to verification of such decrease or termination by the State agency) as of the date on which he files written notification of such decrease or termination with such agency.

Senator LONG. What figure did you urge that the income should be increased to?

Mr. WALKER. I said that we did not in those bills set forth any specific increase in the present exemption other than 50 percent of the earned income above $50.

I said we would not argue with Mr. Archibald's proposal to raise it to a thousand dollars.

However, we don't see why if you are going to raise it, why it could not coincide with the figure that is now permitted of $1,200 for the retired individual. In other words, if you were going to change the basic exemption figure, let us make them all conform all the way through the act.

Senator LONG. Yes.

Mr. WALKER. I m not trying to outmaneuver any of the other witnesses here, but that is just a suggestion. If we are going to raise the exemption, why we are certainly not opposing, we would certainly like to see it, let us make it conform to other provisions and if a blind person is permitted to earn a certain amount, let us let him earn the same amount that the man who has retired would earn, which, I believe, under present law is $1,200. In other words, disregard $1,200 of his earned income. I believe Mr. Archibald would amend his statement or his estimate to agree with us on that figure.

Senator LONG. I think also from my own point of view that a good case has been made here for immediately beginning aid to the blind when blindness sets in, as a matter of disability. However, the thought occurs to me how about partial blindness? How would you undertake to treat with that under this bill?

Mr. WALKER. The definition for blindness that has been recognized as a national definition for rehabilitation, for library services and for aid to the blind under title X is 20 over 200 in the better eye with correction or a visual field that subtends an angle of not more than 20 degrees. We would like to see that definition all the way through.

Senator LONG. Would you explain that in terms that I could understand?

Mr. WALKER. Mr. Allen here can.

Mr. ALLEN. That means that you see at 20 feet an object which you should see at 200.

Mr. WALKER. That is easier to understand.

Senator LONG. A person with 20 over 200 could probably read a book with a magnifying glass.

Mr. WALKER. Yes. Legally that is considered the definition of blindness after the use of corrective lenses, not before.

He may have more than 20 over 200 but he is restricted to such a field that his visual field subtends an angle of not more than 20 degrees, that is like trying to peep through a keyhole.

Mr. ALLEN. He has no side vision?

Mr. WALKER. That is right.

Senator LONG. Thank you very much.

The next witness is Inman H. Douglass, Christian Science Committee on Publication.

Senator KERR (presiding). Go right ahead, Mr. Douglass.

STATEMENT OF INMAN H. DOUGLASS, CHRISTIAN SCIENCE COMMITTEE ON PUBLICATION

Mr. DOUGLASS. Mr. Chairman and Senator Kerr, my name is Inman H. Douglass, manager of the Washington, D. C., office of the Christian Science Committee on Publication.

With the approval of the Christian Science Board of Directors in Boston, Mass., the administrative head of the Christian Science denomination, consisting of the Mother Church, the First Church of Christ, Scientist in Boston, Mass., and its branches in the United States and its possessions, I appear before you as an official representative of that denomination and present this statement in support of our request that H. R. 7225 either be defeated or amended as hereinafter described.

We deeply appreciate the consideration which Congress has uniformly given to the protection of constitutional religious rights in previous amendments to the Social Security Act, and we also are sincerely grateful for this opportunity to present our position on the pending bill. The statement which we are presenting today is confined solely to the issue of religious freedom and does not attempt to discuss social and economic objections to the bill, or even the fundamental question as to whether it is consistent with the American concept of government to turn the disabled over to the State for support and healing.

The records of the Congress will disclose that as the social-security law has been revised from year to year the concern of the Christian Science Church therewith has consistently been to preserve inviolate the right of the individual to select his own methods and means of providing for his health and welfare.

The method of healing and of maintaining health for a Christian Scientist is inseparable from his mode of worship. Consequently any Government action which would deprive him of this right or impose upon him some other means of healing constitutes an invasion of his religious freedom.

H. R. 7225 proposes, among other amendments to the present social-security law, a program of cash payments for disability based solely upon medical determination and treatment.

This program of disability payments would limit the freedom of the Christian Scientist to depend solely upon prayer or worship of God for healing and rehabilitation, for the following reasons:

(1) Section 223 (c), beginning on line 12, page 10, of the bill, defines disability in a manner which would require the individual to declare that his disability can be "expected to result in death or to be of long continued and indefinite duration" in order to receive disability benefits.

The method of prayer which brings physical healing in Christian Science involves sincere acceptance by the patient of the fact that healing and rehabilitation are possible through prayer to God and are to be expected from that prayer. For the patient under Christian Science treatment to take the position that his disability is to be "expected to result in death or to be of long continued and indefinite duration" would interfere with his conscientious beliefs.

It would be inconsistent with the efforts toward rehabilitation which his religion makes possible, and in conflict with the steps he would take to adjust to a new occupation if this were necessary. It would be directly contrary to his prayer for healing. The requirement of this section of the bill conflicts fundamentally with the tenets of the Christian Science religion.

(2) Section 223 also provides that in order to qualify to receive cash disability payments the individual must furnish medical proof of physical or mental impairment. This would compel the Christian Scientist to submit to medical examinations in order to qualify, in conflict with the teachings of his religion and the method of healing upon which he depends for rehabilitation.

It is fundamental, according to the teaching of Christian Science, that physical examinations, diagnoses, and constant watching of physical symptoms, tend to produce and to prolong sickness and disability, and to render it more difficult of cure by spiritual means.

The effect of this provision would be to place Federal and State Governments in the position of requiring a Christian Scientist to act contrary to his religious convictions and to take steps which would impair the effectiveness of this mode of treatment, in order to receive the benefits for which he has been taxed.

(3) Amended section 222 (b) titled "Deductions on Account of Refusal to Accept Rehabilitation Services," beginning on line 4, page 15 of the bill would provide that disability benefits may be reduced if an individual refuses without good cause to accept rehabilitation services available to him under the Vocational Rehabilitation Act.

Since the curative services available under the VRA consist solely of medical and other material methods of treatment, the individual who depends wholly on prayer or the worship of God for healing, in accordance with the teachings and tenets of his religion, would be unable to meet this requirement. Therefore, he could not avail himself of the benefits due him without violating his religious obligations.

(4) Section 1401, 3101, and 3111 titled "Rate of Tax" provide for compulsory contributions for the purpose of providing insurance and disability payments.

The bill would assess the individual for his own benefit but would make these benefits contingent on his submission to one particular method of treatment and rehabilitation.

In the case of Christian Scientists the Government would in effect be assessing the individual for premiums on a type of insurance which could benefit him only at the cost of his freedom to practice his religion.

Senator KERR. Mr. Douglass, let me ask you a question.

Mr. DOUGLASS. Yes, sir.

Senator KERR. You say there that the bill would assess the individual for his benefit; but would make these benefits contingent on his submission to one particular method of treatment and rehabilitation?

Mr. DOUGLASS. Yes, sir.

Senator KERR. Your amendment does a number of things. Does it fix it so that the Government's requirements with reference to determining his disability be on the basis of medical findings and then also make it possible for him to get the treatment and rehabilitation on his convictions where he wants it?

Mr. DOUGLASS. I will give you a qualified answer, Senator, while he fundamentally disagrees with the idea of submitting to medical determination.

Senator KERR. I understand that. You say so in the statement.

Mr. DOUGLASS. We do not make that a condition to the proposed amendment. We propose to amend the bill only to provide that an individual adherent of this religion who seeks the disability payments, although he may be willing to submit to the medical determination, should have the freedom to depend upon his own mode of treatment for rehabilitation and draw the benefits.

Senator KERR. I entirely concur with your objective and I would believe that it would be much more nearly possible and maybe entirely possible to attain the objective of fixing it so he got the treatment and rehabilitation program where he wanted it and in a manner consistent with his convictions, but I am glad to have your statement that you would not seek to amend the bill so as to avoid the basis of the determination of the disability.

Mr. DOUGLASS. We don't believe, Senator, although we have convictions to the contrary, we don't believe that it would be a reasonable request to ask that——

Senator KERR. I wouldn't say that it would be an unreasonable request. I can picture considerable difficulty in attempting to carry it out.

Mr. DOUGLASS. Yes.

Senator KERR. Thank you very much.

Mr. DOUGLASS. I think you will see when we get down to the proposed amendment that that is covered.

Senator KERR. All right.

Mr. DOUGLASS. Although it is true that Christian Scientists, like other citizens, pay taxes for support of medical and hospital services established to protect and preserve public health, such taxation is quite different from the type of compulsory contribution provided for in H. R. 7225.

Under this bill the contributions are assessed expressly for the benefit of the individual contributor. There purpose is to build up a financial reserve which would be used to provide insurance and cash disability payments for him.

May I interpolate and say that that is supposedly the purpose.

Senator KERR. I understand.

Mr. DOUGLASS. It would constitute a violation of religious freedom for the Christian Scientist to be compelled by governmental action to join such an insurance plan, and pay assessments to it, unless his religious convictions can be respected by allowing him the choice of treatment he desires.

(5) As has already been brought out, the maintenance of health is for the Christian Scientist identical with his mode of worship and cannot be separated from it; that is, he depends wholly upon prayer for healing and rehabilitation.

We do not in anyway question the use of material methods of healing for those who desire them. But compulsory State medicine, in whatever degree adopted, would force adherents of this religion to act contrary to their mode of worship. Viewed in this light the compulsory provisions of H. R. 7225 would violate the principle of separation of church and state.

It seems to us these provisions would establish a phase of State medicine and because of this we oppose the bill outright in its present form. However, if Congress should consider that legislation of this type is actually required for overwhelming reasons of public welfare and that this is the right time and the right bill for this purpose, then it will of course be important that such legislation be framed so that it would not invade the constitutional religious freedom of those who rely solely on prayer or spiritual means for healing in lieu of medical treatment.

The following amendment, we are convinced, would be necessary to fulfill these requirements by reasonably protecting religious rights without interfering with the public welfare.

This amendment would deny nothing to those who would be covered by such an act, but would safeguard the rights of those whose religious convictions would otherwise be sacrificed.

The proposed amendment would permit the members of churches which practice spiritual healing in lieu of a resort to medical treatment to qualify for and receive disability benefits while at the same time depending solely upon the practice of their religion for treatment and rehabilitation:

Page 15, lines 6 through 16. At the end of line 16 change the period to a semicolon and add the following:

Provided, however, That nothing in this section or in the standards established thereunder shall discriminate against rehabilitation by means other than medical care in the case of persons relying solely upon treatment by prayer or spiritual means through the application and use of the tenets or teachings of any recognized church: *And provided further,* That no deduction shall be made from any payment or payments under this title to which an individual is entitled because he shall elect to have treatment for the purpose of rehabilitation by such prayer or spiritual means in lieu of the rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act.

This proposed amendment would bring H. R. 7225 in line with certain provisions already in the social-security laws which respect Christian Science treatment, namely:

Page reference, S. Doc. 157, 83d Cong., 2d sess.

Old-age assistance	5
Dependent children	87
Aid to the blind	104

I might say in explanation of this last statement that in the social-security law providing for assistance under these three captions old-age assistance, dependent children, and aid to the blind, the provision has been added in each case to read that—

the term means money payments with respect to or medical care in behalf of or any type of remedial care recognized under State law.

That means that Christian Science treatment has been recognized in all 48 States and it is the thought that this proposed amendment would bring the provisions of H. R. 7225 in line with what is already in the law.

Senator KERR. Thank you very much, Mr. Douglas.

Mr. DOUGLAS. Thank you both.

Senator KERR. We will recess until 10 o'clock next Wednesday.

(By direction of the chairman, the following is made a part of the record:)

WISCONSIN COUNCIL OF THE BLIND,
Madison, Wis., February 2, 1956.

Senator HARRY FLOOD BYRD,
Senate Finance Committee, Senate Office Building,
Washington, D.C.

DEAR SENATOR BYRD: The Wisconsin Council of the Blind represents between 4,000 and 5,000 blind people in this State. The overwhelming sentiment among these people (and we believe this is equally true in all parts of the country) is that H. R. 7225, which is now before the Senate Finance Committee, must be amended before it can become a law which will carry with it any substantial benefit to the blind. Without such amendments our people feel it would be better to exclude them entirely from the provisions of this measure.

First, blindness ought to be recognized in the definition of disability as an automatic ground for eligibility as it was in connection with the "disability freeze" in social security enacted in 1954. This precise definition would avoid and resolve many administrative questions as well as uncertainties in the minds of prospective beneficiaries. This special recognition, moreover, accords with the facts which face the blind. Nearly all blind people in the productive years of life are able to work, but they are prevented from finding employment because of the general public attitude that they are helpless and incapable. Yet the definition of disability presently set forth in H. R. 7225 rests wholly upon inability to engage in substantially gainful activity. Under this definition, administrative decisions may easily deny eligibility to individuals who had at one time been employed as blind workers on the ground that they have demonstrated ability to work, even though they cannot later find employment because of the preconceptions about blindness.

Second, the 50-year minimum age requirement should be eliminated for the blind. This limitation makes little sense. Blind workers under the age of 50 are in no different situation from those over 50. It is the worker's blindness, not his age, which prevents him from securing remunerative employment. In any event, little would be added to the cost of the program by the amendment; for, inasmuch as the incidence of blindness increases with age, the number of blind people who are excluded by the age requirement is small.

Third, the bill ought to set forth a clear test of what constitutes substantially gainful activity. Failure to specify the amount of exempted earnings which will render a beneficiary ineligible can lead to serious administrative discriminations among individuals and groups. Surely everyone will concede that disabled men and women are as much entitled to earn $1,200 a year as are aged beneficiaries who in many ways are more able to find employment.

Yours very truly,

GEORGE CARD, *Executive Secretary.*

MINNEAPOLIS, MINN., *December 30, 1955.*

Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.

DEAR SIR: I am writing to urge that you work for legislation which will place the care of the blind and the evaluation of the degree of visual loss of the visually handicapped in the hands of doctors of medicine who specialize in diseases of the eye rather than in the hands of optometrists who are trained only in the art of fitting and selling glasses.

In 1950 the Congress passed Public Law No. 734, with a rider that examinations in the various States to determine who was blind and thus eligible for certain aid from the public funds should be made by either an ophthalmologist or an optometrist and no distinction could be made between the two. Fortunately, some States have their own laws which require review of such diagnoses by an ophthalmological consultant, and in most instances patients examined by optometrists in those States are reexamined by medical men. This causes duplication of the expense of examination and wasting of public funds.

The optometrist is limited by education and training to testing eyes for glasses, or giving visual training to individuals with good vision whose eyes do not function well together. He cannot determine better than any other layman

whether a person is blind, because he must depend on what the patient tells him. An objective ocular examination such as that made by any doctor of medicine is beyond his ability or capacity. Already case reports are accumulating where individuals certified to be blind by optometrists have been found to have useful vision, which makes them ineligible for blind pensions, thus reducing the continued waste of tax funds. In addition, optometrists are unable to determine what blind patients may be rehabilitated by medical or surgical treatment, thus continuing a relief load which might be decreased by proper interpretation.

The definitive diagnosis of a blind person is a medical process. By granting this right of diagnosis to the optometrist, the Federal Government establishes him in the field of medical practice for which he is neither trained nor educated, a fact which the national leaders of optometry freely admit. But the State organizations will use this decree as a lever in promoting legislation in the various State legislatures to give them the right to practice ocular medicine and surgery. Measures such as this were presented in the last legislative sessions in Oklahoma, New Jersey, Pennsylvania, and the District of Columbia, but failed to pass on these trial runs. More such will be forthcoming.

This type of legislation may be a factor to consider in the relations of the State and Federal Governments because the empowering of optometrists, or of any other group, to do that which is forbidden under their State laws results in setting aside the States in the exercise of their police powers, a course which so far has not been attempted in other fields and one which many authorities in this field consider as a threat to our system of government.

Our blind people deserve the very best in the way of medical or surgical treatment. If malingerers are on public payrolls, they deserve nothing. As information concerning this provision of Public Law No. 734 becomes widely disseminated, more and more undeserving individuals will be added to the tax load and if a recession or depression occurs, the possibilities are staggering. The best method of preventing waste of funds to the blind is by a thoroughly scientific screening of those who should be eligible. That our motives are more humanitarian than economic can easily be determined by our attitude toward the blind program in the past, when for many years we made examinations of the indigent blind without any charge. As the welfare program developed, small fees were then allowed for this purpose, which, in this State, at least during the depression, were cut to $3 or even less. The maximum allowed now is $7.50, which in itself can cover nothing more than the office expense for the time consumed in examining the patient and writing out the report. We have no quarrel with this feature of the program, and would gladly do it for even less if the affairs of state necessitate it. We are simply interested in seeing that the blind rolls are not padded with people who should not be there, and that those who are blind obtain the type of examination which will determine whether or not they can be rehabilitated.

Another and very important aspect of the participation of optometrists in this program is that applicants for blind pensions frequently have progressive conditions, such as glaucoma, in which prompt treatment or surgery may prevent further deterioration and thus preserve or better what vision may still be present. We have reason to believe that many completely blind persons would still have some measure of useful vision if their initial surveys for blind pensions had been made by a competent ophthalmologist.

Discussion of this law with other Congressmen discloses that many had little conception of what an optometrist was qualified to do when the measure came before the House. Perhaps a clarification of the various groups associated with eye care is in order.

The ophthalmologist is a doctor of medicine who has pursued a postgraduate course of study in diseases of the eye for from 3 to 5 years. This, with his 3 to 4 years of premedical education and his 4 years in medical college, makes a specialized medical education or from 10 to 12 years. Nearly all ophthalmologists further qualify themselves as specialists in diseases of the eye by voluntarily taking the examinations of the American Board of Ophthalmology and becoming a diplomate of this board.

An optometrist is a nonmedical man who pursues a course of study in an optometry college, all of which are private institutions, except for the Universities of California, Ohio State, and Houston. This may consist of 4 or 5 years of nonmedical education which enables him to refract or fit eyes with glasses, fit and adjust frames, and give visual-training exercises to patients who may or may not need them. A considerable part of his education in such

institutions, especially the university courses, is made up of the usual elementary college subjects not applicable to his vocational training.

An optician is a skilled mechanic who, after an apprenticeship, provides frames and lenses on the prescription of an ophthalmologist. Optometrists rarely use opticians as they prefer to furnish their patients with glasses, thus making a sales fee as well as an examination fee.

With this background of knowledge of the ophthalmic profession and the optometric group, I hope you will see fit to work for an amendment to Public Law No. 734, which will provide that the diagnosis of blindness shall be made by a doctor of medicine skilled in diseases of the eye. In this way you will be assuring the blind of the best in medical care and will be aiding in the prevention of blindness.

Sincerely yours,

RICHARD C. HORNS, M. D.

RED BANK, N. J., *January 31, 1956.*

MEMBERS OF THE SENATE FINANCE COMMITTEE,
Washington, D. C.

GENTLEMEN: I am writing this letter on behalf of the Monmouth County Association for the Blind concerning the Cooper bill H. R. 7225 now pending in the legislature.

We feel that this bill does not adequately provide for the needs of the blind, and we think it could be amended with the following information and suggestions:

(1) Blindness should be recognized as disability as an automatic ground for eligibility as it was with the "disability freeze" in social security in 1954. This special recognition, moreover, accords with the facts which face the blind.

(2) Most blind people in the productive years of life are able to work but are prevented because of the general attitude of the public that they are helpless and incapable—yet disability as set forth in H. R. 7225 rests wholly upon inability to engage in substantially gainful activity, which may easily deny eligibility to those who had at one time been employed as blind workers on the ground that they have demonstrated their ability to work, even though employer attitudes later prevent them from finding employment.

(3) The 50-year requirement should be eliminated for the blind as those under 50 are in no different situation from those over 50. It is blindness not age which prevents securing employment. In any event little would be added to the cost of the program by the amendment, for as much as blindness increases with age, the number excluded by the age requirement would be small.

(4) The bill should give a clear test of what constitutes substantially gainful activity. Failure to specify the amount of exempt earnings which would render a beneficiary ineligible can lead to serious discrimination among groups and individuals as disabled men and women are as much entitled to earn $1,200 a year as are aged beneficiaries who are in many ways more able to find employment.

Good arguments could be for higher exemptions of earnings for blind or eliminating them altogether. In some countries minimum payments are continued to blind even when employed as blindness imposes added costs of living even though blind earnings are likely to be less than if not blind.

We would therefore appreciate your careful consideration and thanking you in advance, we are

Very truly yours,

THE MONMOUTH COUNTY ORGANIZATION FOR BLIND.
DOROTHY MAHER, *Secretary.*

CALIFORNIA COUNCIL FOR THE BLIND,
Berkeley, Calif., July 27, 1955.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington 25, D. C.

DEAR SENATOR BYRD: I understand that the Senate Finance Committee is now considering the social security bill, H. R. 7225. It is our hope that the committee will act favorably on this bill in the near furture. We wish, however, to suggest the following changes which are important to the blind of the United States.

1. Blindness should be recognized as a special category in the definition of disability just as it was in connection with the disability freeze provisions adopted last year.

2. The 50-year age requirement should be eliminated in order that the blind and other disabled workers might become eligible whenever they have contributed the necessary length of time.

3. The disabled, like the aged who receive social security benefits, should be entitled to earn up to $1,200 per year.

Your attention to these suggestions will be greatly appreciated. I assure you that they are made with a great deal of thought and with due consideration for the welfare of disabled persons.

Yours respectfully,

ROBERT W. CAMPBELL.

UNITED WORKERS FOR THE BLIND OF MISSOURI,
St. Louis 10, Mo.

Hon. SENATOR HARRY F. BYRD,
United States Senate, Washington, D. C.

DEAR SENATOR: We wish to direct your attention to a proposed amendment to House Resolution 7225, presented to your committee by Senator Thomas C. Hennings, Jr., and Senator Stuart Symington. As an organization of individuals who are blind, we believe that the adoption of this amendment would be of great benefit to the blind. We earnestly solicit your cooperation in securing passage of this amendment.

Respectfully yours,

ELLIS M. FORSHEE, *President.*

(Whereupon at 11:50 a. m., the hearing was adjourned, to reconvene at 10 a. m. Wednesday, February 8, 1956.)

SOCIAL SECURITY AMENDMENTS OF 1955

WEDNESDAY, FEBRUARY 8, 1956

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to recess, at 10 a. m. in room 312, Senate Office Building, Senator Robert S. Kerr presiding.

Present: Senators Kerr (presiding), Frear, Barkley, Martin, Malone, and Carlson.

Also present: Elizabeth B. Springer, chief clerk.

Senator KERR. We have a number of witnesses this morning and we will begin with Dr. Paul E. Jones of the American Dental Association.

STATEMENTS OF DR. PAUL E. JONES, CHAIRMAN, AND BERNARD CONWAY, SECRETARY, COUNCIL ON LEGISLATION, AMERICAN DENTAL ASSOCIATION

Dr. JONES. Mr. Chairman and members of the committee, I am Dr. Paul E. Jones of Farmville, N. C. I am engaged in the private practice of dentistry in that community. I am a member of the North Carolina delegation to the American Dental Association's house of delegates and chairman of the association's council on legislation. I am here today to present our position on two features of H. R. 7225: First, the proposal to include self-employed dentists under the old-age and survivors' insurance plan; second, the proposed system for integrating the new disability benefits with the State vocational rehabilitation program.

I have with me Mr. Bernard Conway, secretary of the council, who will assist me in answering questions.

INCLUSION OF SELF-EMPLOYED DENTISTS WITHIN OASI

The Social Security Act, sections 211 (c) (5) and 1402 (c) (5), now excludes the services performed by self-employed dentists from the occupations covered under the OASI program. H. R. 7225, sections 104 (d) and 201 (f), would remove the exclusion and bring the services of self-employed dentists within the program on a mandatory basis. The house of delegates of the American Dental Association, at its 1955 annual meeting, rescinded the association's policy of opposing the inclusion of self-employed dentists within the OASI program and established a new policy supporting their inclusion on an elective basis. That policy declares:

Resolved, That the voluntary inclusion of dentists under the old-age and survivors insurance program of the Federal Social Security Act be approved.

The system for covering self-employed dentists on a mandatory basis, as proposed by H. R. 7225, is, therefore, contrary to the policy of the American Dental Association. We believe that coverage on an elective basis is not only feasible but is also the most equitable and suitable method for applying the program to self-employed dentists. Before presenting the association's reasons in support of its policy, however, I believe it would be desirable to explain briefly some important features in the establishment of that policy.

The association's house of delegates is composed of 416 dentists, representing 54 constituent societies and the Federal dental services. Each of the member State and territorial societies selects its own delegates, a society's representation in the house being proportional to its active membership. The authority for establishing association policy rests with the house of delegates. Our board of trustees may establish policy between annual meetings of the house only under emergency conditions. As a policy-making body, the association's house of delegates represents more than 80 percent of the Nation's practicing dentists.

The 1955 house of delegates, by a vote of 266 to 143, rescinded its 1949 pronouncement against OASI coverage for self-employed dentists. By a vote of 245 to 163, the house adopted a resolution approving voluntary coverage. Both votes were taken by roll call of the separate delegations.

Senator KERR. May I ask you a question?

Dr. JONES. Yes, sir.

Senator KERR. Were you there?

Dr. JONES. Yes, sir.

Senator KERR. Was the question submitted to the house of delegates to show what their attitude would be in the event of compulsory inclusion in the event it was not possible to secure legislation permitting them to have the opportunity of voluntary coverage?

Dr. JONES. I would like to have the secretary answer that question.

Mr. CONWAY. The house of delegates did not take a position on that question. It was not presented to them directly.

Senator KERR. It was not presented to them directly or indirectly?

Mr. CONWAY. Not as an issue before them.

Senator KERR. Was it submitted to them in any other way?

Mr. CONWAY. I am sure that the procedure which was followed indicated that was not before them directly.

Senator KERR. Was it before them indirectly? I just want to know whether it was before them.

Mr. CONWAY. No, it was not before them.

Senator KERR. All right. Proceed.

Dr. JONES. The resolution supporting voluntary coverage was unanimously approved by 35 of the 54 delegations voting on the question; a majority in each of 4 other delegations also approved the resolution. Thus, 72 percent of the delegations which voted approved voluntary coverage of self-employed dentists under the OASI program.

Senator BARKLEY. Insomuch as the compulsion was not submitted to the house of delegates and they were not permitted to vote on it, do you have an opinion on what they would have done between volun-

tary and compulsory, and then as between no coverage at all and compulsory?

Dr. JONES. I am unable to answer that question in view of the fact that the association has a mandate to urge Congress to include self-employed dentists on an elective basis only.

Senator BARKLEY. I am not expressing any opinion on the different alternatives.

Senator KERR. Now you say that their resolution was that they be included on a voluntary basis, only?

Dr. JONES. On an elective basis, only.

Senator KERR. Where is that resolution?

Dr. JONES. I think we just read it.

Mr. CONWAY. Mr. Chairman, may I say something here: The resolution does not include the word "only."

Senator KERR. I just wondered about that.

Mr. CONWAY. It reads:

that the voluntary inclusion of dentists under the old-age and survivors' insurance program of the Federal Social Security Act be approved.

That is the only type of coverage which the house of delegates approved.

Senator KERR. And that is the only type they voted on?

Mr. CONWAY. Yes.

Senator KERR. And is the matter of that being the only way they want to be included—that was not even submitted to them?

Mr. CONWAY. There was no resolution on compulsory coverage submitted to the house of delegates directly.

Senator KERR. That isn't the answer to my question.

Mr. CONWAY. The house of delegates did not act upon a resolution for compulsory coverage?

Senator KERR. Was it submitted to them?

Mr. CONWAY. There was a resolution submitted to them which would have approved coverage under old-age and survivors insurance. That would not have identified approval with compulsory or elective coverage. That resolution was brought to the floor of the house and in the parliamentary procedure a substitute resolution was proposed, and that was the elective coverage resolution that was adopted.

Senator KERR. Was the other one acted on, other than in there the action of substituting the voluntary coverage resolution for it?

Mr. CONWAY. It was not acted upon any further.

Senator KERR. Then the question between the choice of no coverage and compulsory coverage was not submitted to them.

Senator MARTIN. I believe you made the statement there were 55 delegates present?

Mr. CONWAY. 416.

Dr. JONES. 35 of the 54 delegations approved the resolution.

Senator KERR. What he said was 35 out of 54 delegations were unanimous in support of their resolution and that a majority in 4 other delegations favored their resolution.

Senator MARTIN. What was the attitude of the balance of the organizations? Did they indicate anything?

Mr. CONWAY. They voted against elective coverage.

Dr. JONES. That is right.

Senator BARKLEY. That means they would vote against any kind of coverage.

Mr. CONWAY. Not necessarily. Some of them voted against any coverage and I believe others were voting against elective coverage because they preferred compulsory coverage.

Senator MARTIN. As I understand, the only question you had before your organization was the matter of voluntary coverage.

Senator KERR. The only resolution they voted on.

Senator MARTIN. That is what I mean.

Senator KERR. After we questioned him for a while, he said the resolution that was actually introduced was one that would favor coverage and then an effort was made to substitute a resolution which provided voluntary coverage, and that that substitute by majority vote was made the pending business, and then approved.

Senator MARTIN. I understand. All right.

Senator CARLSON. The governing body of the American Dental Association, is it not in this house of delegates which is composed of 416 dentists and representing 54 constituencies?

Dr. JONES. Yes, sir, it is the governing body.

Senator BARKLEY. What would have been the vote, if you can tell us, of those 416, what was the respective vote on the substitute as compared to the original resolution, without regard to the delegation, but taking a whole mass of them, what would have been their vote on it?

Mr. CONWAY. May I answer that question, Senator?

Senator BARKLEY. Yes.

Mr. CONWAY. There was no vote taken on the original resolution.

Senator BARKLEY. I understand. Was the vote taken on the substitute, though?

Mr. CONWAY. Yes, that is right.

Senator BARKLEY. And how many votes did the substitute get out of the 416 and how many voted against it?

Mr. CONWAY. We have that right here, Senator, in our statement; 245 members voted for the resolution approving voluntary coverage and 163 voted against that resolution.

Senator CARLSON. May I enter into that to this extent: Of that 163 some may have been for compulsory coverage and some may have been possibly opposed to any coverage?

Mr. CONWAY. That is correct.

Dr. JONES. That is correct.

Senator KERR. Did he answer your question, Senator?

Senator BARKLEY. Yes.

Senator KERR. What was your answer?

Mr. CONWAY. 245 of the 416 members of the house of delegates voted for the resolution approving elective coverage. 163 voted against that resolution.

Senator KERR. That was on final adoption of the resolution?

Mr. CONWAY. That is right.

Senator KERR. Was that the only vote taken whereby the approved resolution was substituted for the submitted resolution?

Mr. CONWAY. That is right.

Senator KERR. In other words, how was the substitution made, by voice vote?

Mr. CONWAY. It was made actually in the form of an amendment, as I would interpret it.

Senator KERR. But the vote you are telling us about is the only vote that was taken?

Mr. CONWAY. That is right.

Senator MARTIN. Mr. Chairman, as I understand, there would be no recorded vote on that substitute. That was probably a voice vote, was it?

Mr. CONWAY. It was a roll call vote of each delegation. For the record, I might indicate this, if it would help to clarify the parliamentary situation, here: The house of delegates did vote against tabling the original resolution. There was a motion to table the original resolution approving coverage of any kind. I mean a resolution to bring self-employed dentists into social security, without any question of what method of coverage was used. That resolution—the motion to table that resolution was defeated.

Senator BARKLEY. Was that a roll call vote?

Mr. CONWAY. By roll call vote.

Senator BARKLEY. What was that vote?

Mr. CONWAY. I don't have that with me. I can get it for the record.

Senator KERR. What would be the best guess you have on the basis of memory?

Mr. CONWAY. I think it probably was very close to the vote taken on the voluntary coverage resolution about 245 to 163. It was in that area.

Senator BARKLEY. You had to go through several parliamentary procedures here to get where you wanted to get. You had to first rescind your original motion against any kind of coverage.

Mr. CONWAY. That is right.

Senator BARKLEY. You did that and then there was a resolution offered to cover you in under any circumstances?

Mr. CONWAY. Yes.

Senator BARKLEY. And while that was pending a substitute was offered just to cover you in if you wanted to be covered in, and that was voted on, as you have said.

Mr. CONWAY. That is right.

Senator KERR. Now the word "only" that the witness used here when he thought it was included in the resolution, was it originally a part of the substitute resolution?

Dr. JONES. No. I added it for emphasis.

Senator KERR. On the basis of your own conviction?

Mr. CONWAY. The association's interpretation of this policy, Mr. Chairman, is that we have a mandate from the house of delegates to urge Congress to bring self-employed dentists into OASI on an elective basis.

Senator KERR. I was just trying to get the origin of the word "only." I was just trying to find out how it got in the discussion.

Mr. JONES. May I include this statement for the record in deference to the question? The question has been raised here as to the regularity of the procedure.

Senator KERR. There is no question of the regularity of it. We are just trying to get the details of it.

Senator MARTIN. Mr. Chairman, I just wanted to get at the sentiment of the organization.

Senator KERR. I can understand that.

Now I have a telegram from the president of the Oklahoma Dental Association which I want to put in the record in which he says:

Since we do not have an immediate poll of our members, I am reasonably sure that our sentiments would be in favor of OASI on a voluntary basis. Therefore, we wish to support the action of the House of Delegates of the American Dental Association urging that a system of voluntary coverage of self-employed dentists be included in the bill when it is reported out by the Committee.

DR. DOUGLAS L. RIPPETO,
President, Oklahoma State Dental Association.

I have a copy of a letter I wrote to each practicing dentist in Oklahoma in which I asked them to advise me what their attitude was. First, I gave them a chance to put an × in 1 or more of 3 boxes:

(1) I prefer compulsory coverage.

(2) I prefer compulsory coverage if voluntary coverage cannot be provided in the law.

(3) I prefer not to be covered by social security.

I got 53 who said they preferred compulsory coverage. I got 142 who said they preferred compulsory coverage if voluntary coverage could not be provided by the law.

I got 122 who said they preferred not to be covered by social security, so that on the basis of the individual polling of the Oklahoma dentists, I got a little over 60 percent who preferred to be put in on a compulsory basis, if we were unable to get them in on a voluntary basis.

Senator BARKLEY. Would you have any poll on whether they wanted to be in under a voluntary basis?

Senator KERR. Yes. I say 53 of them said they preferred—no—53 said they preferred compulsory; 142—for instance, here is one who put both of them in, he voted both ways.

Senator BARKLEY. That fellow ought to be in the Senate.

Senator KERR. That is right, and he may someday be. But as between compulsory coverage, if voluntary coverage could not be provided, and, no coverage, a little over 60 percent preferred the compulsory.

Senator BARKLEY. You didn't seem to have a straightout poll on the voluntary.

Senator KERR. No, but I assumed and I am sure there could be no question but what they would have all preferred it on a voluntary basis.

I would like to have your opinion of what you think the dentists of the country would do if they were individually polled on that question. I would like an answer from Dr. Jones and then I would like for the Secretary to answer my question.

Dr. JONES. Well, I think they would select voluntary inclusion, first. I think that would be their first choice.

Senator KERR. I agree with that.

Now suppose we get to the point, here, where our choice has to be between exclusion or compulsory inclusion. What do you think would be the sentiment of the majority of the members of your organization, or a majority of the practicing self-employed dentists?

Dr. JONES. I think the secretary of the council could probably give you a better answer to that than I could. Naturally, I am

from a local State just as you have indicated in your poll in Oklahoma and I would like the secretary to answer that.

Senator KERR. I would be glad to have your opinion if you have one. Do I take it from your statement that you just don't know, or don't have an opinion?

Dr. JONES. Well, I have an opinion that it would be very close.

Mr. CONWAY. Speaking for the association, I don't think we could answer that question, Senator.

Senator KERR. I didn't ask you to speak for the association. I just asked you as a matter of your opinion.

Mr. CONWAY. As a member of the staff of the association and speaking for it, I would prefer not to answer that question because the association has not polled the membership on the question.

Senator KERR. Let me say you don't have to answer it unless you want to and you don't even have to claim the fifth amendment.

Dr. JONES. I would say this, Senator, if I may be permitted to do so, that I believe it is my feeling that the sentiment has changed somewhat against compulsory coverage in the last 12 months.

Senator KERR. What you are telling me is that you think a lot of the sentiment which was there against compulsory coverage is no longer there?

Dr. JONES. I think the full effect of OASI coverage is being exposed to the analytical viewpoint of the younger men, now, and I think more of them believe that it is not as good as it has been pictured to them.

Mr. CONWAY. May I add this, Senator: Our policy indicates that the American Dental Association does favor coverage under the Social Security Act, under OASI. But our position is also that that coverage should be on an elective basis.

Senator KERR. Well, let me say to you that I personally favor it on that basis, as a member of this committee. I favored it on that basis for the farmers who are self-employed. I favored it on that basis for professional men, self-employed. But upon finding the attitude of the Treasury Department and the Department of Health, Education, and Welfare, and of the administration and having heard this testimony of the actuarial experts on the subject, and in canvassing members of this committee and the House Ways and Means Committee and the two bodies of the Congress, I arrived at the conclusion that we are not going to be able to get that coverage on a voluntary basis. I very sincerely believe that when we get down to writing this bill, we are going to have to choose between either compulsory coverage or no coverage at all. Feeling that was was what prompted me to write to the dentists in Oklahoma, not in any way asking them to favor one viewpoint or the other, but to just advise me of how they felt about it so that I might be in better position to serve them the way they wanted to be served.

Mr. CONWAY. I am sure the association will respect whatever decision this committtee makes, Senator.

Senator KERR. Thank you very much.

Senator MARTIN. Mr. Chairman.

Senator KERR. Senator Martin.

Senator MARTIN. Mr. Chairman, in the last few weeks—now I haven't made a systematic poll in Pennsylvania as you have in Okla-

homa, but I have asked a great number of dentists—of course, as you know, I think the majority of our committee would favor the voluntary method for the professional people.

I was very strong for the voluntary method for the farmers, as you know, but the House wouldn't go along on that line and I think it was largely because of the position of the Treasury Department, taking the financial side.

But I have asked a great number of our dentists in the last few months, and it seems to me—now I may be wrong, I don't have the information like you men do, and that is the reason I would like for you to even give your opinion. I have found that there seems to be quite a change. I believe from the inquiries that I have made that if it was put up to a vote of the dentists of Pennsylvania, that they would vote for the voluntary coverage very largely, but if they couldn't get that, they would vote largely for the compulsory.

Senator KERR. Rather than to be excluded.

Senator MARTIN. Rather than to be excluded.

But there has been quite a change and since you gentlemen have it from a national standpoint, I thought Senator Kerr's question would be helpful there if you could give your opinion. Your opinion would be better than mine.

Mine has been just a spot check. Every time I run into a man of the dental profession, I ask him. You can understand that is very spotty, but it is the best I could do.

Senator KERR. I bet you canvassed as large a percentage of them as Gallup does.

Senator MARTIN. Probably mine was larger. I have been doing it with the lawyers and the physicians and the dentists. Of course you know I would like everything in America to be voluntary, but on the other hand, where you get a matter where you have to consider the financial side of it, I can see the picture from the Treasury side of it. They have a good point, there.

I do think, Mr. Chairman, that Senator Flanders the other day made a good suggestion that we might have it that if a man didn't come in, say, at 45 or 40 or something like that, then he would be excluded. It seemed to me that there was something pretty sound in that suggestion.

I am sorry to take so much time.

Senator CARLSON. Mr Chairman, before we proceed any further, the Senator from Oklahoma and the Senator from Pennsylvania have discussed what they think to be the attitude of the dentists in their own States.

I don't like to let this opportunity go by without stating that I have visited with a large number of dentists in Kansas and I have had letters and the resolutions from our State dental organization, and they in the great majority hope that it will be voluntary coverage. For that reason, I introduced a bill which is before this committee, now, providing for elective coverage—Senate bill 3109.

I would like to ask Dr. Jones this question, and it concerns me some because I have had some letters from young dentists who say, "Well, if you are going to do this and force a retirement of the dentists when they reach 65, what is going to happen with regard to taking care of our people from a dental standpoint?" Will there be a shortage of dentists?

Senator KERR. In the first place, there is no provision in this bill that would do that.

Senator CARLSON. It is natural for them to retire if they get in that position. What about it, Dr. Jones?

Dr. JONES. I think it would be an inducement to those of us in the old-age groups to retire earlier than we would ordinarily. I think this might be an inducement to retire and leave some people without adequate dental service.

Senator KERR. Do you think those who are able-bodied and vigorous at 65 and making $15,000, $25,000, or $30,000 a year would put down their tools?

Dr. JONES. That is not usually the picture, however, Senator.

Senator KERR. Put down their pick and shovel—or whatever they use and retire for a couple thousand dollars a year?

Dr. JONES. We cover that in the statement, here, a little further on.

Senator KERR. We will be glad to hear you.

Dr. JONES. The position taken by the association's house of delegates fully considers the viewpoints of those dentists who desire to be included in the OASI program and those who do not. That policy is in keeping with the decisions of responsible representative bodies on matters which can be resolved by an effective compromise.

The association's house of delegates, moreover, has never treated the OASI issue in isolation. The members of the house must consider the impact of any issue before them upon other goals which the association strives to attain. As leaders of a profession providing vital health services to the public, the members of the house, I am certain, considered what effect an inducement to retire at age 65 might have upon the availability of dental services to our sharply increasing population. The members of the house also realized that if dentistry sought OASI coverage for its self-employed members on a mandatory basis, that decision would bind not only all dentists practicing today but also those entering the profession in the future. The decision of the house, moreover, reflects the conviction that elective coverage for self-employed dentists can be adapted to the existing OASI program.

The Social Security Act, today, enables members of the clergy, not bound by the oath of poverty, to choose whether or not they wish to be included within the OASI program.

Senator KERR. You know why that is, don't you, Doctor?

Dr. JONES. I don't know fully the principle applied, but I have a faint idea.

Senator BARKLEY. Maybe it is too faint to express.

Senator KERR. Would you care to give us your faint idea?

Dr. JONES. I don't believe I am in a position to discuss that.

Senator KERR. In order that you might know what it is and not be in the shadow of a faint idea, that provision was written into the law because of the basic conviction of every denomination that I know of, and of all of them who appeared before this committee, including Protestant, Catholic, and Hebrew, that they were opposed in any way to compulsory coverage because it would violate the principle of separation of church and state and their representatives before this committee made out a pretty good case in which they set forth that members of the clergy operated on the basis of about as small an average financial compensation as any group of professional men or

women in our country; that they desired coverage under this program; that the great percentage of them would come in if permitted, but that they could not do so on a compulsory basis in view of their deep religious convictions that to be compelled to do so, resulting as it would not only in taxing them but in the churches for which they work, would be a violation of our constitutional mandate keeping the church and state separate.

Now do you feel in the light of that information that the same privilege should be granted to the dentists?

Mr. CONWAY. Might I answer that question?

Senator KERR. Yes.

Mr. CONWAY. The American Dental Association is not urging that the Senate grant a privilege to dentists in the nature of the privilege granted to the members of the clergy.

The American Dental Association insists that the system of elective coverage could be practically applied to dentists and the reasons are good for doing so. The reasons are not the same as for the clergy. We believe, however, that they are substantial.

Senator BARKLEY. The question of the church and state doesn't enter into the dental situation at all.

Mr. CONWAY. Not a bit.

Senator KERR. I wasn't the one who used the inclusion of clergy on a voluntary basis as a reason for letting the dentists have the same privilege.

Dr. JONES. That system has been satisfactory; has it not?

Senator KERR. The voluntary system?

Dr. JONES. For the clergy. Have there been any complaints on it?

Senator KERR. None whatever.

I take it you think it is a precedent in your favor. I take it your Secretary does not think so.

Mr. CONWAY. I think the method——

Senator KERR. I would be glad to have either one of you answer it, but one at a time.

Mr. CONWAY. I have said I consider it a precedent, as a system for including professional or other groups in OASI. There is a system in the law now to cover persons on an elective basis.

Senator KERR. What else besides the clergy?

Mr. CONWAY. Only the clergy, but the system is there and we believe that that system could be applied to the self-employed dentists for some substantial reasons, which we are pointing out in our testimony.

Senator BARKLEY. You want the same privilege without the same reasons, as I understand it.

Mr. CONWAY. Not for the same reasons.

Senator KERR. Now do you care to give us your viewpoint on that, Doctor?

Dr. JONES. I feel reasonably the same way about it.

Senator KERR. Do you have any convictions on the separation of church and state?

Dr. JONES. I don't think we ought to legislate with respect to the church, to interfere with religious freedoms in any way.

Senator KERR. Do you think we should legislate as to impose a tax on the church?

Dr. JONES. Well, we haven't ever done that.

Senator KERR. Do you think we ought to?
Dr. JONES. Well, this would be imposing one on them.
Senator KERR. I say, do you think we ought to?
Dr. JONES. No; I don't think we should.
Senator KERR. Well, then, if we shouldn't, and they being employees of the church, then what you are saying is that this doesn't cover, unless it would permit a voluntary coverage.
Dr. JONES. I think you are covering them under a voluntary system now; are you not?
Senator KERR. They are not self-employed, though; are they?
Dr. JONES. Well, they have a right to——
Senator KERR. I say are they self-employed?
Do you belong to a church?
Dr. JONES. Yes: I certainly do. I think a preacher is self-employed because he can always resign his pastorate if he wants to.
Senator KERR. Who is it working for wages who can't resign?
Dr. JONES. Well, we are all employed——
Senator KERR. Does your pastor work for wages? Does he have a contract to pay him a salary?
Dr. JONES. Yes, sir.
Senator KERR. And you still think he is self-employed?
Dr. JONES. Well, it is his vocation.
Senator KERR. I understand. And you still think he is self-employed?
Dr. JONES. In one sense of the word, he is.
Senator KERR. In what sense of the word? He has to provide his own salary?
Dr. JONES. No, sir; he doesn't have to provide his own salary.
Senator KERR. Who does provide it?
Dr. JONES. His membership, of course.
Senator KERR. Is it the church?
Dr. JONES. Well, it is the organization of the church.
Senator KERR. Is it the church?
Dr. JONES. It is the organization——
Senator KERR. I say, is it the church?
Dr. JONES. I suppose it is.
Senator KERR. You suppose it is? Don't you know whether it is or not?
Dr. JONES. Well, sure.
Senator KERR. Well, why don't you answer it?
Dr. JONES. What do you want me to answer?
Senator KERR. I just want you to tell us whether or not he is working for the church?
Dr. JONES. Well, certainly. I don't see the point there, Senator.
Senator BARKLEY. Whether he is working for the church or for himself, I suppose he is working for a great cause and I personally doubt whether the constitutional provision that Congress shall pass no law respecting the establishment of religion is very appropriate here in regard to the coverage of a minister of the Gospel. I don't think that would be passing a law respecting establishment of a religion. That provision was put in the Constitution to get away from a state church and we have observed it, I think, meticulously, but I doubt that

it applies to the question of whether a minister of the Gospel shall be covered under social security.

Senator KERR. Now, Doctor, your pastor works for the church on a contract of employment; does he not?

Dr. JONES. Yes, sir.

Senator KERR. Then that is not self-employment; is it?

Dr. JONES. No, sir.

Senator KERR. All right. You may proceed.

Dr. JONES. There is, therefore, already a statutory method for coving individuals on an elective basis. That system has evidently been administered satisfactorily; the association has not been informed of any unfavorable effects from the elective system either upon the administration of the program or upon those covered on a mandatory basis. It has been argued that elective coverage would bring within the program a disproportionate number of bad risks, and that the good risks would choose to remain outside the program. That result, if it occurred, would be only temporary. Long-range, those permitted to elect coverage would have to make their decisions within 2 years after entering an occupation to which the elective system applied. The individual, at the start of his career, would have no way of predicting with any degree of certainty his potential gain or loss from participation in the OASI program.

There are, in the association's opinion, some positive economic factors to justify, including self-employed dentists under OASI on an elective basis. The self-employed person who is covered under the program throughout his career ordinarily will contribute much more to the OASI trust fund from his own income than will an employee with the same years of coverage. For self-employed persons, then, the return on contributions may not appear to be as favorable as it would to an employed person. For the self-employed dentist who does not contemplate retirement at age 65, an investment which could be used to supplement income during later years might be more suitable than OASI benefits.

The typical young dentist, today, enters practice at age 26 or 27. If he contributes to the OASI trust fund—at the present schedule of rates—from 1955 until he reaches age 65, he will have paid into the fund about $8,500, assuming his net income from practice would be at least $4,200 a year. If he retired at age 65, his return from the fund could conceivably be greater than his contributions. Experience indicates, however, that the majority of self-employed dentists do not retire; most of them carry on at least a partial practice through their advanced years. The association's bureau of economic research and statistics in its 1953 survey of dental practice disclosed that the average annual net income of self-employed dentists between the ages of 65 and 69 years was $7,192 for 1952; for the same year the average annual net income of those between the ages of 70 and 74 was $5,842. That income expectancy would certainly deter many self-employed dentists from giving up or curtailing their practices in order to collect OASI retirement benefits.

The demand for dental health care, particularly in the areas away from metropolitan communities, has increased considerably in recent years. Dentists who practice in the less densely populated communities, particularly in rural areas, may taper off in their later years, but

they seldom retire from practice. The typical small community or rural dentist serves his patients as long as he is able to continue in practice. For many dentists in the smaller communities and rural areas, participation in the OASI program would have little attraction. The association believes that Congress should recognize that the OASI program may not be economically adaptable to the conditions of practice and the career plans of a substantial number of self-employed dentists. We urge this committee to approve an amendment to H. R. 7225 that would apply the present statutory system of elective coverage to self-employed dentists. In an appendix to this statement we suggest an appropriate amendment. The language is similar to that of S. 3109 introduced by Senator Carlson of Kansas, a member of this committee.

(The appendix referred to follows:)

APPENDIX

AMENDMENTS TO H. R. 7225 RECOMMENDED BY THE AMERICAN DENTAL ASSOCIATION

1. The purpose of this series of amendments is to extend the system of elective coverage within the Social Security Act to self-employed dentists and to provide to those persons within the newly covered groups who are nearing age 65 or who are beyond that age a fair opportunity to acquire fully insured status and to qualify for maximum benefits.

(*a*) Amend section 104 (d) of H. R. 7225 to read as follows:

"(d) (1) Paragraph (5) of section 211 (c) of such Act is amended to read as follows: '(5) The performance of service by an individual in the exercise of his profession as a physician (determined without regard to section 1101 (a) (7)), a dentist or as a Christian Science practitioner; or the performance of such service by a partnership.'

"(2) Section 211 (c) of such Act is amended by adding at the end thereof the following new sentences: 'The provisions of paragraph (5) shall not apply to service performed by an individual in the exercise of his profession as a dentist during the period for which a certificate filed by him under section 1402 (f) of the Internal Revenue Code of 1954 is in effect.'

"(3) (A) Section 214 (a) (3) of such Act is amended to read as follows:

"'(3) In the case of an individual who did not die prior to January 1, 1956, the term "fully insured individual" means any individual who meets the requirements of paragraph (2) and, in addition, any individual with respect to whom all of the quarters elapsing after 1955 and prior to (i) July 1, 1957, or (ii) if later, the quarter in which he attained retirement age or died, whichever first occurred, are quarters but only if there are not fewer than six of such quarters so elapsing.'

"(B) Section 215 (b) (2) of such Act is amended by striking out the word 'or' in subparagraph (A) and inserting after subparagraph (A), as amended, the following new subparagraph to be entitled subparagraph (B):

"'(B) December 31, 1951, or

"(C) Section 215 (b) (2) of such Act is further amended by redesignating subparagraph (B) subparagraph (C)."

(*b*) Amend section 201 (f) of H. R. 7225 to read as follows:

"(f) (1) Section 1402 (c) (5) of such Code is amended to read as follows: '(5) The performance of service by an individual in the exercise of his profession as a physician, a dentist or as a Christian Science Practitioner; or the performance of such service by a partnership.'

"(2) Section 1402 (c) of such Code is amended by adding at the end thereof the folowing new sentence: 'The provisions of paragraph (5) shall not apply to service performed by an individual in the exercise of his profession as a dentist during the period for which a certificate filed by him under subsection (f) is in effect.'

"(3) Section 1402 of such Code is amended by adding at the end thereof the following new subsection:

"'(f) DENTIST.

" '(1) WAIVER CERTIFICATE.—Any individual who is a dentist may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter) certifying that he elects to have the insurance system established by title II of the Social Security Act extended to service described in subsection (c) (5) performed by him in the exercise of his profession as a dentist.

" '(2) TIME FOR FILING CERTIFICATE.—Any individual who desires to file a certificate pursuant to paragraph (1) must file such certificate on or before the due date of the return (including any extension thereof) for his second taxable year after 1955 for which he has net earnings from self-employment (computed without regard to subsection (c) (5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a dentist) of $400 or more, any part of which was derived from the performance of service described in subsection (c) (5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a dentist.

" '(3) EFFECTIVE DATE OF CERTIFICATE.—A certificate filed pursuant to this subsection shall be effective for the first taxable year with respect to which it is filed (but in no case shall the certificate be effective for a taxable year with respect to which the period for filing a return has expired, or for a taxable year ending prior to 1956) and all succeeding taxable years. An election made pursuant to this subsection shal be irrevocable.' "

STATEMENT OF POLICY OF THE AMERICAN DENTAL ASSOCIATION IN REGARD TO THE TOTAL AND PERMANENT DISABILITY SECTIONS OF THE PROPOSED SOCIAL SECURITY AMENDMENTS UNDER H. R. 7225, 84TH CONGRESS

1. The principles of voluntary vocational rehabilitation have been acceptable to the American Dental Association since 1939, on the ground of benefits to the individual, community, and Nation.

2. Vocational rehabilitation programs operated by State agencies with their specific objective of employment of the disabled individual have proved to be practicable. The imposition of Federal authority to determine participation in the program, based on a broad definition of total and permanent disability not related to the objectives of vocational rehabilitation, will stimulate a very large demand upon these programs and threaten their effectiveness.

3. The extension of Federal intervention into vocational rehabilitation, which involves personal health services, without evidence that the responsibility cannot be borne successfully at a lower level would violate the traditional principle of placing responsibility for personal health services with the individual and the community.

4. Establishment of the principle that the Federal Government may compel acceptance of personal health-service benefits under the threat of loss of certain disability benefits is not consistent with the right of every American citizen to determine for himself the acceptance of these services, particularly in the absence of a demonstrated threat to public health and national interest.

5. The element of compulsion is not compatible with the basic requirement for successful vocational rehabilitation, namely, the enthusiastic participation of the individual to be rehabilitated.

6. The enactment of H. R. 7225 should be opposed so long as it contains provisions which are not consistent with this statement of policy.

Dr. JONES. The association also urges this committee to approve amendments to H. R. 7225 which will provide to those within the newly covered groups nearing age 65 or beyond that age a fair opportunity to acquire fully insured status and to qualify for maximum benefits. That was done for the groups newly covered in 1950 and 1954. Under H. R. 7225, for example, all persons within the groups proposed to be covered initially in 1955 would have to acquire at least 20 quarters—5 years—of coverage to be eligible for maximum benefits. That would produce a significant hardship upon those who are nearing age 65 or who are beyond that age. The association has included in its appendix in this statement an amendment to section 104 (d) of H. R. 7225 to correct those inequities.

DISABILITY BENEFITS AND STATE VOCATIONAL REHABILITATION PROGRAM

H. R. 7225 would incorporate within the OASI program a new type of benefit. That benefit would be paid to children receiving children's benefits who because of permanent and total disability remain dependent after their 18th year. They would be entitled to those benefits as long as they remain disabled. A disability benefit would also be paid to certain currently and fully insured persons who are at least 50 years of age and who have not reached their 65th year. Among the conditions to be met by an individual in either group would be proof that he or she is unable to engage in any substantial gainful activity because of a medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. The American Dental Association has taken no position on that part of the plan which offers monthly OASI benefits to the totally and permanently disabled. The association does, however, object to the provisions within H. R. 7225—section 103 (b)—which would require the disabled beneficiaries to participate in a State vocational rehabilitation program to preserve their entitlement to benefits.

H. R. 7225 places within the discretion of the Secretary of the Department of Health, Education, and Welfare, the right to suspend in whole or in part the benefits of any individual who refuses, without good cause, to undertake a program of rehabilitation under State auspices. This sanction would undoubtedly compel a substantial number of totally and permanently disabled individuals to enter a program which has an entirely different objective from that of establishing OASI benefits. The effectiveness of vocational rehabilitation is dependent upon the desire of the disabled individual to make himself employable. The State plans, under the Vocational Rehabilitation Act, are designed to benefit those persons who, of their own volition, strive to overcome the handicaps which have made them unemployable. Although training is the primary function of the rehabilitation program, it is often necessary for the disabled participant to obtain personal health services to complete his rehabilitation. The cost of personal health services which the participant requires is ordinarily borne or shared by the Government in relation to the individual's ability to assume that cost. The association believes that the existing State system for providing vocational rehabilitation should not be changed, and that disabled OASI beneficiaries should participate in the State plans only if they desire to be rehabilitated. By requiring participation in the State rehabilitation program as a condition for obtaining OASI disability benefits, H. R. 7225 would, in the association's opinion, require the Federal Government to bear the complete cost of services for that group, including the cost of personal health services, without regard to the individual's ability to pay. The American Dental Association is opposed to the provisions of section 103 (b) of H. R. 7225.

In behalf of the American Dental Association, I wish to thank this committee for the opportunity of expressing the association's views on this important legislation. I request that the committee include in the record this statement and appendixes accompanying this statement.

Senator KERR. That has been done, Doctor, and we thank you. I wanted you to understand my questions were not unfriendly either to you or to your point of view. I was just trying to get certain matters clear in the record so that the committee might have it before them when they try to act on this highly controversial matter.

Dr. JONES. I assure you no offense was taken at your questions.

Senator CARLSON. As I understand, you are appearing here as a representative of the American Dental Association and express their views as voted by their house of delegates.

Dr. JONES. Yes, sir.

Senator CARLSON. That is all.

Senator KERR. Dr. Kenneth Haggerty.

STATEMENT OF DR. KENNETH HAGGERTY, PRESIDENT, ARLINGTON COUNTY, VA., DENTAL SOCIETY

Senator FREAR (presiding). Dr. Haggerty, you have a prepared statement?

Dr. HAGGERTY. Yes, sir.

Mr. Chairman and members of the committee, my name is Dr. Kenneth M. Haggerty. I am a general practitioner of dentistry in Arlington, Va. I am 32 years of age and the father of 3 children. I have been practicing general dentistry in Arlington County for 5 years. At the present time I am president of the Arlington County Dental Society.

Gentlemen, I am appearing today before you as a witness for the purpose of voicing my objection to being forced into inclusion under the Old-Age and Survivors Insurance Act. I feel it is my duty to appear before you to voice my objection to this inclusion because of my strong convictions on this subject.

I feel that I am a typical dentist of my age. I feel that I am faced with the problems that are peculiar to my profession. I am faced with the anxieties for the future that men of my age group and my profession are faced with.

Gentlemen, we suffer from a feeling of lack of security to the same extent as any other small-business man in the United States, today. I would like to trace for a moment what causes this feeling of lack of security. The No. 1 cause for this feeling of lack of security is anxiety concerning the future of my status as a private practitioner. I know of no other fields of endeavor, other than that of my profession and allied medical fields, which have been so constantly harassed with the threat of removal of the status of private practitioners and projection into a system of socialized services.

This anxiety is very real, today, and has been made more so by the possibility of my being forced into inclusion under old-age and survivors insurance.

The entire concept of social security has as one of its basic features the socialization of health services. This is no whim of mine, but has been proved by the course that social-security legislation followed in the countries in Europe.

I understand at the present time the Canadian Parliament is considering including compulsory health insurance as a facet to their social-security system.

It does not take much mental exercise to recall that as recently as in 1947, there was legislation proposed in the Congress of the United States to effect a compulsory health-insurance program in this country. This legislation was largely formulated by the Social Security Administration in office at that time. There is no difference in my mind between the philosophy of compulsory old-age and survivors insurance and the philosophy of compulsory health insurance. I cannot divorce one from the other and accept the so-called bargain rates of social security for myself and loudly deny the so-called bargain rates of socialized dentistry to my neighbor's children who are in need of dental care.

The second cause for my feeling of anxiety with the future is an economic one. I am, as other small-business men, faced with the problems of rising cost of operation, need for funds to keep current with the latest developments in my profession, both in the field of technical equipment and technical knowledge, and the heavy burden of taxation with which all occupations are saddled, today.

I have not the advantage that corporations enjoy in providing tax deferred retirement systems for their executives and employees. I do, through sacrifice, provide for my declining years and provide for my family's survival in the event of my death. This I do through private insurance. This insurance consists of a contract between myself and the insurer. Within this contract we both have rights which are protected by law. This contract cannot be changed by an act of Congress.

Through this insurance, I am gathering equity which I might see fit to use for the purpose of increasing my professional skills or equipment. This equity, this contract exists nowhere in the old-age and survivors insurance program. Compelling me to be included under OASI will further my anxiety over economic matters by increasing the amount of taxation which I must endure.

There is not the slightest guaranty in OASI that the required tax will not increase in years to come to a point that will make it impossible for the small-business man to bear the load of OASI plus other Federal, State, and county taxes. Increasing my taxes is no cure for my anxiety over the economics of my occupation. It is not wise to give an alcoholic more whisky to steady his nerves.

There are some who would accuse me of failing to accept my social responsibility in not wanting to be included under OASI. I mean by this that I have been accused of not desiring to share my part of the burden for the social benefits of my fellow citizens.

I would like to comment on that by saying that during the last year, I contributed for the employees in my office, a sum in excess of the tax that I would have to pay as a self-employed individual should I be included under the OASI program. I feel that the payment of this portion of that tax is a reasonable assumption of my part in the load.

Social security from the point of view of the retirement benefits and the survivorship benefits offers little attraction to me as a dentist. The social-security system is based on the concept of enforced retirement at age 65. Dentists who continue to work past 65 have an average annual net income of $7,192; between the ages of 65 and 69, $5,842. Since the social security law specifies that a person may not receive his full OASI benefits if he earns $1,200 a year, it is clear that very few

dentists would choose to forego their earned income potential in order to collect the social security benefits.

As regards survivorship benefits, in recent years, only 15.1 percent of the dentists died in the United States before reaching age 54. It is reasonable to assume that dentists 54 years and younger would be those who have dependent children. This 15.1 percent includes bachelors, widowers, and childless dentists.

Statistically, then, the survivors of a relatively small number of dentists would ever receive benefits.

Gentlemen, I recognize that there is a group in my profession who yearns to be included in old-age and survivors insurance. This group has been most vociferous in its attempt to make all believe that the majority of dentists are dying to be taken into this system and that we are being denied this right by the actions of some large, green-eyed dragon called the American Dental Association.

I would like to briefly expose the methods of this group which calls itself the Congress of American Dentists for OASI. At the annual meeting of the State of Virginia Dental Society in 1955 an almost unanimous vote went on record as being opposed to inclusion under OASI. During the week of October 15, 1955, I and other dentists of Virginia——

Senator BARKLEY. May I ask you there, as to inclusion or compulsory inclusion?

Dr. HAGGERTY. Against inclusion. There was no indication that it was compulsory at that time.

Senator BARKLEY. Voluntary or compulsory.

Dr. HAGGERTY. I would say yes, sir.

During the week of October 15, 1955, I and other dentists in Virginia received a postcard ballot from the Congress of Dentists for OASI asking us to return the card signifying whether or not we were opposed to or in favor of inclusion in OASI. There was nothing referred to regarding voluntary or compulsory.

That evening my Arlington County Society met and unanimously opposed inclusion and decided that the OASI Congress had no business conducting the so-called poll. We therefore agreed not to return the ballots. I personally returned my ballot with a statement expressing my displeasure at being polled by this group.

Five days later I sat in on a hearing of the reference committee of the American Dental Association at the national meeting at the Fairmont Hotel in San Francisco and I heard a member of this OASI Congress trying to convince this committee that dentists of America really wanted inclusion under OASI. He had the audacity to read the results of the poll taken in the State of Virginia as being overwhelmingly in favor of inclusion. I seriously challenge the truthfulness of the material being circulated by this Congress of Dentists.

The American Dental Association house of delegates went on record in October 1955 as being in favor of voluntary inclusion of dentists under OASI. I support this stand as a member of the American Dental Association. This stand, through a democratic process, is the will of the American dentists. If this committee deems it not possible to present the dentists with voluntary coverage, I urge that compulsory coverage should not be enacted. I thank you, gentlemen.

Senator FREAR. Dr. Haggerty, is this an expression of views of your society?

Dr. HAGGERTY. Yes, sir.

Senator FREAR. I gathered it must be because you said it was a unanimous vote of your society.

Dr. HAGGERTY. Yes, sir.

Senator FREAR. What is the membership of your society?

Dr. HAGGERTY. We have 65 members, doctors, in the Arlington County Society. An average attendance at a meeting is between 35 and 40.

Senator FREAR. That was my second question. It was a representative group who voted unanimously?

Dr. HAGGERTY. Yes, sir.

Senator FREAR. Senator Carlson.

Senator CARLSON. I believe you stated you attended the American Dental Association meeting in San Francisco this last year in 1955?

Dr. HAGGERTY. Yes, sir.

Senator CARLSON. Are you a member of the house of delegates?

Dr. HAGGERTY. I attend as an alternate delegate from the State of Virginia. I sat in on all of the meetings, but I did not have an opportunity to vote, because none of my delegation was absent.

Senator CARLSON. And the statement you have given us is the impression that you gathered from attending this house of delegates meeting as an alternate delegate?

Dr. HAGGERTY. Yes, sir.

Senator FREAR. Senator Barkley.

Senator BARKLEY. I would not want to pursue this line of questioning, as it will take too much time, and I will forego that.

Senator FREAR. Senator Malone.

Senator MALONE. I have been interested in your statement. I have always been opposed to compulsory inclusion of any organization of professional men.

With regard to the taxes we are all subject to now, does that make it a little harder for the professional man in this business, as well as others, of course, to accumulate a backlog for security—individual security?

Dr. HAGGERTY. Yes; I am sure I would have to agree with that. From my personal experience in practicing dentistry, it does not make it impossible to provide for a person's future and my family's survival. It is more difficult, I am sure, than perhaps it was 15 years ago.

Senator MALONE. And the more taxes we have, regardless of the merit—the system of increased taxes—makes it more probable, or makes it probable that a greater number of men, either in business or professions, would have to revert to asking for some kind of social security, would it not?

Dr. HAGGERTY. I couldn't agree that it would, because——

Senator MALONE. I am talking now about the average. The higher the taxes the harder it is to get a backlog for security, which makes for more of a tendency for coverage.

Dr. HAGGERTY. Yes; I agree. I think perhaps that is because of some of the sentiment that exists today.

Senator MALONE. What would this provide for a dentist retiring at 65? What would be the payments?

Dr. HAGGERTY. If the man retired with his wife, I believe, it would be in the vicinity of between $160 and $180 a month.

Senator MALONE. A couple thousand dollars a year?

Dr. HAGGERTY. Yes.

Senator MALONE. So, if you had any earning power at all left, he could do better?

Dr. HAGGERTY. Yes, sir. Yes, sir.

Senator MALONE. And it is your idea that most professional men would provide such a backlog and would retain their earning power past 65?

Dr. HAGGERTY. Yes, sir.

A great number of men who reach that age will reduce the size of their office, perhaps, and put it in their home and maybe work only 2 days a week, or maybe 2 weeks a month, but they do maintain a practice and maintain a reasonable income.

Senator MALONE. And then as their income goes down, a less percentage is paid to the Government in income tax, too.

Dr. HAGGERTY. Yes, sir.

Senator MALONE. Thank you, Mr. Chairman.

Senator BARKLEY. One question, Doctor: I believe dentists who are employed by other dentists are now covered?

Dr. HAGGERTY. Yes, sir.

Senator BARKLEY. Is that voluntary or compulsory?

Dr. HAGGERTY. Compulsory.

Senator BARKLEY. What difference from a professional standpoint is there or should there be between the dentist who is self-employed—by which I mean he runs his office and hires other dentists—and the dentists whom he hires?

Dr. HAGGERTY. I couldn't answer that, Senator. I can't understand, myself. The logic behind including a certain group of us and not including another group. I don't understand what logic went into putting that law into effect.

Senator BARKLEY. It is a fact that they are covered, as dentists?

Dr. HAGERTY. Yes, sir.

Senator BARKLEY. My recollection is that by some action of theirs, they sought to be covered.

Dr. HAGGERTY. I couldn't comment on that.

Senator BARKLEY. They weren't just yanked in without their consent, as I recall it.

Dr. HAGGERTY. I don't know.

Senator BARKLEY. It does seem a little incongruous and inconsistent.

That one group of dentists who happen to be employed by one single dentist in an office, would be included either voluntarily or compulsorily and the top man excluded altogether.

Dr. HAGGERTY. Yes, sir.

Senator BARKLEY. That is all.

Senator KERR (presiding). Thank you very much, Doctor.

STATEMENTS OF DR. DALE WEEKS, PRESIDENT, AND JOSEPH A. MORAN, COUNSEL, CONGRESS OF AMERICAN DENTISTS FOR OASI

Dr. WEEKS. My name is L. Dale Weeks. I am a practicing dentist in Indianola, Iowa. The president of the Congress of American Dentists for OASI has asked me to appear before you on behalf of the Congress to acquaint you with our recent unanimous action concern-

ing social security and retirement benefits for dentists. Accompanying me is Joseph A. Moran, esquire, of Washington, D. C., our legal counsel.

I am a member of the American Dental Association and have also been active in the Des Moines District Dental Society, in which organization I have held many offices. I am chairman of the social security committee of the Iowa State Dental Society, which is a member organization of the American Dental Association. I am a trustee of the Congress of American Dentists for OASI and it is in behalf of this organization and its some 11,000 members, who are practicing dentists, that I am testifying before this venerable group.

Senator KERR. May I ask you if that 11,000 members constitutes 90 percent, more or less, of the practicing dentists in the Nation?

Dr. WEEKS. No, that does not constitute 90 percent.

Senator KERR. What percentage, would you say?

Dr. WEEKS. There are actually, I would judge, about 70,000 dentists practicing. These 11,000 dentists would constitute, then, about one-seventh or 15 or 18 percent of the dentists in that group.

These are men who have either answered our individual poll—our poll that we took as our organization, or are men who have voluntarily contributed to the expense of our organization.

Senator KERR. What I am trying to find out is this: We had here a representative of the American Dental Association, Dr. Paul Jones. Is that a different organization than yours?

Dr. WEEKS. We are all members of that organization, but we have organized within that organization. We are all members of the American Dental Association. We organized for the purpose of finding out what the dentists of America desired concerning this social-security program. Polls had not been taken in general and there were a good many States in which polls had not been taken. Dentists from these States kept asking for polls and wanted to know what the situation was. They wanted to vote on whether or not they wanted to be included.

I want to say right here that most of these polls, and our own poll, and a good many of the official State polls were taken on the basis of the present social-security law. They were not taken on compulsory or voluntary—in other words, the present social-security law is a compulsory law and I consider that any dentist who voted a straight "Yes" or "No" question, "Do you wish to be included in the social-security law" was answering a question as of compulsion, because it is compulsory except for the clergy.

Senator KERR. Is Dr. Jones still here?

Dr. JONES. Yes, sir.

Senator KERR. How many members of the American Dental Association?

Dr. JONE. I think there are eighty-some thousand, including the honorary member, or retired membership.

Senator KERR. What percentage of the practicing dentists, then, does that represent?

Mr. CONWAY. It represents about 85 percent of the practicing dentists in this country—85 percent of all dentists.

Senator FREAR. May I just ask one question, Mr. Chairman? Of this 11,000 members in your organization, what percentage of those were self-employed?

Dr. WEEKS. I would say all of them. Well, no one can answer that question exactly, but most of them are, because they were men who were very anxious to get this coverage and most of those men are self-employed. If they were not self-employed, they wouldn't be asking for this because they would be already included. And in his answer of 80,000 members, there are a good many of those members who are already included because they are employed——

Senator KERR. They are not self-employed?

Dr. WEEKS. They are not self-employed.

Senator BARKLEY. Let me ask you one question: You say that some of these dentists in the States desired a poll and couldn't get it?

Dr. WEEKS. That is right.

Senator BARKLEY. Whom did they ask to take one?

Dr. WEEKS. They asked the American Dental Association. The Montana State Society requested the American Dentists Association to poll all its members on the question of inclusion in the Social Security Act. That request was made in the latter part of 1954, or else early in January in 1955, because at the Secretary's management conference of the ADA, on January 17 in Chicago, 1955, the American Dental Association stated that they would not poll their members. That is in the minutes of their meeting.

Senator BARKLEY. Is that the reason you organized this?

Dr. WEEKS. That was the reason we organized this group. That was our only purpose, to find out what the dentists wanted and if they wanted inclusion, we were going to work for that inclusion.

Senator BARKLEY. Are all the members of your organization without exception members of the ADA?

Dr. WEEKS. They are all members, without exception.

Senator KERR. Did you have a question?

Senator MALONE. Yes.

Do you have your poll by States?

Dr. WEEKS. Yes; I have our poll by States.

Senator MALONE. Would you tell me what your results were in the State of Nevada? Practically all of the mail I got opposed compulsory inclusion.

Dr. WEEKS. In the State of Nevada—now there are two types of polls listed here and we have starred the polls our organization took. Now our organization, the American Congress of Dentists, polled Nevada and we have this result: 21 voted yes; 20 voted no. So we put it down 50 percent voted yes.

Senator KERR. That is for compulsory coverage?

Dr. WEEKS. That word "compulsory" is all right with me, I like it, but that is on the present social-security law, which has to be considered compulsory.

Senator BARKLEY. Did you poll only the members of your organization or did you poll the members also of the American Dental Association?

Dr. WEEKS. We polled every dentist in the State. Some of those dentists are not members of any organization and yet we polled them.

Senator KERR. You polled all the practicing dentists?

Dr. WEEKS. We polled all the dentists.

Senator KERR. I want to tell you right now, we want to hear your testimony. We are interested in what you are going to tell us.

Senator CARLSON. Mr. Chairman, may I ask a question?

Senator KERR. Yes.

Senator CARLSON. We have just heard Dr. Haggerty mention the poll taken in Virginia. This is the first time I have heard of it and he rather inferred that the figures that your poll contained was not indicative of the sentiment of the dentists of Virginia and he made a very strong statement on it.

Dr. WEEKS. Yes; he made a very strong statement. I am not going to make a strong statement, I am going to make a statement as nearly factual as I can show.

First, let me ask a question: Are our signed poll cards in the room at this time? I understand they are available.

You are getting me all out of order in my paper, but that is all right if it suits you fellows.

Here is a sample of the poll card which we sent out for you to see. We did not slant our polls in any way.

Senator KERR. Well, I am going to say this for your poll. On the basis of your poll, you showed that 58 percent of the Oklahoma dentists favor it.

Dr. WEEKS. Yes. I guess so. Wait a minute until I see.

Senator KERR. That is right.

Dr. WEEKS. That is right.

Senator KERR. The poll I took—and I didn't sign it because at that time I had no position in the matter. I wrote to every one of them in Oklahoma and the result I got showed practically the same result that your statement indicates you found.

Dr. WEEKS. We have found that true.

Now I want to answer the gentleman from Nevada.

Senator KERR. Did you finish answering Senator Carlson?

Dr. WEEKS. Oh, yes. Senator Carlson.

In Virginia, 46 percent of the practicing dentists of Virginia answered our poll. They voted one way or the other. They voted yes or no. Forty-six percent voted. Three hundred and seven voted yes. One hundred sixty-seven voted no, which is 62 percent voting yes in our poll.

Senator CARLSON. Now Dr. Weeks, I admit this is all new to me, this morning, but based on the statement of Dr. Haggerty, you sent out a post card.

Dr. WEEKS. That is it, right there.

Senator CARLSON. Now I notice on that post card you didn't ask whether they wanted voluntary inclusion or compulsory. You just asked if they wanted to be included.

Dr. WEEKS. Under the social-security law, yes. Again, I will have to repeat, the social-security law, the present social security law is a compulsory law, for everyone except the clergy and when you voted yes that you wanted to be included in the present social-security law, you were voting for compulsory social security—as I see it. That is my personal interpretation.

Senator CARLSON. You assumed that, at least.

Dr. WEEKS. Yes.

Senator MALONE. Mr. Chairman, I was just going to point that out, that the chances are that among the dentists, it would seem to me about the same percentage of them would know what Congress is doing that is true of everybody else and that is about 1 percent, or one-half of 1 percent.

Senator KERR. If the Senator wants to classify the dentists in that way, I want him to do it on his own responsibility. I want to say that I reserve the right to claim a larger percentage than 1 percent know what they are doing.

Dr. WEEKS. So do I, Senator.

Senator KERR. I apologize for interrupting.

Senator MALONE. I will simply let the record stand that you have your own opinion, but we don't hear from very many people, when we come right down to it, on these pieces of legislation.

Now I am certain that unless it is explained in a vote, that they don't know what is included in this bill that is in here now, because tomorrow it may be changed, and they don't know anything about it. We don't. We have to have a meeting, here, or we don't know.

Dr. WEEKS. We don't, either.

Senator MALONE. So you send out a statement, here, containing a question "Do you or do you not want to be included in social security" —and we just had testimony from the head of the principal association that they want to be included, but on a voluntary basis. I don't see how you could get a fairer poll, here, and I am really trying to find out what the people want here, because I am not a dentist and I don't understand it. I am just basically opposed to including professional men, including engineers of which I am one. I am not going to vote against the bill on account of my feelings. I would like to know what they believe. But I don't see how you can get it with this card. All of them have testified they want it on a voluntary basis. You have simply asked them if they wanted it. You should have gotten from Nevada, instead of 20 against it, you should have had the whole 41 for it.

Dr. WEEKS. I have never seen either a Republican or Democrat candidate win 100 percent of a vote anywhere, Senator.

Senator MALONE. I am not talking about 100 percent of a vote.

Dr. WEEKS. You said have 40 for it.

Senator MALONE. The man's name is on the ballot and it is clear who he is. This is not clear. That is my point. I didn't want to be kissed off, like you are trying to do.

Dr. WEEKS. On the point of instructing them on it, there has been article after article in the ADA Journal, mostly opposed to inclusion and all of the reasons given why they shouldn't be included, in the ADA Journal which goes to every dental association.

Senator MALONE. My only statement is that your question is not clear and I ask that it be included at this point.

Senator KERR. I believe the witness is going to put it in the record on his own initiative.

Senator MALONE. I ask that it be included in the record.

Senator KERR. It will be included in the record.

(The card referred to follows:)

DR. EARL S. ELMAN, SECRETARY
CONGRESS OF AMERICAN DENTISTS, INC.
CHICAGO, ILL.

To the Dentists of South Carolina:

The Congress of the United States is anxious to know what the wishes of the American dentsists are in regard to being included under old-age and survivors insurance (social security). We are conducting this poll to get this information for Congress. Please mark and return the attached card immediately.

CONGRESS OF AMERICAN DENTISTS FOR OASI.

Are you in favor of dentists being under old-age and survivors insurance (social security)? Yes—— No——.

Name_____ D. D. S.
Address _____

Ballots not signed with name and address will not be counted.

Senator KERR. Proceed with your statement on the basis of the information you have and the recommendations you make.

Dr. WEEKS. I am proud to say that each and every member of this organization is wholeheartedly in favor of compulsory social security for self-employed dentists.

The Congress of American Dentists for OASI is a nationwide organization which was charted in April 1955, in accordance with the corporate laws of the State of Illinois. It is a non-profit-sharing organization with a representative number of members in every State. None of its member or officers receive any kind of a salary, and its primary and only purpose is to promote old-age and survivors insurance for dentists and their families. When this goal is achieved, the organization will be liquidated and any funds in the treasury at the time of liquidation will be contributed to the ADA relief fund. All the officers of our organization are members in good standing of the ADA and many of our members are officers of constituent State and district associations.

This organization has functioned in accordance with the principles followed by the house of delegates of the American Dental Association meeting held in San Francisco on the 17th through the 20th days of October 1955. It was not formed in violation of the policies of the house of delegates of the ADA; as a matter of fact, the president of the ADA at that time urged those members in favor of compulsory inclusion under OASI to appear before congressional committees to express their views.

The ADA was not able to agree on OASI and does not have a policy which is representative of the views of the majority of its members. In this respect I am submitting herewith a certified extract of part of the minutes, ADA house of delegates meeting at San Francisco this past October, and request that it be read as a part hereof.

(The minutes above referred to follow:)

EXHIBIT A

The following is an extract of the verbatim minutes of the meeting of the house of delegates of the American Dental Association held at San Francisco, October 17–20, 1955.

(Starting on p. 99:)

SHANDLEY. The chairman moves the adoption of this resolution (for inclusion).

Seconded.

HUGH MOSELY, Jr. (Arkansas). Moved to table.

Speaker LYONS. The Chair recognizes that motion. The motion to table is not debatable. This vote to table is a vote that has a direct bearing on the issue of OASI. The Chair will therefore interpret the previous ruling with reference to the method of voting as also applying to this motion. He, therefore, calls for a rollcall vote on the motion to table. It is not debatable. A simple majority is necessary to carry.

The Chair is a bit troubled with reference to the imposition on your time because it is quite obvious that the motion to table is in effect a negation of the prevailing motion. A substitute motion to negate is never in order, but a motion to table is always in order. A motion to table if successfully carried would be a defeat of the prevailing motion in practical interpretation and the speaker simply calls your attention to the fact that you will be voting twice on the same issue. With general consent, and only with general consent, the Chair will call for a voice vote or a standing vote to table the motion, and the Chair makes that suggestion only in the interest of conserving that time. As far as the speaker is concerned, he could not care less which way you vote, by what method or anything else. Does the Chair have general consent to call for the motion to table by voice vote?

VOICES IN UNISON. Yes.

Speaker LYONS. Is anybody in opposition? Let's go. Unless we have unanimous consent, we will take a rollcall.

(After clarification of ADA position and meaning of vote to table:)

Dr. CLARK. Mr. Speaker, I submit that if you vote to table, the thing is done. If you vote not to table, resolution 248 must be taken up.

Speaker LYONS. You are correct.

(Tabling defeated, 246 to 162. Tabulations on another sheet.)

Speaker LYONS. The motion to table is lost by a vote of 162 to 246. A total of 408 votes were cast.

JOHN A. ZWISLER (Illinois). Mr. Speaker, I move the substitution of the following resolution for the prevailing resolution: "*Resolved*, That the voluntary inclusion of dentists under the old-age and survivors insurance program of the Federal Social Security Act be approved."

Speaker LYONS. That is the essence of resolution 248.

VOICES IN UNISON. No.

Speaker LYONS. For purposes of clarity, let's understand that the motion prevailing at the moment—

(Reads Resolution 248.)

That motion has been moved and seconded and is now before us for discussion. How does your substitute differ?

ZWISLER. My substitute motion is the same as Resolution 250.

Speaker LYONS. I did not catch the word "voluntary," sir. You move that as a substitute motion.

(The motion was seconded.)

Speaker LYONS. The substitute motion is now before us for debate.

Dr. ALSTADT (Arkansas). I know some of you won't think you are hearing correctly but the 12th district is in favor of the Illinois resolution calling for voluntary inclusion.

(Dr. Teich objects to voluntary resolution as not acceptable by Congress.)

LYONS. Thank you, Dr. Teich. The Chair has no alternative other than to entertain a substitute motion and to hear your debate on the question. Does anyone else wish to debate the substitute resolution?

S. G. STANDARD (New York). Point of information, Mr. Speaker. If you take action on this Resolution 250 will that necessarily negate Resolution 248, or will we have to subsequently act on 248?

LYONS. If you adopt Resolution 250 you will then have a policy for the ADA. The substitute motion is not a negation, it is a modification of, and the Chair must entertain it.

Dr. STANDARD. Mr. Speaker, then I understand that should this resolution be adopted we will not act on Resolution 248.

LYONS. Not unless someone moves successfully to reconsider the question of ADA policy on OASI.

(Tally of vote—vote carried (tabulation on another sheet).)

A. M. BOMMER (Massachusetts). I would like to have consideration of Resolution 248. I so move.

LYONS. The Chair rules that out of order because we now have a prevailing policy and unless this House votes to reconsider its policy, other motions with reference to that policy are out of order. We substituted Resolution 250 for Resolution 248 and the substitute carried.

BOMMER. Mr. Speaker, I move for reconsideration.

VOICES IN UNISON. No. No.

LYONS. Is there a second to the motion to reconsider?

(Motion seconded.)

LYONS. All in favor of reconsidering the vote just taken will signify by saying "Aye." Opposed "No." The motion to reconsider is lost.

LEO GORDON (New York). I believe that in the confusion that existed the Speaker, with all due apologies to my few words, was not able to get the true sentiment, and I believe that a rollcall would be more equitable. I therefore move you, Mr. Speaker, that we have a rollcall instead of a show of hands.

VOICES IN UNISON. No, No.

LYONS. Resolution 250 as a substitute for Resolution 248 has been carried so 248 is now a dead issue.

Dr. TEICH. The house rescinded its fomer policy which was to oppose the inclusion of dentists in compulsory OASI. When the vote was taken the association went on record as not opposing the compulsory inclusion any longer. We have not taken a vote that we are to oppose compulsory inclusion. My point is that dentists as individuals and in groups can under this existing condition make a petition to the Congress of the United States for the compulsory inclusion of dentists under OASI and yet not be against the policy of the ADA.

LYONS. When an organization rescinds a policy it simply goes back to the point of zero, it does not go over on the other side, and from that point of zero this organization has now taken a stand in the direction of favoring voluntary inclusion. That is not to say you do not still have your inherent right as an individual citizen. Do you agree with that, Dr. Shandley?

SHANDLEY. That was the thinking of our committee and yet our committee was very anxious that the association should have a policy. I think the speaker has expressed our thinking. You have an inherent right as a citizen to make individual petition.

LYONS. Dr. Teich, does this answer your question?

TEICH. Mr. Speaker, and members of the house, it does not answer my question, except, as I understand it, this house has voted to favor voluntary inclusion, but no one will be violating the policy of this house if they work for compulsory inclusion. That is exactly the point that I meant to make, that as the matter stands by the action taken this afternoon you have merely created a situation where dentists throughout this country are going to undermine the prestige and the force that this association has had for the good of dentistry because I know, and I am sure many of you here know too, that very many dentists, in groups and as individuals, will now be able to go before the Congress and work for the compulsory inclusion of dentists under OASI, and not even be in violation of any policy that has been adopted here because you have left the matter open insofar as compulsory inclusion is concerned.

LYONS. The secretary might contribute an important point of view on the subject by way of interpretation.

Secretary HILLENBRAND. My interpretation would be that there is no present policy on compulsory inclusion and to that degree the last speaker is correct. We do have a policy now on voluntary inclusion. I do not believe you could now go back and adopt a policy favoring compulsory inclusion because voluntary and compulsory mutually exclude each other. It would be possible however, for this house, if it were so inclined, to direct the council on legislation to oppose compulsory inclusion. That motion is still open.

TEICH. Mr. Speaker, I respectfully take issue with our secretary. We have just voted that the ADA is not to oppose compulsory inclusion.

HILLENBRAND. I said by a new motion, Dr. Teich. At the present moment you are correct.

(No further resolutions or motions offered. Chair turned over to President Lynch.)

LYNCH. Let's not be divided, especially before Congress. I realize that there are some members of our profession who would prefer compulsory inclusion. I also realize that there are some members of our profession who do not want compulsory inclusion. You now have the situation wherein if you want it, you can ask for it, and if you don't want it you can oppose it. In other words, we are being very democratic and I am very proud of what you have done.

This is to certify that the foregoing is an exact extract of the transcript of the official minutes of the meeting of the house of delegates of the American Dental Association held at San Francisco, Calif., during October 17–20, 1955. This extract was made by the undersigned personally from the official minutes of the American Dental Association, of which I am a member, in the offices of said organization, Chicago, Ill.

EARL S. ELMAN, D. D. S.

Dr. WEEKS. To quote the final statement made by Dr. Lynch, the presiding president of the ADA at that time, I read as follows:

Let's not be divided, especially before Congress. I realize that there are some members of our profession who would prefer compulsory inclusion. I also realize that there are some members of our profession who do not want compulsory inclusion. You now have the situation wherein if you want it, you can ask for it, and if you don't want it you can oppose it. In other words, we are being very democratic and I am proud of what you have done.

In order to fairly ascertain the viewpoint of self-employed dentists concerning the question of social security, the Congress of American Dentists for OASI conducted statewide polls from September to December of 1955 of all dentists in States wherein previous polls had not been conducted by State societies. A reply post card was enclosed and the sole question asked was, "Are you in favor of dentists being under old-age and survivor insurance (social security)? Yes or no?" Space was provided for the name and address of the voter to the effect that ballots not signed with name and address would not be counted. I have here for your inspection a sample card which is an exact duplicate of the one hereinbefore mentioned.

(The card referred to appears on p. 315.)

Dr. WEEKS. Cards were addressed to Dr. Earl S. Elman, secretary, the Congress of American Dentists for OASI, with postage to be affixed by the voter. This particular poll covered 26 States, the District of Columbia, and a part of Pennsylvania. For example, in the Comomnwealth of Virginia, 62 percent of the dentists participating in the poll voted in favor of compulsory old-age and survivor insurance.

Polls taken by the individual State societies have been reported by the State secretaries through official State journals and in some cases by individual officials of those organizations.

Senator BARKLEY. Do you know whether the dentists in Arlington voted in that Virginia poll?

Dr. WEEKS. We have the signed cards out here in a car outside the office, the signed cards from Virginia and we can substantiate that if you want us to.

Senator BARKLEY. Inasmuch as Dr. Haggerty said their society over there voted not to respond to the card at all—the representatives of that society—I presume if they took that in good faith, they did not vote.

Dr. WEEKS. The individuals may not have voted.

Senator BARKLEY. If they had voted and voted according to the resolution of their society, they would have voted against it.

Dr. WEEKS. They would have voted against it if they voted. They probably refrained from voting. However, 46 percent of the dentists of Virginia did vote in this poll.

Senator FREAR. Mr. Chairman, in fairness to Dr. Haggerty, I believe he did state in his testimony that although his society went on record not sending in the cards, that he personally sent one in.

Dr. WEEKS. Also, he stated that this society only represented about 65 members and usually there were only about 35 present so it was a very small group.

Senator FREAR. He also stated that it was a representative number of people at the meeting.

Dr. WEEKS. Yes; an average number that attended their meetings. That I will agree with.

The results thereof, out of approixmately 40,000 was an average of 73.9 percent of those participating in these polls being in favor of social security.

Senator KERR. That reference to the results obtained where the individual State societies as such, or officials of such societies conducted polls in certain numbers of the States in which some 40,000 dentists practice?

Dr. WEEKS. No; that 40,000 is the group that answered. We have had remarkable results on polls. Both our own poll and the State polls. Well over 50 percent usually answered and voted 1 way or the other, and that 40,000 is the number who voted in the polls, the total polls voted—the total men who voted was about 40,000.

Senator KERR. That was in the poll taken——

Dr. WEEKS. By the States and by our group where the State had not——

Senator KERR. That included not only the State society polls, but also yours?

Dr. WEEKS. Ours, also.

Senator KERR. In order that we might have it clear, which part of this is your poll and which part is the States' or do you get to that?

Mr. MORAN. If I may enlighten you, Senator, the exhibit which I handed you on Congress of American Dentists for OASI stationery, shows both polls conducted. The first one beginning with Alabama and ending with Oregon on page 1, taking up with Pennsylvania partial and ending with West Virginia on page 2, was the poll conducted by the Congress of American Dentists for OASI.

Senator KERR. That is your organization?

Mr. MORAN. Yes, sir; that is right.

The following poll starting with the State of California and ending on the following page with the State of Wyoming was the poll taken by the individual State societies.

Senator BARKLEY. They are identified with the ADA?

Senator KERR. All of them are.

Mr. MORAN. All of them are members of the American Dental Association, Senator Barkley.

Senator MALONE. Was the statement sent by the State organizations worded just like your statement, or question?

Dr. WEEKS. Well, I can give you dozens of examples.

Senator MALONE. They were all different?

Dr. WEEKS. Not very much different. Most of them are the same.

Senator MALONE. Would you read one of them if you have it there?

Dr. WEEKS. Yes, or I can give you a good many of them just without reading them.

Senator MALONE. Did they mention whether they wanted voluntary or compulsory?

Dr. WEEKS. Nearly all States polled whether they wanted under or not. Illinois asked about voluntary and compulsory. I would

have to refer to Dr. Elman for a complete description of the Illinois poll. He will be a witness later and if you wish to ask him about the Illinois poll, you may.

However, in the Iowa poll, our Iowa State directors of our Iowa State society authorized the poll and had the secretary of the State society send out poll cards. When those poll cards were returned, the board of trustees of the Iowa State society met, went over them and counted them and stated the result of the poll. The poll card simply asked whether or not they wanted inclusion in the social security law.

Now, I will agree with you to this extent, Senator: We weren't as smart as the lawyers were. Dentists aren't supposed to be.

Senator BARKLEY. Well, who would expect you to be.

Dr. WEEKS. We are not supposed to be, you know.

Senator MALONE. Tell us why you weren't that smart? What did you do?

Dr. WEEKS. The lawyers here recently asked the American Bar Association—they asked all their State bar associations to poll and find out what the sentiment of the lawyers was, and they asked, as I recall it, four questions:

(1) Do you want inclusion in the social security law?

(2) Do you want inclusion in the compulsory social security?

(3) Do you want inclusion in the voluntary law?

(4) If voluntary is unattainable, do you want inclusion under compulsory?

We should have done that, but we weren't smart enough to do that. I am sorry we didn't do that.

Senator MALONE. The only point I am making—and I want you to understand all I am trying to do is clarify the record because this is something we ultimately have to vote on—your only point was to determine whether you wanted this compulsory or not, and you didn't ask the question. Your main association is for inclusion, but on a voluntary basis. You could have contributed considerably to our enlightenment if you had just asked if you want compulsion or want it on a voluntary basis. You could have done that.

Dr. WEEKS. The vote later on will give you some evidence of what they want.

In the bar association a majority of them voted on that final question, "If voluntary is not attainable, do you want compulsory?" and the majority said "Yes."

Senator MALONE. What was their vote on the compulsory?

Dr. WEEKS. You people had that in here last week, and I am not closely connected with it.

Senator MALONE. I thought you might know.

Dr. WEEKS. I just don't happen to know.

Senator MALONE. What would be your opinion, now, if you had sent out a questionnaire and just said, "This bill or legislation evidently provides for inclusion. Do you want it compulsory or voluntary?" What do you think then the result would have been?

Dr. WEEKS. Without any doubt at all, I would say that 60 percent of the dentists of America would vote for compulsoory under such circumstances, just as the lawyers have been doing. We are no different from any other group.

Senator MALONE. You just said you didn't know how the lawyers voted.

Dr. WEEKS. I don't know, exactly. I can't tell you exactly, but I think it was approximately 60 percent. I don't want to be quoted as saying that is exactly what is was.

Senator MALONE. If you voted that you didn't want to be included, it would be that he wanted out entirely.

Dr. WEEKS. The reason we didn't put voluntary on there is that we have been told—and Senator Kerr made a statement somewhat to the same effect recently in this meeting, that it appears—and it appeared to us at the time, that "voluntary" was unattainable. Therefore, if it was unattainable, why bother voting for it. Because we had been told a good many times from a good many sources that "voluntary" would be unattainable for the very reasons Senator Kerr gave during Dr. Jones' testimony. Therefore, we did not vote on voluntary.

Mr. Moran made this suggestion: So far as we are concerned, we are not opposed to the voluntary. Our organization is not opposed to voluntary, but we don't want you gentlemen to get the idea that if we don't get voluntary, that we don't want anything.

Senator MALONE. That would be an entirely different statement that you are making. If you just said, "We want to be included, either voluntary or compulsory," then it would be simple for our judgment. You are at least giving me the impression that you want compulsory insurance and that that is what your vote indicated.

Dr. WEEKS. Well, isn't the present law compulsory?

Senator MALONE. But the question now is whether it should be voluntary or compulsory and that is the question before us. That is your main association's opinion, like the members of the bar association or professional engineers or any association who are generally represented by a national association. They have already testified that they want it voluntary, but not compulsory.

Dr. WEEKS. Am I not correct in saying that only about 15 percent of the engineering profession are not already covered because most of them are employed?

Senator MALONE. Well, they may be, but the general concensus of people running their own business is that they didn't want to be included, but nevertheless what we are trying to find out now from you—and I only wanted to clarify the record, and I think it is perfectly clear, now, that your people, when you told them that they wouldn't be included at all unless included as you indicate, compulsory——

Dr. WEEKS. That is correct, we didn't feel they would be included at all if it was not compulsory.

Senator MALONE. Then I don't think your poll is too good with regard certainly to compulsory and voluntary.

Dr. WEEKS. Don't you think the dentists want to be included in some manner?

Senator MALONE. I think you have done a fine job in that respect.

Dr. WEEKS. Then I am happy that that is cleared up.

Personally, I can see no objection to our being included under "voluntary."

Senator MALONE. You would have no objection if we put you in as vountary?

Dr. WEEKS. I have no personal objection. It is all right with me, and I think it is all right with most of our members, but we don't want any mistake made to have anybody think we don't want it under compulsory.

Senator MALONE. You don't want us to understand now that everyone who voted wanted it compulsory?

Dr. WEEKS. No. But everyone who considered it compulsory would certainly accept voluntary.

Senatotr KERR. The witness has given the committee what his opinion is.

Senator MALONE. He hasn't given me his opinion and I am the one asking the question now.

Go ahead.

Dr. WEEKS. We hope we have indicated to you that we want inclusion, some way or another.

Senator BARKLEY. You prefer compulsory?

Dr. WEEKS. We prefer compulsory—do you want to know why I personally think compulsory should be given?

Senator KERR. We would be glad if you would tell us.

Dr. WEEKS. A young man is always enthusiastic and sure at age 25 that he is going to own the world at age 65. A young dentist in our community 5 years ago opened his office. An insurance agent came to me and said, "I can't sell Bill Davis any insurance. I wish you'd talk to him. He has a wife and two children and $20,000 debt and he won't buy insurance."

Well, I went over to Bill and talked to him about it.

He said, "Why Doctor, I have no need whatever at my age for insurance. When I get to be an old man 40 years old, in danger of disease or anything like that, then I am going to buy insurance, but I am going to wait until then before I buy it because there is nothing going to happen to me. I am healthy and I won't be sick," and he refused to buy any insurance. Six months later they diagnosed him lymphatic leukemia and he died just a few months later.

That is indicative of the attitude of some young men.

Now suppose we have it under "voluntary" and a group of men refuse to take it under "voluntary," in any age, for instance, and they refuse to take it under "voluntary." Then suppose a coronary hits them and they have to cut down to half, or suppose their wife is in the hospital with a stroke and it wipes out everything they have? Can't you see those men coming in here today just as we are here today appealing to you to change that back to compulsory and let them in?

I think it is time to settle this thing once and for all. That is my personal opinion, now, but that is the reason I think they should be under compulsory, because a number of them who will later on need it and be clamoring for it will have themselves shut out of it and they will be continuously clamoring to get in, later on.

Now that is my personal opinion and it is not part of my paper and not part of my organization's instructions to me. I am just talking to you, man to man.

Senator BARKLEY. Mr. Chairman, I have to go to the floor of the Senate and if I might, I would like to ask the doctor a question or two.

Was your poll taken before or after the American Dental Association changed its position?

Dr. WEEKS. It was taken before. It is one of the reasons the position was changed.

Senator BARKLEY. So that your poll was taken among your members and the members of the American Dental Association, at a time

when the American Dental Association had gone on record against any inclusion of any sort?

Dr. WEEKS. That is correct, and a good many of the State polls were taken before that.

An example of that: In 1952, Minnesota took a poll—their State officers—an official poll. That poll resulted in a 72 percent vote for social security. In 1955, in the summer of 1955, they wondered if there had been any change. They polled again, and there must have been—well, I have forgotten what percentage, but it was a huge percentage voted—88 percent of the dentists of Minnesota voted in that second poll; 67 percent voted in the first poll, in which 72 percent voted "Yes." Two years later, 88 percent voted in the poll, and 85.9 percent voted "Yes."

The sentiment has changed among the dentists.

Senator BARKLEY. Let me ask you this: Inasmuch as Congress has included all dentists who are not self-employed, in the compulsory system of social security, do you regard that as a step toward socialized medicine?

Dr. WEEKS. No, sir. With the social security program—I don't want to take your time; I could talk for a long time on social security. You are a very respected Democrat. I am a Republican. I do not consider——

Senator BARKLEY. Well, I am sure you are a respected Republican. I am sure there are a lot of questions about which we both agree.

Dr. WEEKS. I am very certain of that. The social-security program I do not consider a socialistic program in any way. On the other hand, if it is a socialistic program, we are in it. If all but a few professional people are in, why it is here, and I can't see any reason why that has any effect.

I consider that the social-security program 20 years from now will have reduced the old age pension loan away down here [indicating] and that is a load on the direct taxpayer. The old age pension load is.

Now we are off the subject, gentlemen, and I am sorry.

Senator BARKLEY. That was brought up here today in the testimony of one of the witnesses, that this is a step toward socialized medicine. I am against socialized medicine.

Dr. WEEKS. So am I.

Senator BARKLEY. I am not against the Federal Government cooperating with the States and the counties and the cities all over this country as they are doing, to bring about better health among our people.

Dr. WEEKS. Neither am I.

Senator BARKLEY. Every time somebody introduces a bill in Congress to bring that about we hear that we are on the way toward socialized medicine.

Last year when this great polio vaccine was brought out or brought forth, I got letters from people demanding that the Government of the United States withdraw entirely from anything, from any connection with this polio vaccine and turn it all over to the medical profession.

I wrote one of them and asked if that meant that they wanted the Bureau of Public Health, the Public Health Service, to withdraw, under whose jurisdiction and whose guidance this thing had been developed in large part, and I never had any reply to that letter. I am not frightened, as far as I personally am concerned, but the buga-

boo of socialized medicine just because somebody introduces a bill somewhere to improve the health of our people, nearly always comes up.

Every county in this country has a county physician. It has a county health department. Every State has one, and they are undertaking to promote the health of the people by whatever method the State laws permit. With these State organizations and these county organizations, the Public Health Service of the United States cooperates to try to bring about better health. I do not regard that as socialized medicine or as a step toward socialized medicine. And I don't believe there is anybody in this country in his right mind who would vote to abolish any of these health agencies from the United States Public Health Service all the way down to a little city physician in a small town in the United States. That is my view.

Dr. WEEKS. I consider it completely folly and beside the point when anyone construes social security as socialism.

I will go one step further and say something here maybe that I shouldn't say. I think that the idea of Government help in the case of a catastrophic illness is not socialized medicine either.

I have a girl from our town a young woman, with 3 children, in the hospital right now, and she has been there for 3 years. Her husband has spent every dime he has and she is now in the county hospital with a brain tumor, lying there completely unconscious and will be and may live for years. That has broken that family's finances. That is catastrophic, financially. Something ought to help that. If it is socialized medicine, I am for something that will help her. I am not for socialized medicine, but I am for something of that kind.

Senator BARKLEY. It was brought in here that this is a step toward socialized medicine and I can't understand, if those who are in it now are not in the process of getting toward socialized medicine, why would it be so in this case.

Dr. WEEKS. I consider it utterly ridiculous to consider this a part of socialized medicine.

Senator KERR. You may proceed, Doctor.

Dr. WEEKS. It is our opinion that a poll of the mail received by the congressional offices from dentists would bear out this position since we are advised that a preponderance of correspondence received from dentists is in favor of OASI. A duly certified report of the aforementioned polls has been prepared and is respectfully submitted.

(The certified report referred to follows:)

CONGRESS OF AMERICAN DENTISTS FOR OASI

OFFICE OF SECRETARY, CHICAGO, ILL.

JANUARY 14, 1956.

This is a letter to certify the results of the complete statewide polls conducted by the Congress of American Dentists for OASI and taken in 26 States, the District of Columbia, and part of Pennsylvania, from September to December 1955. The sole question asked was, Are you in favor of dentists being under the old-age and survivors insurance (social security)? Yes——. No——. Space was provided for the name and address of the voter with the notation on the bottom of the ballot that "Ballots not signed with name and address will not be counted." The cards were prior addressed to Dr. Earl S. Elman, secretary, with postage to be affixed by the voter. All ballots were prepared and mailed in the offices of Oral Hygiene Publications, 1005 Liberty Avenue, Pittsburgh 22, Pa., using their complete statewide addressing service.

As the recipient and counter of the ballots of all these polls except Missouri, I hereby certify that to the best of my knowledge all signed ballots received

by me by December 24, 1955, indicating either "yes" or "no" were counted and included in the tabulations below.

State	Total cards mailed	Total cards returned	Yes	No	Percent voters in favor
Alabama	675	307	213	94	69
Arizona	326	148	75	73	50
Arkansas	397	189	135	54	71
Delaware	128	47	37	10	78
District of Columbia	609	222	156	66	65
Georgia	855	233	194	139	58
Idaho	232	99	50	49	50
Indiana	1,765	865	571	294	66
Kentucky	830	384	197	187	51
Louisiana	804	304	208	96	68
Maine	328	208	161	47	77
Maryland	958	452	361	91	79
Mississippi	408	170	119	51	70
Missouri [1]	2,252	1,077	885	192	82
Nebraska	731	380	267	113	70
Nevada	82	41	21	20	50
New Jersey	2,869	1,194	1,067	127	89
New Mexico	206	109	51	58	47
North Dakota	238	135	111	24	82
Oregon	1,032	491	380	111	77
Pennsylvania (partial)	2,040	986	851	135	82
South Carolina	320	129	100	29	77
Tennessee	963	443	147	296	33
Texas	2,261	887	370	517	41
Utah	388	214	143	71	67
Vermont	145	65	56	9	86
Virginia	1,025	474	307	167	62
West Virginia	584	288	205	83	71

[1] The Missouri ballots were received and counted by Dr. R. E. VanDover of St. Louis, Mo. who has reported the above results. All these ballots, including those from Missouri, are available for vertification.

The following polls taken by the individual State societies have been reported by the State society secretaries, through official State journals, and a few by individual officials. These reports are available for verification.

State	Voting	Yes	No	Voters in favor
	Percent			*Percent*
California	54	897	646	58
Colorado	63	235	181	56
Connecticut	51	407	293	56
District of Columbia	72	256	121	[1] 67
District of Columbia	59	143	169	[2] 49
Florida	69	392	344	54
Illinois	77	2,983	469	86
Iowa	92	817	148	76
Kansas	80	329	213	60
Maryland	64	350	179	66
Massachusetts	50	1,172	52	94
Michigan	72	1,311	788	61
Minnesota (1st poll)	67	927	325	[3] 74
Minnesota (2d poll)	88	1,423	232	[4] 86
Montana	88	160	56	65
Nebraska	46	193	125	61
New Hampshire	81	151	30	83
New York	66	6,117	863	87
North Carolina	60	299	269	52
Ohio	41	881	581	60
Oklahoma	58	216	176	57
Oregon	58	397	140	74
Pennsylvania:				
Odontological Society	----------	700	135	84
Philadelphia	----------	729	209	76
Rhode Island	61	185	54	80
South Dakota	94	149	47	76
Tennessee	36	59	297	13
Washington	60	540	242	69
Wisconsin	74	956	505	65
Wyoming	43	44	7	84

[1] Poll, November 1953.
[2] Vote, June 1955.
[3] 1951
[4] June 1955.

Percentage voting (column 1 above) was computed through the total of yes and no votes in each State with the published number of members in the ADA directory.

EARL S. ELMAN, D. D. S.,
Secretary, Congress of American Dentists for OASI.

STATE OF ILLINOIS,
County of Cook, ss:

I, N. Greenberg, a notary public, do hereby certify that on the 14th day of January 1956 Earl S. Elman personally appeared before me and being first duly sworn by me acknowledged that he signed the foregoing document and declared that the statements contained therein are true.

In witness whereof, I have hereunto set my hand and seal the day and year above written.

[SEAL]

N. GREENBERG,
Notary Public.

Dr. WEEKS. The results of the above polls we believe constitute conclusive evidence that a large percentage of the self-practicing dentists of the United States desire to be included in the old-age and survivors insurance program on the same basis as members of other self-employed groups.

Does that satisfy you? I will read that sentence, again.

The results of the above polls we believe constitute conclusive evidence that a large percentage of the self-practicing dentists of the United States desire to be included in the old-age and survivors insurance program on the same basis as members of other self-employed groups.

Senator MALONE. I still call attention to the statement that there is no distinction as to whether they want in or out, if they are given a choice.

Dr. WEEKS. We are not at odds. We are simply trying to understand each other.

Senator MALONE. I think the record is clear now that it did not ask whether it be voluntary or compulsory.

Dr. WEEKS. Yes.

At the annual meeting of the house of delegates of the ADA held in San Francisco on October 17 through 20, 1955, action was taken to determine the position to be taken by the ADA. At that time, a resolution was presented by the reference committee on insurance to rescind the policy of opposing the inclusion of dentists under the old-age and survivors provisions of the Social Security Act. This resolution was adopted and was passed by a vote of 266 to 142. A further resolution to approve OASI was then presented by the reference commitee. A subsequent motion to table said resolution was defeated by a vote of 245 to 162. Unfortunately, there was some misunderstanding and confusion during this session concerning voluntary inclusion and compulsory inclusion which caused a split of the delegates' votes.

A number of delegates to the ADA meeting in San Francisco were personally opposed to compulsory inclusion. However, the constituency that they were represented had been polled by the appropriate State societies. The results of these polls showed a majority of the dentists were in favor of compulsory inclusion. Therefore, the delegates were committed to vote for inclusion, but through parliamentary maneuvering there was not a resolution entertained favoring compulsory inclusion, and when the substitute motion for voluntary inclusion was made, it permitted these delegates to vote only for voluntary

inclusion regardless of the fact that the majority of their constituents were in favor of compulsory inclusion.

Senator MALONE. You are interpreting this as a request for compulsory insurance, whereas you didn't ask that question.

Dr. WEEKS. We are interpreting it as a desire for inclusion.

Senator MALONE. I just wanted to clarify the record.

Dr. WEEKS. For example, the Michigan State Society poll showed that 61 percent of the dentists participating were in favor of compulsory OASI. Yet the 16 delegates from that State voted for voluntary inclusion. Therefore, the results of the house of delegates meeting at San Francisco which showed that group in favor of voluntary inclusion did not represent the true desires of the majority of dentists in the country.

The mention of voluntary inclusion under OASI is usually introduced by those opposing OASI in order to confuse the issue and to prevent the approval of compulsory coverage. To further substantiate this view, the following is a quote from the journal of the ADA of November 1955 reporting the action of the house of delegates on OASI:

> There was a general belief expressed that with an election year coming up, the Senate would follow the House's lead in expanding OASI coverage, and dentists, whether they wanted it or not, would be covered. In addition, sentiment in the profession had shifted further. The pro-OASI forces were stronger. When the house of delegates opened its 96th annual session, October 17, in the Gold Room of the Fairmont Hotel, 8 resolutions concerning some aspect of OASI had been submitted. It was clear that some sort of policy modification would be considered. When the debate was over, the house of delegates had rescinded its former policy of opposition and had adopted instead a resolution favoring voluntary coverage of dentists in the program. The vote was 246 in favor, 163 against. Adoption of the new policy followed a tortuous path. A reference committee recommendation to rescind the former policy of opposition was passed 266 in favor, 142 against. A motion to table the second reference committee resolution favoring the compulsory inclusion of dentists lost 162 to 246. A delegate from the floor offered a substitute motion for the committee's resolution. He proposed approval of voluntary inclusion of dentists in old-age and survivors insurance. With the anti-OASI forces voting favorable and the pro-OASI forces split, approval of voluntary coverage became the new policy. The debate over, and the vote in, the consensus was that everyone had something of which the membership would approve.

It is clear that the action of the house of delegates of the ADA in rescinding its policy of opposition to OASI established the apparent desires of the dentists. The present status is that the American Dental Association does not have a policy as such on compulsory OASI. That reiterates our purpose in forming this organization for which I am appearing here today. Our organization does have a policy, and it is unanimous for compulsory OASI. However, it is not the intent of the members of our group to ask for special favors; they only ask that they be given the right to be included in the OASI program as any other self-employed group.

It is interesting to note that there are many dentists already covered under OASI as employees of institutions and as employees of other dentists, and many are covered through self-employment in other occupations. From association we feel certain that these particular dentists are very much in favor of permanent coverage and doubt very seriously if this committee has received objections from any dentists who are now covered.

However, there has been concern expressed by these covered dentists because until a law is passed to include all dentists, it is possible that they could lose all or part of their benefits which they now enjoy by reverting to self-employed status or becoming employed in a non-covered organization.

Because of our great interest in this legislation, we have contacted other professional groups and find that, with the exceptions of the physicians, who adhere to the policies of the American Medical Association, they are in favor of this legislation. Many of the bar associations are in favor of compulsory social security coverage for self-employed practicing attorneys. For example, the Bar Association of the District of Columbia, the Oregon State Bar Association, and the Iowa State Bar Association, are just a few of the other self-employed groups in favor of being included in the proposed legislation.

In conclusion, gentlemen, you may rest assured that all dentists from every State in these United States are deeply interested in this question.

A clear majority have expressed their desire for inclusion under OASI. In this statement I'm sure you will have to agree because of the correspondence each member of this committee has received from his own constituents.

Further, a survey we have conducted indicates that every United States Senator has received substantial mail on this issue from dentists in his particular State, and a preponderance of this mail is in favor of compulsory OASI coverage.

It is in behalf of these constituents that we humbly petition this committee to give favorable consideration to the inclusion of self-employed practicing dentists among the self employed groups to be covered under the proposed amendment to the old-age and survivors insurance provision of the Social Security Act.

Thank you very much for the opportunity to appear before you this morning.

Senator KERR. Thank you very much, Dr. Weeks, for a very able statement. I presume that the additional exhibit which was given each member of the committee is, according to your desire, to be made a part of the record.

(The document referred to appears at page 324 of this record.)

Senator KERR. Dr. Gerald I. Shapiro.

STATEMENT OF DR. GERALD I. SHAPIRO, FIRST DISTRICT DENTAL SOCIETY, DENTAL SOCIETY OF THE STATE OF NEW YORK AND THE AMERICAN DENTAL ASSOCIATION

Mr. SHAPIRO. My name is Gerald I. Shapiro. I am a self-employed dentist practicing in New York City. I am a member of the First District Dental Society, a component of the Dental Society of the State of New York and the American Dental Association. I am here in my capacity as chairman of the First District Dental Society committee to work for the inclusion of self-employed dentists in the old-age and survivors insurance system.

In July 1952 the almost 4,000 members of the First District Dental Society were polled by means of a return postcard as to their feelings on being included in the OASI program or not to be included. The

returns were recorded as follows: In favor of inclusion in the OASI program, 2,141; opposed, 267. Reflecting the overwhelming view of its members, on February 2, 1953, the board of directors of the First District Dental Society approved the following resolution:

Be it resolved, That a committee be appointed to be known as the First District Dental Society committee to work for the inclusion of self-employed dentists in the social-security system. The main work of this committee to be the dissemination of educational material, the urging of other district societies to poll their members in a manner similar to that of the First District Dental Society and any other effort consonant with the work of the first district, the State society and the American Dental Association with a view to changing the stand opposing OASI to an affirmative one.

Following the publication in the Journal of the Dental Society of the State of New York of an analysis of this issue, setting forth the pro and con of OASI, a statewide vote was taken by postcard in April and May of 1955. Once again the vote of the first district was an overwhelming one in favor of inclusion in OASI—2,217, yes; 184, no. The total State vote was 6,173, yes; 878, no. In view of this vote the delegates to the American Dental Association from the State of New York presented the following resolution at the San Francisco meeting:

Whereas the policy of the American Dental Association is opposed to the inclusion of self-employed dentists under the old-age and survivors insurance (OASI) provisions of the Federal Social Security Act; and

Whereas, in an overwhelming majority of all constituent societies which have conducted a poll of their membership in regards to the policy of inclusion or exclusion of self-employed dentists within the framework of the social-security laws, the results have favored the inclusion of self-employed dentists; and

Whereas a poll of the 10,812 members of the Dental Society of the State of New York resulted in 6,173 favoring the inclusion and only 878 supporting the present policy; and

Whereas a majority of the dentists in every district in the State of New York was, in varying degree, in favor of the inclusion of dentists under the Federal OASI program; and

Whereas the board of governors of the Dental Society of the State of New York, at the 87th annual meeting, held May 16–18, 1955, in the city of New York, unanimously adopted suitable resolutions requesting the house of delegates of the American Dental Association to reconsider its present official policy; and

Whereas the Dental Society of the State of New York respectfully petitions the house of delegates at its 96th annual session to be held in the city of San Francisco, October 17–20, 1955, to review the policy of the association as it currently relates to the inclusion of self-employed dentists under the old-age and surivivors insurance provisions of the Federal Security Act: Therefore be it

Resolved, That the present policy of opposing the inclusion of dentists under the old-age and survivors insurance (OASI) provisions of the Federal Social Security Act be rescinded; and be it further

Resolved, That the council on legislation be directed to take appropriate action to effect the inclusion of dentists under the old-age and survivors insurance provisions of the Federal Social Security Act as soon as possible.

The First District Dental Society's 11 delegates voted along with the rest of the New York State delegation of 56 men to have the ADA rescind its opposition to the OASI program.

Since the ADA did not take a clearcut affirmative stand on the inclusion of dentists in OASI, the First District Dental Society and the Second District (Brooklyn and Staten Island—approximately 2,600 members) then passed the following resolution and sent it to the State society:

Whereas the First District Dental Society and the Dental Society of the State of New York favor compulsory inclusion of self-employed dentists in the old-age and survivors insurance (OASI) program of the Social Security Act; and

Whereas the membership in a statewide poll has voted overwhelmingly for such coverage and protection for themselves and their families; and

Whereas the house of delegates of the ADA at its October 1955 annual session rescinded its policy of opposition to compulsory coverage of self-employed dentists and favors coverage of dentists on a voluntary basis; and

Whereas the Congress of the United States in January 1956 will consider amendments to the Social Security Act; and

Whereas the ADA is not now opposed to compulsory OASI for self-employed dentists: Therefore be it

Resolved, That the First District Dental Society reaffirms its policy of approval of compulsory old-age and survivors insurance (OASI) program for self-employed dentists; and be it further

Resolved, That the First District Dental Society respectfully requests the Dental Society of the State of New York to likewise reaffirm its policy of approval of the compulsory OASI program of the Social Security Act for self-employed dentists; and be it further

Resolved, That the First District Dental Society respectfully requests the Dental Society of the State of New York to join and work together with other State Dental Societies seeking compulsory coverage of self-employed dentists under the OASI program; and be it further

Resolved, That the First District Dental Society and the Dental Society of the State of New York notify the Members of Congress from the State of New York and the several committees of Congress considering amendments to the Social Security Act of the past and present policies of the ADA regarding OASI, of the policy of the Dental Society of the State of New York and its component, the First District Dental Society favoring compulsory OASI for self-employed dentists, and of the overwhelming desire of the dental profession in the State of New York to obtain the benefits and protection of the OASI program of the Social Security Act.

RESOLUTION OF STATE SOCIETY

Whereas the present Federal administration recommends the extension of the old-age and survivors insurance provisions to include more self-employed individuals; and

Whereas a poll of the 10,812 members of the Dental Society of the State of New York resulted in 6,173 favoring the inclusion and only 878 voting for the exclusion of self-employed dentists; and

Whereas a majority of dentists in every district in the State of New York was, in varying degrees, in favor of the inclusion of dentists under the Federal OASI program; and

Whereas the house of delegates of the American Dental Association in San Francisco, Calif., assembled on October 19, 1955, rescinded its previous policy of disapproving the inclusion of dentists under the above provisions: Therefore be it

Resolved, That the Senate of the United States be urged to vote favorably on bill H. R. 7225 providing for the inclusion of dentists under the old-age and survivors provisions of the Federal Social Security Act; and be in further

Resolved, That a copy of these resolution be transmitted to the United States Senate Committee on Finance and each Member of the United States Senate.

We, of the First District Dental Society of New York urge this committee of the Senate to approve that portion of H. R. 7225 calling for the inclusion of self-employed dentists in OASI.

Senator KERR. Our next witness will be Dr. Earl S. Elman.

STATEMENT OF DR. EARL S. ELMAN, CHICAGO DENTAL SOCIETY

Dr. ELMAN. I am Earl S. Elman, a self-employed dentist, specializing in orthodontia in the city of Chicago. I am 40 years of age, married, and have 3 children under the age of 14. I am a member of the American Dental Association, secretary of the Congress of

American Dentists for OASI, a member of the Illinois State Dental Society, and a director of the Chicago Dental Society. In addition to the information you have received regarding the actions of the Congress of American Dentists for OASI I am happy to report that the Chicago Dental Society is in favor of inclusion of dentists under OASI by a vote of 1,974 to 232.

The purpose of my testimony is to present my personal feeling and viewpoint of the younger dentists of this country who desire coverage under old-age and survivors insurance.

Because of the length of time required for a dentist to complete his profesisonal training, his earning capacity does not commence as early in life as the average nonprofessional individual. The young dentist starting his practice must furnish his office with expensive equipment and thereafter undergo a "starvation period" until he is able to realize a reasonable return from his practtice. Meanwhile, he may be faced with family obligations when his income is comparatively low. Physical disability or death during this time would ordinarily leave his widow and young children in dire circumstances.

This may not be a pretty picture but unfortunately it is a true one. Statistics show that approximately 350 younger dentists die each year who may leave survivors under the age of 18. In this respect, may I read to you a letter recently received from Mrs. H. E. Parker, of Davenport, Iowa, whose husband Dr. H. E. Parker, a dentist, died last year.

JANUARY 9, 1956.

Dr. EARL S. ELMAN,
6350 North Clark St.,
Chicago, Ill.,

DEAR DR. ELMAN: I can't refrain from telling you that we are one of those 350 dentists' families who this year are deprived of social-security benefits because of an early death of our daddy.

I think your cause is so worth while and hope my testimony will be of some value to our Senators.

Just a few weeks before my husband died, he had sent a contribution to OASI and had said to me, "We will be fine if that social security goes through for us," but time ran out for us. I am left with 2 children, ages 8 and 11.

No one wishes you success more than I.

Sincerely yours,

Mrs. H. E. PARKER.

This letter was unsolicited.

Again, unfortunately, I could relate many other similar hardships involving brother members of my profession, but I will assume you gentlemen are aware of similar situations of your own knowledge.

The survivors' benefits that could be realized in situations similar to the one just mentioned could greatly alleviate the burdens which are unexpectedly thrust upon these families.

Whenever dentists are included under the old-age and survivors insurance program the younger dentist will then be in a position to plan for his old age by including these benefits and using them as a substantial basis for planning for his less productive and nonproductive years.

In conclusion, it is apparent that the benefits to all dentists, particularly the younger dentist and his family, are so great and so neces-

sary that the majority of dentists in this country consider their inclusion under this program of the utmost importance. For this reason it is hoped that this committee will report favorably on the compulsory inclusion of dentists under the old-age and survivors insurance program.

Thank you for being permitted to appear before you this morning.

Senator KERR. Dr. Harry I. Wilson. Come forward Dr. Wilson, and have a seat.

STATEMENT OF DR. HARRY I. WILSON

Dr. WILSON. Senator Byrd and members of the Senate Finance Committee, I am Harry Wilson, a member of the American Dental Association and secretary of the Iowa State Dental Society, a constituent of the American Dental Association.

I wish to thank you for the privilege of appearing before this committee for the purpose of presenting the opinion of dentists in general, and Iowa dentists in particular, on the inclusion of dentists under the old-age and survivors insurance aspect of the Social Security Act.

In order to conserve the time of the committee, I shall limit my remarks to facts supporting the desire of dentists to be admitted and very little time to the need for inclusion.

The original Social Security Act of 1936 was something of a stab in the dark and did not include the self-employed as eligible participants. It launched this Nation upon an unchartered course and there necessarily was a lot of guesswork in the program adopted. Now, with the experience of 20 years to guide it, Congress is in a position to make an intelligent revision of the Social Security Act.

Members of President Eisenhower's administration have recommended that all workers be included in the social-security retirement system. In addition, they have recognized there is an essential Government role in any program to achieve economic security.

The group further agreed the Government should "protect the purchasing power of the dollars to prevent erosion of savings, and pursue policies to stimulate economic activity at a stable level."

"It is the clear majority opinion," the report continued, "that early universal coverage of all employed and self-employed persons, including the professional groups, is in the public interest."

The Congress has been in agreement with this opinion and have admitted various groups to the pension plan when feasible. The dental group who are of a conservative nature, due to their training and the nature of their profession, has been slow to accept the philosophy of universal coverage. Dentists are now in accord with the 500-page report, Economic Needs of Older People, which calls providing for the urgent economic needs of an aging population one of the most pressing social problems of our times.

Therefore, in behalf of the members of the Iowa State Dental Society, I wish to present the following official action taken by the Iowa State Dental Society and the American Dental Association.

The following resolution was adopted by the House of Delegates of the Iowa State Dental Society on May 3, 1955, and transmitted by Dr. Harry I. Wilson, secretary, under date of May 5, 1955, to the American Dental Association:

"No. 27

"Whereas the Board of Trustees of the Iowa State Dental Society authorized a poll on the inclusion of dentists under the old-age and survivors insurance (OASI) provisions of the Federal Social Security Act, which poll recorded 817 votes for the inclusion of dentists and 148 votes against; and

"Whereas the ballots in this poll were counted and confirmed by the Board of Trustees of the Iowa State Dental Society: Therefore be it

"*Resolved*, That the council on legislation be directed to take such steps as may be necessary to have dentists included in the old-age and survivors insurance (OASI) provisions of the Federal Social Security Act; and be it further

"*Resolved*, That the voting on this resolution be by rollcall" (1955 Transactions of the American Dental Association, p. 159).

The report of the reference committee on insurance of the American Dental Association was presented by Dr. Fred S. Shandley, Washington, chairman. Drs. Paul W. Clopper, Illinois, and Andrew M. Ballentine, Tennessee, were the other members of the committee.

"Old-age survivors insurance (Illinois State Dental Society, Resolution 26; Iowa State Dental Society, Resolution 27; Massachusetts Dental Society, Resolution 30; Minnesota State Dental Association, Resolution 32; Dental Society of the State of New York, Resolution 36; Pennsylvania State Dental Society, Resolution 38): The reference committee reported that it has held extensive hearings on the question of including dentists under the old-age and survivors insurance provisions of the Federal Social Security Act and had considered the several resolutions relating to this problem. The committee recommended that the house of delegates first confront the issue of rescinding the present policy of opposing the inclusion of dentists under OASI. The following resolution was presented as a majority report of the committee with Andrew M. Ballentine, Tennessee, dissenting in the minority position:

" 'No. 25–1955–H

" '*Resolved*, That the present policy of opposing the inclusion of dentists under the old-age and survivors provisions of the Federal Social Security Act (trans. 1949, p. 184) be rescinded.'

"Resolution 25–1955–H was adopted by a rollcall vote of 266 in favor of the motion, 143 opposed to the motion and 7 delegates not voting" (1955 transactions of American Dental Association, p. 206).

The reference committee then presented the following resolution as a majority report with Andrew M. Ballentine, Tennessee, dissenting in the minority position:

"*Resolved*, That it be the policy of the American Dental Association to favor the inclusion of dentists under the old-age and survivors insurance provisions of the Federal Social Security Act."

A motion was made from the floor to table the above resolution. A rollcall vote was taken on the motion to table and the motion was defeated by a vote of 162 to 246 with 8 delegates not voting (1955 Transactions of the American Dental Association, p. 207).

The following resolution was then presented from the floor by Dr. John A. Zwisler, Illinois, as a substitute for the prevailing motion:

"No. 26–1955–H

"*Resolved*, That the voluntary inclusion of dentists under the Old-Age and Survivors' Insurance program of the Federal Social Security Act be approved."

Resolution 26–1955–H was adopted by a rollcall vote of 245 to 163 with 8 delegates not voting (1955 Transactions of the American Dental Association, p. 208).

The vote on the above resolutions is attached hereto and made a part of this report.

In conclusion I wish to present the following resolution:

Whereas there is no provision in the present Social Security Act for the inclusion of dentists on a voluntary basis; and

Whereas the Iowa State Dental Society adopted (May 1955) a resolution providing for the inclusion of dentists under the old-age and survivors insurance provision of the Social Security Act; and

Whereas the house of delegates of the American Dental Association rescinded their policy of opposing the inclusion of dentists under the old-age and survivors provisions of the Federal Social Security Act (Trans. 1949, p. 184): Therefore be it

Resolved, That the Senate Finance Committee go on record as approving the inclusion of dentists under the old-age and survivors insurance provisions of the Social Security Act.

(The vote referred to above follows:)

[From the Iowa State Dental Journal, December 1955]

OASI COMMITTEE REPORT

(By Dr. L. Dale Weeks)

The tumult and the shouting has died and there was plenty of it. The writer no doubt would be judged a prejudiced observer but I believe that I may say without the possibility of challenge that all the emotional, hot-tempered and occasional wild speeches on the inclusion of dentists in OASI which were made before the reference committee came from the opposition.

The reference committee was very ably and very fairly presided over by Dr. Fred S. Shandley, of Washington. It was a hot spot for the chairman.

The attitude of the A. D. A. trustees was completely fair and just and there was no attempt at parliamentary maneuvering by them as a group. However, one trustee acting as a delegate from Arkansas did participate in a parliamentary maneuver to prevent a direct vote on the inclusion of dentists within the provisions of the Social Security Act.

The reference committee met all day Tuesday and attracted a large audience. Any member of the ADA who cared to talk was given the opportunity to speak for 5 minutes and dozens of them did so.

The method of voting before the house of delegates on Wednesday was by rollcall of the States. One lady in the gallery who stayed for the whole show remarked to her companion at the close, "Isn't that Iowa delegation wonderful, 8 votes to rescind the present policy, 8 votes against a motion to table, 8 votes against inclusion on a voluntary basis."

Report of the reference committee on insurance:

The reference committee has held extensive hearings on the question of including dentists under the old-age and survivors' provisions of the Social Security Act. It has considered the several resolutions relating to this problem. The hearing provided evidence that many constituent and component societies had done excellent work in informing their members of the many complex issues relating to this problem. At the end of its hearings, the committee was actively aware that there was an obvious division of opinion on the solution of this problem.

The committee believes that the house of delegates, at this session, should have the opportunity of expressing itself unequivocally on this issue in order to resolve a problem which has been exercising an undesirable and divisive influence on the dental profession.

The committee believes that the House of delegates should first confront the issue of rescinding the present policy of opposing the inclusion of dentists under the old-age and survivors provisions of the Federal Social Security Act. If the house of delegates rescinds the present policy, it will then be in a position to establish new policy for the guidance of the association. If the house of delegates reaffirms the present policy by refusing to rescind it, a clear-cut decision will then be taken.

The committee wishes to make it clear that the following two motions are presented as a majority report of the committee with Andrew M. Ballentine, Tennessee, dissenting on both issues in the minority position.

The following motions, representing the majority position, will (1) rescind the present policy of opposing the inclusion of dentists under OASI; (2) establsh a new policy favoring the inclusion of dentists under OASI.

247. "*Resolved*, That the present policy of opposing the inclusion of dentists under the old-age and survivors provisions of the Federal Social Security Act (Trans. 1949, p. 184) be rescinded."

The chairman moves the adoption of this resolution. Carried 266 to 142.

248. "*Resolved*, That it be the policy of the American Dental Association to favor the inclusion of dentists under the old-age and survivors insurance provisions of the Federal Social Security Act."

This resolution was never voted on but a motion to table lost by 246 to 162. Then a substitute motion to include dentists on a voluntary basis was made by an Illinois delegate. In spite of the fact that the delegates knew that there was, and would be, no such thing as voluntary OASI for anyone except the clergy, the motion carried 246 to 143. The motion for voluntary gave a number of delegates who were personally opposed to inclusion a chance to save face. They knew that the dentists back home wanted inclusion and that they did not dare vote "no." By voting for voluntary they could say that they had voted for OASI. The speaker of the house of delegates interpreted the action as meaning that the ADA was no longer opposed to the inclusion of dentists in the Social Security Act and dentists or groups of dentists appearing before Congress in support of inclusion would not be acting in opposition to the policy of the ADA. This action then prevents the ADA official body from opposing inclusion yet does not obligate them to go before Congress and ask for inclusion. In other words it puts them in the perfectly proper position of not interfering in a personal matter between a citizen and his Government.

In all State polls of dentists except one conducted by their own State officers there has been an overwhelming vote in favor of inclusion. From interviews with Senators and Representatives and from a direct personal interview of a dentist from Vermont with President Eisenhower it appears certain that dentists will be included next year. This being the case there is one phase of the law which as a matter of fairness and equity needs our attention. When all other groups of self-employed, including your banker, insurance agent, grocer, the farmer and all others with whom you deal except your physician and lawyer, were included in OASI—the ones who were 64 years or older were given the privilege of receiving benefits after 1½ years of coverage. That privilege expires in January 1956 and the man 64 and older after that date must work 5 years before being eligible for benefits. Professional people should have that same benefit. As chairman of the OASI committee of the Iowa State Dental Society, I have already taken this matter up with Secretary Folsom of the Social Security Administration. He agrees that something of this nature should be done for dentists and his department is working on it at this time. However, it will be through the Senate Finance Committee and on the floor of the Senate that the action will be taken, either by amending House bill No. 7225 or by bringing out a substitute bill.

Your committee believes that you desire that they continue working to restore that so-called dropout clause for the benefit of the older men who may already have some coverage under employment or military service at a lower income than his present income. He can cancel out 5 years of lowest income in order to bring his average income up to a higher level.

I would like to express my sincere appreciation for the work which our officers and delegates do for us year after year at these ADA conventions. If you have the idea that it is one round of social functions and sightseeing trips just forget it. From Monday through Thursday those delegates and officers of ours serve on committees and attend sessions of reference committees and work half the night at times preparing those reports. They have absolutely no opportunity except for 1 day, to attend the clinic or exhibit section. I'll take 2 weeks at the dental chair in preference to 1 week as a delegate to the ADA, but it is work that must be done for the common good and we are indeed fortunate to have these able and self-sacrificing men to do it for us.

Rollcall vote No. 1: Motion to adopt the following resolution:
"*Resolved*, That the present policy of opposing the inclusion of dentists under the old-age and survivors provisions of the Federal Social Security Act (Trans. 1949, p. 184) be rescinded."

Delegation	Favor of	Opposed to	Not voting	Delegation	Favor of	Opposed to	Not voting
Air Force			1	Nebraska		5	
Alabama		4		Nevada		1	
Alaska		1		New Hampshire		2	
Arizona		2		New Jersey	16		
Arkansas		3		New Mexico		2	
Army			1	New York	56		
California	15			North Carolina	2	4	
California, southern		18		North Dakota	2		
Colorado	3	2		Ohio	19		
Connecticut	4	4		Oklahoma		4	
Delaware	1		1	Oregon	2	4	
District of Columbia		4		Panama Canal Zone		1	
Florida	4	2		Pennsylvania	25	1	
Georgia		5		Public Health Service			1
Hawaii	2			Puerto Rico	2		
Idaho		2		Rhode Island	3		
Illinois	21	6		South Carolina		3	
Indiana	3	6		South Dakota	2		
Iowa	8			Tennessee		6	
Kansas	5			Texas		13	
Kentucky		5		Utah	3		
Louisiana		5		Vermont	1	1	
Maine	3			Veterans' Administration			1
Maryland	5			Virginia		5	
Massachusetts	13	1		Washington	8		
Michigan	11	5		West Virginia		3	1
Minnesota	11			Wisconsin	8	4	
Mississippi		3		Wyoming	2		
Missouri	4	6					
Montana	2			Total	266	143	7
Navy			1				

Rollcall vote No. 2—Motion to table the following resolution:
"*Resolved*, That it be the policy of the American Dental Association to favor the inclusion of dentists under the old-age and survivors' insurance provisions of the Federal Social Security Act."

Delegation	Favor of	Opposed to	Not voting	Delegation	Favor of	Opposed to	Not voting
Air Force			1	Navy			1
Alabama	4			Nebraska	5		
Alaska	1			Nevada	1		
Arizona	2			New Hampshire	1	1	
Arkansas	3			New Jersey		16	
Army		1		New Mexico	2		
California		14	1	New York	1	55	
California, southern	18			North Carolina	3	3	
Colorado	3	2		North Dakota		2	
Connecticut	4	4		Ohio		19	
Delaware		1	1	Oklahoma	4		
District of Columbia	4			Oregon	4	2	
Florida	1	5		Panama Canal Zone	1		
Georgia	5			Pennsylvania	4	21	1
Hawaii		2		Public Health Service			1
Idaho	2			Puerto Rico		2	
Illinois	12	14	1	Rhode Island		3	
Indiana	7	2		South Carolina	3		
Iowa		8		South Dakota		2	
Kansas		5		Tennessee	6		
Kentucky	5			Texas	13		
Louisiana	5			Utah		3	
Maine		3		Vermont		2	
Maryland		5		Veterans' Administration			1
Massachusetts		14		Virginia	5		
Michigan	16			Washington		8	
Minnesota		11		West Virginia	4		
Mississippi	3			Wisconsin	4	8	
Missouri	6	4		Wyoming		2	
Montana		2		Total	162	246	8

Rollcall vote No. 3—Motion to adopt the following substitute resolution: "*Resolved*, That the voluntary inclusion of dentists under the old-age and survivors' insurance program of the Federal Social Security Act be approved."

Delegation	Favor of	Opposed to	Not voting	Delegation	Favor of	Opposed to	Not voting
Air Force			1	Nebraska	5		
Alabama	4			Nevada	1		
Alaska	1			New Hampshire	2		
Arizona	2			New Jersey		16	
Arkansas	3			New Mexico	2		
Army			1	New York	1	55	
California	7	8		North Carolina	6		
California, Southern	18			North Dakota	2		
Colorado	5			Ohio	1	18	
Connecticut	8			Oklahoma	4		
Delaware		1	1	Oregon	6		
District of Columbia		4		Panama Canal Zone	1		
Florida	6			Pennsylvania	16	8	2
Georgia	5			Public Health Service			1
Hawaii	2			Puerto Rico		2	
Idaho	2			Rhode Island		3	
Illinois	27			South Carolina	3		
Indiana	9			South Dakota	2		
Iowa		8		Tennessee	6		
Kansas	5			Texas	13		
Kentucky	5			Utah	3		
Louisiana	5			Vermont	2		
Maine	3			Veterans' Administration			1
Maryland	2	3		Virginia		5	
Massachusetts	1	13		Washington		8	
Michigan	16			West Virginia	4		
Minnesota	6	5		Wisconsin	10	2	
Mississippi	3			Wyoming		2	
Missouri	8	2					
Montana	2			Total	245	163	8
Navy			1				

Senator KERR. If there is nothing further, the committee stands in recess until 3 p. m. this afternoon.

(Whereupon, at 11:55 o'clock a. m., the committee recessed to reconvene at 3:30 o'clock p. m. the same day.)

AFTERNOON SESSION

(The committee reconvened at 3:30 p. m.)

Senator KERR. Dr. Nicklaus, you may proceed.

STATEMENT OF FRANK E. NICKLAUS, D. D. S., REPRESENTING THE DENTAL SOCIETY OF THE STATE OF NEW YORK

Dr. NICKLAUS. Mr. Chairman and members of the United States Senate Committee on Finance, I am Dr. Frank E. Nicklaus, a dentist from Bath, New York, a member of the Board of Governors of the Dental Society of the State of New York. I am here representing this society of 11,000 members, more than 10 percent of the dentists in the United States, and the largest component group of the American Dental Association.

In December 1954, a very complete and unbiased report stating all the advantages and disadvantages of the OASI, also comparing as closely as possible private and old age insurance costs and benefits, plus a good, clear analysis of the OASI program, its costs, benefits, requirements and regulations, was presented by a special committee to our governors. This same report was also published in the December 1954 issue of the New York State Dental Journal, which is mailed to every member of the Dental Society of the State of New York.

The board of governors then ordered that a State-wide, every-member poll be taken and that each member be referred to this report in the New York State Dental Journal.

The results of this poll, sent to 10,812 members of the dental society of the State of New York, were overwhelming in its demand for inclusion of dentists in the Federal OASI program, 6,173 favoring the inclusion and only 878 voting for exclusion of self-employed dentists, a ratio of 7 to 1 in favor of inclusion.

The governors, at the 1955 annual meeting of the Dental Society of the State of New York, received this report and adopted unanimously the following resolution:

Resolved, That the Dental Society of the State of New York favors inclusion of self-employed dentists in this State in the Federal OASI program.

A resolution further supporting this stand was mailed to every member of the United States Senate Committee on Finance and each member of the United States Senate on January 27, 1956, by our secretary.

These facts, plus the action of the house of delegates of the American Dental Association meeting in San Francisco, October 19, 1955, rescinding its previous policy of disapproving inclusion of self-employed dentists under the Federal OASI program, resulted in the Dental Society of the State of New York, with its 11,000 membership, urging that the members of this committee and of the United States Senate vote favorably on bill H. R. 7225 providing for the inclusion of dentists under the old-age and survivors provision of the Federal Social Security Act.

On behalf of the Dental Society of the State of New York, I wish to thank you for permitting me the privilege of appearing before you and presenting our views on old-age and survivors insurance for dentists.

(Resolution of the Dental Society of the State of New York is as follows:)

THE DENTAL SOCIETY OF THE STATE OF NEW YORK

BROOKLYN, N. Y.

RESOLUTION, OASI

Where as the present Federal administration recommends the extension of the old-age and survivors insurance provisions to include more self-employed individuals; and

Whereas a poll of the 10,812 members of the Dental Society of the State of New York resulted in 6,173 favoring the inclusion and only 878 voting for the exclusion of self-employed dentists; and

Whereas a majority of dentists in every district in the State of New York was, in varying degrees, in favor of the inclusion of dentists under the Federal old-age and survivors insurance program; and

Whereas the house of delegates of the American Dental Association in San Francisco, Calif., assembled on October 19, 1955, rescinded its previous policy of disapproving the inclusion of dentists under the above provision: Therefore be it

Resolved, That the Senate of the United States be urged ot vote favorably on bill H. R. 7225 providing for the inclusion of dentists under the old age and survivors provisions of the Federal Social Security Act; and be it further.

Resolved, That a copy of these resolutions be transmitted to the United States Senate Committee on Finances and each member of the United States Senate.

Attest:

CHARLES A. WILKIE, D. D. S., *Secretary*.

Senator KERR. Doctor, I want to thank you for bringing that statement to us.

I want to ask you a question: Do you regard the action of the house of Delegates of the American Dental Association, first, as effectively rescinding their action previously taken whereby they had placed themselves on record in opposition to inclusion; is that correct?

Dr. NICKLAUS. I was at San Francisco, not as an official delegate, but I sat thorugh the discussions on the floor, and the New York delegation was not instructed, but through the effect of this poll, went to San Francisco unanimously for it, in spite of the fact that some of the members probably themselves were against it.

Senator KERR. You mean unanimously for rescission of the previous action?

Dr. NICKLAUS. And for inclusion of dentists in old-age and survivors insurance.

Senator KERR. Let us take them one at a time, so that the record may reflect either an affirmative or negative answer. You see, I am just one member, and whe we get to considering this, there will 15 of us here.

If you regard their action as being one that rescinded their previous position of opposition, I would just like for you to say so for the record.

Dr. NICKLAUS. I would say they definitely did.

Senator KERR. Then they took another action, which was to put themselves on record as favoring voluntary inclusion?

Dr. NICKLAUS. That is right, sir.

Senator KERR. I say to you that when this started, that was my position, that I felt the professions, being as limited in numbers as they were, should have the opportunity of voluntary inclusion, providing they come in prior to the age of 40, or something of that kind, or within a given period of time after passage of the legislation, if they were over 40 when the legislation passed.

Then I polled the Oklahoma dentists, wrote a letter to each and every one of them. I gathered that if they could have had their choice, they would have indicated a preference for inclusion on a voluntary basis; but when asked if they would take compulsory inclusion, if that was the only way that they could get in, in preference to exclusion, a little over 60 percent of them answered, "Yes."

Now you tell me that the New York——

Dr. NICKLAUS. Ours was even higher.

Senator KERR. Is higher than that.

What would you give me as your opinion with reference to the attitude of dentists generally in this country?

Dr. NICKLAUS. Well, Senator Kerr, frankly, I think the trend has been toward accepting this thing.

Senator KERR. Toward inclusion?

Dr. NICKLAUS. Inclusion. And I know our official body of New York State are for inclusion—I happen to have been on the committee that helped set up this poll, and went through the groundwork of setting the committee up to make this study, and we especially included men who were not actually for social security as it was; and they came back with this report, and included all the disadvantages and all the advantages. I believe the average man in our State sat down and

read this report. That, I think, is one of the reasons we had this outstanding vote for inclusion in social security.

I believe voluntary would be acceptable for any man who was in favor of going into it. I myself do not think it is a practical or businesslike thing to include only those who want to come in. As someone mentioned here this morning, that once you did not accept it and then later on circumstances changed and you wished inclusion, there would be clamoring for law changes to permit a belated inclusion, I think that was a very good point.

Senator KERR. I think it is a very good point, and I think we are not confronted here with a choice between exclusion and voluntary inclusion.

Dr. NICKLAUS. I feel that way, myself.

Senator KERR. In view of the attitude of the House, Dr. Nicklaus, and in view of the record made by the Treasury Department and the Administration from an actuarial standpoint, I think we are confronted with a choice between compulsory inclusion of all or exclusion of all.

Dr. NICKLAUS. I feel the same way on this, and I think most of your testimony along that line has that feeling implied. Voluntary would be very acceptable, I think, to the dental profession.

Senator KERR. But if they cannot get it that way, they favor compulsory inclusion of all?

Dr. NICKLAUS. I think the profession wants to be included.

Senator KERR. Thank you very much for your testimony.

Dr. Sawtell?

I want to thank both you and Dr. Nicklaus for staying here and appearing and giving us the benefit of your testimony.

STATEMENT OF MERTON E. SAWTELL, D. D. S., REPRESENTING THE MASSACHUSETTS DENTAL SOCIETY

Dr. SAWTELL. Personally, sir, I want to thank you, the busy man that you are, for coming back and listening to us. I asked to be heard because, I do not know whether you know it or not, but my name is Dr. Merton E. Sawtell, and I have practiced in Brockton, Mass., for 42 years; I have been a member of the American Dental Association; I am now a life member who is now 65 years old, and 35 years' continuous service.

I have been on the Massachusetts Dental Society, OASI committee since its inception, and our State society, the Massachusetts State Dental Society, for 7 years has presented to the house of delegates of the American Dental Association resolutions for the inclusion of self-employed dentists in OASI.

My State society asked me to represent them before this committee and present the change of attitude by the average dentist. Our first resolution was presented at San Francisco in the year 1949.

The house of delegates of the American Dental Association is the governing body of the American Dental Association; officers and 13 trustees carry out the voted instructions of the delegates. All resolutions before the house are referred to reference committees. These committees hold hearings on Tuesday of our convention week and make recommendations back to the house delegates for action.

The reference committee recommended rejection of our first resolution in 1949. The house so acted. Only the Massachusetts delegates were 14 votes in favor.

In the years 1950, 1951, and 1952, the Massachusetts resolution for inclusion in OASI was defeated with only a few votes in favor.

At the Cleveland American Dental Association convention, the Massachusetts resolution received 64 votes in favor, and was again defeated.

At the Miami convention of the American Dental Association, a change in favor had taken place. The Massachusetts Dental Society presented two resolutions: one for the inclusion of dentists in the OASI, and one asking that the vote on resolution take place on the voting machine when election of officers took place. The house voted by a standing vote to use the voting machine. Again the resolution was defeated, by a vote of 235 against to 152 for inclusion. Only 83 votes plurality.

I might say here that at the end of that meeting, one of the ardent opponents of OASI came up to us and very impolitely used language which I cannot repeat here, and said, "Now we beat you 6 years in a row. Are you guys going to quit?"

And I said, "No, we are not going to quit. Next year at California we are going to beat you."

From 1949 through 1954, the Massachusetts Dental Society was the only State society to offer resolutions. At the San Francisco American Dental Association meeting in October 1955, 6 State societies presented resolutions for inclusion of dentists in OASI, with Illinois State Dental Society for inclusion and also on a voluntary basis; Iowa State Dental Society for inclusion; Massachusetts State Dental Society for inclusion; Minnesota State Dental Society for inclusion; New York State Dental Society for inclusion; and Pennsylvania State Dental Society for inclusion.

The above resolutions were referred to the reference committee on insurance. A morning and an afternoon session were open to all members of the American Dental Association. Ninety percent of all talks were favorable to OASI, and there was a very, very busy afternoon—morning and afternoon session, sir.

The change in favor of OASI that had taken place was such that on Wednesday the reference committee presented the following recommendations to the house of delegates. I quote from the book of transactions of 1955 printed by the American Dental Association and sent to all delegates and officers, page 205. I enter "Transactions 1955" as evidence to your committee.

The report of the Reference Committee on Insurance was presented by Dr. Fred S. Shandley, Washington, chairman. Drs. Paul W. Clopper, Illinois, and Andrew M. Ballentine, Tennessee, were the other members of the committee.

* * * * * * *

Old-Age and Survivors Insurance (Illinois)—

I will read that about the committee—

The committee recommended that the house of delegates first confront the issue of rescinding the present policy of opposing the inclusion of dentists under OASI. The following resolution was presented as a majority report of the committee with Andrew M. Ballentine, Tennessee, dissenting in the minority position.

25–1955–H. *Resolved,* That the present policy of opposing the inclusion of dentists under the old-age and survivors' provisions of the Federal Social Security Act (Trans. 1949, p. 184) be rescinded.

That, sir, was the greatest victory for the average dentist, the greatest demonstration of democracy, that has ever happened in the American Dental Association.

Resolution 25–1955–H——

Senator KERR. What was the result?

Dr. SAWTELL. It was 266 in favor, 143 opposed, and 8 not voting. The eight not voting were the Public Health, Veterans' Administration, Army, Navy, and—I said "Public Health"—in other words, Government-employed dentists.

Resolution 25–1955–H was adopted by a rollcall vote of 266 in favor of the motion, 143 opposed to the motion and 7 delegates not voting. The vote, by States, follows.

I won't read them, because they will be at your disposal, sir, and I don't want to take your time.

Senator KERR. How did Oklahoma vote?

Dr. SAWTELL. Oklahoma voted four votes against.

Senator KERR. Four against and none for?

Dr. SAWTELL. Four against rescinding.

Senator KERR. Four against rescinding?

Dr. SAWTELL. Four against rescinding.

I can frankly say, sir, that there were many delegates at the House that were instructed—that did not vote as they were instructed.

Senator KERR. You have heard my statements here today——

Dr. SAWTELL. Yes, sir.

Senator KERR. About the result of my own inquiry of each dentist.

Dr. SAWTELL. Yes, sir.

The reference committee then presented the following resolution as a majority report with Andrew M. Ballentine, Tennessee, dissenting in the minority position:

"*Resolved,* That it be the policy of the American Dental Association to favor the inclusion of dentists under the old-age and survivors' insurance provisions of the Federal Social Security Act."

It had taken the Massachusetts Dental Society 6 years, and the 7th year with the aid of 6 other societies, to bring about that change in policy, sir. I think it is the biggest victory the American dentist has ever won in organized dentistry. I have nothing against the ADA. We need it, we want it, and we want it strong.

"A motion was made from the floor to table the above resolution." Politics. "A rollcall vote was taken on the motion to table and the motion was defeated by a vote of 162 to 246, with 8 delegates not voting. The vote, by States, follows."

I will leave it right here for your reference.

("Transactions 1955," American Dental Association, was filed for the information of the committee.)

Dr. SAWTELL. I will go on with my paper.

The vote to rescind the 1949 action of the American Dental Association house of delegates was 266 in favor of and 143 against, with 7 delegates not voting. The reason for the 266 votes in favor was due to the delegates being instructed by the dentists back home to vote for inclusion in the OASI.

This came about as the different district and State societies held meetings with speakers for and against OASI, followed by an open forum meeting. Votes were taken and delegates instructed how to vote.

Many articles were written by dentists favoring OASI—I had one article published in a magazine—and presented in our dental journals. After the great number of dentists realized what benefits could occur to their families if need be, the demand became so strong that the delegates at the San Francisco convention voted to rescind the policy of opposition to OASI by the American Dental Association.

The vote to table was defeated 246 to 162 in favor; 8 not voting.

You notice in "Transactions 1955" a motion to substitute voluntary inclusion was made and passed, 245 favoring and 163 opposed; 8 not voting.

We, the Massachusetts delegates, President Bommer and myself, had been instructed if this voluntary OASI was presented, to arise and amend the resolution to eliminate the word "voluntary." This would have retained the strength for inclusion in the house of delegates. We did not make that motion for this reason:

The delegates, having won two previous votes, decided rather than continue pressing, we would let "voluntary inclusion" go to vote and give many diehard opponents a chance to save face. The fight to gain OASI for the dentist had caused some dissension in our American Dental Association ranks, and all opponents—and I might say here, sir, that after that motion was made, the most bitter opponent stood up and said, "Gentlemen, believe it or not, my delegation and I are voting for voluntary OASI," and I will give you the man's name if you want it. And all opponents voted for voluntary inclusion as a way of lifting the real defeat of rescinding the 1949 action.

Senator KERR. To soften the blow.

Dr. SAWTELL. That is right.

As a representative of the Massachusetts State Dental Society, it is my firm conviction that more than 75 percent of the active practicing dentists want the United States Senate to vote for inclusion of all dentists in OASI.

Where the House of Representatives of the United States passed this bill in 1955, we believe that the great majority of dentists would like to see inclusion of dentists voted by Congress, if possible, as of 1955, with the tax paid this April 15, 1956. This would give four quarters' benefit to young and older dentists.

This is signed, "Merton E. Sawtell, D. D. S., 196 Main Street, Brockton, Mass."

Senator KERR. Thank you very much, Doctor, for your statement. It has been very, very good.

Is there any other witness who has not been heard who desired to be?

Dr. KOBRIN. Senator, might I——

Senator KERR. Will you state your name?

Dr. KOBRIN. Dr. Nathan Kobrin.

Senator KERR. Doctor, whom do you represent?

Dr. KOBRIN. I represent, Senator Kerr, the Second District Dental Society of the State of New York. That is the society that is a component of the State of New York comprising the Staten Island-Brooklyn areas.

Senator KERR. What is your position?

Dr. KOBRIN. I have a statement, and I filed it with the reporter this morning, but I would love to be able to read it personally.

Senator KERR. All right, sir.

STATEMENT OF NATHAN KOBRIN, D. D. S., REPRESENTING THE SECOND DISTRICT DENTAL SOCIETY OF THE STATE OF NEW YORK

Dr. KOBRIN. Might I, before I read the prepared statement, make two comments on the testimony.

For one thing, it might be said——

Senator KERR. I would say this, that no other witness is going to make a comment on your testimony. I would, if I were you, make my statement on the basis of my views——

Dr. KOBRIN. Yes, sir.

Senator KERR. And my position, and not with reference to what others may have said.

Dr. KOBRIN. My name is Nathan Kobrin. I am a practicing dentist. I am a member of the Second District Dental Society, component of the Dental Society of the State of New York, a constituent of the American Dental Association.

By resolution of the Board of Trustees on February 6, 1956, I have been directed to appear before the Senate Finance Committee to ask its favorable consideration of that section of H. R. 7225 which would include self-employed dentists under the social-security system.

My society has 2,600 members who practice in the Brooklyn and Staten Island areas in the city of New York, and my society seeks OASI coverage because (1) in an official State poll on the question, "Do you favor OASI?" our membership voted in favor, 1,418; against 127.

These results were reported by Dr. Charles A. Wilkie, secretary of the Dental Society of the State of New York on March 17, 1955.

(2) Many of our members have returned from the Armed Forces to civilian life. While in the service and for some time thereafter, they were entitled to OASI coverage. They regretted the loss of these benefits when they returned to a self-employed status.

(3) Many of our younger members are increasingly aware of the value of the survivors insurance program of OASI, particularly those in practice less than 15 years. These dentists have not yet been able to build up a substantial estate against possible personal tragedy, and they recognize in OASI basic security for their families.

(4) Many of our members, in the course of years of practice, have been able through investments and savings to build up a nest egg of annual income, but for most of them this has not been sufficient to permit them to retire and maintain a fair standard of living. By simple arithmetic, these dentists know that if they had qualified for OASI benefits they could retire and get along quite well.

(5) Our members, after providing for their families, paying taxes, and planning for the college education of their children, find themselves less and less able to set aside funds for their older years, and in many instances even for such fortuitous circumstances as sickness and accidents.

Dentists, unlike union cardholders, must pay for their fringe benefits out of their own pockets.

(6) Our members do not relish being another kind of American citizen. They are desirous of being on a par with all other working Americans. They want to be part and parcel of the social security system.

Respectfully submitted, and thank you very much.

Senator KERR. Fine. Thank you, Doctor.

I submit for the record a statement by Dr. Earl H. McGonagle, a self-employed practicing dentist of Royalton, Minn. His views will be carefully reviewed by the committee.

STATEMENT OF EARL H. MCGONAGLE, ROYALTON, MINN.

I am Earl H. McGonagle, a self employed practicing dentist of Royalton, Minn. I am vice president of the Minnesota State Dental Association, and I am also one of the several vice presidents of the Congress of American Dentists for OASI. I wish to give you information that will indicate that a large majority of the dentists in the United States, and particularly in my State of Minnesota, favor the inclusion of dentists in the old-age and survivors insurance program.

The situation in Minnesota shows clearly the result of polls when conducted in such a manner that there is no propaganda or misleading statements, or misleading questions used.

In 1951 a full coverage poll of all members in the Minnesota State Dental Association was conducted by the committee on insurance on instruction from the association's house of delegates. The poll was conducted by means of reply post cards without any suggestive statements, whatsoever, and containing only one question, "Do you favor inclusion in the old-age and survivors insurance program (social security)? The result of this poll was 925 yes, and 364 no, an approximate favorable vote of 74 percent.

Four years later, in 1955, a similar poll was conducted by the committee on insurance in response to instructions from the house of delegates. The result of this later poll shows the extent that sentiment has been swinging to an even more favorable attitude toward inclusion in old-age and survivors insurance. Instead of a 74 percent majority as in the first poll, this later poll shows a favorable sentiment of approximately 86 percent, a gain of 12 percent. The count was 1,423 favorable and 232 unfavorable.

At the 1955 business session of the Minnesota State Dental Association house of delegates a resolution was passed favoring old-age and survivors insurance and then a similar resolution was presented to the American Dental Association house of delegates in San Francisco in October 1955, for action.

After consideration of resolutions presented by several State Dental Associations, the committee substituted with one resolution favoring old-age and survivors insurance to include the substance and meaning of the several resolutions in which the approval of old-age and survivors insurance for dentists was requested. However due to parliamentary procedure, the resolution was not presented to the house of delegates for a vote, therefore no action was taken on it. If a poll of the delegates had been taken it is apparent that there would have been a majority of about 100 delegates in favor of the resolution.

There are many dentists already covered under old-age and survivors insurance as employees of other dentists and as employees of institutions, and as being self-employed in covered occupations. None of these covered dentists are objecting to being included in the program as it exists. However, they favor the coverage of self-employed dentists being covered so that they can change from the status of an employed covered person to that of self-employed without losing all or a part of their earned benefits. Those who were self-employed in covered occupations as a sideline want the inclusion of self-employed dentists so that a technicality will not lower or deny them benefits if they discontinue their covered self-employed status. The number of dentists presently covered under old-age and survivors insurance, and protected under similar retirement plans in Government employment, cannot be accurately accounted for but it seems to be a conservative estimate that 20 to 25 percent of all dentists are already protected under Government sponsored retirement plans.

All evidence points to a desire of a large majority of the dentists in the United States to be included in old-age and survivors insurance. I urge that this committee recommend immediate coverage of self-employed dentists, and in such a manner that they will be permitted to earn maximum benefits through an increase in the dropout period. For those of the profession who have been denied the privilege, it should be so arranged that they be given the option of paying social security taxes on their 1955 income. In that manner they can become covered earlier without waiting for the time that would otherwise be required to become currently and fully covered.

I am sure that you realize the importance of the inclusion of self-employed dentists in old-age and survivors insurance at the earliest possible date so that their families can enjoy the protection afforded most of the workers of the country.

Thank you for permitting me to appear before you.

Senator KERR. We will recess until 10 o'clock in the morning.

(By direction of the chairman, the following is made a part of the record:)

AMERICAN DENTAL ASSOCIATION,
Chicago, Ill., February 13, 1956.

Hon. FRANK CARLSON,
United States Senate,
Washington, D. C.

DEAR SENATOR CARLSON: At the time the dental witnesses were before the Senate Committee on Finance, questions were asked concerning the percentage of the members of the dental profession engaged in the self-employed practice of dentistry. I would appreciate it if you would insert in the record of those hearings the information contained in an attachment to this letter.

Sincerely yours,

BERNARD J. CONWAY,
Secretary, Council on Legislation.

STATISTICS COMPILED BY THE AMERICAN DENTAL ASSOCIATION ON THE NUMBER OF DENTISTS IN SELF-EMPLOYMENT AND IN EMPLOYED CAPACITIES

The bureau of economic research and statistics of the American Dental Association estimates that there are 87,000 active dentists in the United States. The bureau's figures also show that during any single year about 7,300 dentists are employed in salaried positions for the Federal dental services (Army, Navy, Air Force, Public Health Service, and VA) and about 1,700 are employed either in salaried positions as full-time dental school faculty members or in other capacities such as State and municipal dental health directors.

The bureau estimates that there are about 78,000 dentists actively engaged in private practice. Of that number, about 1,300 or 1.7 percent are employed by other dentists. Thus, 98.3 percent of the dentists engaged in private practice in this country are self-employed.

FLORIDA STATE DENTAL SOCIETY,
Miami, Fla., February 7, 1956.

Hon. HARRY FLOOD BYRD,
United States Senate,
Washington, D. C.

DEAR SENATOR BYRD: I am writing this letter with reference to H. R. 7225 in which we wish to state that voluntary coverage of self-employed dentists seems to be the answer to the very controversial subject of OASI.

There are some areas and certain groups within the State which favor compulsory inclusion while there are others who were opposed to OASI, and there was still a third group who did not express themselves on a State poll which I sent out last August. It would appear that voluntary inclusion seems to meet with the approval of the majority of dentists within the State of Florida and I would appreciate your substantiating this bill on the above information.

With personal regards, I am

Sincerely yours,

THOMAS A. PRICE, D. D. S.
President.

GEORGIA DENTAL ASSOCIATION,
Savannah, Ga., February 8, 1956.

Hon. HARRY FLOOD BYRD,
United States Senate,
Washington, D. C.

DEAR SENATOR BYRD: The house of delegates of the American Dental Association at its most recent meeting, voted "Resolved that the voluntary inclusion of dentists under the old-age and survivors insurance program of the Social Security Act be approved."

This resolution favoring voluntary coverage under OASI for self-employed dentists is the declaration of the will of a pronounced majority of the 1955 house of delegates. Support for voluntary coverage will uphold each individual dentist's freedom to enter into or remain outside the OASI program. It certainly is the American way.

The Georgia Dental Association has previously voted against any inclusion under OASI, and I strongly urge on behalf of our association that we be placed under OASI only on a voluntary basis.

I have previously written to Senator Walter F. George regarding the stand of the Georgia Dental Association and of the house of delegates of the American Dental Association. You and your colleagues are faced with many difficult and complex decisions and the answers that you reach do not please everyone. By voluntarily permitting us to select as to whether or not we should be covered under the OASI program you are granting to each of us a freedom not allowed by any other government.

Thanking you for your consideration in this matter,

Sincerely,

WM. WEICHSELBAUM, JR., *President.*

LOUISIANA STATE DENTAL SOCIETY,
Baton Rouge, La., February 5, 1956.

Hon. HARRY F. BYRD,
United States Senate,
Washington 25, D. C.

DEAR SENATOR BYRD: At the 1955 meeting of the American Dental Association in San Francisco a pronounced majority of the delegates, to the house of delegates, voted to support voluntary coverage of self-employed dentists within the OASI program.

As the Louisiana delegation voted unanimously in favor of voluntary coverage we respectfully request of you, as chairman of the Senate Finance Committee, to consider amending H. R. 7225.

The Louisiana State Dental Society feels strongly that voluntary coverage is the democratic way as it upholds each individual dentist's freedom to enter into or remain outside the OASI program.

Sincerely yours,

W. D. WALL III, *President.*

COLORADO STATE DENTAL ASSOCIATION,
Greeley, Colo., February 6, 1956.

Hon. HARRY FLOOD BYRD,
United States Senate,
Washington 25, D. C.

DEAR SENATOR BYRD: It has been brought to our attention that the council on legislation of the American Dental Association will testify before the Senate Finance Committee on the Social Security Act Amendments of 1955 on February 8, 1956. The bill in question is H. R. 7225.

The Colorado delegates representing the Colorado State Dental Association at the 1955 meeting of the American Dental Association voted unanimously in favor of the motion adopting a policy of elective OASI coverage for self-employed dentists.

We are convinced such a policy is feasible and would be the most equitable means of applying the program to dentists.

The Colorado State Dental Association earnestly urges the Senate Finance Committee to amend H. R. 7225 to permit the voluntary coverage of self-employed dentists. We appreciate your interest in legislation concerning dentistry.

Sincerely yours,

H. P. WINN, *President.*

THE COMMONWEALTH OF MASSACHUSETTS,
HOUSE OF REPRESENTATIVES,
Boston, January 19, 1956.

Congressman WILLIAM H. BATES,
Congressional Office Building,
Washington, D. C.

DEAR BILL: Being a State representative as well as a dentist, I have been called on many times by members of the Massachusetts Dental Society to use my influence in the passage of OASI bill H. R. 7225.

In the year 1951 a poll of members of the Massachusetts Dental Society showed the vote was 1,172 in favor and 52 against the OASI. In 1955 at the national convention of the American Dental Society in California, the vote of the delegates from Massachusetts on the bill was 13 for and 1 against.

I would appreciate greatly if you would convey this information and my views in favor of H. R. 7225 to Senator Harry F. Byrd and his committee.

With kindest personal regards,

Sincerely,

Doc.
CORNELIUS J. MURRAY, D. M. D.

DALLAS, TEX., *December 30, 1955.*

Senator LYNDON JOHNSON,
Washington, D. C.:

This telegram is to register our protest against any form of inclusion of dentists in social security. We feel that even the voluntary program will mean compulsory inclusion later on as has happened in many other items of our present creeping socialism. In the meeting authorizing this telegram there was not a single dissenting vote, only bitterness about creeping socialism and double taxation.

Sincerely,

The Oak Cliff Dental Study Club: President, Dr. Jack Edwards; Dr. Homer Wood, Dr. W. D. Galt, Dr. M. E. Faulkner, Dr. F. J. Eubanks, Dr. R. G. Dial, Dr. Finis Robbins, Dr. F. M. Dollar, Dr. H. C. Dial, Dr. C. H. Davis, Dr. Edward Cook, Dr. J. O. Wilson, Dr. W. R. Coggins, Dr. Eugene Watts, Dr S. B Vinzant, Dr. C. L. Thomas, Dr. J. P. Sutherland, Dr. S. T. Bailey, Dr. J. T. Mulhollan, Dr. W. C. McCaskill, Dr. L. A. Lipscomb, Jr., Dr. D. L. Lindsey, Dr. W. J. Krayer, Dr. David House, Dr. W. N. Hillery, Dr. J. C. Hart, Dr. Emmett Hambry, Dr. R. P. Calabria, Dr. O. V. Cartwright, Dr. A. C. Sloan, Dr. Frank M Shulty, Dr. C. J. Sawicki, Dr. P. P. Richardson, Dr. Wayne Logan, Dr. L. C. Perkins, Dr. L. Oskner, Dr. James Dees, Dr. H. J. Williams, Dr. K. C. McLullough, secretary.

CONGRESS OF AMERICAN DENTISTS FOR OASI,
Wellesley, Mass., December 19, 1955.

Hon. HARRY FLOOD BYRD,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: At the national convention of the American Dental Association held in San Francisco this past October the house of delegates voted to rescind their opposition to OASI and voted in favor of voluntary inclusion, knowing full well that Congress as a whole is opposed to voluntary inclusion for the legal and dental professions. This privilege has been granted only to the clergy.

The American Dental Association has taken the stand that OASI is a form of creeping socialism.

Their substitute for OASI was the proposal of the Keogh and Jenkins bills, H. R. 9 and H. R. 10. These bills would give them tax exemption for the first $10,000 net income so that they might build a retirement fund for themselves.

The majority of the higher officers of the American Dental Association House of Delegates are specialists with highly lucrative practices, and these bills would be for their interests and not for the protection of the average dentist in his latter years.

Through the consolidated efforts of the Congress of American Dentists for OASI, Inc., who have taken official polls throughout the country during this past year, the returns proved that 75 percent of the dentists favored social security.

The American Dental Association House of Delegates could not ignore these polls; hence, the reason, and the only reason, they rescinded their opposition to OASI at the San Francisco meeting.

The Congress of American Dentists speak for the grassroots of the dental profession, and we do not wish you to be misled by the insidious vote taken for voluntary inclusion by the American Dental Association House of Delegates. Ninety thousand dentists feel, and feel very strongly, that OASI is just as good for the families of approximately 90,000 dentists as it is for over 60 million families now covered.

For the past year we have made known to the House Ways and Means and to the Senate Finance Committees our desires and our hopes to be included in social security. The House of Representatives by a vote of 371 to 32 passed H. R. 7225, which had as one of its parts the inclusion of dentists under social security.

It is our hope the Senate Finance Committee will act to include the dental profession under the social-security system during the early session of the 84th Congress when it convenes in January, so that we shall not be penalized.

We also hope that they will feel, in justice to us, if passed, it be made retroactive for the year 1955.

We were eliminated from OASI during the closing days of the 83d Congress due to the fact that the Senate Finance Committee were led to believe by the American Dental Association spokesmen that we did not desire OASI. Our side was not allowed representation, as we represented no organization, even though we are all American Dental Association members, and because of the American Dental Association's autocratic stand and misrepresentation the Congress of American Dentists for OASI, Inc., was formed.

It continues to grow in strength and numbers, for this organization stands for the good of all and not for a chosen few.

Sincerely yours,

DWIGHT RICHARDSON CLEMENT, D. M. D.

To substantiate my statements, here are a few of the State polls provided by the secretary of the Congress of American Dentists, Dr. Earl S. Elman, 6350 North Clark Street, Chicago 26, Ill.:

	Yes	*No*
Massachusetts	1,176	54
Philadelphia	729	209
Odontological Society of Pennsylvania (9 counties)	700	135
Hudson County, N. J.	258	42
Monmouth County, N. J.	86	24
Detroit, Mich.	599	260
West Virginia (partial)	61	10
Delaware (all by vote of State society)		
Florida	392	344
Illinois (latest poll)	2,983	469
Iowa (latest poll)	965	148
Kansas	329	217
Maine	160	47
Maryland	350	179
Michigan	1,427	232
Minnesota	927	325
Montana	160	56
Nebraska	193	125
New Hampshire	151	30
New York	6,117	863
Ohio	881	581
Oklahoma	216	176
Oregon	397	140
St. Louis	365	122
Wisconsin	956	505
Pennsylvania	Yes	
Rhode Island	77 percent Yes	
Kentucky	92 percent Yes	

Additional polls recently completed

	Yes	No
Indiana	548	282
Virginia	256	141
Louisiana	189	86
Tennessee	133	278
Arkansas	121	52
Nebraska	250	[1] 103
Maryland	331	[1] 75
District of Columbia	94	40
West Virginia	195	[1] 82
Nevada	20	[2] 19
Utah	106	50

[1] Latest figures.
[2] Only 76 in State.

CHICAGO, ILL., *May 1, 1955.*

Re Senate bill 1344.

Senator PAUL H. DOUGLAS,
Washington 25, D. C.

In my March letter to you I promised to send you the results of the Illinois State Dental Society poll on OASI for dentists. Herewith the results:

Questionnaires mailed, 5,091; questionnaires returned, 3,454; in favor of OASI, 2,983; a against, OASI 469; not voting, 2.

Since writing you on the above date an incorporated national organization known as the Congress of American Dentists has been formed and I am inclosing authenticated literature as to the trend of this movement. Conservatively speaking at least 75 percent of the dentists are in favor of this program.

Your active support will be appreciated.

Yours truly,

ALFRED J. DREW.

DENTISTS WANT SOCIAL SECURITY

All full coverage polls conducted by mail have given OASI a favorable vote. The following were conducted by the respective societies:

	Yes	No	Percent	Delegates
Massachusetts	1,164	50	95.8	14
Minnesota	927	325	74	11
Oregon	397	140	73.9	6
Iowa	799	148	85	8
Ohio (questionaire, only)	881	581	60	16
New York	6,117	863	87.6	59
Chicago	1,295	271	82	27
Washington	540	242	69	8
Wisconsin	956	505	65.4	12
Montana	160	55	74	2
Vermont	235	112		2
District of Columbia				4
New Hampshire				2
Illinois	2,983	468		
Total				171

The total of all ADA delegates for 1955 is 416.

It can be assumed that the poll being conducted by the Illinois State Society will result favorably since the Chicago district has a larger membership than all other districts of the State combined.

MEDIAN INCOME OF DENTISTS

One-half of all dentists in the United States earned more and one-half earned less than the amounts listed.

Net before income taxes, self-employed general practitioners

1929	$3,676
1933	1,880
1935	2,173
1937	2,462
1941	3,281
1944	5,353
1946	5,142
1948	5,939
1952	9,790

Prepared by Earl H. McGonagle, D. D. S., Royalton, Minn., April 14, 1955.

FEBRUARY 9, 1956.

Hon. WALLACE F. BENNETT,
United States Senate, Washington 25, D. C.

MY DEAR SENATOR BENNETT: The Utah State Dental Association desires to bring to your attention its interest in the proposal to amend H. R. 7225, to permit the voluntary coverage of self-employed dentists. I believe this bill is before your Senate Finance Committee and that testimony in support of an amendment to permit the voluntary coverage of self-employed dentists has been given before your Senate Finance Committee by the council on legislation of the American Dental Association.

The Utah State Dental Association urges you to support the proposal to amend H. R. 7225 to permit the voluntary coverage of self-employed dentists. A notable characteristic of the majority of people of our State is the self-reliance that has been built into them through years of determined effort to maintain their integrity through individual and voluntary effort. We are proud, as I am sure you are, that our people have done as well as they have, through neighborly assistance, for which there is no substitute, to minimize the extent to which assistance has been sought from Federal agencies. The voluntary coverage of self-employed dentists will permit those who desire it to have it, and will relieve those who have an abhorrence for compulsion, of the embarrassment of it.

The Utah State Dental Association urges you to support the organized dental profession's policy on OASI which declares the profession's desire for voluntary coverage which will uphold, for each individual dentist, the freedom of choice to enter into or remain outside the OASI program.

Your respectful consideration and support is earnestly solicited.

Sincerely

R. C. DALGLEISH, D. D. S., M. P. H.,
Secretary.

WILMINGTON 2, DEL., *February 10, 1956.*

Hon. HARRY FLOOD BYRD,
Chairman Finance Committee,
United States Senate, Washington 25, D. C.

DEAR SENATOR BYRD: May I call your attention to a bill, H. R. 7225, which is being considered in committee. This bill provides for the mandatory coverage of self-employed dentists within the old-age and survivors insurance program.

In the capacity of a self-employed dentist practicing in Wilmington, as president of the Delaware State Dental Society, and as a member of the American Dental Association, I respectfully urge that you give consideration to amend this bill, H. R. 7225, to permit the voluntary coverage of self-employed dentists. Our local dental society has repeatedly gone on record as favoring voluntary inclusion of self-employed dentists. The most recent action in this regard was taken in annual session on the 11th of January in Wilmington.

Respectfully yours,

LOUIS KRESHTOOL, D. D. S.

FORT WORTH, TEX.

Senator LYNDON JOHNSON,
Senate Office Building, Washington, D. C.

Fort Worth District Dental Society unalterably opposes inclusion of dentists under social security bill. Now before Senate Finance Committee. Please place in record.

L. A. VANDERHAM,
President, Fort Worth District Dental Society.

FORT WORTH, TEX., *February 10, 1956.*

Hon. HARRY S. BYRD,
Chairman, Senate Finance Committee, Washington, D. C.

Texas Dental Association by vote of its board of directors as late as January 22, 1956, unalterably opposed inclusion of dentists under social-security bill now before Senate Finance Committee. This action has consistently been supported by Fort Worth District Dental Society. Compulsory inclusion of dental profession contraray to the constitutionall right of every individual to provide their own means of future security without governmental intereference.

Reply requested as to action taken.

WILLIS H. MURPHEY,
Medical Arts Building, Fort Worth, Tex.

(Whereupon, at 4 p. m., the committee recessed, to reconvene at 10:10 a. m., Thursday, February 9, 1956.)

SOCIAL SECURITY AMENDMENTS OF 1955

THURSDAY, FEBRUARY 9, 1956

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to recess, at 10:10 o'clock a. m., in room 312, Senate Office Building, Senator Harry Flood Byrd (chairman), presiding.

Present: Senators Byrd (chairman), George, Frear, Smathers, Barkley, Malone, and Carlson.

Also present: Senators McClellan and Humphrey.

Elizabeth B. Springer, Chief Clerk.

The CHAIRMAN. The meeting will come to order.

We are very happy to have with us our colleague, Senator McClellan. And I also ask him to introduce the witness.

Senator MCCLELLAN. Dr. Robins, will you come around, please, sir.

Mr. Chairman, I appreciate the courtesy you have extended me to introduce to this committee my neighbor and friend of Camden, Ark., and who is also my family physician. If it had not been for him, I might not have been here this morning.

Dr. Robins is a former president of the Arkansas Medical Society and a former vice president of the American Medical Association; a former president of the American Academy of General Practice.

Incidentally, this may not help him, but he is a former national Democratic committeeman from Arkansas.

The doctor wishes, Mr. Chairman, to file with the committee his statement, at this time, and then I will ask that you permit him to introduce the representative of the American Academy of General Practice, who will testify.

The CHAIRMAN. Doctor, we will be glad to hear you, and please to have you introduce the other witness.

Senator MCCLELLAN. Do you want to file the statement?

STATEMENT OF DR. R. B. ROBINS, CAMDEN, ARK.

Dr. ROBINS. Thank you, Senator McClellan, Senator Byrd and members of the Finance Committee.

I am interested in H. R. 7225, both as a citizen and as a physician. I know it is not pleasant for me or the witness or anyone else to come here and quarrel with anything that sounds so good and kind and humane as does social security. It is sort of like parading around a feast with a stomach pump.

But I want to file a statement of my own for the record.

The CHAIRMAN. We will be very glad to have you do so and include it in the record.

(The prepared statement of Dr. R. B. Robins is as follows:)

STATEMENT OF R. B. ROBINS, M. D., CAMDEN, ARK.

Senator Byrd and members of the Senate Finance Committee, I am interested in H. R. 7225 as a citizen as well as a physician. My interests relate to its actuarial soundness and its fiscal feasibility. I am equally alarmed when I am told that many people will soon pay more to the social security tax collector than they do to the income tax collector. The social security tax will become the No. 1 tax problem for many millions of people.

The tax rate on social security is soon going to be boosted so high that it is going to be distasteful to people, particularly self-employed people who have to pay half again as much as do wage earners.

When social security began in 1935 it had a clearly defined purpose and that was to guarantee an income for retired men and women. If it was the opening gun for a longe range, continually expanding, luxury type of program, no one was so advised at that time.

The much mentioned OASI trust fund is reminiscent of the British Labor Party's welfare state program. At the party's 54th Convention, former Health Minister Aneurin Bevan ridiculed proposals to keep the trust fund on a sound, actuarial basis. Bevan summed up his sentiments by saying, "Gentlemen, there ain't no fund." He added that it had been poured into power stations, factories, and mining operations. It also went for housing subsidies, farm supports, and free medical care.

Our own trust fund remains strictly a fiscal myth. It contains about $21 billion in I O U's signed by the United States Treasury. It draws interest of over 2 percent. All very interesting. The Federal Government is not a self-supporting operation. Its existence hinges on continuous taxation. Consequently, interest payments must come out of taxes on the same people who originally were taxed to build up the trust fund. The interest now—just the interest—is more than half a billion a year. This, of course, will increase annually as the years go by. Isn't it much like borrowing money from a neighbor and returning later to borrow more money with which to pay the interest on the initial loan? Won't he some day tire of this vicious financial arrangement?

Every time Congress meets there are always new attempts made to broaden and liberalize the social security law, as you well know. This present bill, H. R. 7225, includes several far-reaching provisions, one of which would make totally and permanently disabled persons eligible to receive their social security retirement benefits at age 50 instead of age 65. During the course of these hearings, much will be said about disability determination and malingering. I would like to believe that no one would take advantage of a cash disability benefits provision. But, gentlemen, it won't work that way. Human nature doesn't permit it to work that way.

H. R. 7225 will give hundreds of thousands of potential malingerers the kind of opportunity they've been seeking for years. This is the reason, in my opinion, it makes it absolutely impossible to set up a realistic budget or to have an accurate idea what such a program will cost.

I understand that Government experts regard the current OASI program as financially sound if we're willing to assume that the country will remain prosperous, that employment will remain high, that payroll taxes will periodically be increased, and that only the anticipated number of people will retire. Those are rather substantial "ifs." To me, it makes about as much sense as saying that a horse will remain well if he doesn't get sick.

The Nation has already entered an era that puts undue confidence in subsidies, price supports, and shaky financial arrangements. The handout provisions of H. R. 7225 fall in that last category. They too clearly remind me of earlier theories which advocate redistribution of income.

One final point, gentlemen, and I am through. Reports have been circulating that a compromise may be offered on the proposed amendments of cash benefits for the permanently and totally disabled in this bill. It may be suggested that age 60 be set as the eligibility requirement for the disability benefits instead of age 50 as stipulated in the bill. The danger of such a compromise is obvious. Once the principle of permanent disability benefits is established—regardless of whether it is 60 or 50—there will be inevitable pressure in the years ahead

to reduce and eventually eliminate the age requirement. It is the principle, not the age, which is important.

Gentlemen, in conclusion let me say that it is not pleasant for me to quarrel with anything that sounds so good, and kind, and humane as social security. It is like someone has said, "parading around a feast with a stomach pump." But, to me, this bill will have a far-reaching effect on the Nation's economic, social, and political future.

Let me thank you for the opportunity of expressing my views.

Dr. ROBINS. Then I would like to file a statement from the counsel and executive secretary of the American Academy of General Practice, Mr. Mac F. Cahal, who is here, and I would like to do so now.

The CHAIRMAN. That is so ordered.

(The prepared statement of Mr. Mac F. Cahal is as follows:)

STATEMENT OF MAC F. CAHAL, J. D., EXECUTIVE SECRETARY AND GENERAL COUNSEL, AMERICAN ACADEMY OF GENERAL PRACTICE

Mr. Chairman, members of the Senate Committee on Finance, as chief executive officer and general counsel of the American Academy of General Practice, I desire to avail myself of the privilege you have graciously extended to me to discuss the provisions and implications of House bill 7225.

The Academy, with more than 21,000 members, is the only national medical association representing the family doctors of America. Though closely related to the American Medical Association, the Academy has no official connection with the AMA. Our association is entirely autonomous.

Two-thirds of the practicing physicians in America are family doctors. I therefore speak for the largest single segment of the medical profession.

As the family is the basic unit in our society, the family doctor, who assumes total and continuing responsibility for the health of the family unit, is the foundation of our medical-practice system. In his intimate relationship and close personal tie with the family, he occupies a unique position in our western civilization.

Many of the spectacular advances in medical science, such as the recent development of new antibiotics and the use of new steroid compounds, have no meaningful value to sick people until they become part of the family doctor's armamentarium and are utilized by him in his daily medical practice.

The cash disability benefits provided for in H. R. 7225 would also become effective only after a doctor had certified his patient as totally and permanently disabled. I hope to persuade this committee that such a system would impose an intolerable burden on the Nation's doctors and place a premium on valetudinarianism.

H. R. 7225 establishes cash disability benefits without fully appreciating that the determination of disability has never been an exact science. Any legislative program which establishes such a system will keep civil courts clogged with an endless and ever-increasing backlog of pending litigation.

What constitutes permanent and total disability and when is a participant permanently and totally disabled? These are questions that every civil court in the country will be called upon to answer. Unfortunately, they don't lend themselves to simple, all-inclusive definitions. H. R. 7225 puts the burden of providing answers squarely on the shoulders of the medical profession, and physicians, better than anyone else, know that there is no universal answer.

I understand that many members of the Senate are impressed by the House 372–31 rollcall vote on H. R. 7225. With this in mind, please remember that this social security amendments bill was passed under a procedure which suspends the rules, bars amendments, and limits debate to 40 minutes. I wonder if that is adequate time for elected officials to carefully consider all implications and the ultimate cost of a Government cash disability benefits program.

H. R. 7225 will, for the first time, introduce an element of subjective determination. Previously, eligibility to receive benefits could easily be measured. An insured participant's age and number of dependents is a matter of record. He has also contributed a specific amount of money to the social security coffers.

However, disability determination depends on the nature and extent of causative factors, on the physicians' diagnostic skill, and on a factor which can never be accurately measured—the integrity of the insured. Dollar incentives can effectively prolong disability.

I would like to give you an example: Severe chronic headaches could be regarded as permanently and totally disabling. Yet their very existence can be neither proved nor disapproved by the most skilled neurosurgeon.

The medical profession and most of the Nation's tax-paying populace will always be concerned with legislation involving costs that cannot, with a reasonable degree of accuracy, be predetermined. Supporters of the bill have estimated that in 25 years, a million workers would be receiving cash disability benefits totaling $850 million a year. Life insurance experts add that the ultimate cost of such a program could easily require between 30 to 40 percent of the Nation's taxable payroll. Although these are astronomic figures, they are only guesses. In all probability, they don't allow for widespread malingering and attempts to cheat the Government.

The disability "freeze", enacted last year, also introduced a subjective element into the determination of eligibility to receive benefits. However, it was simply a waiver of premiums provision. It is one thing to tell the worker he's disabled and therefore not required to pay a social-security tax. It's another thing to provide him with an income during periods of disability. One provision gives him peace of mind; the other is an answer to many financial problems and partially eliminates his desire to get back to work. Such a program will encourage both fraud and malingering.

H. R. 7225 is characterized by subjective guesswork, actuarial impropriety, and a legislative reluctance to review. For these reasons, the more than 21,000 American Acadamy of General Practice members oppose H. R. 7225 as they will continue to oppose ill-considered social welfare legislation.

As family doctors, all Academy members are acutely aware of medical care problems. However, the Acadamy will endorse only attempts to find realistic answers. Apparent popularity and vote-pulling appeal do not, in the Academy's opinion, constitute valid reasons for enacting legislation that precludes any accurate predermination of costs and makes no attempt to define certain key terminology.

In deliberating proposed amendments, the Academy sees merit in considering the originally stated purpose of the social-security program. Prior to the parade of amendments, the act was intended to provide and guarantee an income for retired men and women. Furthermore, this was to be a depression-proof income. Having just emerged from a severe depression accompanied by many problems relating to care of the indigent and aged, the country appreciated the need for preventive legislation. No one, at that time, described the social-security program as an ever-expanding plan that was to launch a cradle-to-the-grave revolution.

The 1935 version of the bill set up retirement income funds and provided a cash death benefit for widows. The maximum monthly benefit was $85; the minimum, $10. The program was to start in 1937 and all benefits were to be financed by an equal 1 percent tax on the employer and the employee. Since 1935, the Government has paid out $44 billion in social-security benefits an has simultaneously accrued future liabilities totaling an additional $280 billion.

Four years later, Congress added monthly benefits for certain dependents and survivors of participants. In 1950, benefits for retired workers were increased an average of 77.5 percent and compulsory coverage was extended to many self-employed people. In 1954, maximum benefits were again increased and compulsory coverage was extended to another 10 million workers. The disability "freeze" or waiver of premiums provision was added.

In less than 21 years, the Government-assumed financial burden has increased by geometric leaps. For every dollar paid to beneficiaries in 1950, the Government will this year pay out $181.25. Where will it stop?

In addition to establishing cash disability benefits, H. R. 7225 seeks to lower the retirement age for women from 65 to 62. It also seeks to further expand compulsory coverage and extend monthly benefit payments for permanently and totally disabled children over age 18.

Proponents of H. R. 7225 seem increasingly enthusiastic about a program that has objectives similar to those adopted at the Communist-dominated ILO's 1952 Geneva convention. These objectives are:

1. Old-age and survivors benefits—These have already been enacted. The ILO, however, wants benefits which would enable the insured to live comfortably without the necessity of supplementing his income by individual effort.
2. Permanent and total disability benefits.

3. Weekly unemployment compensation which ignores the reason for unemployment. This would mean the socialization and nationalization of our present workmen's compensation system.
4. Maternity benefits.
5. A monthly payment to each family for each dependent child.
6. A lump-sum separation payment.
7. National compulsory health insurance or socialized medicine. At the 1952 ILO convention, both the United States Government and labor representatives voted in favor of the above program. Only our employer-delegate voted against it.

In December 1954, the House Ways and Means Committee released a 72-page report entitled, "Social Security After 18 Years." The last 12 pages of the report contain the following interesting conclusions:

"There is not enough in the $17 billion trust fund to pay future benefits to the present beneficiaries.

"Total benefits to some aged couples may aggregate several hundred times the amounts they paid in OASI taxes.

"As a group, today's aged on OASI will receive in benefits almost 50 times the amount they paid in OASI taxes."

Persons receiving OASI primary insurance benefits at the end of 1952 had already received or would receive $24 for each $1 jointly contributed by themselves and their employers. Independent studies point out that by 1954, this ratio probably rose to $30 for each $1 contributed.

Some very thought-provoking questions are being leveled at the spiraling cost structure of the Nation's old-age pension plan. Only recently has the load-carrying populace realized that the income tax ogre may some day have to share his pedestal with a social security compatriot.

Cash disability payments will put a premium on immorality and an unfair burden on every physician.' The academy regards such a plan as financially unfeasible.

In closing, let me again thank the committee for this opportunity to express my views on this proposed legislation.

Dr. ROBINS. The American Academy of General Practice is now the second largest medical organization in our country. It represents the family doctor. It has a membership of 29,000, and we have a commission known as the "Commission on Public Policy." And the chairman of that commission is our witness.

I wish to present Dr. Cy Anderson, of Denver, Colo.

Senator CARLSON. I think, if I am not mistaken, Dr. MacCahal is from the State of Kansas.

Dr. ROBINS. Yes, sir.

Senator CARLSON. His statement, I am sure, will help the record on this.

The CHAIRMAN. We are very glad to have you here, Dr. Anderson. Proceed in your own way, Doctor.

STATEMENT OF CYRUS W. ANDERSON, M. D., ON BEHALF OF AMERICAN ACADEMY OF GENERAL PRACTICE

Dr. ANDERSON. Mr. Chairman and members of the committee, I am Dr. Cyrus W. Anderson and I represent the American Academy of General Practice and its more than 20,000 family doctor members. I also represent myself, Cy Anderson, a practicing physician from Denver, Colo.

Yesterday, I helped another Denver doctor do an emergency appendectomy. I represent him, too. I also represent a rural area colleague who practices in a small town 30 miles from Denver.

Our job as doctors is to cure sick people. We have an ethical and moral obligation to keep this Nation healthy. When we leave our

practices and patients to come here to Washington, it is because we honestly feel that our knowledge and experience may be of value in shaping legislation. We also know that your decisions and recommendations can be as important as the skilled use of a scalpel or a million units of the newest broad-spectrum antibiotic.

I welcome this opportunity to be heard. Until these hearings, no one has had much chance to express his opinion of H. R. 7225.

For years, gentlemen, I have tried to teach my patients the importance of periodic physical examinations. I have told them why they should have a thorough check-up at least once a year. Usually, I find nothing wrong. But when the patient leaves my office, both of us have the satisfaction and peace of mind that goes with knowing that on that particular day at least he is in reasonably good health.

Before we tack on more amendments to the Social Security Act, it would seem a good idea to review its history, diagnose its condition, prepare a reasonably accurate prognosis, and institute or change treatment if necessary, and I might add review the progress of other cases.

Experience is very important in my profession and to disregard the experience of other practitioners is indeed disastrous. We should learn by the mistakes of others. Your patient is the Social Security Act. Many other countries have had similar cases. All of them have the same symptoms. All of them holler for more medicine, for more relief, and for more money. Is it not possible that more medicine, more sedative, more relief might be harmful rather than good? In most cases the original purpose and intent of the first dose was for temporary relief. In the practice of medicine we can't cure drug addiction by increasing the dose every now and then.

Prior to 1939, the Social Security Act made no provision for survivors or dependents. Self-employed workers weren't included. It wasn't a very big shot and it didn't make an appreciably large hole in individual net incomes. It didn't cost too much. Today, far from taking care of only incomeless indigents, it's more of an all-encompassing social welfare program. The cost pyramids with the size of the shot.

The question as to how big the snowball's going to get doesn't come from any political minority or special interest group. Instead, it's a question that's being asked by almost everyone to whom several dollars a week makes a substantial difference. Are we really planning a cradle-to-the-grave social revolution?

H. R. 7225 introduces an element of subjective determination. Formerly, eligibility to receive benefits depended on easily measurable criteria. Records will show how old a participant is and how many dependents he has. Unfortunately, medical science has not reached the point of being able to unerringly state whether or not a man is totally and permanently disabled. What constitutes total and permanent disability? Is the delivery boy who loses both legs totally and permanently disabled? Or is the certifying doctor supposed to point out that he can still run a drill press and probably make more money? These are questions that must have answers.

Subjective determination started with the 1954 disability "freeze" provision. Despite objections raised, this provision didn't open the

door to malingering. The beneficiary isn't required to pay a social-security tax but he also doesn't have interim OASI benefits. Loafing and malingering aren't subsidized.

Until recently, trained actuaries have been able to roughly compute the cost of additional benefits. In my opinion, if we add cash disability benefits, this will be an actuarial impossibility. Every doctor has seen hundreds of examples. If you complain of severe chronic headaches, the best neurosurgeon in the world can't prove they don't exist. But couldn't they easily constitute total and permanent disability?

Every physician who testifies before this committee knows the importance of rehabilitation. But an important question is: At what point is a patient rehabilitated? Is it when he can resume his former occupation, or is it when he is capable of acquiring new skills and paying his own way in our socioeconomic world?

Putting dollar signs on disability negates diagnostic skill in the determination of disability. Despite my basic faith in honesty and integrity, I know the two don't mix.

H. R. 7225 and the cash-disability provision would work an unfair hardship on the medical profession. In many cases, it will jeopardize the all-important doctor-patient relationship. The doctor's assignment, as I pointed out earlier, is to cure and comfort people who are sick. It's an even more difficult responsibility to make decisions which directly relate to the patient's income.

As there can be a few bad apples in any barrel, there will be doctors who aren't above certifying a dubious disability. There will be others who will lose patients because they will refuse to cooperate with a malingerer. No matter how carefully you plan ways to avoid abuses, they will continue to exist and could easily become rampant.

Once again allow me to express my thanks for this opportunity to express the opinions of the American Academy of General Practice on this very important proposal.

The CHAIRMAN. Doctor, thank you very much, sir, for your impressive statement.

Are there any questions?

Senator GEORGE. I believe I have none.

The CHAIRMAN. If there are no questions, thank you again.

Dr. ANDERSON. Thank you.

The CHAIRMAN. The Chair recognizes Senator Carlson to introduce the next witness.

Senator CARLSON. The next witness, Dr. Robert S. Green, is president of the National Medical Veterans Society, and I would ask Dr. Green to kindly come to the witness chair.

With Dr. Green is Dr. Henry Blake of Topeka, Kans., who is the past president of the National Medical Veterans Society, one of our young outstanding physicians and surgeons in Kansas.

And I think the committee might be interested in knowing that Dr. Blake's father has succeeded in control and is now operating the Capper Publications in Topeka, Kans., and I am sure all of us remember with great favor Senator Capper's splendid service here.

Dr. Green, I believe, will testify.

The CHAIRMAN. You may proceed, Doctor.

STATEMENT OF DR. ROBERT S. GREEN, PRESIDENT, NATIONAL MEDICAL VETERANS SOCIETY

Dr. GREEN. I am Dr. Robert S. Green, a practicing physician from Cincinnati, Ohio, and President of the National Medical Veterans Society. I wish to express on behalf of our society our appreciation for this opportunity to appear before your committee.

I have with me Dr. Henry Blake, of Topeka, Kans., past president of the society who also is prepared to answer questions. He is a practicing surgeon and has had long experience in problems of disability in industrial cases. I am a consultant on heart problems for the Ohio State Industrial Commission and have had some years experience in disability determinations of heart cases for a number of insurance companies. During the past year I have served as a heart consultant for the Ohio old-age and survivors insurance program on problems stemming from the disability freeze.

H. R. 7225 was reviewed by our society last December. We were and are concerned about one fundamental aspect of this bill. We, as physicians, will be called upon to determine disability.

The proposed method of determining disability is essentially that used in the recent "disability freeze" amendment of the Social Security Act.

My experience with "disability freeze" during the past year, has given adequate evidence that this method of determination is not fair to the patient or to the physician.

The reason is simple. There are no precise methods to determine medical disability at the present time. Therefore, these determinations are largely a matter of the personal opinion of the physician involved. We know that our decisions rendered in good faith are often open to serious question, legal and otherwise.

The unfortunate heart attack of President Eisenhower offers an excellent example of the problems regarding disability determinations. I would like to call your attention to the January 13 issue of the U. S. News & World Report.

To the magazine's question: "Do you think a man who has suffered a heart attack can be regarded as physically able to serve a term as President?" 152 heart specialists said "Yes"; 84 similarly qualified heart specialists said "No."

To the question: "Based on what you have read about the nature of the President's illness and assuming a normal convalescence in the next few months, do you think Mr. Eisenhower can be regarded as physically able to serve a second term?" 141 heart specialists said "Yes"; 93 heart specialists said "No."

Granted that these physicians have not examined the President, and granted that they do not have a sound concept of his workload, nevertheless this disagreement among equally qualified specialists is representative of our experiences in all fields of disability determination. The determination of disability under H. R. 7225 is even more complex than the determination asked of these specialists.

The following language is from the definition of disability in H. R. 7225: "Inability to engage in any substantial gainful activity."

What is meant by "substantial"? What is meant by "gainful"? We do not know.

We feel that these words should be precisely defined in law and not left to the personal opinion of many individuals.

I believe our problem may be illustrated best by personal experiences with the two most recent cases I examined for disability freeze.

The first involved a man who has worked faithfully for 35 years. His job, the only one he was trained to do, involved heavy physical labor. At age 59 he suffered a stroke due to rupture of an aneurysm of an artery of the brain. This was treated successfully by surgery, but he had a slight residual paralysis of the left side of his body. He also had high blood pressure with some heart changes. He was eager to return to work because he despised inactivity.

His brain surgeon, a friend of mine, stated that the heavy work he was trained to do was potentially dangerous and should be avoided. I agreed.

My opinion was as follows:

I believe Mr. Blank is totally and permanently disabled as far as his previous job is concerned. He certainly should not do any heavy lifting. He is not trained for lighter work, though this would be medically acceptable.

This opinion was within my capabilities. He shouldn't do heavy work, but he may do light work.

Some 2 weeks later I received a letter from the State level stating that my opinion was inadequate for proper decision and that I must determine if he was permanently and totally disabled. Where do we go from here? Feeling sorry for this man, I went beyond my capabilities and stated that he was permanently and totally disabled—period—and entitled to disability freeze. This opinion was no longer based on medical knowledge, but rather on sympathy, and it resulted from the confusion of the definition of "disability" on a State and personal level.

The second case has everybody confused. This patient was referred for evaluation of dizzy spells and cramps in the legs with walking. He owns and manages several apartment buildings.

After a careful examination I regarded him as not entitled to benefit on a medical basis, but suggested further studies. This request was approved, and after the second evaluation I still regarded him as not eligible for disability freeze benefits. The letter from the State official approving the extra studies contained this sentence:

I am not sure of the precise disabling condition of this applicant. From the report of the family physician he may have coronary artery disease.

That is a disease of the arteries of the heart. On my examination I found no evidence that he was disabled from heart disease and yet the apparent basis for his claim was an opinion concerning his heart from his own physician. This case has not been settled. I regard this man as not disabled. Another physician apparently believes he is. Who is right?

The opinion of the National Medical Veterans' Society may be summarized as follows:

1. Precise legal, medical, and social methods of determining disability have not been established. As a result, the problem of determining disability is often difficult if not impossible.

2. These difficulties are reflected in administration of the disability freeze amendments of the Social Security Act.

3. The problems created by the disability freeze should be clarified before they are compounded by new legislation.

4. This clarification is going to require considerable thought and coordination. Our society is prepared to give what assistance it has at hand in helping solve this problem.

Thank you, Mr. Chairman, for the privilege of appearing before this committee.

The CHAIRMAN. Thank you, Dr. Green.

Senator BARKLEY. Do you have any suggested definition for this bill?

Dr. GREEN. No, sir. I do not have any suggestion at this time. The concept of disability is relatively new to physicians. The diagnosis of the disease goes back centuries but only relatively recently have we been called upon by the Veterans' Administration and insurance companies and the industrial commissions to get into the social problems of medicine. And the determination of disability is a social problem.

I personally think that the definition of disability will be related to social workers, in other words, a man may be disabled in one community, permanently, but not in another, depending upon the type of jobs they may get in the different communities. It will be related to psychologic and to rehabilitation factors and to our ability as physicians to precisely define what is wrong and what that man may do. I do not think we have integrated these yet.

Senator BARKLEY. If we tried to write a definition of disability as you are suggesting here we cannot write one that will fit every community and every human being. We have to write it in general terms.

Dr. GREEN. Yes, sir; with that I agree. If the definition can be written in general terms, so that the case can come to me as a private physician, and then I can correctly interpret the law, I think that is fine.

What my objection to it at the present time is that under disability freeze the case comes to me and they ask, "Is this man disabled?"

I do not know what they want.

The definition that they are using under disability freeze is the same definition in the law.

So our appeal today is essentially for a workable definition that we who are making these determinations can use to be real fair about the problem.

Senator BARKLEY. That would be rather difficult for a Doctor, to write a general definition of this bill here. You say a man may be totally disabled in one community but might not be in another.

Dr. GREEN. Under this particular proposal.

Senator BARKLEY. Being totally disabled where he is now, but if he moved somewhere else he would not be disabled.

Dr. GREEN. I think that is true, particularly this is true of asthma. Some climates have a lot of asthma but if you can move them to another climate they do not have it.

Some areas are further along in rehabilitation than others. Cleveland has gone far in the heart-disease field of getting jobs in industry for people who have heart disease. The placing of a person and rehabilitation of that person is relatively easy now in Cleveland. When

you come to Cincinnati we have not progressed that far. Industry is opposed because we haven't convinced them.

Senator BARKLEY. I am surprised to hear that because it is so close to Kentucky. [Laughter.]

Dr. GREEN. My mother was born in Kentucky, Senator.

Senator BARKLEY. That is all.

Senator CARLSON. I would just like to ask, in view of Dr. Green's statement about some of the problems dealing with industrial disability, if that is concurred in by Dr. Blake. Do you have the same problems?

STATEMENT OF DR. HENRY BLAKE, TOPEKA, KANS.

Dr. BLAKE. Essentially the same, Senator Carlson. It might be just germane to the subject to say I do a lot of the examinations for civil service and preemployment industrial examinations, and I go through just a routine of three questions after I have completed the examination, and these people look to be sound and healthy in every respect.

I ask them, "Do you feel that you are healthy in every respect?" And he will answer, "Yes."

"Do you feel that you have any disability whatever?" And their answer will be "No."

And I ask them the third question, "Do you feel that you can perform this job 100 percent of the time?" And they will answer "Yes."

Then I ask them, "Do you have any disability rating?" It is surprising how many of them you get to say, "Well, yes, I do happen to have a 15 percent or 30 percent or a 10 percent disability rating."

And I may lift my eyebrows a little bit. "Then how do you explain that when you have just told me that you do not have any disability?" And they will say, "Oh, Doctor, you know how those things are."

And these people are rated by, for instance, the Veterans' Administration. Without exception, all of the ones that I have had that have had VA disability that have applied for these civil things, everyone has said without exception they were all right.

Here is the VA that has been in this job of disability rating for a good many years. The reason I bring it up is not to go after anybody but to point out that it is still not a precise art with somebody that has been in it for a long time. That is a problem.

Senator CARLSON. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, doctors.

Dr. GREEN. Thank you.

Dr. BLAKE. Thank you.

The CHAIRMAN. The Chair recognizes Senator George to present the next witness.

Senator GEORGE. Dr. J. W. Chambers. Come around, Doctor.

Dr. Chambers is a doctor of reputation and standing in Atlanta, Ga., and he is here on behalf of the Medical Association of Georgia. I believe that he is also chairman of the council of the Medical Association of Georgia.

Doctor, we shall be very glad to hear you.

STATEMENT OF DR. J. W. CHAMBERS, CHAIRMAN, COUNCIL, MEDICAL ASSOCIATION OF GEORGIA, LaGRANGE, GA.

Dr. CHAMBERS. Mr. Chairman and members of the committee, I am Dr. J. W. Chambers, of LaGrange, Ga. I am in the private practice of medicine and I am also chairman of the council of the Medical Association of Georgia, on whose behalf this statement is presented.

We are a small State, populationwise, and ours is a small organization relatively. We are grateful that in our great democratic nation our voice can be heard.

As good citizens we respectfully present these views because we sincerely feel that this proposed legislation has such far-reaching effects on our people—from the numerous farmers and sharecroppers who must dig deeply into their jeans to pay the added cost imposed by certain sections of this bill to the many young industrial workers who wonder how much insecurity there might be in social security in 1970 and 1980 because of added cost from this and possible subsequent unwise expansion, added on to his or her payroll tax.

As physicians we are interested in certain phases of this legislation as it affects health and productivity. In Georgia we believe we have a good rehabilitation program in operation. The primary incentive of the many people it serves is hope of improved earning capacity when rehabilitated.

We are seriously concerned about the effect that cash disability payments may have on the incentive to regain work capacity. This is particularly true as regards the many "fringe" workers whose earning capacity is normally low, and cash disability payments may be near or possibly exceed their normal earning capacity.

As good doctors we hope to be helpful in carrying out the intent of legislation as passed by Congress but are aware of the difficulties which will be encountered under a definition of disability which has not been spelled out after long and careful study.

As an example, I cite a patient of mine who is a deaf mute and has moderately severe diabetes who has worked for several years and earned a good income in a textile plant. If he were unemployed, could he not claim total and permanent disability as defined in a position of this proposed legislation?

Who can say or even estimate how many people there are in our State and in the other 47 who have obscure conditions affecting their health that make their work capacity difficult to evaluate medically or psychiatrically?

How many of these could or would claim disability under the proposed or some other definition of disability? What board, administrative or medical, can emphatically say that any John Doe does not have heart pain on exertion, especially in the presence of demonstrable heart disease? We all know that many thousands of people with heart disease are gainfully employed and lead full and useful lives. Being human, it is possible that some of these people may prefer cash payments to employment.

We are concerned over the problems in social security of gradually increasing longevity. Not only that the Nation has yearly more citizens living to reach age 65 but that more and more of that group are living to age 75 and older.

We in the medical profession even lay private claim to at least part of the credit for the increasing longevity, but we also realize that the longer people live the more money each pensioner receives in benefits. Who can accurately predict the increase in longevity in the next 20 or 40 years?

As members of a profession we would naturally be interested in the attitude of self-employed professional groups toward social security as the cost to these people increases. In previous revisions and present proposed legislation many of the self-employed professional groups are included on a compulsory basis.

Our understanding is that the figure is a good many millions. If the social-security tax increases as proposed and the income base is broadened, will these self-employed groups lose their taste for social security or even become antagonistic?

It seems to us this could happen if costs increase and income-tax rates remain at present levels along with present costs of housing, food, and clothing. It also seems logical that as benefits increase, costs must increase.

We present these points simply as illustrative of some of the problems, which it seems to the Medical Association of Georgia, that this proposed legislation creates or magnifies. We do not profess to know all the answers. We are not against social security as such.

We do earnestly believe that much that is in this proposed legislation may be like a contagious disease, and unless carefully quarantined and closely studied it could become epidemic.

We also sincerely believe that given time for adequate and intelligent study by representatives from all segments of our country's economic and social structure, answers to develop a humane, safe, and sound social-security system could be had.

Thank you gentlemen for your courtesy.

The CHAIRMAN. Thank you very much, Doctor.

Senator BARKLEY. Doctor, did you ever know Dr. Fincher?

Dr. CHAMBERS. Ed Fincher?

Senator BARKLEY. Yes.

Dr. CHAMBERS. Yes.

Senator BARKLEY. I went to school with him when I was a boy. He has been dead a good many years.

Dr. CHAMBERS. Yes, sir.

Senator BARKLEY. A fine man.

The CHAIRMAN. I would like to read the definition of disability in the bill:

> The term "disability" means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration.

Is that definition subject to being determined—I mean can you make an analysis of the health, and so forth, of the individual based on that definition?

Dr. CHAMBERS. Mr. Chairman, I believe it would be extremely difficult in terms of that definition to decide whether a person was totally or permanently disabled, under the terms of that particular definition. It seems to me that it would be for me.

The CHAIRMAN. Thank you, sir.

Senator BARKLEY. Do you think there ought to be a definition of disability?

Dr. CHAMBERS. I think, Senator, if we are able as physicians to comply with the mandates that Congress hands us, that we will have to have a pretty rigid definition in order to go under.

As someone has previously stated in testimony, that is a fairly new thing to the profession, and we are honestly trying to make an honest effort to see how we can determine it.

Senator BARKLEY. What additions would you put in this definition here? How would you change it?

Dr. CHAMBERS. I think many of the phases of it would have to be spelled out most carefully, Senator Barkley. I do not believe that I am capable of ad libbing a very complete definition at this moment.

Senator BARKLEY. Would it be possible for some authoritative representative of the medical profession to submit to the committee a possible definition?

As doctors it seems to me that you are better qualified to do it than we are here as members of the committee.

Dr. CHAMBERS. I think, sir, if I may say so, I doubt if there is one person who could. I think it could be studied by our group, that is, physicians in general, and I believe in time we could give you some help on it, sir.

But I don't believe there would be one person in the profession who would be able to say, "Well, this ought to be an all-inclusive definition of disability."

The CHAIRMAN. Any further questions? Thank you very much.

Dr. CHAMBERS. Thank you.

The CHAIRMAN. The Chair recognizes Senator Malone to present the next witness.

Senator MALONE. Dr. Anderson, will you come forward?

In introducing Dr. Fred Anderson, of Reno, Nev., who will speak for himself, I want the committee to know he is one of the outstanding surgeons in our State and we have been particularly fortunate, I think, in having some of the finest surgeons and general practitioners in the country as residents of our State.

I think Dr. Anderson will be able to cover the particular subject that several of the witnesses have mentioned, and that is, that area of disability that doctors have difficulty in determining now.

I introduce Dr. Fred Anderson, of Reno, Nev.

Senator BARKLEY. You have a lot of people in Nevada who "operate" on people, who are not surgeons, do you not?

Senator MALONE. Only when they submit themselves to it voluntarily.

The CHAIRMAN. Proceed, Doctor.

STATEMENT OF DR. FREDERICK M. ANDERSON, ON BEHALF OF MEDICAL ASSOCIATION OF NEVADA, RENO, NEV.

Dr. ANDERSON. Mr. Chairman, I am Dr. Frederick M. Anderson of Reno, Nev., where I am engaged in the private practice of surgery.

I speak for the doctors of Nevada and for practically all of the citizens of Nevada with whom I have discussed H. R. 7225. We are against the passage of H. R. 7225 in its present form.

A careful consideration of the bill reveals a lack of adequate supporting data on many of its provisions and suggests alternatives to some of these that might make it both more beneficial and more sound economically.

It is our belief in Nevada that no urgent social crisis exists to make it necessary or desirable to rush this bill through in its present immature form. We believe that all of the old-age group and all of the partially or totally disabled group that need help should receive help but that this can and should be arranged on a more sound basis than as presently proposed.

The tremendous growth during the past decade of voluntary health insurance, industrial insurance, private pension plans, and other related developments have not been given adequate consideration in this proposal, H. R. 7225, nor have provisions been made for the impact of this program on such huge investments and organizations. No time interval is allowed to adjust for problems created by readjustment of these enterprises.

The history of similar social legislation in other countries has shown that such a program as this, through further steps that can easily be projected from it, has led inevitably to a full program of State or socialized medicine. While a vociferous minority has been and is clamoring for state medicine, it is our belief that the great majority of Americans do not want it.

The basic assumptions for cost estimates as contained in this bill leave cause for concern. Disability incidence rates for men are taken from experience of life-insurance companies under disability income policies for the early 1920's and 1930's, and for women, the German social insurance for 1924–27.

During the past 25 years there have been changes in longevity, in social attitudes, and in attitudes of individual responsibility that in our opinion make these figures outdated. Surely more recent and thus more valuable statistics can be made available and a more comprehensive actuarial study accomplished.

The old-age population is steadily rising, the extreme of longevity increasing at a rather astounding rate. In our opinion this program will, if enacted, place on our children and our children's children a much greater burden than projected or envisioned by the propounders.

The eventual tax of approximately 9 percent of payrolls will thus eventually be considered above this level, perhaps enough to make it an impossible hardship that will cause unreasonable sacrifices to the taxpayers or plunge the Federal Government into irretrievable debt.

The proposed cash for disability program presents a temptation hard to resist to a great many people. In the contemplated age group there are many not disabled, or borderline, who would choose a secure monthly payment over continued work competition.

The proposed system permits these to shop until they find a doctor willing to certify them for disability regardless of how many other doctors might think otherwise.

Even the most conscientious doctor will find a very difficult task in determining just who are the totally and permanently disabled, for social and personal character problems also play their part in determining self-maintenance. Many malingerers would thus be added to the totally disabled list.

Such cases are difficult to eliminate even under conditions of strict economic watchfulness carried out in their immediate environment. Federal employees, judging these cases more remotely, and not under economic pressure, would have such cases swelling the total disability rolls.

The alternative of a State program, assisted and strengthened by Federal help, should be considered. Emphasis should be placed on rehabilitation and job placement rather than on disability.

The partially disabled group is one that deserves careful thought so that such individuals may be rehabilitated at a productive level with self-respect and good morale rather than deteriorating gradually to a total disability level.

There should be continued provision for income maintenance of self and family during the period of strongly encouraged rehabilitation to preserve morale and initiative, and there should be conversion to regular total disability benefit basis only if there is definite proof of total disability. Studies by the commission on chronic illness should be of value here.

A paternalistic Federal monopoly of control as provided in the present bill would discourage State, county, family, and individual initiative and responsibility. We could list many possible alternatives to numerous provisions of the bill in its present form.

We believe one of most value might be the establishment of controlled experimental or pilot programs in conjunction with one or more States or Territories. The knowledge gained from these over a period of a few years might be of tremendous aid in formulating a sound program. The program should be oriented particularly to answer the problems on which inadequate information exists at present.

This bill contains some desirable provisions. It does not seem proper to us, however, that to obtain passage of these we must of necessity accept passage of the undesirable features. We believe each major feature of the bill should have separate introduction and consideration, being passed or rejected on its own merits and thus eliminating acceptance of the faulty to gain the worthwhile.

Our disabled in Nevada are not really adequately provided for at the present time. We believe improvements should be made. We do not have a complete acceptable alternative plan nor, to the best of our knowledge, does anyone else at the present time. We do not consider what would have to be a rather hasty reconsideration and revision of the present bill during this session of Congress as really adequate.

H. R. 7225 provides for the periodic establishment of an advisory council on social-security financing for evaluating and recommending on certain aspects of the program from time to time.

While this is valuable, we believe that of far greater value would be the establishment now of a widely representative, objective commission to make a thorough study of all pertinent information. This commission should enlist the aid of authorities in all related fields, and report back to Congress with carefully considered and basically sound recommendations.

The CHAIRMAN. Thank you, Dr. Anderson.

Any questions?

Senator BARKLEY. Doctor, we all know that as you have stated the life expectancy of the average man is much more than it used to be. And I give full credit to the medical profession and scientific research and medical research and all of those agencies which have brought that about.

It seems to me that we must presuppose that those men whose lives are extended beyond what they would have been 50 years ago are also more healthy during that period of extension than they would be otherwise, than they were 50 years ago.

That is medically true; is it not?

Dr. ANDERSON. Yes, sir.

Senator BARKLEY. So that offsets to some extent the problem created by the longer life expectancy; does it not?

Dr. ANDERSON. Yes, sir.

Senator BARKLEY. Maybe not altogether but it does offset it to some extent.

Dr. ANDERSON. Yes.

Senator BARKLEY. It is a very serious problem and one that nobody has, I guess, the final answer to. Yet, there are men and women, of course, too, who live beyond the ordinary expectancy as previously established who are not well and who are disabled.

The problem is what to do about them, because a lot of others are not disabled; as they go from 65 on up to 75 or 80 does not mean that there are not a lot of men and women who are not disabled.

It is not always easy to draw the line between the two.

I do not know of anybody as well qualified as the medical profession to pass on a man's disability.

Is it not a medical question after all—not so much a legal but a medical question, based upon the law?

Dr. ANDERSON. It is a medical question, plus perhaps a social question because the individual's own reaction to his environment and his wishfulness to stay in a gainful and self-maintenance capacity is of importance.

We do not deny that is a medical problem. We feel that at the present time sufficient time study has not been given to what the facts and experience are becoming available through such things as the disability freeze to go ahead with a huge spending program.

We feel that it should be put off a little bit, further studies made and statistics obtained from those be made available before it is written into a law involving many billions of dollars.

Senator BARKLEY. How long do you think it would take to make such studies that you contemplate?

Dr. ANDERSON. I believe it would take a matter of a few years at least. I realize that during that time a certain number of people will continue in some areas under difficulties, but as I say here, it is not an urgent social crisis that has come up this year. It is a problem that has been there for many years.

I think we should approach it slowly and carefully and when the answer is obtained it should be on as sound a basis as possible.

Senator BARKLEY. The House passed this bill and it is not for us to pass upon the wisdom or the method. It is on our doorstep here.

The question is whether we should bottle it up and not act upon it or try to eliminate anything that is wrong with it and maybe add

some things that are right, that are not in it, and that is what we are trying to find out now, what we should do.

Do you recommend that we do nothing at this session of Congress about it at all and let the bill die, and then leave it to some future Congress to deal with it?

We have a lot of people knocking at our doors here, all doctors and dentists, and some want in and some do not.

Dr. ANDERSON. I have insufficient legislative experience to know whether the desirable features can be extracted from it and passed through, and perhaps the undesirable ones eliminated. That is what I should recommend.

Senator BARKLEY. It is quite as difficult for us as it is for you then?

Dr. ANDERSON. I realize that.

The CHAIRMAN. You are only speaking against this one particular section of the bill?

Dr. ANDERSON. In particular, yes; I think the disability one is the one which creates the most difficulties.

The CHAIRMAN. You say you are not discussing the bill as a whole. It has a good many different provisions. One would take the lawyers in, and the dentists and so forth.

Dr. ANDERSON. I haven't made a point of discussing that.

The CHAIRMAN. You are addressing yourself to the disability feature?

Dr. ANDERSON. Primarily.

The CHAIRMAN. Any further questions?

Senator MALONE. Mr. Chairman, that is what I get from your testimony, Doctor, that you are not opposing any social-security benefits or improvement in the law, that can be readily analyzed and passed upon by the profession or any Government organization that might be set up, that our economic system will support.

What you are objecting to principally is the uncertainty of the law and the possible unfairness of parts of it. Is that right?

Dr. ANDERSON. Yes, sir.

Senator MALONE. You mentioned that disability based on the 1924 to 1927 German social insurance. Would you clarify that statement for us?

Dr. ANDERSON. That is taken from the House of Representatives, 84th Congress, Report No. 1189, where that statement is made, and the words are taken directly from that report.

Senator MALONE. You think that the experience gained or that the lesson to be learned from the German social insurance, of that period, is not adequate to judge the provision of this bill?

Dr. ANDERSON. I think that there should be available to us, if we make the effort to obtain them, more recent statistics, which will comply more fully with the changing social and medical and longevity conditions which exist today, than which existed at that time.

Senator MALONE. As I understand it, you do not object to the voluntary participation of any of the medical profession, like the dental profession, but you do object to the forced participtation?

Dr. CHAMBERS. That is correct.

Senator MALONE. In this system of determining partial disability or total disability, I do not understand that you are objecting to the

veteran's law of disability, which is service connected, and necessary to judge what percentage of disability might have been incurred or, at least caused by service in wartime. You are not objecting to that law?

Dr. CHAMBERS. No.

Senator MALONE. It was brought in and I thought it ought to be clarified. In other words, service in the armed services in wartime, where service-connected disability is determined, that was a matter that it was just necessary to do something about, was it?

Dr. CHAMBERS. That is correct. However, my experience as a consultant to the Veterans' Administration, I think, points up my statements of the great difficulty in determining just where disability does exist and to what degree it does exist.

I also have seen many cases carrying on full-time work and in many instances in hard work, where the history of the patient brings out the fact that they are receiving 25 or 35 or 45 percent disability pensions.

I think that points up the difficulty of determining disability right there.

Senator MALONE. But in that case, it was necessary to do something about a service-connected case, so it was necessary for the Government to take on that responsibility.

Dr. CHAMBERS. Yes. I think it was very necessary.

Senator MALONE. Since it has pointed up the difficulty, your point now is to take on the responsibility of determining the percentage of disability of the entire population without sufficient study could result in a very expensive process and something that is indeterminable at the present time.

Dr. CHAMBERS. Yes, sir. I feel we haven't been able to solve it adequately in that field. And we should not plunge into another huge new field without further determinations and more study.

Senator MALONE. That is all, Mr. Chairman.

But I would like permission to include in the record at this point, a sample of communications received from Nevada, one from the industrial commission of our State, and a couple of telegrams I received. I would like to include them at this point in the record—not my answers to the letters but the letters themselves.

The CHAIRMAN. Without objection the insertions will be made.

(The letters and telegrams are as follows:)

CARSON CITY, NEV., *December 27, 1955.*

Hon. Senator GEORGE W. MALONE,
United States Senate, Washington, D. C.

MY DEAR SENATOR MALONE: I am aware of the recent passage by the House of Representatives of H. R. 7225, pertaining to the extension and expansion of the social-security bill.

It is regrettable that the House of Representatives passed this bill during the hurried closing days of Congress and without debate under suspension of the rules. A matter of this importance should not have received such treatment, particularly in light of the strenuous objections raised to a somewhat identical bill, H. R. 6000, during the session of 1950 and 1951.

A lowering of the age limit for the retirement of women under the old-age program seems to me questionable in light of the tremendous cost involved due to greater life expectancies and recent extensions of the program to cover greater numbers of people. Such cost may or may not be justifiable in the long run, but without present confusion over the funding, and adequacy of available funds, it seems too great a gamble to impose greater liability for this program on the shoulders of our children.

A program of total disability benefits, whether they be income benefits, premium-waiver benefits, or others, has been fought too strenuously in the social insurance scheme to be admitted at this time. The history of insurance programs attempting total disability benefits clearly indicates the need for extremely careful study of this thought, if not, rejection of the idea being applied to a social-insurance program. I personally do not believe that human nature can be changed enough to make a total-disability program feasible. The attractions of total-disability benefits are too great for the individual with malingering instincts to overcome his natural tendencies.

There are other undesirable feasures of this bill, but attempting to eliminate parts could only, at this time, lead for further political maneuvering based upon political expediency such as was basically responsible for the House passage of H. R. 7225 without debate. May I respectfully urge that you bend every effort available to your office in stopping this bill in committee. It certainly should be tabled indefinitely for long and serious nonpolitical study.

Sincerely and most respectfully yours,

JOHN F. CORY,
Chairman, Nevada Industrial Commission.

[Western Union telegram, received February 8, 1956]

Senator GEORGE W. MALONE,
Senate Office Building, Washington, D. C.:

Regards H. R. 7225 Nevada State Dental Society approves voluntary but not mandatory inclusion under OASI.

O. M. SEIFERT, *Secretary-Treasurer.*

[Western Union telegram, reeeived February 8, 1956]

United States Senator GEORGE W. MALONE,
Senate Office Building, Washington, D. C.:

Nevada State Dental Society has repeatedly voted against including its members in OASI. Please do all you can on behalf of our profession.

HAROLD CAFFERATA,
Nevada State Dental Association.

Hon. GEORGE MALONE,
Senator from Nevada,
Senate Office Building, Washington, D. C.

DEAR SENATOR MALONE: I have been asked by the members of the Nevada State Medical Association to write to you regarding H. R. 7225, the bill for extension of social security.

The doctors are not against improvement of healthy, social, or financial conditions for the American people. However, we feel that this bill was put together and rushed through the House without a thorough consideration of the many problems it involved.

1. A tremendous outlay of money is involved, and I am sure the general public would not want these changes if they realized the cost which must be assessed against them or their children sooner or later.

2. Mrs. Oveta Culp Hobby, who certainly was favorable for extension of social security, stated herself, before the House committee, that there were many unanswered questions that should be answered before such a bill were considered.

3. Cash benefits for disability under this bill would almost certainly encourage the older or partially disabled segment of the population to go on at an income provided without effort on their part by the Government as a permanent thing. The thought that many of these people would really work toward rehabilitation is undoubtedly wishful thinking on the part of proponents of H. R. 7225. Our own experience with existing insurance emphasizes the fact that persons on such assured incomes are much more difficult to rehabilitate than ones with normal incentive to return to work.

4. No thorough studies of recent experiences by insurance companies and labor union funds dealing with permanent disability have as yet been made available. Such should be obtained. Also the effect of this bill on existing unemployment

compensation and disability programs of insurance companies, corporations, and unions should be studied thoroughly.

5. The bill provides for physical examinations to determine disability. No specific program for this is outlined, and it might, unless provided for, end up in the hands of racketeers in and out of the medical profession.

6. As the bill is written at present, it provides another definite step in the direction of widespread socialized medicine. A small but vociferous minority of the American population states this is desirable, but it is the belief of the doctors and the greater majority of the American people definitely do not want socialized medicine or any other major departure from the free enterprise system which is so traditionally American.

We ask that you make this expression of our unanimous opinion available to those considering H. R. 7225.

Sincerely yours,

FRED M. ANDERSON,
President, Nevada State Medical Association.

NEVADA STATE MEDICAL ASSOCIATION,
Reno, Nev., December 27, 1955.

Hon. GEORGE W. MALONE,
The United States Senate, Washington, D. C.

DEAR MOLLY: Fred Anderson, Vernon and Ed Cantlon, and I appreciated the opportunity to breakfast with you the other morning and to put before you our views concerning H. R. 7225. The objections of the physicians and surgeons of our State to this bill might be summarized as follows:

1. Through the requirement of certifying the condition of applicants for assistance under the proposed "physically handicapped" category, which starts at age 50, the physicians of the country will be forced to become part-time employees of the Government—a backdoor approach to socialized medicine. Once begun, other ways will be found to force more Government medical programs.

2. While the administration of the proposed programs would be in the hands of the various States, there is no provision for State or local financial participation in funding the new proposals; all will fall on the Federal taxload.

3. The proposal will call for a round of tax raises to meet the $2 billion—that's right $2 billion—added annual expense to the Government that will affect every taxpayer in the country. At the end of 20 years the added cost will rise to $2½ billion per year.

The physicians and surgeons of America are not opposed to social security. We know its value and the security it affords the average citizen. However, we are opposed to certain parts of H. R. 7225. We are particularly concerned with the haste with which the bill was presented to the Congress and the manner in which it was rushed through the House without public hearings and without through study.

We believe in helping those who need help, but would favor a more studied approach after careful and rational investigation. There is a great deal of additional information on this subject that we will be glad to furnish, if you desire.

Please rest assured that the physicians of your State take great interest in national affairs and are sincerely concerned with the action of the Congress in this vital area. If we can be of service to you at any time in furnishing material pertinent to this proposal or to any other measure, it will be our pleasure to cooperate further with you.

Very truly yours,

WESLEY W. HALL.
FRED M. ANDERSON.
VERNON CANTLON.
EDWIN CANTLON.

LAS VEGAS, NEV., *January 24, 1956.*

Hon. GEORGE W. MALONE,
Senate Office Building, Washington, D. C.

DEAR MOLLY: The Senate Finance Committee of which I know you are a high ranking and influential member is about due to hold hearings on a bill to include dentists in the OASI program.

I do feel that this would be a good thing for us to have. We dentists are a comparatively small group and, I feel, have been helping to pay for this program without getting anything out of it.

Most dentists do not accumulate very much and many are in pretty bad shape if something happens to prevent them from practicing in old age. It would also be fine insurance for the younger men with large families of whom there are a great many.

For the first time the American Dental Association meeting in October voted to withdraw all opposition to inclusion in the OASI program.

From a purely personal standpoint I hope to be in active practice for many years but it would certainly give one an added feeling of security should he be overtaken by adversity or misfortune.

These are just a few of the reasons why I sincerely hope that my great and good friend the Honorable George W. Malone will see fit to vote for inclusion of dentists in the OASI program in the bill now before your finance committee.

Erline sends her best to both you and your always charming wife. We all enjoyed our visit with you on Armistice Day. Our boy Gary especially got a kick out of it. I happened to overhear him telling some of his friends about having had breakfast with United States Senator Malone.

Good luck and good wishes,

Respectfully,

Doc.
J. D. SMITH.

SPARKS, NEV.

HON. GEORGE MALONE,
Senator from Nevada,
United States Senate Building,
Washington, D. C.

DEAR SENATOR MALONE: I am writing this letter as a young citizen just having reached the voting age. I feel it is my duty as well as my privilege to assume a more pertinent interest in the affairs of our country with special emphasis in regard to future acts of Congress which will have an effect on me individually as well as the people of the Nation as a whole.

Consequently, the basic contents of this letter are concerned with H. R. 7225 which is shortly to be brought up for Senate approval.

From what I can gather this bill is definitely an infringement upon the rights of a democratic people. Why? Because it is a step in opposition of free enterprise for which this country is symbolic. The Government has already invaded the school system affording medical appropriations there.

H. R. 7225 would involve governmental control of medical care for the industrial injured aged group. Governmental afforded medical care, yes; but ultimately care for which I would be paying as a working person. This would almost inevitably mean an increase in social-security deduction for which I may or may not reap any benefits. This seems to me entirely unnecessary when most of our States provide one type or another of industrial insurance. Each State should individually provide for its industrial injured rather than make it a unified Government project.

This is relatively not as important as the possible effect it may have on the medical profession. H. R. 7225 is just another step in governmental control of a portion of the medical profession, the significance being a stepping stone to socialized medicine. This could mean the destruction of individual initiative by first destroying the stimulant, competition.

It is my feeling this bill should be thoroughly studied and evaluated by authorities whose occupations are principally devoted to this type of benefit provision.

Sincerely,

JAYNE BONNENFANT, *Secretary.*

NEVADA INSURANCE AGENCY CO.,
Reno, Nev., January 2, 1956.

HON. GEORGE MALONE,
Senator From Nevada,
Senate Office Building, Washington, D. C.

DEAR SENATOR MALONE: I have been asked by my friends who are members of the Nevada State Medical Association to write to you and to express my opinion regarding H. R. 7225 which is the bill for extension of social security.

From my discussions it would seem that a tremendous cost would be involved and that perhaps a detailed consideration of such cost as against the ultimate benefit was not as thorough as it might have been.

The doctors I have spoken with have expressed themselves with the best of arguments of which you no doubt are aware and we in the insurance industry cannot help but feel that we are being somewhat snowed under by the Government in what appears to be infringement upon the American free-enterprise system.

The above opinion is being forwarded to you with the sincere hope that it may have some value in your consideration of H. R. 7225.

Very truly yours,

NEVADA INSURANCE AGENCY CO.,
By CLAYTON D. PHILLIPS.

RENO, NEV., *January 17, 1956.*

HON. GEORGE W. MALONE,
Senator From Nevada,
Senate Office Building, Washington, D. C.

DEAR SENATOR MALONE: It has been brought to my attention that the Senate is soon to consider H. R. 7225, which is the bill for the extension of social security.

I have studied this bill, discussed it with many others, and after due consideration do not feel that it would help the stability of our country or the independence of our people, and therefore strongly oppose its enactment. To me this is just one more cost of gvernment which will be added to our present tax burden and that of future generations.

It is my opinion that H. R. 7225, if passed, would be a further step toward socialized medicine and a continuation of a completely socialized government, which may result in a road of no return.

All with whom I have discussed this bill feel as I do about its effects upon our country—that they would be detrimental rather than beneficial. Therefore, I urge that you oppose the passage of this bill.

With kindest personal regards, I am,

Very sincerely,

HORACE B. BATH.

RENO, NEV., *January 21, 1956.*

HON. GEORGE W. MALONE,
Senator from Nevada, Senate Office Building,
Washington, D. C.

DEAR SENATOR MALONE: It has been brought to my attention that the Senate is soon to consider H. R. 7225, which is the bill for the extension of social security.

I have studied the bill, discussed it with my friends here in Reno, and after due consideration I do not feel that it would help our country or the independence of our people.

I therefore strongly urge you to oppose this bill.

With kindest regards, I am

Respectfully,

GRACE M. RICE,
Secretary and Receptionist.

LAS VEGAS, NEV.

To the Honorable MR. MALONE:

I do not approve of the Cooper H. R. 7225 bill because I do not believe it provides the benefits which are necessary for disability insurance for the blind.

I urge some special law which eliminates age and the means test in determining benefits for the blind.

Sincerely yours,

HELEN M. DUNBAR.

LAS VEGAS, NEV., *January 9, 1956.*

Senator GEORGE W. MALONE,
259 Senate Office Building, Washington, D. C.

DEAR SENATOR: I would appreciate very much any efforts you can find time to exert in securing social security for dentists.

Thanking you, I am

Very truly yours,

T. U. MORGAN.

NATIONAL ASSOCIATION OF LETTER CARRIERS,
BRANCH NO. 709,
Reno, Nev., July 31, 1955.

United States Senator GEORGE W. MALONE,
Senate Office Building, Washington, D. C.

DEAR SIR: The members of our organization are trusting that you will carry on by supporting the retirement legislation providing increases to retirees of from 8 to 12 percent before adjournment.

You are doubtless aware that the retirement annuities for postal workers are far from adequate.

Respectfully yours,

A. RIGGLE,
Secretary; Carrier No. 5.

NORTH LAS VEGAS, NEV., *July 25, 1955.*

Hon. GEORGE W. MALONE,
United States Senate, Washington, D. C.

DEAR SENATOR: Will you, as a member of the Senate Finance Committee, consider and act favorably upon H. R. 7225?

I will not attempt to call your attention to the many benefits that the old, crippled, and sick people will get from this bill if passed, for I think you already know, so just please act favorably on it.

I am,

Yours sincerely,

L. H. AUSTIN.

RENO, NEV., *July 8, 1955.*

DEAR SENATOR MALONE: I am a widow of 62 who needs social-security payments badly. I sincerely hope you will work for the bill that would give women under 65 social-security benefits. It is very hard for a woman over 60 to find employment.

Wishing to thank you.

Yours truly,

ELSINORE B. LIMERICK.
Mrs. Elsinore Limerick.

RENO, NEV., *June 14, 1955.*

Hon. GEORGE MALONE,
United States Senate, Washington, D. C.

DEAR MR. MALONE: I am writing you in behalf of us widows whose husbands in the postal service died before the law was passed which granted their pensions to their widows.

My husband, Harvey K. Bradlee, was a rural mail carrier whose route ran out of the post office at Sharon, Wash., for a number of years. When this route was discontinued, my husband was transferred to a rural route which ran out of station B in Spokane, Wash., which route he continued to carry until he had to retire because of ill health. At the time of his retirement, he was able to secure only part pension amounting to $75 a month since he had put in only a little over 20 years in the service.

In the summer of 1943, my husband died at Madera, Calif, and after some time I was able to draw out the balance remaining in his retirement fund, about $1,500.

Not long after this, the present pension law for widows of postal employees went into effect, too late to benefit me and others in similar circumstances. There cannot be a large number of widows of postal employees now left who are in this condition, surely not enough to cause any really burdensome expense to our Government if we were to be granted pensions at this time. I, for one, would not ask to have this pension made retroactive, but would be very thankful indeed to receive it at any time in the near future. It would certainly mean a great deal to all of us widows who are left in this condition if we could be granted the pensions our husbands were drawing.

In 1950 I moved to Reno and have resided in Nevada ever since.

I am writing a letter similar to this to Senator Bible. Anything you or he can do to help out women in my position will be greatly appreciated by all of us.

I will also appreciate it very much if you will talk over this matter with our representative, Mr. Clifford Young as we would like to enlist his help in this matter.

I trust you may have the time to consider my request.

Sincerely yours,

Mrs. HELEN H. BRADLEE.

Senator BARKLEY. Do you know Henry Cave?

Dr. ANDERSON. Yes, sir.

Senator BARKLEY. He and I were raised in the same town together. [Laughter.]

The CHAIRMAN. We are very happy to have with us Senator Humphrey of Minnesota. The Chair recognizes Senator Humphrey to present the next witness.

Senator HUMPHREY. Thank you very much, Senator Byrd.

The witness that you have next on your agenda is Dr. Frank H. Krusen, who is here from Rochester, Minn., and if Dr. Krusen will come forward, I would like to really present him to this committee, because we think he is a very outstanding man.

And without trying to embarrass the doctor, who is a good friend of mine, I would just like to tell this committee a word about him.

Dr. Krusen has for over a quarter of a century specialized in the field of medicine and rehabilitation and has practiced the specialty at Mayo Clinic, Rochester, for over 20 years.

From 1941 on he has been professor of physical medicine and rehabilitation at the University of Minnesota and at the Mayo Clinic.

He appears before you today as chairman of the committee on public relations of the American Congress of Physical Medicine and Rehabilitation, of which organization he is also the past president.

He is the past president of the American Society of Physical Medicine and Rehabilitation and is now president of the International Federation of Physical Medicine.

We are very proud, as I said before, of Dr. Krusen. He is counselor to the National Society for Crippled Children. And in 1953 he was the recipient of the President's award, from the President of the United States, for services to the handicapped.

And in 1954, he received the Pennsylvania Ambassador award, for development of physical medicine and rehabilitation.

And finally, gentlemen of the committee, he is president of the Minnesota State Board of Health which within itself is a superior achievement, and chairman of the Governor's Advisory Committee on Vocational Rehabilitation in the State of Minnesota.

And in January of 1956, just a month ago, he received a Modern Medicine Distinguished Award, for pioneering efforts in the field of physical medicine and rehabilitation.

I have known him since about 1945 and 1946 very well. I did not want to miss the opportunity of coming here to present the gentleman that I think is extremely well-qualified to testify on this bill, and truly one of the great medical men of our times. We are very proud of him.

Senator BARKLEY. In spite of all of that he is all right.

Senator HUMPHREY. Yes, in spite of that he is all right. I will ask him to forgive me for leaving him. I will look over his statement. I have to go back and vote in the Agriculture Committee.

Seeing we are both from Minnesota you understand how important that is.

Dr. KRUSEN. I surely do.
Senator BARKLEY. Are you going to vote for us farmers?
Senator HUMPHREY. Yes, siree, all Paducah farmers.
The CHAIRMAN. Thank you, Senator Humphrey.
Dr. KRUSEN. Thank you very much, Senator Humphrey.
The CHAIRMAN. You may proceed in your own way.

STATEMENT OF FRANK H. KRUSEN, M. D., ON BEHALF OF COMMITTEE ON PUBLIC RELATIONS OF THE AMERICAN CONGRESS OF PHYSICAL MEDICINE AND REHABILITATION

Dr. KRUSEN. Mr. Chairman and members of the committee, in discussing H. R. 7225 with you, I should like to confine myself chiefly to that phase of the bill on which I believe I am best qualified to speak; namely, the rehabilitation aspects.

Although I believe, personally, that there is a need for extensive study of the costs and long-time effects of this proposed law on the national economy and also for detailed study of many other economic aspects of H. R. 7225, I should prefer to leave the discussion of these aspects of the bill to persons who are better qualified to analyze these subjects.

I am certain that there are actuaries who can confirm or refute my suspicion that if H. R. 7225 is enacted into law in its present form, it may add one of the last straws to the mounting social-security-tax burden which may eventually break the camel's back of public tolerance of increasing taxation.

I should like, therefore, to discuss with you, from the standpoint of one interested in medical and vocational rehabilitation, the objections which I see to the enactment of H. R. 7225 in its present form and an alternative plan, which I believe will more fully serve the handicapped people of this Nation.

Objections from a rehabilitation standpoint to the enactment of H. R. 7225 in its present form:

1. There has not yet been time to develop new phases of the already established social-security program which give promise of much more effective service to disabled persons than the mere pensioning of them.

2. H. R. 7225 provides no truly effective means of first, attempting to restore a disabled person to self-sufficiency, and then, being certain that this is impossible, and that he is truly, totally disabled. There is still a general lack of appreciation of the effectiveness of modern methods of rehabilitation. Rehabilitation has been defined as the restoration through personal health services of handicapped persons, to the fullest physical, mental, social, and economic usefulness of which they are capable; the personal health service include both ordinary treatment and treatment in special rehabilitation centers.

Henry Kessler, one of the great medical leaders in rehabilitation of the disabled, has said:

> Rehabilitation has acquired new connotations growing out of civilian and military experience. It has come to be regarded as a creative process in which the remaining physical and mental capacities of the physically handicapped are utilized and developed to their highest efficiency.
>
> It is an organized and systematic method by which the physical, mental, and vocational powers of the individual are improved to the point where he can compete with equal opportunity with the so-called nonhandicapped.

One keen observer, David Hinshaw, said that he had closely followed the work of a rehabilitation center, and yet he commented that he—

had missed the emergency through it of the miracle of the composite science of rehabilitation.

But—

He continued—

suddenly I realized that its staff was using medicine and surgery, therapy, psychology and psychiatry, patience, kindness, friendly understanding, and vocational training in their efforts to help the physically handicapped reeducate themselves to live and work and love by enlisting their minds, hearts, and bodies.

Miss Mary E. Switzer, Director of the Federal Office of Vocational Rehabilitation, has said:

Rehabilitation is a bridge, spanning the gap between uselessness and usefulness, between hopelessness and hopefulness, between despair and happiness.

Finally, our great and public-spirited philanthropist, Bernard M. Baruch, who has given millions of dollars of his personal fortune to aid in the rehabilitation of the disabled, has said:

The investment in rehabilitation is an investment in the greatest and most valuable of our possessions, the conservation of human resources.

It was my privilege to serve, first as director, and later as chairman of the Baruch Committee on Physical Medicine and Rehabilitation, which was influential in initiating the development of rehabilitation centers throughout the United States, but the full potential of such centers of physical medicine and rehabilitation is far from being achieved.

Every State in our Union now has an office, bureau, or division of vocational rehabilitation, with which the Federal Office of Vocational Rehabilitation works in close cooperation, but once again, because of shortages of vocational counselors and other personnel, these units, though expanding rapidly, are still a long way from achieving their full potential.

In my opinion, our Federal legislators should be encouraging continuing support of the enormous potentialities of these dynamic programs for rehabilitation of the disabled through the Federal Office of Vocational Rehabilitation, rather than encouraging the provision of pensions for the disabled. The full force of legislative action should then be directed, first, toward the dynamic rehabilitation of the disabled, and only after it has been found that it is impossible to rehabilitate an individual should legislative consideration be given to means for providing him with financial assistance.

3. Determination of the fact that a person actually is totally disabled and incapable of being rehabilitated is going to be extremely difficult. No hasty legal enactment should be undertaken until a commission has studied this problem. The determination as to whether or not a person is totally and permanently disabled involves not only a physical examination to reveal various disease processes and impairments of bodily function, but also innumerable psychological and emotional factors, including such intangible factors as motivation of the individual, willpower, and character. Many persons who have undoubtedly severe handicaps are supporting themselves and their families in gainful occupations. Other persons who do not have the

proper incentives and motivations are being supported in idleness on the public-assistance rolls when they have much less serious impairments.

The President's Committee on the Employment of the Handicapped has stressed the fact that even the most seriously handicapped person, when properly motivated, is "ready, willing, and able to work." And one of the slogans of this committee is: "All a man needs is a heart and a brain." How, then, can any bureau judge that a man is truly totally and permanently disabled, by reading a short report on paper, without any effort having first been made to provide him with complete rehabilitation facilities? I think, then, that major emphasis must be placed on rehabilitation of the disabled, rather than pensioning of the disabled.

When a physician is asked to determine whether a patient is disabled, he must ask himself the question "Disabled for what?"" One of the subcommittees of the Baruch Committee on Physical Medicine and Rehabilitation devoted itself to the study of the problem of physical fitness, and this committee concluded "physical fitness, in the broader sense with which the physician is concerned, has no meaning, unless qualified 'for what.'" In a similar fashion, disability has no meaning unless qualified "for what."

The Committee stated also:

> Many instances can be cited in the Army and in civilian life of persons well endowed physically who could not carry on practical tasks because of the emotional and psychological elements involved. Likewise, there are many persons with poor physical equipment and even anatomic defects, who, judged by accomplishments, are fit to carry on their jobs.

It seems obvious that the only possible way of determining that any individual is totally disabled is to provide for him, first, every facility to assist him in physical, mental, social, and vocational rehabilitation, and then, if modern rehabilitation experts cannot make him self-supporting, he can be adjudged totally disabled.

4. The pattern of determination of total disability, according to the "disability freeze provision" of the social-security laws (as recommended in H. R. 7225), will be wholly inadequate for determining the real need for permanent financial assistance. I happen to be the chairman of the Governor's Advisory Committee on Vocational Rehabilitation in the State of Minnesota, and I have investigated the activities of the disability freeze section of the division of vocational rehabilitation in Minnesota. This section has acted promptly, in accordance with the provisions of the Bureau of Old-Age and Survivors Insurance and this is how it works.

As you know, the "freeze", which is somewhat comparable to the "waiver of premium" by an insurance company, means the freezing of a person's benefit rights under the social-security program, so that when he becomes 65 years of age and retires, or if he dies, he or his dependents will be entitled to whatever benefits he had to his credit at the time he became disabled. The claimant has to make an application and be responsible himself for furnishing medical evidence of his impairment, but, from the medical standpoint, he needs only to submit a 1-page "medical report," Budget Bureau Form No. 72–R510.1 and Mr. Chairman, I happen to have 1 copy of this report if you would like it for the record, sir—or it is provided that

his physician may submit a report on his own letterhead, if he prefers to do so.

There is nothing to prevent the claimant from shopping around, if he so desires, until he finds a physician who will give him a report which is to his liking. The claimant then submits this report to the Bureau of Old-Age and Survivors Insurance, which in turn passes it on to our State division of vocational rehabilitation.

Senator BARKLEY. May I ask you a question there? You speak about an individual shopping around among the doctors until he finds one who is willing to give him a favorable report. Do the authorities in your State have any right to shop around also, to see how many people he shopped around with, who did not give him a favorable report?

Dr. KRUSEN. I am quite sure it is so.

Senator BARKLEY. And then weigh it against the one who does?

Dr. KRUSEN. I am quite sure one may always seek for the most favorable report.

Senator BARKLEY. The authority that has to pass on it, do they have the right to ascertain whether any number of physicians have refused to give him that sort of report?

Dr. KRUSEN. At the moment, sir——

Senator BARKLEY. And weigh it against the one that he gets?

Dr. KRUSEN. At the moment, sir, the plan is as follows: The State is just beginning to set up the team making these determinations of disability.

The claimant's physician has been asked merely to supply medical findings, and he is not asked to pass judgment as to whether the patient is disabled. The impairment is determined by the physician, the family physician, and the decision as to whether or not the claimant is disabled is made by the adjudicator, according to a set of standards set up by the Bureau.

Senator BARKLEY. In other words, they accept the one report of the one doctor who, in his shopping enterprise, has given him a favorable report. They don't go back into the question of how many have refused.

Dr. KRUSEN. I have no idea as to just what is actually submitted with each report, Senator Barkley.

Senator BARKLEY. All right. I won't pursue it, then.

Dr. KRUSEN. In Minnesota, the team making these determinations of disability consists of 1 half-time manager, 1 disability examiner, a physician who devotes 4 half days per week to this work, and a full-time stenographer-secretary. Adjudication of disability is based entirely on the written reports submitted to the team, and the medical disability examiner makes no direct examination of the claimant.

The first application was processed by our team in November 1955. Up to December 31, 1955, 335 cases were received from local offices of the Bureau of Old-Age and Survivors Insurance, and 37 determinations had been submitted to the Federal office in Baltimore. It is estimated that the present team can now process approximately 25 cases a week, but, as you can see, the whole program is still in its infancy, and the standards and procedures, which are now beginning to be developed for the limited purpose of freeze determination, will obviously be unsatisfactory for cash benefits. Whereas, they may

conceivably become suitable for a program which involves only limited incentives for malingering, they would seem to be wholly inadequate for a program in which we are trying truly to rehabilitate the disabled and to determine accurately whether a person is really going to be unable to support himself permanently.

It is my understanding, for example, that the medical director of the United Mine Workers assistance fund, has contended that it is impossible properly to evaluate the extent of disability of a person simply on the basis of a written report, and I believe that this will be true also in conjunction with the plan for determining disability as proposed in H. R. 7225.

5. The much more promising program for rehabilitation—rather than pensioning—of the disabled, which is now being developed under existing social-security laws, has not been fully supported and developed as yet. In the areas where it has been developed, it has been so successful that there is every reason to recommend the further expansion of such programs, rather than to embark now on a pension program which would be of dubious value.

For example, a year or so ago, the Federal Office of Vocational Rehabilitation reported that of 43,997 persons, who received physical and vocational rehabilitation, 22 percent, or about 10,000 had never previously been gainfully employed, and nearly 90 percent, or nearly 40,000 were not employed at the time they started their rehabilitation. The average annual wage of the entire group prior to rehabilitation, was $148. After rehabilitation, the average annual wage of the group increased to $1,768. The total annual earnings of the entire group rose from approximately, $6,500,000 to approximately $78 million.

Prior to rehabilitation, the majority of these persons relied on general public assistance, not only for themselves, but also for their families. The annual cost of this assistance to the taxpayer was from $300 to $500 per case, but the total cost of their rehabilitation averaged only $300 per case. It has been estimated that—

for every dollar spent for rehabilitation, the Treasury has collected $10 in income taxes from the rehabilitated workers.

In another instance, it was reported that—

140 disabled men and women were receiving $92,400 a year in public welfare. The same 140, after rehabilitation and employment, were earning at an annual rate of $166,240.

And here's one final example. In West Virginia, during 1951 disabled members of 376 families, receiving public assistance, were rehabilitated. These families were receiving annually about $225,000 in assistance payments. It cost less than this amount to rehabilitate them. Now, they are not only off the public rolls, but they are earning about $500,000 a year.

Thus, from an economic standpoint, not only the disabled person of the program, but the community is benefited, and instead of increasing taxes, the rehabilitation program has actually added to the Federal income, on income taxes from the rehabilitated persons. I agree with the President's Commission on the Health Needs of the Nation, however, when it said:

The economic argument for rehabilitation work is a strong one, but the real goal is not a saving of dollars and cents. The real goal is human values. Saving life and enabling it to do the heretofore impossible requires depths of courage and

brings out new wellsprings of satisfaction. Everyone is heartened by what the handicapped can do in the face of really great difficulties. In performing miracles of adjustment, they help keep others from succumbing to the small and trivial things of life.

I hope you will agree with me, then, that it is much better to legislate for the expansion of such rehabilitation facilities under existing laws than to shelve disabled people on a pension.

In January 1954 President Eisenhower, in his special message to Congress on the Nation's health problems, pointed out that—

there are 2 million disabled persons who could be rehabilitated and thus returned to productive work. Only 60,000 are being returned each year. Our goal should be 70,000 in 1955—for 1956, 100,000—in 1956 the States should begin to contribute to the cost of rehabilitating these additional prsons—by 1959, with * * * States sharing with the Federal Government, we should reach the goal of 200,000.

The small, but rapidly growing number of medical rehabilitation centers, and the understaffed State vocational rehabilitation units, with the assistance of the Federal Office of Vocational Rehabilitation, are struggling, manfully, to meet these goals, but they still are finding difficulty in expanding because of shortages of personnel. If these agencies were suddenly to be swamped with a quarter of a million additional persons, as is recommended in H. R. 7225, many of them seeking, primarily, to get "on the gravy train" of a permanent pension, and only halfheartedly accepting attempts at rehabilitation, in order to comply with the requirements of this proposed law, the whole mechanism might easily break down and many worthy persons who are really seeking total rehabilitation, might fail to obtain it for several years to come.

In Minnesota, the State board of health, of which I am president, has set up a plan in conjunction with the United States Public Health Service for hospitals, public health centers, and related medical facilities. According to this plan, ideally, there should be 1 rehabilitation center for each 300,000 to 500,000 population. We estimate that eventually, we should have seven complete rehabilitation centers spread over various parts of the State. At the present time, however, we have only two complete rehabilitation centers, and a third center in the course of organization. We have also a number of small incomplete satellite centers, scattered throughout the State. Minnesota has, I believe, better rehabilitation facilities than exist in a number of other States, and yet, you can see that our program is far from complete, as yet.

In our Minnesota division of vocational rehabilitation, despite strenuous efforts to obtain a full quota of vocational counsellors, nearly a quarter of the positions remain unfilled. There is an obvious need for continuing development of this phase of the social-security program, and it seems to me to be uwise even to consider further modifications of the social-security laws until we can implement more fully the present laws and study the impact of such implementation.

6. For the small percentage of persons who are truly incapable of rehabilitation, and actually, totally disabled, there are many who will contend that there are better means of financial assistance already in existence, than the means proposed in H. R. 7225. Already there has been established a program of aid to the permanently and totally disabled, which was enacted in 1950. Already, permanent and total

disability benefits are provided under the workmen's compensation laws. We have also programs for unemployment compensation, and in various States, temporary disability programs. In addition, there are many disability programs provided by voluntary agencies and also voluntary health insurance plans. In support of my contention that there is only a small percentage of persons who are truly incapable of rehabilitation, and actually, totally disabled, I should like to quote a statement of the Subcommittee on Civilian Rehabilitation Centers of the Baruch Committee. This committee, under the chairmanship of Dr. Howard A. Rusk, stated:

It has been estimated by experts in the field of rehabilitation and retraining, that up to 97 percent of all handicapped persons, can be rehabilitated to the extent of gainful employment.

Likewise, the 1952 report of the task force on the handicapped, Office of Defense Mobilization, stated:

Yet, the most important single point to be remembered in considering plans for the handicapped today, is the fact that we now are in the position to do more to overcome the handicapping effects of disability than at any time in our history.

During the past 10 years, there have been developments in the several fields relating to disability which have radically broadened the extent to which handicapped persons may be restored to activity and gainful employment. Because these developments have not occurred in a single dramatic step, their significance frequently, has not been fully comprehended. Taken together, they already have made it possible for thousands of disabled men and women, who, 10 years ago, would have been considered hopelessly impaired, to resume active lives and to enter the labor force as self-supporting citizens.

I agree with the conclusion that—

the term "totally disabled" is a term we are today beginning to feel applies to very few people.

I agree, also, with the conclusion—

that even for persons in the older age groups, self-sufficiency and independence through rehabilitation are incomparably more important than cash payment. Any benefit which diminishes the incentive toward rehabilitation and self-support is socially undesirable.

And I am one of those persons interested in the rehabilitation of the disabled, who believe that—

cash disability benefits may operate as a deterrent to rehabilitation and return to gainful work.

I agree with Mrs. Oveta Culp Hobby, former Secretary of Health, Education, and Welfare, when she said:

We are convinced that best interests of the OASI system and the American people would be served by obtaining more experience under the "freeze" and having that experience evaluated carefully before coming to far-reaching decisions which have important implications for the OASI trust fund. Similarly, there has been no real opportunity to evaluate the effect of the vocational rehabilitation act of 1954, expanding the Federal-State program of rehabilitation for the disabled or the effect of the referral to State rehabilitation agencies under the disability "freeze" provision mentioned above.

7. It is now well known among medical experts on aging that, from the health standpoint, it is much better to provide older persons with a useful occupation and a feeling of belonging to society than to shelve them on a pension. It is my understanding that the Department of Labor is now promoting the employmetn of older workers

and there is a strong national trend toward the continued employment of elderly persons. In view of these efforts to provide employment for older persons (who, on reaching 65, can now expect to live, on an average, for 13 more years) it seems unwise to encourage retirement as early as age 50, on the basis of a simple certification of alleged total disability. I truly believe that such legislation would lead many older persons, who are partially disabled, to claim total disability and, thus, they would mistakenly be robbing themselves of the real pleasure of useful employment for a large portion of their lives.

From a health standpoint, we should be helping disabled people to obtain some sort of employment, so that they have a feeling that they are useful and needed as active workers in the community. It is unsound, medically and psychologically, to encourage dependency, which usually leads to discontent and unhappiness. As one group of physicians, dealing with problems of the aged, has put it, "Nowadays, it is our responsibility, not only to add years to life, but also to add life to years." As one representative has put it, when he mentioned that the advancements of medicine have been such, that our people can be gainfully employed for longer rather than shorter periods "for their very health, they should be permitted the feeling of being economically valuable to their society."

8. Compulsory taxation and pensioning of large numbers of our people (as opposed to assisting them to self-support and self-sufficiency by modern methods of rehabilitation) is contrary to our American tradition in support of life, liberty, and the pursuit of happiness.

I have devoted a major portion of my life to the development of medical procedures which will help disabled people toward self-sufficiency and self-respect. I feel certain that a very high percentage of the so-called, permanently disabled, can be rehabilitated. I believe so strongly in the American tradition of encouraging each citizen to stand firmly on his own two feet, to fight for independence and self-sufficiency, and to invest his own funds, without compulsion, as well as to make his own way in the world and provide for his own family, that I cannot help but urge on you the development of dynamic programs of rehabilitation, rather than the shelving of the disabled on a permanent pension plan.

9. The opportunity to receive financial assistance for alleged total disability frequently stifles all desire on the part of the individual to seek rehabilitation and return to self-sufficiency. I should like to cite two specific cases, as examples. The first is a 41-year-old patient seen recently in our rehabilitation center at the University of Minnesota, who was paralyzed from the waist down, following an accident. This man could walk very well on crutches and the rehabilitation experts were quite certain that he could work as a shoe repairman with proper training, or in a chicken hatchery. However, this man had been transferred from the county welfare board support to an arrangement for assistance under the 1950 law granting aid to the totally and permanently disabled. Under these circumstances, he had absolutely no motivation to return to self-sufficiency and was content to remain inactive for the rest of his life.

The second case is a patient, 31 years old, having poliomyelitis, who was seen at the rehabilitation center at the University of Minnesota in 1955, 3 years following his original attack of poliomyelitis. He was

on a pension of $135 a month for the non-service-connected disability. He was married and received $45 a month from ADC (aid to dependent children). He had mainly weakness of the legs and some weakness of the shoulders. However, his forearms and hands were good. This patient was a pleasant, passive individual, who accepted his physical condition with all its limitations. He readily admitted his lack of employment interest. He did not have the initiative to seek work. The rehabilitation center had a fairly good job lined up for him that fitted in with his disability (a position as a cashier), but the patient refused it because he was perfectly willing to stay on the $180 pension. (This patient's I. Q. was 104 and he was a high-school graduate.)

I have been a consultant to the Veterans' Administration, and in particular, I have studied the paraplegia center at Hines, Ill., and it is frequently the observation that the paraplegic veteran who receives financial assistance and is provided with a car is content to remain incapacitated. Almost invariably also, we find that such paraplegics are much less happy and get into more difficulties than those who do find employment and become useful members of the community.

AN ALTERNATIVE PLAN TO THAT PROPOSED IN H. R. 7225

I should like to propose an alternative plan to that proposed in H. R. 7225, which I think will serve the disabled people of this Nation more effectively and more humanely.

1. Continue to support fully the development of medical and vocational rehabilitation under existing laws (notably the Hill-Burton, Public Law 725, 79th Cong., and the amendment program, Public Law 482, 83d Cong.).

2. Stress the importance of dynamic physical, mental, social, and vocational rehabilitation of the disabled person, rather than the static and medically and psychologically unsound procedure of shelving the disabled person on a pension.

3. Establish a study commission or advisory council with broad powers to investigate all phases of the social-security program before enactment of any further legislation.

(*a*) Request this commission or advisory council to make a thorough investigation of ways in which existing laws can make the promising rehabilitation programs still more effective.

(*b*) Request this commission or council to weigh carefully the relative merits of active rehabilitation versus static pensioning.

(*c*) Request also that this commission or council attempt to determine a suitable and effective procedure for assuring that each disabled person is given full opportunity for restoration to self-sufficiency through modern rehabilitation procedures.

(*d*) Request the commission or council to explore means of providing financial assistance under already existing laws for the relatively small number of persons who are truly totally and permanently disabled and cannot be rehabilitated.

(*e*) Request the commission or council also to seek a much more accurate means of determining actual total permanent disability than is now available under presently developing arrangements for the so-called, "disability freeze provision" of the social-security laws.

(*f*) Request the commission or council to publicize widely its findings, so that the people of this Nation can be fully informed concerning all phases of our social-security program and make a wise, countrywide decision concerning its future development. This would be preferable to any hasty legislative action at this time. In fact, we need more time to evaluate the effectiveness of promising existing legislation for the welfare of the disabled before we add to our tax burden by enacting new laws which would further extend social security along lines of dubious value.

4. Take the social-security issue out of politics. The welfare of our disabled citizens is far too important for it to be subject to the vagaries of political expediency.

In closing, I should like to quote a statement made by John Galsworthy, the English novelist, at the Allied Conference on the After-Care of Disabled Men, held years ago, here in Washington, D. C., just after World War I. Galsworthy said:

> A niche of usefulness and self-respect exists for every man, however handicapped; but that niche must be found for him. To carry the process of restoration to a point short of this, is to leave the cathedral without a spire. To restore him, and with him, the future of our countries, that is the sacred work.

I am grateful to the committee for the privilege of having appeared before you.

The CHAIRMAN. Thank you for a very interesting statement.

Senator BARKLEY. Your comments on this bill might be interpreted as also a criticism of the law as it is now, in regard to coverage. You don't recommend that withdrawal from coverage be enacted now, by Congress, do you, in any category?

Dr. KRUSEN. I personally am not in a position to talk on all phases of this bill, Senator Barkley. I do think the whole social-security program should be reviewed, and that is why I have suggested that a commission or council be appointed to review the whole subject.

Senator BARKLEY. Are you now connected with Mayo's?

Dr. KRUSEN. Yes, sir. I happen to be a professor at the University of Minnesota and the Mayo Foundation and at the Mayo Clinic, sir.

Senator BARKLEY. To what extent have you engaged in private practice during your long—I would not say too long, but during your career?

Dr. KRUSEN. All of my work has been in private practice of medicine, sir.

Senator BARKLEY. I don't see how you had any time for that, with all these other things.

Thank you very much.

Dr. KRUSEN. Thank you, sir.

The CHAIRMAN. Thank you, Dr. Krusen.

I am requested by Senator Flanders to make this statement to the committee. "Unfortunately, I am detained as subcommittee chairman of the Military Affairs Committee concerning a hearing on my bill before the committee. I regret I cannot personally introduce one of Vermont's outstanding physicians, who has a sound understanding of the matters before the Senate Finance Committee."

The next witness will be Dr. W. D. Lindsay, president of the Vermont State Medical Society.

TESTIMONY OF DR. W. D. LINDSAY, PRESIDENT, VERMONT STATE MEDICAL SOCIETY, MONTPELIER, VT.

Dr. LINDSAY. Mr. Chairman, members of the committee, I should like to submit my statement for the record.

(Dr. Lindsay submitted the following prepared statement:)

STATEMENT OF W. D. LINDSAY, M. D., FOR THE VERMONT STATE MEDICAL SOCIETY

Mr. Chairman and members of the committee, I am Dr. W. D. Lindsay, president of the Vermont State Medical Society, and I am a general practitioner in Montpelier, Vt. I appreciate this opportunity of appearing before you to present the views of the doctors of Vermont concerning parts of H. R. 7225, an amendment to the Social Security Act.

In the first place, we feel that this is unnecessary legislation as the Federal Government is already providing aid to the disabled. In reply to a recent letter addressed to the Commissioner of Social Welfare for the State of Vermont concerning the totally and permanently disabled persons in the State, the following information was received: He stated that aid to the totally and permanently disabled is administered on the same basis of Federal participation as Aid to the Blind and Old Age Assistance, with the same degree of participation. In other words, four-fifths of the first $25, and one-half of the remainder up to maximum of $55 per month comes from the Federal Government. He went on to say that this is a growing program as people have become better acquainted with its availability to certain individuals who can meet the eligibility requirements. At present, approximately 500 individuals in Vermont are receiving assistance. It is difficult to determine to what extent it is meeting the needs in this field, but it is likely that nearly all eligible persons are receiving assistance. Eligibility is determined by a board using Federal interpretation of permanent and total disability. One point he makes, which I believe is of vast interest to your committee, is the following: The determination of eligibility is a highly technical job and one which involves the consideration of many factors. The State of Vermont has been fortunate in that those serving on the team have been devoted persons who have given many hours of service to the cause.

The Vermont statute provides State funds known as Aid to the Totally and Permanently Disabled to give aid to deserving crippled persons over 18 years of age who are not eligible to receive aid under existing public agencies functioning under the Federal Social Security Act. This aid is administered according to need. Eligibility is determined by a social investigation based upon a combination of social and medical factors; the applicant is required to submit evidence of disability based upon an examination certified by a person licensed to practice medicine. This information is subject to examination by a team appointed by the commissioner of social welfare; such a team consists of a licensed medical doctor, a person having experience in the field of vocational rehabilitation, the director of public assistance, and a social worker qualified by training and experience. The final decision regarding disability rests with a review team. A psychiatric consultant is available to the department in areas of mental requirement.

Permanent and total disability is defined as a disability which prevents an individual from engaging in a gainful and useful occupation existing in his community and from earning sufficient to maintain himself.

The term "permanently" refers to a physiological, anatomical, or emotional impairment verifiable by medical findings. The doctor carries the responsibility for providing the agency with the information which bears on this part of the eligibility factor.

Impairment must be of major importance, must be a condition not likely to improve, or which will continue throughout the lifetime of the individual.

The term "totally" involves considerations in addition to those verified through medical findings, such as age, training, skill, and work experience. No time factor is involved in the concept of being totally disabled. The concept of permanently and totally disabled requires careful definition and interpretation to the staff, the community, and to those individuals who qualify for assistance. This could come to signify assistance to individuals who can do nothing for themselves, who come to look upon themselves as no longer effective members of society. This definition is, of necessity, vague and general, and when one

considers that most of the so-called permanently disabled people are unemployable because of age, education, and psychological handicaps, the dangers of this bill can be readily appreciated.

The qualification of age and unemployment—the criteria for most social security benefits—is objective, categorical, and not difficult to establish. In contrast, total and permanent disability is often a condition over which the individual who is disabled and the physician may exercise control. The subject of control by the individual multiplies the opportunity for malingering, and actually takes the program out of the insurance category. Any program that places a brake on the incentive of the sick and disabled to recover is dangerous. Most totally disabled are so because of failure to utilize their abilities. Under H. R. 7225 many people who are 50 years old and insecure because of minor physical defects, lack of education or vocational training, and primarily handicapped by age from obtaining employment shall be asking physicians to certify that they are totally and permanently disabled; pressure will be brought to bear by local authorities to relieve them of the responsibility for providing employment and training for these individuals.

I have noticed from my own experience in general practice that the individual disabled and drawing compensation is disabled much longer than the individual who is disabled and does not have compensation. I believe that for this reason cash payments for disability at age 50 will be a detriment to any rehabilitation program and will be detrimental to the patient's emotional and mental health and social well-being.

Do we need a broad health census to better ascertain the incidence and scope of permanent and total disability in this country? On May 26, 1953, the Vermont Legislature appointed a commission to make the first dual study of the chronically ill and aged. A dual study of this type had never been made in the United States before. At the time of the Vermont survey 11 other States had conducted somewhat similar surveys. Undoubtedly, additional States are doing so now. From the report it is noted that most of Vermont's permanently disabled and chronically ill people are over the age of 65 years. It could very well be concluded that to lower the age to 50, as proposed in the social-security amendment, would not materially aid the majority of permanently and totally disabled persons, but would expensively and unpredictably increase the number who would claim disability.

This report also shows that the women in the same age group are in better health than the men; hence, one is bound to conclude that there is no benefit in lowering the age limit for women from 65 to 62. These reports are and will be a source of information as to the actual conditions and needs of the permanently and totally disabled in the United States. This bill does nothing to increase the moral fiber of the individual or the community because humans, like everything else, deteriorate when not in use. The Vermant State Medical Society urges that a commission be formed to study the problem nationally and that, at present, there is no crisis requiring rapid passage of the amendment to the Social Security Act.

The Vermont State Medical Society wishes to reaffirm the policy of the American Medical Association as determined in the resolution adopted by the House of Delegates on December 1, 1955, and urges this committee to give it careful consideration. It also wishes to congratulate this committee on its providing the opportunity for the doctors of Vermont and others to be heard on this important and far-reaching amendment to the Social Security Act, and its pledges that it will devote its best efforts to provide and procure full information on the medical aspects of disability, rehabilitation, and medical care of the disabled so that improvements in the Social Security Act, if they are needed ,may be for the benefit of all of the American people, and the Social Security System will not be jeopardized.

SUMMARY

In summary, I have tried to point out that:

(1) The real needs for the permanently and totally disabled are already being met under the existing program in Vermont;

(2) That permanent and total disability is a subjective determination and can not be rigidly defined;

(3) That a dual survey of the chronically ill and aged has been made in Vermont indicating rehabilitation and limited work opportunities rather than cash payments for disability are needed for this age group;

(4) That cash payments for total and permanent disability will be a detriment to rehabilitation.

I wish to thank the Senate Finance Committee for allowing me to appear before it today.

The CHAIRMAN. Thank you, Dr. Lindsay.

Senator BARKLEY. In a word, what was the resolution by the Medical Association in December, without going into detail. What was the subject of it?

Dr. LINDSAY. I have it here, or I will file it with you. It is quite lengthy.

Senator BARKLEY. You can make it part of your testimony, unless somebody else has done it or is going to do it.

Dr. LINDSAY. I think somebody will, but I would be glad to read it for you.

Senator BARKLEY. No. No. I won't have you take the time.

Dr. LINDSAY. I think later on, somebody is going to present that.

Senator BARKLEY. Did it declare for or against the inclusion of doctors, in any form, compulsory, voluntary, or in any other way? If you don't recall that, it will speak for itself.

Dr. LINDSAY. Yes, I think so.

The CHAIRMAN. Are there any other questions?

Thank you, Dr. Lindsay.

Dr. LINDSAY. I wish to express my gratitude to you gentlemen for being allowed to appear here before this committee on this matter.

(Witness excused.)

The CHAIRMAN. We have the pleasure of having with us Senator Fulbright. The Chair recognizes Senator Fulbright.

Senator FULBRIGHT. I would like to introduce to the committee Dr. Richardson, who is president-elect of the Arkansas Medical Association, and has for many years been the medical director of the University of Arkansas. He is from Fayetteville, my hometown.

TESTIMONY OF FOUNT RICHARDSON, M. D., PRESIDENT, ARKANSAS MEDICAL ASSOCIATION, FAYETTEVILLE, ARK.

Dr. RICHARDSON. I am Fount Richardson, an active doctor practicing in a small town, Fayetteville, Ark.

(Dr. Richardson submitted the following prepared statement:)

STATEMENT OF FOUNT RICHARDSON, M. D., FOR THE ARKANSAS MEDICAL SOCIETY

Mr. Chairman and members of the committee, my name is Dr. Fount Richardson, and I am engaged in active practice of medicine in Fayetteville, Ark.

There are many points that can be made in discussion of H. R. 7225. There are two points against the bill which seem to me to be extremely important. I will speak only on these two.

The bill offers some relief of the disabled, and of his family. Fortunately, this problem is being taken care of already in Arkansas by the many agencies of the Federal Government, the State government, city and county governments, and many private and philanthropic organizations.

In preparing for this report several of these various government agencies were approached with the question, "What does a man do in Arkansas if he is totally and permanently disabled?" In one instance the person in charge of the office told us that there were so many ways of taking care of the indigent and helpless that it would be a hopeless task to try to list them all.

The rehabilitation people will pay a maintenance fund of $15 per week for any individual who is taking a course of rehabilitation. It pays, of course, for his

rehabilitation. In addition, the same individual is eligible for aid to dependent children, up to a maximum of $105 per month. This is a Federal function, already operating.

If the disability is caused by an injury covered by workmen's compensation the individual would draw a percentage of his weekly salary for an indefinite period. I am told that some cases have gone 5 or 6 years. This is a State commission.

In the case of a person disabled who cannot be taught a gainful occupation the department of public welfare will pay, in the case of a person who does not need nursing care, $35 per month and $55 a month if he must stay in bed and have nursing care. The head of the department of public welfare in Fort Smith told us that there are excellent nursing homes in Arkansas which will accept patients for this sum. These payments are made from Federal funds. If it develops that $35 or $55 is not sufficient, this amount can be, and is, supplemented by money from the general relief and from the county judge's fund.

In the case of blind persons there is a monthly grant of $55. These people are also set up in small businesses, such as the sandwich and magazine stands, seen in banks and courthouses all over the State. There are also some independent benevolent foundations for the blind. One is operated by the Lions Club of Arkansas. Relief for the indigent and disabled is the largest business in Arkansas, and amounts to $39 million per year in State and Federal funds. To me, that's a lot of tax money, and some of it's mine.

There are innumerable other sources of assistance for people in need of help. There are veterans' pensions and hospitals, the UMW retirement and disability plan, the railroad retirement and disability plan, the programs of the various churches which are well financed, crippled children's hospitals, civil-service retirement and insurance plans, and the disability benefits offered by the larger industries in Arkansas. In many counties there are the city welfare offices and the county pauper commissions, which also assist, where the Federal and State money is not sufficient. We were advised that the Salvation Army does a tremendous job and, in the cases of particular diseases, we have the Polio Foundation, the Tuberculosis Association, the Cancer Society, Multiple Sclerosis Association, and all the rest. These are all voluntary.

There is a children's hospital in Little Rock, where any crippled child, up to 18 years, is treated without cost. Our finest surgeons visit it every day without any charge. It is supported partly by State funds, but largely, by public charity. Many churches have a budget item for this hospital. These are voluntary public philanthropies, and they do an enormous amount for these children. The many Shriner's hospitals for the crippled are magnificent monuments to the generosity and willingness of man to help man in a voluntary way. The job is already being done.

We found that the surplus food distribution is no small item. There is no means test to receive this food, and anyone who states that he needs it can get it. in Sebastian County, this amounts to about $10 per person, per month, at the present time. Butter, milk, lard, cheese, beans, flour, and meal are some of the items being distributed.

In Arkansas, which is reputed to be one of the poorer States, a person disabled is not faced with the specter of starvation or medical neglect. The public welfare people have money available for hospitalization and medical care for any of their clients. Why should the social security system, already in questionable financial condition, and whose tax is becoming a burden to the people, be saddled with the addition of hundreds of thousands of "disabled" people who are able to get assistance already? It would simply be another duplication of Government assistance which already overlaps itself. For the disabled, the law is not necessary. The job is being done now, and quite satisfactorily.

I believe that these local, State, and private organizations are doing the job the proper way. They are doing it voluntarily, they are doing it well. There is no need for H. R. 7225 in this field.

The second point I wish to make against the bill is more an ethical one. It concerns the whole social security. Social security started as a small relief for the aged. It has grown, step by step, to a huge, tax-gathering, money-spending organization. These steps lead, every one of them, away from a democratic form of government to a compulsion form of government. Call it what you will, my point is that these steps are simply in the wrong direction.

The American people have to move in the direction you gentlemen indicate. We pray you to have us step in the right direction.

Dr. RICHARDSON. Thank you very much for allowing me to appear before you.

The CHAIRMAN. Any questions?

(No response.)

The CHAIRMAN. Thank you very much.

Dr. RICHARDSON. Thank you very much. Thank you also on behalf of the Arkansas Medical Society.

The CHAIRMAN. The Chair announces it has received word from Senator Thye that he is detained in the Senate Agriculture Committee. He would like for his executive secretary, Mr. Duane Lund, to introduce Dr. Hench to the committee as our next speaker.

Mr. LUND. Mr. Chairman, it is my privelege on behalf of Senator Thye to present to you one of our State's most distinguished citizens, Dr. Philip Hench, known through the world for the discovery of cortisone for the treatment of arthritis. We claim him in our State as the world's foremost authority on arthritic and rheumatic diseases. At present, he is consultant and head of the section of rheumatic diseases of the Mayo Clinic and the Medical School of the University of Minnesota. He is professor of medicine with the Mayo Foundation at our university. He is a member of the advisory council, National Institute of Arthritis and Metabolic Diseases, of the United States Public Health Service, since 1950. During World War II, he was a colonel in the Medical Corps, and in 1946, he became the Chief Consultant of the Surgeon General of our country. He was the chief editor for a time of the Annals Rheumatic Reviews for the American Rheumatic Association, and also associate editor of Annals of Rheumatic Diseases, London.

For his work in the discovery of cortisone in 1950, he received the Nobel prize; also, in 1942, the Medal of the Heberden Society for research in rheumatic disease; and the Criss award in 1951.

It is my pleasure to introduce Dr. Philip S. Hench.

TESTIMONY OF DR. PHILIP S. HENCH, MINNESOTA STATE MEDICAL SOCIETY, ROCHESTER, MINN.

The CHAIRMAN. Glad to have you with us, sir.

Dr. HENCH. Thank you.

Mr. Chairman, with your permission, I will not read particularly from these notes, but perhaps will chat informally, but if you prefer, I will read the notes.

The CHAIRMAN. Proceed as you wish. We can insert your statement in the record and you can make such remarks as you please.

Dr. HENCH. My name is Hench. I am from Rochester, Minn., and am here representing the Minnesota State Medical Society; and I am a specialist in rheumatic diseases.

(Dr. Hench submitted the following prepared statement:)

STATEMENT OF PHILIP S. HENCH, M. D., ROCHESTER, MINN.

SOME OF THE PROBLEMS POSED BY THE RHEUMATIC DISEASES WITH REFERENCE TO H. R. 7225

Mr. Chairman and members of the committee, my name is Hench, Dr. Philip S. Hench, from Rochester, Minn., a member of the Minnesota State Medical Society and representing that organization. For about 34 years I have had a special interest in the rheumatic diseases, those ailments which most people

refer to collectively as rheumatism. Because of the high incidence of the rheumatic diseases in the United States and the tendency of certain types to develop crippling damage, rheumatic patients will constitute a correspondingly high percentage of the candidates for disability payments at or over the age of 50 years if H. R. 7225 becomes law.

The purpose of this proposal is, of course, a humanitarian one. The proposed legislation is, I am sure, considered by its proponents to be fair to all—fair to the taxpayer, fair to the patient, fair to each State, fair to the patient's physician, fair to the specialists concerned with rehabilitation. On the other hand, a number of situations may and almost certainly would arise which could be embarrassing either to the patient or to his physician or both, or to the adjudicator. Whenever patient and physician differ as to the degree or persistency of a disability, there will be created a situation which could well become a source of tension.

The patient-physician relationship, the basis of medical practice, depends on mutual trust and cooperation. Years of mutual faith might be destroyed overnight and the resultant misunderstanding could become a three-generation affair.

Under certain circumstances some of the bill's provisions would appear to be unfair to the patient, to his physician, to rehabilitation experts, and, for example, to a 40-year-old rheumatoid patient just beginning to develop trouble; to a 45-year-old patient who is partially disabled.

It is doubtless the intention of this bill's proponents that its benefits be distributed only to the certainly eligible and that there be no medical favoritism, no hierarchy of disease set up. But the hierarchy of disease which exists already in the United States will, of course, assert itself. Because rheumatic diseases, nervous and mental conditions, and heart disease are much more common than any others in this country, there will be a correspondingly greater number of pension applicants with these diseases.

Explanation of terms "rheumatism," "arthritis," "rheumatic diseases"

There is no one such thing as "rheumatism," and "arthritis" is not just one disease. "Arthritis" is as vague and potentially inclusive a term as "stomach trouble" of which there are many types. Arthritis simply means "inflammation of a joint" but actually it is applied to any of the many inflammatory diseases of joints. Many conditions which affect structures outside the joints (tissues related to joints, e. g., muscles, ligaments, tendons, etc.) instead of, or in addition to the joints themselves are also commonly called rheumatic.

There are 200 rheumatic diseases

No common denominator for these various arthritic and rheumatic complaints, no one cause, tissue reaction, or biochemical abnormality has been found. Their one definite relationship is that of anatomical structure. Consequently, the rheumatic diseases comprise, more or less, any or all conditions of joints, muscles, and related structures; any one is likely to be called rheumatism by the public. There are more than 100 different types of arthritis plus 100 other conditions outside or near joints. Thus, the rheumatologist of today must become skillful in the diagnosis and management of over 200 diseases. But of these 200 different kinds of rheumatism, 10 or 15 are much more common than all the rest; only they are covered by most public health and medical surveys.

Incidence of the rheumatic diseases in the United States

Incidence of mortality.—Death is caused commonly by rhemuatic heart disease uncommonly by acute rheumatic fever, rarely by chronic rheumatism. Thus, except for cardiac residue of acute rheumatic fever, the annual death rate from rheumatism is insignificant.

Incidence of rheumatic diseases in the United States

Year	Population	Rheumatism, some form [1]	Annual rate per 1,000	Percentage of population studied
1935	Total population 127 million	6,850,000	55	5.5
1951	Total population 14 years and over 109 million	[2] 10,104,000	93	9.3

[1] Not including rheumatic heart disease.
[2] Male, 3,914,000; female, 6,190,000.

In 1935 2 times as much rheumatism (6,850,000 cases) as heart disease.
In 1935 7 times as much rheumatism as cancer and tumors (930,000).
In 1935 10 times as much rheumatism as diabetes (660,000).
In 1935 rheumatism caused 97,200,000 lost days of work: Under 45 years of age, 50 percent; under 55 years of age, 70 percent.
In 1935 partially disabled about 703,000.
In 1935 permanent invalids about 147,000; half of these under 55 years of age.
Less affected, 6 million to 6,850,000. Of those affected, under 15 years of age, 5 percent; 15 to 24, 5 percent; 25 to 64, 66 percent; 64 plus, 24 percent.
In all ages females were affected twice as often as males.
More common among farmers, outdoor and manual laborers.
Annually, more than 320,000 otherwise able persons in United States become unemployable, for at least a year, because of rheumatism, "an appalling scourge" (1941).
Investigations reported from many other countries indicate the great, world-wide prevalence of these conditions, at rates comparable to those in this country.

Economic cost of rheumatism and arthritis

Year and country:
1938, United States of America; cost of medical care: Over $100 million; reference, United States Public Health.
1949, United States of America; loss of productivity: 500 million (92 million days of work lost); reference, National Research.
1948:
England-Wales:[1] Insured adults, rheumatic patients, 1 million; pension, $5,600,000; total, $70 million (National Health Insurance Fund).
Scotland: Total population, 5 million; insured, 2 million; incapacitated by rheumatism, 50,000 (total, $8,400,100); new cases yearly, 340,000.
Ireland: Insured persons, 500,000 (greatest number of claims); rheumatic persons, 16,000 (largest amount of claims).
Sweden: Disability rates for rheumatic diseases rapidly mounting despite superior treatment facilities: Between 1922 and 1932 rheumatic invalidism doubled; between 1932 and 1942 disabled rheumatic pensions doubled: between 1932 and 1945 disabled rheumatic pensions tripled, although population increased only 11 percent.
Cost estimates for H. R. 7225 (Rept. 1189).

Data upon which to construct these estimates appear to have been very meager. The process that produced the conclusions or estimates is not easily understood. For example, cost estimates appear to have been based on several assumptions; among them were "freezers" but no "thaws." There was no allowance (so far as I could see) for any marked increase in claims during a depression. Although the figures were based on the assumption that administration of disability benefits would be "strict and tight" and that high employment would persist, it is admitted that this has not been the experience "both in foreign systems and in private pension and insurance plans in this country."

Last week I made an independent effort to obtain from the medical directors or actuaries of several of the largest insurance companies data on the following: ratio of policies to claims granted for disabilities, diseases for which largest total claims were given, percentage of claims for temporary total or partial-prolonged disability or for "total and permanent" disability. My search was not successful. I found the following:

The data sought is not available at any company contacted because it is not tabulated in this way. It could be obtained for a 1- or 2-year period, but at great cost. Here is an important point to me: One of the critical issues in disability is not faced. Mental cases are not accepted. Claims for organic disease are paid promptly, but expediency enters into decisions on "functional conditions" (nervous exhaustion, tension, nervous breakdown, psychoneurosis, etc.). If claims of this nature are short-time, they are granted promptly; if long-term, special investigations are made and a physician's statement may be asked to back patient's position that he is "really sick * * * from a nervous, not a mental, disease." If the attitude of the patient and physician is reasonable and not aggressive, settlement is made without delay, but there is wide variation in attitudes of various companies.

[1] Such may happen in United States if disability benefits established under Social Security Administration (opinion of certain writers).

Now, a very important problem has been sidestepped so far by the insurance companies. It is this: Are functional disturbances compensable? Do these persons have a pensionable disease or only a "condition"—a nervous condition for which there are no pensions under this proposal. If they do not have a condition, but have a disease, must the physician accept the patient's subjective appraisal that she is unfit for anything? If so, the pension roles will be opened to thousands of such cases, and it seems fairly clear that these preliminary cost estimates will not stand up.

If this proposal becomes law, it is very likely that the number of persons who feel that they are disabled by such complaints will be so large that a decision on their pensionability will have to be made.

If others who are skilled in the matter of cost estimates are inclined to agree with me, then all the parts of this legislation which are based on these estimates should be laid aside. It would appear wise to call for assistance from the larger insurance companies.

Regardless of many secondary aspects on this proposed legislation, to fulfill its intended purpose money must be collected equitably and in sufficient amounts to include a safe margin but no more, and then that money must be distributed, insofar as rheumatic patients are concerned, to cripples—not to those who obviously have an excellent chance, a good chance, or perhaps even a fair chance, for rehabilitation—but to those who are so disabled as to be totally and permanently disabled and to have gotten that way, not last week or last month, but at least 6 months ago.

Here is a paradox: If those concerned follow the wording precisely, we are by law selecting the worst possible cases for rehabilitation, the most hopeless, and then tying up skilled and scarce personnel on these rather hopeless cases instead of using their services for those who can be rehabilitated.

I am confused about the definition of disability. It is not clear to me, and I think it would have to be clarified. What income status does "any substantial gain" mean? What is substantial for one person will not be for another, and how can one "medically determine" functional disturbances? There are many complaints which the physician must accept from the patient on faith and without proof, but the doctor can usually accept it on faith, if the question of pensions is not involved.

Here again disability is so hard to define, and there appear to be 3 types of disability: (1) Total disability as defined herein; (2) medical disability when objective and there are laboratory evidences thereof; (3) a disability measured entirely by inability to function. Whether or not a patient is permanently disabled hinges usually on that unmeasurable ingredient—the will. It is a serious thing when a commission has to indicate that a patient is a permanent invalid, because then the patient is being invalidated by decree. Psychologically he has very little that is valid to live for.

There is a great reservoir of rheumatic patients who are not now claiming disability—certainly not total or permanent disability—who may well make such claims if this legislation is approved.

1. Patients with rheumatoid arthritis who are moderately disabled and who will, many of them, try to become eligible for pensions by the simple expediency of exaggeration (not malingering).

2. Patients with symptomless osteophytosis, often called "osteoarthritis." Everyone over the age of 50 years has some degenration of cartilage which leads to osteophytosis or osteoarthritis. But in 93 percent of such persons there are no symptoms. It is a condition, not a disease. But if a patient with this condition in the neck develops any kind of a pain in the neck, perhaps from a tension headache, and if he feels the pain long enough and claims it is disabling enough, then he may well become eligible for pension any time after 50.

3. Industrial rheumatism: About 20 percent of these cases are from industrial accidents, etc., but it is now believed that about 80 percent of them simply represent osteoarthritis which may have been and may still be symptomless, plus the effects of what may well have been a simple fall. With the spurs demonstrated in the X-ray (and these are permanent) if a backache lasts long enough, and if the patient complains enough, he also may be pensioned. It has been stated that every such case, e. g. in a workingman over 40 years of age who falls costs his employers over $40,000.

The fourth condition which may provide many candidates for pensions under this law, but who are not now pensionable, have musculo-skeletal symptoms and "dis-ease" but no demonstrable disease. These have "psychogenic rheumatism,"

chronic fatigue, tension, etc. In military and civilian practice about 20 percent of the so-called rheumatic patients have no rheumatic disease; they merely have psychogenic rheumatism. This is a functional or dysfunctional condition and there is no alteration of tissue. Such cases will provide many difficulties.

My own opinions and suggestions are:

1. The disability benefits should be removed from this legislation and should not be a part of the Social Security Act.

2. The rehumatic patients who are sufficiently disabled and need help should be helped by the rehabilitation centers and these services should be increased if necessary.

3. The Government would, in my opinion, serve the cause of national health best if it continued to support rheumatology in the manner it is now doing: (*a*) At the Arthritis and Metabolic Institute at Bethesda and by grants-in-aid; these researches will tackle the problem of rheumatism at the source, because studies on its cause and prevention are being carried out; (*b*) the treatment of rheumatic patients can be improved by continuing or increased support to medical schools and hospitals where more rheumatology should be taught; hospitals should develop more clinics for rheumatic patients, with internships and fellowships on rheumatic diseases.

Our knowledge of the mechanisms, diagnosis, and treatment of the rheumatic diseases has increased greatly in the last 10 years, much more so than in the previous hundreds of years. Our Government is participating actively and effectively in this work. It is my conviction that in the program proposed by H. R. 7225 the Government will be spending large sums of money with patients on "the wrong end of the road" and with a very meager return; this money should be spent as it is now being spent, to study the beginnings of rheumatic diseases and to develop more effective and early treatments. In that way the prospects for rheumatic patients will be improved in a much better way than by H. R. 7225.

Senator LONG. I would like to ask a question, perhaps 1 or 2. I have in mind a situation of a person for whom I have a very high regard. The person never asked for any aid from the Government for any sort of thing. However, this person was totally disabled with arthritis. There is not the slightest doubt about it. The person could not put her clothes on; could not get into bed alone; could not get out of bed alone. I don't think any examining person would have said that that person did not have disabling arthritis. She could not do any constructive work. Does it seem quite right, because of the difficulty in diagnosing some of these problems here, that we should deny social-security payments to a person who is not going to live to be 65? The person I have in mind did not live to be 65.

Dr. HENCH. Senator, I emphasized in my statement the thing we are concerned about is the people who are not in that situation. Nobody will want to deny any help to a person in that situation. I do not know whether that person applied for any help and I may say this: Sometimes you find, you are surprised that they have not applied. I have two patients right now. One is a charming lady who is almost solid from head to foot. She has no motion in her hips; no motion in her knees. She cannot move her arms. When she is walking along the street, she scissors along. I don't know how she walks but she does. She sits in a chair and won't even let me help her out of the chair. She just gives a swing, and up she goes. That woman has not asked for anything. Not only that, she not only supports herself—she does lovely hand sewing—she also supports her mother. She has a car. How she drives around, I don't know, but she does. She goes to Minneapolis and rides around for 2 or 3 hours, and so on. That is what we mean. That woman would not allow anyone to give her aid.

On the other hand, there are people who do not appear to be disabled. They have more motion, but the agonies of the thing—maybe they have other troubles—have made them totally disabled when actually, their function is better than the other.

Often we see people. Many of them have aches and pains from head to foot. You see them and ask, "What is your trouble?" "I have aches from my head to my foot." "How many joints?" "Every joint." You examine them. There is nothing wrong, but they are miserable. We do not believe it is imaginary. We believe it is real. We believe it is psychological. We do not believe there is a structural change.

No, Senator, I am sure no doctor would deny a person like that any help. If she did not get it, I can give her some place where she can get help. The Arthritic-Rheumatic Foundation, a national organization, looks out for those people, or is trying to, like the Polio Foundation is trying to look out for polio. Anybody in the country can come on his own. They don't have to pay for it if they cannot afford it.

There are some of these people who are so badly disabled they don't want to leave home. They have perhaps on a previous occasion, gone to a hospital. The doctor has told them, "You have to have this corrected," and it is a long business. They don't have to pay for it, but it is still burdensome, from the standpoint of manipulation of joints. If I had rheumatism or arthritis for 20 or 25 years, and have sort of made peace with it, and like my radio and my TV, if I was 50, and somebody said, "You go to the hospital and have this operation and be rehabilitated," I think I can understand the view of a lot of these people who think it over and say, "No. I will stay in my restricted sphere. I have learned to make peace with it."

I have not answered your question except to say that no one that I know of would deny that person.

Senator LONG. The point I have in mind is that the best people in this country—I think that speaks for the majority—are not going to demand disability payments unless they are genuinely convinced in their own mind they are disabled from performing the type of constructive work they like to do. You may find a small percentage that would, but I am sure that does not speak for the great majority of Americans. It seems to me what the average American would want, if he finds himself disabled from arthritis or any other cause, is the ability to draw payment, not as a matter of public charity, but as a matter of fact, as his right, the same type of retirement payments that he would draw if he lived to the age of 65.

I can recognize the difficulty that you can find with the type of things you have mentioned, particularly with regard to some malingers here and there. I have had a legal background—as an attorney rather than a doctor—but I am familiar with problems in disability compensation cases. At the same time, does it seem quite right to you, because of the difficulties on behalf of some individual to exaggerate his case, that we should not have a program that protects individuals in the event of true disability? Don't you think they would like to be protected as a matter of right, rather than look to the public for charity—for assistance?

Dr. HENCH. We do not want to deny the help to any of these people but we think it can be given to them in a less expensive way. You

spoke about the man whom you thought might be a malinger. There is a new viewpoint, I think, in the field of medicine in the last few years. That is, that malingering is very rare, but exaggeration is very, very common. In our rheumatism center in the Army and Navy hospital, we have had hundreds of soldiers. They had ribbons, decorations; and yet they had reached a limit and by that mysterious mechanism of the mind, their minds saw to it that they got out of a situation which was completely intolerable. They developed these symptoms.

As I said, we did not think they were cowards. They were not cowards. We did not consider them liars or malingers. They were unfortunate people who had this curious condition.

I will say this—that the most physically disabling condition is a nervous condition. By that I mean that the worst limits that we ever saw in the Army and Navy were not by the arthritic. I never saw even a bad arthritic limp like some of these unfortunate soldiers. When we put them to sleep with pentothal or something, they had no symptoms; but it is a mysterious thing. We are not ready to say whether it is a psychological or a pathological state. We have not found a pathological one. I am sure there are pathological disturbances. At the moment, they are hanging in midair.

I think, Senator, you have perhaps a wrong impression about the thought that there are maligners. We do not believe that. I think medicine has moved from that viewpoint. We sympathize with them. I don't know the answer to some of these questions. Senator, if you would do like I have done, in watching those people—we put them in the hospital; we do this; we do that. We give them everything we can think of, and many times, nothing helps.

For example, one of the more serious cases that I saw was in a woman who thought she had rheumatism. She was a delightful woman. You probably know of her, Senator. She comes from a wonderful, horse-growing family down your way. She had received two offers of marriage, both fine, but her mother had had a stroke. Her mother was the only member of her family; her own income was such that she could not accept marriage, and her problem was there; and until that poor woman died, she was going to have that problem. You cannot shoot the mother. You cannot solve it that way. These things, some of them, are insoluble. You cannot do enough for them. We don't know enough about correcting the mystery up here to solve some of these problems.

Senator LONG. After all, the medical profession is struggling with it in the veterans' program. In any service-connected disability, they do struggle with it.

Dr. HENCH. Yes.

Senator LONG. And come up with some sort of an answer. I know some of them are difficult. There is a local public official in my State who does not agree with the VA with regard to his own situation. I know how difficult those can be, but somehow, they do find answers for it.

Dr. HENCH. Most of the answers, we don't believe, are in the hospital centers. As I say, the people have to have some sort of a new viewpoint; and if we do what we have done for years, and say, "Well, I cannot find rheumatism. Maybe I am not smart enough. Maybe

there is some chemical change in the muscle. I cannot find any pathological change. He certainly suffers. I am tired of wrestling with this problem. I am going to call it rheumatism. I am going to send him to Hot Springs. I am going to give him cortisone." And that is what we do. I don't think their salvation is in any hospital; I don't think it is under a pension plan because then, as I say, they are invalidated. I think there are too many people in the world that don't want to have their passport checked out. They want to keep active. There are some that want it and they will get it.

Senator LONG. Thank you.

Senator BARKLEY. I don't want to invite a course in medicine, but is it true that arthritis, neuritis, bursitis, and rheumatism are all sort of connected in the same family?

Dr. HENCH. Well, Senator, we put them in the same family. I am not going to give a lesson in medicine. For the last 300 years doctors have been trying to find some common denominator between what people call rheumatism. They tried to find it in 2 or 3 chemical tests, suggesting that any disease is rheumatism that has this thing abnormal. None of them have proven out and we have to accept the layman's definition. The laymen tell me, to them, rheumatism is anything within a half mile of a joint or muscle and so really the term "rheumatism" is an anatomical one and the only connection between them all is that they involve the same structures; and, of course, bursitis is an inflammation of the bursa; and that is a fraction of an inch from a tendon and that is a fraction of an inch from a joint. So when you have a painful shoulder, you cannot tell, perhaps, whether it is a tender bursea or a shoulder or what. All you know is that it hurts.

The CHAIRMAN. Thank you very much.

Dr. Marvin A. Block.

TESTIMONY OF DR. MARVIN A. BLOCK, NATIONAL COMMITTEE ON ALCOHOLISM, BUFFALO, N. Y.

(Dr. Block submitted the following prepared statement:)

STATEMENT OF MARVIN A. BLOCK, M. D., FOR THE NATIONAL COMMITTEE ON ALCOHOLISM

Mr. Chairman and members of the Senate Committee on Finance, I am Marvin A. Block, M. D., a practicing physician in Buffalo, N. Y. I am a member of the board of directors of the National Committee on Alcoholism and president of the Western New York Committee for Education on Alcoholism.

I am particularly interested in H. R. 7225, from the point of view of patients suffering from the illness in which I specialize—chronic alcoholism. I wish to stress the fact that this illness, alcoholism, which affects so many people, responds favorably to medical treatment.

Alcoholism is the compulsive and uncontrolled drinking of alcohol, interfering with the patient's life, his interpersonal relationships, his ability to earn a livelihood and cope with the ordinary problems of life. These patients have a low threshod for suffering and require relief from the ordinary tensions of living. They usually suffer from neuroses characterized by anxieties and immature emotional reactions. They often have feelings of severe inadequacy and inferiority. For the most part, alcoholics seek in drink an escape from the frustrations and problems of everyday living. They are dependent people, in spite of their constant attempts to appear otherwise.

One of the greatest obstacles with which the physician, as well as the family of the patient, must contend is the failure of the individual patient to recognize that he is suffering from an emotional illness and should seek help. Alcoholism

alone can rarely, if ever, be considered an illness which is totally and permanently disabling. On the other hand, as with other addictions, recovery depends to a great extent upon the incentive which the patient mobilizes to seek such recovery. Rehabilitation of such patients necessitates not only improvement of their physical health, but, of equal importance, a reeducation toward assuming responsibility in contending with the adversities of living encountered by us all.

In order to accomplish receovery, proper motivations must be present in each patient. This would apply in any illness. With alcholics, however, the lack of incentive toward rehabilitation is one of the notoriously adverse symptoms encountered. The symptom is understandable, since alcohol offers escape from responsibility, and escape which so many of these patients seek. Any agent which tends to diminish motivation for recovery would therefore tend to increase the severity of the illness and eventually contribute to the disintegration of the patient. In my opinion, benefit under bill H. R. 7225 would adversely affect patients suffering from alcoholism, since it would discourage them from assuming the responsibility of caring for themselves. These already dependent people might use such benefits to prolong their dependence, increasing the severity of their illness with the proceeds of their disability. Such benefits would be tantamount to subsidizing the illness. It would also provide patients with funds with which to purchase the means of prolonging and intensifying their ailment, thus creating a vicious cycle.

The usual age of alcoholic patients a few years ago was 45 to 55. This age bracket for alcoholics has now been reduced to a usual 35 to 45 years. From these figures it can be assumed that alcoholism is an illness ordinarily found in the fourth decade of life. To give these patients an opportunity for disability benefits at age 50 would afford them very little time for rehabilitation before applying for disability. In any disease which takes years to acquire, very rapid dehabilitation cannot be expected. Incentive for rehabilitation might be discouraged if financial benefit looms on the horizon at so early an age.

Contrary, I believe, to the purpose of the bill, the patient who tries to help himself to recovery receives no benefit. The person who gives up, on the other hand, and accepts his inability to recover, thereby becomes permanently disabled and eligible for benefits. Where treatment for rehabilitation is required, the threat of having benefits withdrawn or not forthcoming militates against the chances of effective recovery and rehabilitation.

From my experience with many of these patients, they may accede to any treatment prescribed. However, with cash benefits available for disability, good response to such treatment in most cases will not be accomplished. Since there is no specific remedy for aiding these people, much depends upon a strong motivation for recovery. Payment for permanent disability will not provide this type of incentive, but may act in the opposite manner. Many of these people live alone and under substandard conditions. It is characteristic of the illness that they do not eat properly, since their primary interest is drinking. Even a small income would be sufficient for them to subsist and yet continue to drink, thus prolonging both the illness and disability. The inevitable complications following prolonged drinking, poor nutrition, and substandard living conditions would expose these people to physical deterioration and other illnesses which come with debilitation. Disability then would be more intense and prolonged.

Certification to total and permanent disability would be very difficult. Alcoholism responds to treatment when such treatment is conscientiously followed. This of necessity depends upon the cooperation of the patient. Such cooperation cannot be enforced. Pressure upon physicians to certify to disability would be tremendous. This pressure might be exerted not only by the patient but by their families, who would regard this act as an opportunity to get income for patients who heretofore had been a burden but would not cooperate in seeking help to recovery. Indeed, many of these patients refuse to acknowledge their condition as a serious illness.

In my opinion, further study is necessary to find means of helping these patients to recovery without putting a cash premium on their remaining ill. The neuroses from which these people suffer would only be aggravated to greater complication by any measure which might encourage the patient to remain sick. It must always be borne in mind that alcoholics are dependent people who use alcohol as a crutch to support an unstable personality. To add another crutch in the way of cash benefits will only succeed in making them more dependent.

For those patients unable to work there are usually local agencies where application for financial assistance can be made. These agencies, after thorough

investigation, wil lhelp indigent people, but also supervise, in most instances, how such money is spent. The patient therefore does not lack for the necessities of life. Social workers in these agencies also recommend methods of rehabilitation and encourage patients to seek such resources. The natural antipathy of people toward receiving such help and supervision often prompts them to rehabilitation and independence. Benefits from social security, however, where premiums are paid, are looked upon as a right. There would be no supervision of the expenditure of such benefits once they are paid, and no desire, therefore, for rehabilitation. Recovery might mean cessation of benefits and inability to purchase the material to which the patient is addicted. Since addicts of all kinds are known to go to any lengths to obtain the drug or medication to which they are addicted, it cannot be expected that they will act any differently in the case of receiving moneys through disability.

The CHAIRMAN. Dr. Shipman, president of the California Medical Association.

TESTIMONY OF DR. SIDNEY J. SHIPMAN, PRESIDENT, CALIFORNIA MEDICAL ASSOCIATION, AND PAST PRESIDENT OF THE NATIONAL TUBERCULOSIS ASSOCIATION

Dr. SHIPMAN. Mr. Chairman and members of the committee, I am Sidney J. Shipman, president of the California Medical Association, and past president of the National Tuberculosis Association. I shall confine my remarks chiefly to the subject of tuberculosis, and with your permission, I would like to spare you reading this entire outline, although I would like to read a few points from it.

The CHAIRMAN. Would you like your statement inserted in the record?

Dr. SHIPMAN. Yes, please.

The CHAIRMAN. The statement will be inserted in the record. You can read such parts as you wish.

(Dr. Shipman submitted the following prepared statement:)

STATEMENT OF SIDNEY J. SHIPMAN, M. D., PRESIDENT, CALIFORNIA MEDICAL ASSOCIATION, AND PAST PRESIDENT OF NATIONAL TUBERCULOSIS ASSOCIATION

Mr. Chairman and members of the committee, the outlook for the eradication of tuberculosis in the United States is far brighter today than at any time in the past. This is not to say the disease is no longer a problem. It is still a major cause of disability and death and in every large center of population a large proportion of beds devoted to the care of chronic disease is occupied by patients with tuberculosis. The isolation of patients in accordance with modern concepts of tuberculosis control therefor still is a serious economic drain in most communities. It is only by comparison with the past that a true picture of the remarkable progress in control in this country can be visualized. Moreover, in other areas of the world the picture is not nearly so bright.

It is estimated that a quarter of a billion persons died of tuberculosis in the first half of the present century. Probably 50 million people have the disease at the present time; 5 million people still die yearly of this disease. About four-fifths of this mortality has occurred in the Orient where in many places tuberculosis is still the chief cause of death (1).

Moreover in the United States, in spite of the marked decline in the death rate in the first half of the present century, the death rate in 1950 was about 20 per 100,000 and deaths numbered about 30,000 in the United States and its Territories. About a third of these were in the nonwhite population, although the nonwhites make up only about one-sixth of the people. This means that the mortality rate in nonwhites is about three times that for whites. About three-quarters of the deaths were in men, mostly over 50 years of age, which is a marked contrast to older statistics when tuberculosis was traditionally a disease of young women.

Until recently the United States Public Health Service and the National Tuberculosis Association accepted the figure of 400,000 active cases in the

United States, 250,000 of which were known and about 150,000 unknown to physicians and health authorities. Inactive cases were set at about 800,000. This means that about 1,200,000 living Americans either are in need of active treatment or some form of medical supervision.

Nevertheless, the recent decline in the tuberculosis death rate has been spectacular—53 percent since 1950. However, the number of new cases per 100,000 population has fallen only 20 percent since 1950 (2).

The number of people infected with the germs of tuberculosis appears to be decreasing in the United States. A simple skin test is sufficient to locate these people, but it has not been used intensively enough in recent years to give an accurate picture of the situation here today. It has been estimated that 95 percent of people 45 or older would react to this test in 1940, but only about 70 percent in 1950–52. What figures we have show that this decline is continuing and that the rate of decline is particularly marked in the younger age groups.

In California the decline in death rate has about paralleled that of the country as a whole. In 1954 it was 9.8; in 1955 it will be approximately 7.5. In young children and infants however, there has been an apparent rise in rate of infection as shown by recent converters—that is, those who react to the skin test. The cause is not known.

The reasons for the decline in tuberculosis mortality and morbidity in California and the country as a whole are many. The improvement in living standards has doubtless played a major role. Nevertheless the enormous advances in casefinding and isolation of active cases have been major factors. Then, too, it is probable that the public better understands the infectiousness of the disease and the necessity for proper treatment than ever before.

I have spoken of the large number of unknown active cases, potentially the most serious cause of spread of disease. About 1940 the miniature X-ray film came into general use and mass screening techniques which have been developed as a result and used by tuberculosis associations, local health authorities, the United States Public Health Service, and medical associations and hospitals have aided greatly in uncovering these unknown cases.

Treatment of the sick individual has likewise improved at an accelerated rate, keeping pace with the advances in public health measures. To the older bed rest in sanatoria accompanied by various types of collapse therapy, has been added startling advances in surgical treatment made possible by the newer antituberculosis drugs.

The first of these new drugs was streptomycin, anounced in 1944. This was the first drug of real promise in the treatment of tuberculosis. Four years later paraminosalicylic acid (PAS) was found to be useful in combating tuberculosis, particularly when used with streptomycin, not only because of its own antituberculosis effect, but because it prolonged the effective period of streptomycin usefulness. In 1952 isoniazid appeared. These three are the chief antituberculosis drugs and while they are not perfect they represent powerful weapons not previously available. Previously incurable forms of tuberculosis are now easily curable and most patients can be helped by the newer combinations of drugs and surgical treatment. In addition, months and sometimes years of bed rest in hospitals or sanitariums can be measurably shortened.

In California alone there has been a drop of 1,300 beds in use for tuberculosis in the past 15 months. While a major part of this drop is probably due to the use of these drugs and to surgical treatment, some part may be due to the increasing emphasis on home care. How far this latter tendency in the care of tuberculous persons will go cannot be predicted at present, but it is a factor to be considered.

REHABILITATION

Previously tuberculous patients constituted the largest single disability group in the California State Department of Rehabilitation (3). Parenthetically, it may be said that California is the only State that has evaluated the case load of the State Department of Rehabilitation. The tuberculosis case load in California is 18.9 percent of the total. Fifty-two percent had dependents. Fifty-five percent have not worked since their disability. Doctors and health agencies referred 30 percent of the clients; 23 percent were referred by welfare agencies.

It is noteworthy that clients referred by tuberculosis hospitals were rehabilitated at a rate of 2 to 1, whereas those referred by physicians were rehabilitated

at a rate of 6.5 to 1. This is due to the fact that the former had multiple problems; that is, alcoholism, mental maladjustments, criminal tendencies, domestic instability and the like.

One thousand and eighteen cases were closed as rehabilitated in the fiscal year 1954–1955, 569 were closed unemployed, 808 closed for other reasons. The principal reason 569 were closed unemployed was the severity of the client's disability—that is to say, the multiple problems mentioned above. In 1 out of 7 cases the client disappeared. In general, an analysis of the cases rehabilitated showed that the younger cases with a good work history were the easiest to rehabilitate (4).

SUMMARY

1. There has been a marked decline in the tuberculosis death rate in the incidence of infection in the United States in recent years.
2. Nevertheless, tuberculosis remains a major cause of disability and death.
3. The decline is probably the result of rising living standards as well as the newer advances in treatment.
4. If the disease is to be stamped out in this country, continued research, both medical and sociological, will be necessary.
5. The cooperation of health departments, tuberculosis associations and the medical profession is as essential now as at any time in the past.

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1. Long, Esmond R., Tuberculosis in Modern Society (bull. History of Medicine, Vol. XXVII, No. 4, July–August 1953).
2. Natl. TB Assn. Annual Report, April 1, 1954–March 31, 1955.
3. California's Vocational Rehabilitation Cases June 1955. Published by State Department of Education, Bureau of Rehabilitation.
4. Analysis of Cases Closed. Bureau of Vocational Rehabilitation, Sacramento, November 1954–1955.

Mr. SHIPMAN. I would like to express my appreciation for being permitted to appear.

The CHAIRMAN. Dr. William T. Green.

STATEMENT OF DR. WILLIAM T. GREEN, AMERICAN ACADEMY OF ORTHOPEDIC SURGEONS, BOSTON, MASS.

Dr. GREEN. I hope you will excuse my identifying myself a little more. It is not designed as a personal eulogy but rather, to indicate my background in this paticular field.

(Dr. Green submitted the following prepared statement:)

STATEMENT OF WILLIAM T. GREEN, M. D., FOR THE AMERICAN ACADEMY OF ORTHOPEDIC SURGEONS

Mr. Chairman and members of the committee, I am Dr. William T. Green, of Boston, Mass. I am professor of orthopedic surgery at Harvard Medical School; orthopedic surgeon-in-chief, the Children's Hospital and Peter Bent Brigham Hospital, Boston; director of the Massachusetts Infantile Paralysis Clinics; director of the Mary McArthur Respirator Unit; consultant, West Roxbury Veterans Hospital; consultant, Massachusetts Crippled Childrens Services; and a practicing orthopedic surgeon. I appear as president of the American Academy of Orthopedic Surgeons and speak for that organization.

I wish particularly to comment upon only one phase of the bill; namely, that portion which has to do with disability and the evaluation of disability. It is this phase which we in orthopedic surgery should be particularly competent to speak. Orthopedic surgery has to do with crippling diseases affecting the neuro-musculoskeletal system, and as such it is at all times concerned with the evaluation and treatment of such diseases and the disability which they cause.

I would like to state first that we well recognize that those who are permanently disabled and in need, require financial aid from one source or another. The objective of giving assistance to those totally disabled is a commendable one. But

any method which supports the permanently disabled must of itself not contribute to increasing the problem in the permanent disability. It must not reduce the stimulus of the individual for rehabilitation and recovery. It must not make disability more attractive, even to some, than remunerative employment. It must not create an atmosphere which breeds the desire to be classified as permanently disabled. It must not be a method whose purposes can be easily violated. It must not be a method which might encourage deceit and malingering; nor must it be a method in which evaluation of the disability may lead to inequities in classification.

From the doctor's standpoint, the major clinical problem is the difficulty arising in the assessment of permanent disability. There are certain conditions in which the evaluation of permanent disability is simple and clear. But the dividing line between these clear-cut conditions and others creates a problem which we would like to emphasize.

The assessment of permanent disability, furthermore, becomes increasingly difficult as the reward for such a disabled state becomes greater and greater. The cash benefit provision of this bill is sizable and represents a very satisfactory income to many individuals and particularly in certain parts of our country. If an individual is disabled and receives such a stipend, it could be a large factor in promoting continuous disability and complacency even in those individuals whose intentions are commendable. It would be a factor in inhibiting the interest in rehabilitation which should be the first objective of all those who are disabled. Absence from work for a period of time has an emotional effect which makes it easy for the individual to settle back in a dormant way. Such an individual needs stimulation not the temptation to sit back and succumb to the emotional security of permanent disability. A cash benefit as proposed in this bill, we believe, would decrease the interest of many individuals in rehabilitation and in a return to work.

Since there is a certain financial security when classified as permanently disabled, the screening of the candidate for such classification becomes a real problem even under the most careful program of evaluation. Furthermore there are many instances in which it would be most difficult, and occasionally impossible, to assess the degree of disability which exists. Exaggerated complaints and affected signs of physical disorder may lead to assessment of disability even in its absence. This would arise not only in connection with definite malingering, but in those who have emotional disorders and functional complaints as well. One can foresee terrific pressure upon physicians to certify disability. It can be predicted, furthermore, that a patient may go from one physician to another until he obtains the desired certification of disability. Such certification to the undeserving may arise from mistaken diagnostic interpretation, or it may be associated with the frailties that are part of the human race, even in physicians.

Certain analogies may be drawn from considering the difficulties that have arisen in evaluating industrial compensation and liability cases. Many individuals who have been injured in industry or otherwise, such as in an automobile accident, are very reluctant to go back to work when they are financially supported even when they are totally capable of doing so. This problem may be further emphasized by considering a not too uncommon experience after such an accident in which an individual complains of great disability, even suggesting a permanent disability, and is supported month after month. Only when an agreement is reached for a final cash settlement, does the "disability" disappear and the patient goes looking for another job or returns to work. With the settlement of his claim he has the incentive to return to work. It would be our fear that these difficulties of pseudo-disability emphasized above would occur with unmanageable frequency under the disability provisions of this bill.

We are very apprehensive that this disability provision would be most difficult to administer and that many undeserving individuals would be classified as totally and permanently disabled and receive support. It would be our opinion, for example, that the number who have applied for the "freeze" provision in the old-age assistance would not be an index of the number who would be embraced under the new purposed disability provision. In the one instance, namely the "freeze" provision, the individual is not provided with immediate support, and there is little temptation to get on this list artificially. On the other hand, when immediate support is available as provided by the new bill, the temptation would be great. Even in industrial cases where one of the parties is an insurance company, anxious every moment to preserve its equity

and to shorten the disability as much as possible, the getting of the patient back to work in certain instances is difficult indeed. A sympathetic Government agency would have much more difficulty in limiting the disability reward.

It would be our considered opinion that the disability clause proposed in this bill should not be passed at this time. Certain additions have been made recently to the Social Security Act that affect such disability. They have not been in effect long enough for them to be evaluated and for the experience gained from them to be used as a guide in any proposed change. I refer to the "freeze" provision as it affects old-age assistance, which incidentally we favor. I refer further to the recent expansion and increased support of vocational rehabilitation and the combined Federal-State program embraced in title I, "Aid to the Totally and Permanently Disabled."

Further observation and trial of these provisions would seem necessary before radical action in this area as proposed in the present bill should be considered. We would suggest a detailed constructive study of this whole problem with a full consideration of our past experiences and our needs. We would suggest strongly that provisions to provide for the permanently disabled must weigh need as well as disability.

We oppose the disability clause of this bill.

The CHAIRMAN. The next witness is Dr. Rouse, of the Texas Medical Association.

TESTIMONY OF DR. MILFORD O. ROUSE, PRESIDENT-ELECT, TEXAS MEDICAL ASSOCIATION, DALLAS, TEX.

Dr. ROUSE. I am Milford O. Rouse, president-elect of the Texas Medical Association which covers some 7,300 physicians. Dr. Mal Rumph, of Fort Worth, has another statement from the Texas Medical Association which he would like to file, also.

(Dr. Rouse submitted the following prepared statement of Dr. Mal Rumph:)

STATEMENT OF DR. MAL RUMPH, A PRACTICING PHYSICIAN OF FORT WORTH, TEX., WHO IS FILING THIS STATEMENT AS A REPRESENTATIVE OF THE TEXAS MEDICAL ASSOCIATION

As Dr. Rouse has stated we are here to present the views of the members of the Texas Medical Association as repeatedly expressed by the overwhelming majority of its house of delegates. We have every reason to believe that these actions by the house of delegates represent the thinking of most of the 7,300 members of our State association as all county societies were notified well in advance that the matter would be up for discussion and vote of the house of delegates. Many local county medical societies have taken similar action. The Tarrant County Medical Society on numerous occasions has expressed its opposition in regular meetings without a dissenting vote. It has been noted that those members working on a salary basis, and paying social security taxes, are just as strongly opposed as are those in individual practice.

Our opposition to the social security system as it now exists and to this proposed revision (H. R. 7225) is based on—

1. Our opposition to the principle of compulsion in the inclusion of any individual against his wishes and the use of compulsion to force individuals into Government controlled rehabilitation programs.
2. The International Labor Organization origin of the social security provisions (and the proposed revisions offered).
3. Our conviction that the financing of the social security set-up is unsound.
4. The fact that, despite the expenditure of large sums of public money by those in authority to educate the public on social security—through pamphlets, brochures, radio, and television—certain salient facts have not been brought to the attention of the public.
5. Our feelings that the cash disability features will hinder rather than promote rehabilitation.
6. The inevitable trend toward federalization of medicine through the insistence on medical certification.

I will offer some discussion on each of these bases.

1. *Our opposition to compulsion*

The compulsory inclusion under social security of any individual against his wishes is a direct denial of the principles laid down by the Founding Fathers of this country who sought to make Government the servant and not the master of the citizen. (Declaration of Independence and the Constitution.)

Under section 222 of Public Law 761, any individual who applies for certification or disability under section 106 must place himself under the rehabilitation program in his State. No penalty is attached. When section 106 was proposed, it was opposed by those physicians who recognized the implications. To avoid the unnecessary expense involved in such a method of setting up a wage freeze to protect the interests of the disabled individual, and to shut the door which section 106 opened to compulsion of the individual and to the federalization of medicine; the American Medical Association proposed a simple statistical method (using figures already available to the Department of Health, Education, and Welfare) of establishing a wage freeze on the basis of the average of the individual's years of highest earnings. Various State medical associations and county medical societies endorsed the substitute proposal. That proposal was denied.

Now the revision of section 222 proposed in H. R. 7225 sets up a cruel penalty—the disabled worker must accept the services and the advice of the particular rehabilitation service operative in his State or lose the benefits for which he and other workers will have been taxed. Patient choice of physicians, therapy, and regime of rehabilitation will have been denied him. The patient will have lost his doctor, and the doctor will have lost his patient. Under compulsion individual freedom will have lost another battle to the State.

2. *The International Labor Organization origin of the social security provisions (and the proposed revisions offered)*

The men (like Altmeyer, Falk, and Cohen) who promulgated the first social-security program in the United States took the provisions of the program from the program from the deliberations of the International Labor Organizations—an organization frankly and openly dedicated to the complete socialization of every country. As extensions and revisions have been made these new provisions have come from the same source. You will recall the seven main points of 1952 ILO Convention "Minimum Standards of Social Security":

1. Old-age and survivors benefits at a level which would provide a comfortable living.
2. Permanent and total disability benefits.
3. Weekly benefits for unemployment from any cause.
4. Maternity benefits.
5. Monthly payment to each family for each dependent child.
6. Lump-sum job separation payment.
7. National compulsory health insurance (socialized medicine).

In 1954 Mr. Altmeyer, then Commissioner for Social Security, in a pamphlet called Your Stake in Social Security, marked out his idea of the American path when he said: "Eventually our first line of defense against hardship and want will be a comprehensive contributory social insurance program that offsets income losses due to unemployment, disability, old age, and death, and helps meet the costs of medical care."

Surely the program set forth by the ILO and Mr. Altmeyer is clear enough! By constant efforts, skillful playing of political group against political group, and reliance on the vested interests of a far-flung bureaucracy, a small number of dedicated socialists have been able to see section after section of this program written into law in the supposed interests of the people.

As recently as November 1955 there was in Mexico City the biennial meeting of the International Social Security Association, an offshoot of the International Labor Organization with its headquarters in Geneva. This organization also openly works for the complete socialization of every country under the general theme that social security is social justice. Along this line it advocates the socialization of medicine by making all physicians salaried government servants. It proposes to do this without consulting any organization of physicians as it holds that doctors are not imbued with the proper spirit of social justice. Physicians usually hold to the idea that their primary responsibility is to the individual rather than to the community, while the ISSA hold just the reverse idea in the name of social justice.

In keeping with this idea the ISSA works on the premise that the present generation of physicians throughout the world will have to be handled by compulsion, while the ISSA through subsidized special courses in medical schools educates another generation of physicians who will be indoctrinated with the particular ISSA brand of social justice which recognizes responsibility to the community rather than to the individual.

All this ideology is available in various pamphlets in many languages including English. A United States delegate to ILO was present at the meeting. American tax money helps to finance this organization.

In addition to the pamphlets the sources of this information are Dr. L. H. Bauer, of New York, secretary-general of the World Medical Association, and Dr. William M. Crawford, of Fort Worth, official observer from the World Medical Association to the Mexico City meeting. Dr. Crawford was denied any opportunity to speak. We believe our fears of the social-security setup on the basis of its origin is well founded.

3. Our conviction that the financing of the social security setup is unsound

For some years doubters have spoken their convictions after comparing the contributions of the individual and the benefits accruing to him in the various pensions plans of industry and voluntary groups (such as policemen, firemen, school teachers) with the amount paid in taxes by the individual under social security and the potential benefits to be paid him. Already in these hearings you have heard Mr. Robert Myers, actuary for the Department of Health, Education, and Welfare give revealing testimony which substantiates our conviction.

4. Failure of Government to inform the public fully

Among the facts not included in the glowing plugs for social security are:

(*a*) The taxpaying employee has no insurance contract with the Government. (Sec. 1104: The right to alter, amend, or repeal any provisions of the act is hereby reserved to the Congress.) In his testimony before the Curtiss committee, Mr. Altmeyer, long-time head of social security, admitted his knowing misuse of the term "insurance" in public relations releases.

(*b*) Tax for a stated purpose does not make the money available for that purpose, but the money must be appropriated by each Congress in succession. During this session Senator George has stated that one Congress cannot legally bind its successors (brought out in discussing the proposed foreign-aid program).

(*c*) The employer's part of the tax is not credited to the individual employee's credit, but is socialized.

Among the provisions proposed by H. R. 7225 but not publicized are:

1. Tenant farmers, now in the employed class, are to be listed as self-employed. This will increase their social security taxes by approximately 50 percent.

2. The entire covered population is to be taxed for potential benefits to an estimated 250,000 (somewhere around 0.5 percent) now and rising to approximately 1,000,000.

3. Proposed cash disability benefits affords no payment to dependents.

4. Acceptance of Government-controlled rehabilitation is compulsory if the disabled worker is to receive cash benefits.

5. Cash benefits will hinder rehabilitation

As practitioners who deal with disabilities which have a direct connection with personal liability (with or without insurance being a part of the picture), workman's compensation insurance, employee's disability programs, private disability insurance, or veterans pensions, we are impressed very forcefully by the very large influence of cash benefits on the disability. The percentage of actual malingerers is small, but all men have psychosomatic tendencies in greater or less degree (each of you can think of the varying graduations in his own circle of family and friends). Without being conscious of it, any patient may present a picture which contains a very large psychic overlay. This is one of the most challenging problems of the practice of medicine. Unsettled cash questions often make the physical question almost insoluble. All experienced physicians can recall many cases in which definite and final financial settlement has immediately opened the door to true evaluation and the ultimate maximum rehabilitation possible. In the interest of the patient's physical future, we often have advised lesser cash settlements at the time rather than future greater cash settlements or monthly payments.

The potential political facets of this new field of cash payments make experienced physicians dread it.

6. The inevitable trend toward federalization of medicine through the insistence on medical certification

When section 106 was proposed in the social-security revisions of 1954 setting up medical certification of disability as the mechanism for establishing a wage freeze, certain ones of us thought we saw more than just a correction of an inequity in the law. We were for correction of that inequity and protecting the rights of the disabled worker, but not by the method of medical certification. We felt that medical certification staked out the road for the federalization of medicine (national compulsory health insurance and the practice of medicine by Government with physicians in the role of salaried governmental servants).

The substitute proposal of the American Medical Association not only would have protected the rights of the disabled worker (the stated objective of sec. 106), but would have been cheaper. Our fears were disparaged. We were unable to convince the Congress, and section 106 was enacted into law.

Our fears, based on the ILO and the ISSA pronouncements and the history of medical certification in other countries, were increased by the criticism of Public Law 761 by the proponents of compulsory national health insurance who felt that the law did not go far enough. Among them was Nelson H. Cruikshank, director of social-insurance activities for the American Federation of Labor who wrote in the October 1955 American Federationist:

"The 1954 social-security amendments included a timorous, halting step forward in meeting this problem. * * * The really significant gain in these amendments was not the so-called freeze of benefit rights, but the fact that in its adoption the precedent for the determination of disability under terms of a Federal program was established and provision was made for rehabilitation services."

This was just what we had been claiming—a precedent had been established.

Under section 221 (disability determinations under sec. 106) any medical certification was made subject to review by the Secretary of Health, Education, and Welfare who was given the power to overrule the certificate in any way he saw fit—to declare disability where none was certified, to determine that there was no disability where disability had been certified, to declare that a disability began later or ended earlier than was certified. Naturally physicians objected to this subordination of medical certification to lay determination as an affront to the training and dignity of the profession. Then they began to ask questions of deeper significance.

When a question of disability arises, a medical question arises. The generally accepted opinion is that only physicians are qualified to determine physical disability. Now in Public Law 761 we see Congress requiring medical certification of disability—and then placing the ultimate power of review and determination in the hands of a political appointee who is a layman untrained in medical matters. By such contradictory action Congress declares that certification of disability by a physician is unnecessary. Since an appointed, medically untrained person is qualified to alter a physician's certification, it is obvious that he (or other medically untrained lay employees of the same department) could make the original determinations as well as, or better than, could physicians. But medical certification is required.

What is the significance? What was the motive of those, who persuaded Congress to require medical certification and at the same time give to a layman the absolute power of alteration of this certification? Was it a move of the centralists to control the lives of the individual citizens? Or was it a move to put physicians under the control of Government? Or was it both? Did the ISSA and its adherents have a hand in this?

We have shown already that section 106 set a precedent. Now in H. R. 7225 we see proposed another step along the pathway to federalized medicine as surveyed by the ILO and Mr. Altmeyer—compulsory taxation for cash disability benefits contingent upon acceptance of compulsory governmental supervision of rehabilitation; and all based on medical certification negated by lay control in Government. If this provision of H. R. 7225 is passed by Congress, will travel down that pathway stop here? Despite the assurance of those who deride phyiscians for seeing the specter of federalized medicine where no threat exists, we are convinced that the pathway will be pursued to its ultimate determinus—federalized medicine.

The source of our conviction is the Congressional Record of the proceedings of the House of Representatives on July 18, 1955—the day H. R. 7225 was passed by the House (pp. 9273–9304). Probably the most revealing remarks on that day were those of the late Congressman Dingell who stlyed himself one of the

chief architects of the social-security system. Mr. Dingell boasted of his past successes, taunted his opposition, bewailed the failure of H. R. 7225 to go far enough to suit him, and confidently outlined a program of additional revisions of the social security-system to be enacted through the efforts of those who shared his beliefs and intentions. This program included:

1. Compulsory inclusion of all Americans under social security.
2. Increase in the taxable wage base to $6,000.
3. Liberalization of the benefit formula.
4. Increase in the minimum primary benefit and the maximum family benefit.
5. Delayed retirement credit for those who do not retire at 65.
6. Computation of average monthly wage based on the individual's best 10 consecutive years of covered earnings.
7. Increase of allowable earnings under the retirement test.
8. Cash benefits for temporary disability up to 26 weeks in a year. "Cushioning the cost of medical services during such period of temporary disability."
9. Reduction or elimination of the age requirement of 50 for eligibility for cash disability benefits. Benefits for the dependents of those totally and permanently disabled.
10. Increasing the benefits to wives of retired workers and to survivors of insured individuals.
11. Sixty days of free hospitalization per calendar year for all recipients of social-security benefits.
12. Lowered eligibility age for men and women.

In view of these developments we are convinced that those who do not see what we see are those who have eyes, but see not.

I have reviewed sketchily some of the bases of our opposition. Through no fault of yours I have been hindered by the lack of time for both preparation and presentation. Even if our contentions are wrong, they have raised questions which require thorough, painstaking investigation. I am sure that others who have appeared before this committee have raised questions of equal seriousness—as will those who have yet to appear before the hearings end.

In that race against time in the House of Representatives on July 18, 1955, many questions were raised.

In her letter to the chairman of the House Ways and Means Committee on June 21, 1955, and in her excellent statement to this committee July 26, 1955, Mrs. Oveta Culp Hobby, then Secretary of the Department of Health, Education, and Welfare, advised against any radical changes in the social-security system at this time, pointed out the lack of experience with the new provisions passed in 1954, and asked 8 very significant questions requiring intensive and prolonged study.

In view of all these questions, some requiring intensive and prolonged study beyond the possible scope of these hearings (despite the utmost courtesy shown by this committee in contrast to the high-handed treatment afforded the people and the House of Representatives by the House Ways and Means Committee), we urge you to remove social security from politics at this time by recommending full and searching study of the whole social-security field and its many problems by some sort of commission or council. This group must be given sufficient time to review all evidence from whatever source available and must not be dominated in anyway by those with a vested interest in the executive bureaucracy of government.

On behalf of the 7,300 members of the Texas Medical Association, I thank you for your courtesy.

TARRANT COUNTY MEDICAL SOCIETY,
Fort Worth, Tex., January 30, 1956.

To Whom It May Concern:

This is to certify that on January 30, 1956, Dr. Mal Rumph, Fort Worth, Tex., was officially designated as a representative of the Tarrant County Medical Society of Fort Worth, Tex., to testify before the committees of Congress of the United States and state our views on pending legislation.

S. W. WILSON, M. D.,
Secretary.
HOBART O. DEATON, M. D.,
President.

Dr. ROUSE. Since you have been most considerate in time, then I would like to abstract my particular part, if I may.

The United States is at the crossroads and you gentlemen are directing the traffic and we have confidence in you to direct it correctly. On behalf of the physicians of Texas, we appreciate very greatly this privilege of being with you.

Chairman BYRD. Thank you very much.

(Dr. Rouse submitted the following prepared statement:)

STATEMENT OF MILFORD O. ROUSE, M. D., PRESIDENT-ELECT, TEXAS MEDICAL ASSOCIATION

FEBRUARY 9, 1956.

Mr. Chairman and other friends of the Finance Committee, Texas furnished the United States a unique, forceful Vice President several years ago, John N. Garner. Texas supplied the birthplace of our eminent President, Dwight Eisenhower. The present Majority Leader of the Senate, Senator Lyndon B. Johnson, who is a member of this committee, and the Speaker of the House, Sam Rayburn, are Texans. The Republic of Texas was a "going concern" with an honored past and the reputation for courage, initiative, independence, and justice, before it voluntarily came into the United States of America in 1845 because Texans had the faith to believe in the perpetuation of the principles that had made the United States great—self-reliance, initiative, independence, and justice.

It is the Texas spirit that has impelled nine of us ordinary practicing physicians of Texas to come to Washington to give you gentlemen some grassroots observations from the citizens of our State, on the subject of H. R. 7225 now pending before this committee, concerned with proposed liberalizations of, or amendments to, the Federal social security system.

I am Milford O. Rouse, M. D., of Dallas, and have the responsibility of serving as president-elect of the Texas Medical Association with more than 7,300 members. My conferee, Dr. Mal Rumph, of Fort Worth, is filing an additional statement with the committee, and I would like to have your permission to have him with me at the conference table for any discussion that may follow my formal presentation. The other physicians from Texas are Drs. G. W. Cleveland, of Austin; Harvey Renger, of Hallettsville; Mylie Durham, Jr., of Houston; A. G. Barsh, of Lubbock; James Rainer, of Odessa; Mal Rumph, of Fort Worth; Neil Buie, of Marlin, and G. M. Hilliard, of Jacksonville.

We would like to make it quite clear that we do not presume to speak officially for any group of physicians beyond the confines of Texas. We are here as private citizens as well as representatives of the more than 7,300 members of the Texas Medical Association. We are carrying out the spirit of a resolution adopted by the house of delegates of our association last December, which stated:

"Physicians should accept their responsibility as citizens first. This gives them the privilege and the obligation of taking a stand publicly on matters that involve the environment of medicine and the free enterprise system, all having to do with the public interest and the principles of Government on which this country was founded."

As you gentlemen know, members of the medical profession as a group, are not included at the present time in the compulsory Federal social security system. And, I might add that two significant groups not covered today are the members of the medical profession and Members of Congress. Of course, Members of Congress have their own voluntary system of retirement. As physicians we have tried to study intelligently and honestly the theoretical philosophy of so-called social security legislation and the historical developments and expansions of the social security system in the 20 years of its existence in the United States. We have detected certain fallacies. We perceive definite trends which interpreted in the undisputed history of other countries with socialistic schemes, leads inevitably to the utter destruction of initiative, self-reliance, and freedom which have always characterized American citizens. The prognosis or outlook for the future is fraught with danger in our humble opinion. We have studied thoughtfully and diligently the problem, and have discussed it widely with intelligent laymen, our patients, our personal friends, and particularly with friends in the professions of insurance, law, dentistry, and related groups. In all sincerity, we try to avoid negative attitudes. We feel that it is our responsibility to suggest

other possible means of accomplishing the desired ends, and the medical profession will be happy to carry its part of the task in actively reviewing the problems of social security.

We have certain convictions; we have the courage to express our convictions; we have the confidence to feel that you will respect our convictions. We take full responsibility for our comments. Thereupon we take our stand.

Neither the Texas Medical Association nor any other large representative group of physicians has ever formally endorsed or approved the Federal social security system. Physicians believe in the sound principle of every citizen trying to provide for his own economic security after he reaches the age of retirement. Prior to 1937, stimulated by innate and inherited thrift and initiative and self-reliance, millions of Americans had systematically accumulated resources to take care of them after their retirement whether it was through private investments, insurance annuities, or participation in sound retirement or pension plans of industry. In a society such as ours, there will always be a certain percentage of indigent, but few actual instances can be pointed out where the generosity of the American people and in cases of dire necessity, the proper governmental relief agencies, have failed to prevent or relieve real human suffering in this country.

The Federal social security system was spawned in the aftermath of an economic depression, and ostensibly was launched to provide a systematic way of economic aid to citizens when they might retire at age 65. The average American citizen has never taken the time to study, and frankly has not been given any great opportunity to understand, the true philosophy and operation and implications of the social security system. Few of them have realized that the original law setting up the social security system provided that Congress can at any time alter, amend, or repeal any or all parts of the law. With the realization of this fact, citizens are increasingly becoming concerned and alarmed over the insecurity of social security. There has never been a clear-cut Supreme Court ruling on the constitutionality of a law which compels employers to be tax collectors without any attempt at even partial compensation for the time and effort involved. One early ruling by the Supreme Court on one phase of social security declared that the payments from the system were benefits and not insurance, and yet in 1939, the system was enlarged to provide for old age and survivors insurance, thereby clearly bringing it into the insurance field in direct competition with the private enterprise of insurance companies in the United States.

Private insurance companies in our country are very strictly supervised and regulated by governmental agencies—and rightly so, because when a citizen pays his insurance premium, he has a right to expect to get that which is promised him in the policy or written contract which he received from the insurance company. Thousands of United States citizens are becoming distressed and alarmed when they wake up to the fact that they have no such written or guaranteed contract from the Federal social security system.

Private insurance companies are required to maintain large reserves which could be fairly easily liquidated if calls should be made upon the reserves. Grassroots citizens are astounded to learn that the OASI trust fund has been largely transferred from one pocket of Uncle Sam to another with the taxpaying citizens paying interest on the ostensible loan. Granted, of course, that the loan is legal, under Federal legislation, and yet the obligations which are deposited in the trust fund in lieu of cash are not negotiable. Can you imagine the reserves of a reputable insurance company being loaned or used for promotion purposes of the insurance company or for ordinary operating expenses of the insurance company? This is a fairly accurate analogy of what has happened to the OASI fund, however.

Even if we grant that the underlying original purpose of social security was altruistic, events have proven what was predicted at the time; namely, that the entire system would have so many political ramifications that it would be most difficult to operate it on a sound actuarial basis. Three major liberalizations have taken place with the significant timing of each occurring just before a national election.

Grassroots citizens in Texas and throughout the Nation have become genuinely disturbed as they have studied the Federal social security system to find that in practice the basic principle is that since the system of taxation is compulsory, whenever expediency leads to an increase of benefits with the resulting increase in cost of the system, then all Congress has to do is to up or increase the rate of taxation. Can we imagine any private insurance company following similar tactics? And can we imagine any insurance company engaging in an insurance

business in which the premiums or deposits are not on a sound actuarial basis, and after nearly two decades of trial, are still not proved to be sufficient to care for all potential demands on the system if present commitments have to be met under all possible conditions of the economy?

And above all, ordinary citizens are appalled and most deeply concerned as they review the consideration given this bill last July when the House Ways and Means Committee abandonded the time-honored and time-proven procedures whereby public hearings are held on bills of major consequence; and bulldozed through the House of Representatives under a parliamentary procedure that made debate practically impossible and amendments impossible, a proposed revision of social security that would add more than $2 billion annual cost to the system, with a consequent upping in social security taxation far beyond the schedule anticipated when the system was launched. As I shall point out, several features of the proposed liberalization of H. R. 7225 are most questionable, but even if the intents and provisions of the bill were just and laudable, the procedure by which the bill was bulldozed through makes every redblooded American hang his head in shame at this miscarriage of justice. I understand that the Senate rules do not permit such bulldozing tactics. And, we do appreciate the fair and impartial way in which this Senate Finance Committee is proceeding with full public hearings.

My colleague, Dr. Rumph, deals more with the proposed cash disability benefits of H. R. 7225 wherein the definition of "total disability" is ambiguous. He also points out that the physicians of the country would be called upon to certify whether or not a citizen is totally and permanently disabled. Such a provision would create great confusion among the existing agencies that are trying to carry on rehabilitation programs.

Industrial concerns of the United States in a most commendable way have earnestly and faithfully tried to coordinate their pension and retirement plans with the framework of the Federal social security system. After careful studies by many agencies, age 65 was set as the optimum age for retirement. Despite this universal recognition and despite the fact that the span of life is constantly increasing, and with better health of most citizens the capacity of useful work of the individual citizen is being lengthened, yet H. R. 7225 would arbitrarily reduce to 62 the age at which women should retire and become beneficiaries of the social-security system. Proponents of equal rights for women and men should resent this differentiation which is proposed. Commonsense would indicate that if ever there is one variance in the recognized retirement age, there can be no stopping point, because by what justice can Congress turn down the request of the good ladies, aged 61, for eligibility for retirement? And by the same token why refuse the theoretically totally disabled man of 48 his cash benefits when his neighbor at age 50 might secure same? If the present questionable social-security system is to be maintained, certainly great study and care should be exercised before liberalizations are made such as those proposed in H. R. 7225.

And we ordinary citizens are astounded to find that from published reports practically no competent actuarial consultation was had when H. R. 7225 was being considered before the House Ways and Means Committee. Mrs. Oveta Culp Hobby, then Secretary of Health, Education, and Welfare, and a trustee of the OASI trust fund, did send a very forthright communication to the House Ways and Means Committee, and to this Finance Committee also, urging much caution and study before further liberalization might be proposed, on the grounds that eventually the burden of taxation and inequities still existing may make the social-security system so unpopular that there could be a tremendous upsurge of resentment leading eventually to a repudiation of the entire system. Parenthetically, such a repudiation would be welcomed by millions of citizens who are just now finding out that their social security will cost them 9 percent of payroll by 1975. But we pray we may not have to go through the travail of several years' tax burden for such a repudiation to occur. And what assurance do they have that over the next 20 years the tax base won't rise to $6,000, $8,000, or even more? And what guaranty do the citizens of this country have that each Congress won't increase the tax rate as new benefits are added?

We citizens are amazed to find that there has been no comprehensive, properly publicized, major congressional study or review made of the social-security system since 1950. The purported review by a House committee in 1952 is a matter of history. Thousands of citizens are asking for an opportunity to learn more about the true facts of social security, and citizens committees to study social security are being formed throughout the Nation. The murmurings of the

people will mount rapidly into a mighty rushing surge of sincere requests for information and adequate review of the system before questionable liberalization of benefits with consequent rise in tax rates, may be foisted upon our country. We have the confidence in you gentlemen and feel that you have the courage to direct such a comprehensive review of the whole social-security program before allowing this type of bill to be reported from the Finance Committee.

It would be unfortunate if some Members of Congress should consider it expedient to support legislation of this character believing it will help them when they seek reelection. I do not believe that any Congressman would profit by so believing as I feel that the citizens of this country are becoming more informd concerning this program and are finding out that the program is not sound. And it is my sincere belief that Congress will find that an aroused citizenry will not consider it good legislation to go on expanding social security without most careful scrutiny. However, I do have confidence in this committee and believe after you have heard from all groups that will appear you will cause a comprehensive review of the whole program to be made.

In my opinion, the members of this committee have an opportunity to perform a signal service to the people of our country. We have the confidence in you to feel that you are going to carefully and thoughtfully review the whole problem and reach the conclusion that the interests of the citizens of this country will best be served by bringing to the Senate and later to the House a proposal that there be constituted a special Commission To Study Social Security. Its members should include the best talent of the country in matters of finance, insurance, government, medicine, welfare, and other public interests. Adequate time should be given for this Commission to carry out a complete study and provision should be made for an unbiased, unhampered dissemination of findings and recommendations of this Commission. Meanwhile no one is going to suffer any real hardship if the present system, imperfect as it is, is allowed to stay in status quo.

We wish to emphasize again that the members of the medical profession, both in Texas and throughout the Nation, will gladly assume their part in the difficult work of the Commission as proposed. We are sincerely interested in doing our part as men of science to lengthen the span of human life in the United States, to lengthen the time in which men and women may engage in useful work, if they so desire, and yet provide for economic security, happiness, and usefulness when they do eventually retire. State organizations and our national organization has a wealth of material on the subject and will devote any amount of time and effort necessary to secure other needed information.

Our illustrious President in his recent state of the Union message cautioned us against saddling our children and grandchildren with excessive taxation. A most casual review of the social-security system shows that this is exactly what we are proposing to do by H. R. 7225, and we are hopeful that the administration will join with you in supporting a comprehensive Commission to review social security. We from Texas appreciate the privilege of being here and earnestly hope that you will defer action on H. R. 7225 until a proper commission has reviewed the entire social-security program.

I do not believe that a single member of this committee would fear making an entirely fresh start in girding against the economic exigencies of old age if it meant a better program for the American people.

The CHAIRMAN. We will adjourn at this time, and reconvene on Tuesday at 10 a. m.

(By direction of the chairman, the following is made a part of the record:)

ARTESIA, N. MEX., *December 22, 1955.*

Senator DENNIS CHAVEZ,
Federal Building, Albuquerque, N. Mex.

DEAR SENATOR CHAVEZ: I am writing to you in regards to H. R. 7225, and no doubt you are receiving many other letters from physicians regarding this bill.

I am personally concerned about this bill, not so much as to the relatively small segment of all population that might be affected both in the profession and the general population, but I am very much concerned about the implication of this proposed bill and its impact on the medical profession and the population as a whole.

I am very much concerned, too, about the refusal of the House committee to hold public hearings on a matter which I think has tremendous ultimate importance. Therefore, I would urge very serious consideration of this bill when it appears before the Senate so that an adequate study may be made of the implications of the bill and the possible ultimate results.

Most sincerely yours,

GERALD A. SLUSSER, M. D.

AMERICAN MEDICAL ASSOCIATION,
WASHINGTON OFFICE,
Washington, D. C., January 4, 1956.

DEAR SIR: The house of delegates of the American Medical Association at its clinical meeting in Boston, November 29 to December 2, adopted the enclosed resolution relative to a study of the social-security program.

In accordance with instructions from the board of trustees of the American Medical Association, it is my privilege to transmit a copy of this resolution to you.

Sincerely yours,

THOMAS H. ALPHIN, M. D., *Director.*

RESOLUTION ON SOCIAL SECURITY

Adopted by the House of Delegates, American Medical Association, at Boston, Mass., December 1, 1955

Whereas the old-age and survivors insurance section of the Social Security Act has become an important source of retirement and survivors' security for the American people, and social-security payments represent an important element of personal income in the national economy; and

Whereas liberalizing amendments to the Social Security Act have been so frequently enacted in election years as to justify the inference that political expediency rather than sound public policy was their motivation; and

Whereas the Social Security Amendments of 1955 (H. R. 7225, 84th Cong.) represent a political approach to amendment of the Social Security Act, in that this measure was conceived in secret in the Committee on Ways and Means, adopted in brief executive session without public hearings despite the request of many witnesses to be heard, rushed to the floor of the House of Representatives before the report of the Committee on Ways and Means was available, pressured through the House by a maneuver which bypassed the Committee on Rules, permitted no amendments, and allowed only 40 minutes of debate; and

Whereas this measure includes sections which would authorize payment of Federal cash disability benefits to selected individuals under the old-age and survivors insurance section of the Social Security Act as a matter of statutory right and without regard for the need of these individuals for cash assistance; and such cash benefits contingent on continued disability are known to be contrary to sound medical practice in the treatment and rehabilitation of the physically and mentally disabled; and

Whereas the American system of the private practice of medicine, keeping inviolate the physician-patient relationship, has brought to the American people the world's highest standard of medical care, any interference by a third party, government or private, with the physician-patient relationship will destroy the principle upon which our successful system of medical care has been built and will lead inevitably to the deterioration of the quality of medical care available to the American people; and

Whereas there has never been an adequate, objective, unbiased study of the nature, cost and scope of the old-age and survivors insurance section of the Social Security Act and its economic, social, and political impact on the American people: Therefore be it

Resolved, That the American Medical Association reiterate in the strongest possible terms its determination to resist any encroachment upon the American system of medical practice which would be detrimental to our patients, the American people; and be it further

Resolved That the American Medical Association urge and support the creation of a well-qualified commission, either governmental or private, or both, to make a thorough, objective, and impartial study of the economic, social, and political

impact of social security, both medical and otherwise, and that the facts developed by such a study should be the sole basis for objective nonpolitical improvements to the Social Security Act for the benefit of all of the American people; and be it further

Resolved, That the American Medical Association pledges its wholehearted cooperation in such a study of social security in the United States and will devote its best efforts to procuring and providing full information on the medical aspects of disability, rehabilitation, and medical care of the disabled; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States, to all members of the Cabinet, to all Members of the Congress, and to all constituent State medical associations.

LAS VEGAS, N. MEX., *January 3, 1956.*

Senator DENNIS CHAVEZ,
Washington, D. C.

DEAR SENATOR: I am writing you to protest the passage of the H. R. 7225, which is to extend the benefits of the social-security program. Having had extensive experience with the local welfare program and its disability program and having had considerable experience with disability claims both partial and complete of veterans of World Wars I and II and of the Korean war, I cannot help but believe that a program such as outlined by H. R. 7225 would be disasterous to the medical profession and I believe would eventually endanger the financial security of the United States itself.

There are unfortunately a good many people who prefer to eke out a bare existence on a disability payment or pension rather than compete for a livelihood. I believe that there has been a real increase in the number of people who have adopted this attitude in the past 20 years. A man's will to strive and to compete for a livelihood is in many instances the determining factor as to whether a man is completely disabled or a man who can support himself and his family and is proud to be a self-supporting member of his community. Sometimes this will to compete is only a spark and is easily extinguished and it seems to me that H. R. 7225 would provide just enough impetus in a great many instances to swing the balance to complete disability or attempts to establish complete disability.

The many instances of handicapped persons who are able to support themselves if they have the will to do so illustrates the point precisely. As a physician I see in my practice daily many instances of people who could easily claim complete disability and continue to work. I have been practicing medicine for 20 years and have seen many workmens' compensation cases and all too frequently have I seen large disability claims, apparently proven in court and shortly following a cash settlement of the case find the individual greatly relieved of this disability and able to carry on his normal activities. And having seen these things, I cannot help but believe that H. R. 7225 is practically an invitation to people of certain temperament to adopt permanent and complete disability as a career.

I note that the proponents of H. R. 7225 apparently do not consider the age limit to 50 as the final goal. Apparently this is considered only "a step in the right direction."

Aside from the above basic protests I would like to also protest on the basis that H. R. 7225 would force the United States Government to take over the practice of medicine and I believe this is inevitable for the following reasons: The Government must set up standards by which complete disability would be evaluated and, as I have outlined above, a patient's integrity and will to compete are in many cases the only determining factors as to whether he is completely disabled or not, inasmuch as these are mental attributes and have no finite value I fail to see how that factor of the equation can be precisely determined, if indeed it can be determined at all, except on the basis of a man's record. When such a nebulous factor is to be integrated into an equation, there will, of necessity, be a great deal of honest difference of opinion among physicians which necessitate repeated examination and boards of review and will eventually result in a program such as the veterans medical program of today. If the program is carried to its ultimate conclusion, the start of which would be the passage of H. R. 7225, then eventually this program would encompass the entire life

span of an individual. When that point is reached, of course, the entire population must be considered as possible recipients under the program of complete disability and the enormity of such a program is staggering to the imagination.

Respectfully yours,

J. J. JOHNSON, M. D.

MEDICAL SOCIETY OF THE STATE OF NORTH CAROLINA,
Winston-Salem, N. C., December 22, 1955.

Hon. HARRY BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: The medical profession is greatly concerned over H. R. 7225, the Social Security Amendment of 1955. It seems that the manner in which Congress passed this bill was undemocratic, in that the citizens were denied the privilege of voicing their opinion on social legislation, which it is their right and duty to do.

We sincerely appreciate the fact that the Senate Finance Committee, under your able leadership, has declared its intent to hold public hearings on H. R. 7225 and permit liberal participation of citizens who are interested in all social legislation.

Our concern over the bill stems from two sources: First, it will, in our opinion, place the entire Social Security Act on an unsound economic basis, impose higher and higher tax rate on the future generation of workers, a tax compulsorily collected from them and about which they had nothing to say. The impact of H. R. 7225 on OASI might well lead to financial collapse of its entire structure.

Secondly, the provision under article 2 of the bill vitally concerns us as citizens and physicians. This is due to our intense interest in the high standard of medical care for our patients, achieved in the past few decades. It certainly will be a foot in the door toward compulsory health insurance and complete socialization of medicine. I need not tell you that this will naturally lower, if not destroy, all standards of medical care and deter great scientific medical advances in the future.

I am sure we can rely on your leadership and social vision to seek out and take a courageous stand for that which is in the interest of the higher community welfare of the greatest number, and no special benefits for a selected few.

As physicians we wish, almost more than any others, to do everything possible for our disabled and aged citizens. We prayerfully hope that a thorough study will be made by your committee on this social-security measure, as to its adequacy or inadequacy, prior to adopting H. R. 7225. Our society and the American Medical Association pledge our wholehearted cooperation in such a study of social security in the United States, and will devote our best efforts to procuring and providing full information on the medical aspects of disability, rehabilitation, and medical care of the disabled.

Respectfully yours,

J. P. ROUSSEAU, M. D., *President.*

CARLSBAD, N. MEX., *January 9, 1956.*

Senator DENNIS CHAVEZ,
Washington, D. C.

DEAR SENATOR CHAVEZ: The following are my views in brief regarding Social Security Amendment, H. R. 7225, first as a citizen and secondly as a physician, especially an orthopedic surgeon who deals with disability claims regularly:

1. I sincerely urge that the whole social-security program be studied thoroughly before any further action is taken. I am not against social security, but I do not think it should be made into a program that will increase taxes further when taxes are so high now and we need to reduce them if possible. If this program is expanded, where will the extra money come from? If not from taxation, then from withholding of social security from employees' checks and employers' contributions. This is taxation, only by a different name. It seems to me that this will in time amount to as much or more than we are paying in taxes at the present time.

2. Disability benefits should not be under social security and disability benefits (cash handouts) would hinder, rather than promote, rehabilitation, because successful rehabilitation would mean loss of the cash benefit.

3. Social security should be taken out of politics where there is a tendency, particularly in election years, to add to social security by Congressmen who are not informed on the subject, or who are not concerned with the long-range welfare of the country. This present legislation was run through the House with debate limited to 40 minutes. A program of such far-reaching results needs lengthy debate and study. There is no crisis to warrant hasty passage or consideration of such legislation at this time.

I would like to recommend the following:

1. Complete review of the social-security system before any more legislation on the subject is passed.

2. An investigation of the cost of the system and an accounting of where the funds come from and what effect it will have on taxation.

3. Take social security out of politics entirely.

Thank you for your consideration of this.

Sincerely,

R. W. McINTIRE, M. D.

WESTERN MONTANA MEDICAL SOCIETY,
Missoula, Mont., January 12, 1956.

Senator HARRY F. BYRD,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: The Western Montana Medical Society, Missoula, Mont., wishes to go on record as opposing the bill H. R. 7225, which is now under consideration by your Finance Committee.

The reasons for our disapproval of the bill are: (1) It operates under communistic compulsion, the only way it can function; (2) under compulsion it extracts exorbitant taxes (with no limit) in return for so-called benefits which are not guaranteed; (3) it is actuarially unsound because the compulsorily collected taxes have no relations to so-called benefits—the amount of forced collections falls billions of dollars short of financing the payment of benefits; (4) its continued actuarially unsound operation will require the taxing of our children and their children to pay cash gratuities to old and disabled people of our generation; (5) it attacks and destroys the moral fiber of the individual and the Nation; (6) it kills initiative and the self-respect of citizens who are better able to provide their own security than an incompetent bureaucracy functioning in a Government almost $300 billion in debt; (7) it is a certain route to socialized medicine and overall socialism; (8) the 1955 amendments, H. R. 7225 would require physicians to practice socialized medicine. Medical certification of disability and medical rehabilitation would be done by physicians under the control and pay of the Federal Government; (9) physicians would face the horrible prospect of possible pressures from families, friends, ward politicians, and even Congressmen, to certify a man as disabled; and (10) cash payments to the disabled would encourage malingering and obstruct rehabilitation.

In our opinion, changes advocated in this bill are not designed to benefit the people of this country. Please do not misconstrue our feelings on this subject. We feel that such a plan as social security in principle is needed and is necessary, but as long as the administration of such a plan is left to purely political channels, it is doomed to failure. Perhaps it would be better to place such a plan in the hands of a civil commission completely divorced from political influence and control.

Very truly yours,

C. H. NORMAN, M. D.,
Secretary-Treasurer.

GREAT FALLS, MONT., *January 9, 1956.*

Re H. R. 7225.

Hon. HARRY F. BYRD,
United States Senator from Virginia,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I would like to take this opportunity to comment briefly on H. R. 7225 adopted at the last session by the House of Representatives and to be considered by the finance committee of the Senate under your chairmanship at the current session.

I believe my sentiments and undoubtedly those of most of the thinking segment of the American public are best summed up in the following comments from the Montana Medical Association Bulletin for January 1956, re H. R. 7225:

"(1) It operates under communistic compulsion—the only way it can function; (2) under compulsion it extracts exorbitant taxes (with no limit) in return for so-called benefits which are not guaranteed; (3) it is actuarially unsound because the compulsorily collected taxes have no relationship to so-called benefits; the amount of forced collections fails billions of dollars short of financing the payment of "benefits"; (4) its continued actuarilly unsound operation will require the taxing of our childen and their children to pay cash "gratuities" to old and disabled people of our generation; (5) it attacks and destroys the moral fiber of the individual and the Nation; (6) it kills initiative and the self respect of citizens who are better able to provide their own "security" than an incompetent bureaucracy functioning in a Government almost $300 billion in debt; (7) it is a certain route to socialized medicine and overall socialism; (8) the 1955 amendments (H. R. 7225) would require physicians to practice socialized medicine. Medical certification of disability and medical rehabilitation would be done by physicians under the control and pay of the Federal Government; (9) physicians would face the horrible prospect of possible pressures from families, friends, ward politicians and even Congressmen, to certify a man as disabled; and (10) cash payments to the disabled would encourage malingering and obstruct rehabilitation."

Apart from the fact that this is Marxism, pure and simple, and literally will force socialized medicine on the American public under the screen of "social security," I would like to draw particular attention to 9 and 10. All doctors now in active practice are all aware of just these problems, which we already see under the various workmen's compensation programs. Literally, a never ending stream of people with minor or trivial injuries and no detectable disability, who will not go to work because of the inducement of "something for nothing" in the form of disability payments. Recently I saw the spectacle of an entire afternoon wasted for 3 busy doctors, including myself, 2 or 3 lawyers and as many insurance adjusters and a variety of other people comprising the Industrial Accident Board, court stenographers, etc., considering the case of a man with a minor bump on the knee, who claimed that he was totally disabled and fully intended to be paid for it.

I have said it before and say it again that it becomes more and more obvious to me that I shall withdraw from the medical profession long before my normal retirement time rather than to become a part of this bureaucratic monstrosity which the vote-mad politicians are trying to give the greedy populous. The history of ancient Rome makes it perfectly clear of what we can expect from a country whose people wish only "panem et circensis" and whose self-seeking leadership is only too willing to supply it to them at the expense of the hard-working, productive minority. It is my feeling that this minority has already been pushed to the limits of tolerance with punitive and confiscatory taxes which we see distributed in an open-handed profligate manner to thousands of hair-brained schemes and plans.

I trust my inarticulate prose has not failed to make my sentiments clear.

Very sincerely,

ALEXANDER C. JOHNSON, M. D.

P. S.—You may be interested to know that I am a graduate of the Medical College of Virginia in Richmond in 1943, and subsequently had my neurosurgical training under the late Dr. Claude C. Coleman.

THE GILMOUR-HODGES CLINIC,
Charlotte, N. C., January 16, 1956.

Hon. HARRY S. BYRD,
United States Senator,
The Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I am writing to you in regards to a bill, H. R. 7225, the social security amendments of 1955, which was passed hurriedly in the House of Representatives toward the end of the last session of Congress. The hurried passage of this bill I consider to be highly regrettable in several aspects. There

is much to make one suspect that such was political expediency. I am amazed that a measure of such national importance should be passed under suspended rules limiting debate and preventing public hearing. I have also learned that some of the Congressmen who voted for this bill actually were by no means fully informed of the full context of it.

I fervently hope and believe that the Senate Finance Committee, and if presented to the Senate as a whole, that you and our other thoughtful legislators will study these social-security amendments thoroughly and leisurely and that public hearings with liberal participation of citizens will be allowed. We already appreciate the fact that the Senate Finance Committee has shown this intention.

As a physician I am particularly concerned about the provision which would allow cash payment for total and permanent disability at age 50, feeling that this would encourage malingering and foster unemployment beyond calculation. It would unquestionably discourage the admission of recovery from illness when such would mean forfeiture of benefits.

I hope that this letter will not be interpreted as my simply being against needed social legislation. Indeed that I am not. However, I sincerely question the necessity of changes in addition to our social-security measures of this magnitude which will lead to expenditures exceeding our present national debt within a few years. It seems financially and basically extremely unsound.

I certainly hope that, before such measures are passed, a study of the adequacy or inadequacy of our present measures could be made by a well informed and nonpartisan group.

I assure you that I shall appreciate ever so much your attention to my views and thoughts.

With our many thanks for the good work which you and your group are doing, I remain,

Yours very truly,

MONROE T. GILMOUR, M. D.

WAKE FOREST COLLEGE,
THE BOWMAN GRAY SCHOOL OF MEDICINE,
DEPARTMENT OF SURGERY,
Winston-Salem, N. C., January 17, 1956.

Hon. HARRY S. BYRD,
United States Senator,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I have been deeply concerned about H. R. 7225 since it was passed by the House of Representatives in 1955. First of all, I am concerned that no public hearings were allowed by the House Ways and Means Committee and the rules of the House were suspended when this bill was introduced before the House. In view of the far-reaching effects of the bill I believe it should be openly, thoroughly discussed and studied.

Secondly and more specifically, I am more concerned with that portion of the bill dealing with permanent and total disability. The definition of permanent and total disability is uncertain. The cost to the taxpayer of such disability payments to persons over 50 would be staggering. Furthermore, cash handouts would hinder rather than promote rehabilitation because successful rehabilitation would mean loss of the cash benefits. I am in favor with the general principle of social security, but am earnestly opposed to H. R. 7225 as it now stands. I would therefore urge that H. R. 7225 be given careful and meticulous study over a long period of time, if necessary, so that all implications of this far-reaching bill can be better understood.

I have always admired your efforts in behalf of the economy of our Government and appreciate very much your promise that public hearings will be held in your study of this bill.

Yours sincerely,

RICHARD T. MYERS, M. D.

WAKE FOREST COLLEGE,
THE BOWMAN GRAY SCHOOL OF MEDICINE,
DEPARTMENT OF PHYSIOLOGY AND PHARMACOLOGY,
Winston-Salem, N. C., January 14, 1956.

HON. HARRY F. BYRD,
Chairman, Senate Finance Committee,
The Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: It has come to my attention that during this past summer the House of Representatives passed H. R. 7225 dealing with amendments to the social-security program. I understand the House passed this bill without adequate consideration. I should like to express certain opinions in regard to this which I hope will receive your careful consideration.

I have no objection, as a physician, to seeing help provided for persons who are truly disabled but from my own experience, I know that it is extremely difficult to determine total and permanent disability and this plan, if not very carefully defined, could result in almost untold sums being paid out for claims which really did not stem from true disability.

If I understand the bill correctly, it would put a tax rate on the gross income of persons and would not be a tax, as the present social security is, up to the first $3,600 earned but up to the total amount earned. This would seem to be extremely unfair in a program designed primarily to provide a certain limited amount of retirement funds and disability funds, regardless of the amount paid in. This certainly is not an equitable insurance program. The figures I have seen quoted would be reasonable if they were on the first $3,600, $4,500, or whatever reasonable figure is attached which would be applicable to all persons.

The matter of providing benefits for totally disabled persons at the age of 50 has certain merits since it certainly is difficult for anyone with a private insurance program to obtain any sort of permanent disability payment beyond, at most, 3 to 5 years. Nevertheless, such a program should be very carefully planned and not rushed through the House and Senate without adequate consideration.

I feel rather strongly that ald-age insurance benefits should not begin at any lower age than the present age, with the exception of instances of total and permanent disability. I see no excuse for lowering the old-age benefits for women from age 65 to age 62. It seems to me we should encourage everyone to work as long as possible, rather than to quit working as early as possible in life. If we continue this trend, pretty soon a majority of gainfully employed people will be on the social-security system and we will then have an extremely topheavy group.

Very truly yours,

HAROLD D. GREEN, M. D.

WOMAN'S AUXILIARY TO THE MAINE MEDICAL ASSOCIATION,
Kennebunk, Maine, January 17, 1956.

HON. MARGARET CHASE SMITH,
United States Senate,
Washington 25, D. C.

DEAR SENATOR SMITH: It has come to my attention through a bulletin of the American Medical Association dated January 12, 1956, that there are some legislative procedures in the wind which would very seriously affect the entire public.

I am referring to H. R. 7225 which has to do with the social security law. I understand that it has already been passed by the House during the 1954 Congress and is now about to be presented to the Senate.

There are many major issues involved and I would like to bring up a few questions which I believe should be well investigated before the bill should be passed:

1. Why does this bill have to be pushed through without study? The year-old benefit freeze act should certainly be closely scrutinized;
2. What would the cost of a cash-for-disability plan amount to?
3. To how many will this apply?
4. Rehabilitation in its essence is being definitely stressed and I am wondering how many disabled people would be more interested in pension checks than in trying to rehabilitate themselves to useful occupations;

5. The field should be explored to see if there are any alternatives that might be considered;

6. Is this a Federal Government prerogative and should they have to do it or should the local and State governments be given a chance to develop their own program?

7. To me this appears to be a foot-in-the-door measure for a compulsory Federal medical care program.

Senator Smith, I certainly hope these various points will be thoroughly investigated and I would very much appreciate your reactions to this all-important item of legislation.

Very sincerely yours,

ESTHER G. BARDEN.

NEW ORLEANS, LA., *January 19, 1956.*

Senator HARRY FLOOD BYRD,
Member Senate Finance Committee,
Senate Office Building, Washington, D. C.

Appreciate any efforts on your part to defeat H. R. 7225. The medical profession and the Nation will be forever grateful to you for your vote and influence in defeating this wholly socialized medicine bill. Of direct and special concern to physicians is the provision to pay cash benefits to totally disabled persons 50 years of age and over who are covered by social security.

This would require physicians to practice socialized medicine. Medical certification of disability and medical rehabilitation would be done by doctors under the control and pay of the Federal Government. We urgently and earnestly request your assistance in this mater.

CUTHBERT J. BROWN, M. D.,
Chairman, Congressional Committee,
Louisiana State Medical Society.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., January 23, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee, United States Senate,
Washington, D. C.

DEAR MR. CHAIRMAN: I understand you are starting hearings on social-security legislation this week. A meritorious case has come to my attention where it is impossible for a disabled person, although having been regularly employed for several years at the time of disability, to have accumulated the necessary 20 quarters of coverage in the required period.

Realizing that the House Ways and Means Committee will not schedule hearings during this session on this subject, I am taking the liberty of referring to you a copy of my constituent's letter along with a copy of a letter from the Social Security Administration.

I will appreciate it if your committee will consider this case in connection with H. R. 7225 and other proposals to liberalize the act.

Sincerely yours,

J. ERNEST WHARTON,
United States Congressman.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
Washington, D. C., January 20, 1956.

Hon. J. ERNEST WHARTON,
House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN WHARTON: This is in reply to your letter of January 11, regarding the rights of Mr. William J. Boers, Stanfordville, N. Y., social security account number 088-09-0053, to an increase in his retirement benefit amount because of the disability provision of the old-age and survivors insurance program.

As you know, the 1954 amendments to the Social Security Act contain a special provision sometimes called a disability "freeze" which is designed to protect the old-age and survivors insurance rights of individuals who are unable to continue working under the system because of disability and who might other-

wise lose their eligibility for benefits or have their benefits reduced. Under this provision, an extended period during which an individual has been unable to work because of a disability can be disregarded in determining the amount of the benefit to be paid at age 65, or at death.

To qualify for a disability "freeze" the act provides that the worker, while under age 65, must be totally disabled from performing substantial gainful employment for an extended period of not less than 6 months. He must also have earned no less than 6 quarters of coverage in the 13-calendar quarter period and at least 20 quarters of coverage in the 40-calendar quarter period ending with the quarter in which he became disabled.

A quarter of coverage is a calendar quarter after 1936 in which an individual is paid wages of at least $50 for work covered by the law. After 1950, self-employed persons are credited with 4 quarters of coverage for each taxable year in which they receive $400 or more in net income from covered self-employment. Beginning in 1955, a quarter of coverage is also provided for each $100 in wages for agricultural labor paid by a single employer.

Our records show that Mr. Boers has 14 quarters of coverage credited to his account. On the basis of his earnings record, therefore, he does not meet the requirements of the disability provision as he has not acquired the necessary 20 quarters of coverage in the required period. Our records indicate that Mr. Boers acquired quarters of coverage as follows: 4 in 1937, 4 in 1938, 4 in 1939, and 2 in 1940. It is true, as you point out, that Mr. Boers could have acquired only 14 quarters of coverage under the program before he became disabled. However, the earnings requirements of the disability provision are statutory in nature and are not discretionary with any official of the Social Security Administration.

This is not a formal determination of Mr. Boers' eligibility for a period of disability. If he wishes a formal determination, representatives of the district office in the Slote Building, 2-4 Washington Street, Poughkeepsie, N. Y., will be glad to assist him in completing an application and in preparing other required forms.

I hope this will assist you in replying to Mr. Boers.

Sincerely yours,

CHARLES I. SCHOTTLAND, *Commissioner.*

STANFORDVILLE, DUTCHESS COUNTY, N. Y.,
December 14, 1955.

Congressman J. ERNEST WHARTON,
Richmondville, N. Y.

DEAR SIR: I am taking a little liberty in writing to you to see if you can help me out. I am 73, born in Brooklyn. When I was 12, I had to go to work as we had a large family. What education I got was at night. My hours were long on the Evening Post. In 1913 I joined the Blue Lodge 574. In 1918 I passed for military service I was the oldest of 12 children. In 1923 I joined the Shrine. I was active until my sickness. In those days they only paid on the days you worked. In 1937 I had lost a lot of time. When I came back I could not work steady so that kept my pay down. After 1940 the doctors in New York City told my wife and me that I would have to stop work and that I would not last long if I tried to after some operations. I applied for social security. I get $43.40, my wife $21.70. I have asked for more. They told me I would have to have 21 units. I have 14. Then I told the doctor to let me work. He said, "No, you will be back in bed if you do." They claim I am entitled to more on disability. Injections and drug bills are getting larger every month.

I would like to hold on; I had a talk with Mr. Deul and he suggested that I write to you. Thank you for your trouble.

WILLIAM J. BOERS.

FALLS CHURCH, VA., *January 26, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I would like to express my opposition to any bill where a physician has to determine whether a person can work or not in order to see

if disability payments are due from social security. This is impractical, it could not be fairly judged, and it would give too much incentive to be ill. Please include in record.

Thank you.

Sincerely yours,

CARL P. PARKER.

UNITED STATES SENATE,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
January 27, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR SENATOR: I am enclosing a copy of a resolution which has been forwarded to me by the Woman's Auxiliary to the Rhode Island Medical Society.

This resolution on social security was adopted by the American Medical Association house of delegates in Boston, Mass., on December 1, 1955.

The Woman's Auxiliary to the Rhode Island Medical Society support the views of the American Medical Association in this matter, and I thought it would be of interest to your committee at the appropriate time.

With warmest personal regards, I am

Sincerely yours,

JOHN O. PASTORE,
United States Senator.

WOMEN'S AUXILIARY TO THE RHODE ISLAND MEDICAL SOCIETY

PROVIDENCE, R. I.

RESOLUTION ON SOCIAL SECURITY ADOPTED BY THE HOUSE OF DELEGATES OF THE AMERICAN MEDICAL ASSOCIATION, AT BOSTON, MASS., DECEMBER 1, 1955

Whereas the old-age and survivors insurance section of the Social Security Act has become an important source of retirement and survivors' security for the American people, and social security payments represent an important element of personal income in the national economy; and

Whereas liberalizing amendments to the Social Security Act have been so frequently enacted in election years as to justify the inference that political expediency rather than sound public policy was their motivation; and

Whereas the Social Security Amendments of 1955 (H. R. 7225, 84th Cong.) represent an irresponsible political approach to amendment of the Social Security Act, in that this measure was conceived in secret in the Committee on Ways and Means, adopted in brief executive session without public hearings despite the request of many witnesses to be heard, rushed to the floor of the House of Representatives before the report of the Committee on Ways and Means was available, pressured through the House by a maneuver which bypassed the Committee on Rules, permitted no amendments and allowed only 40 minutes of debate; and

Whereas this measure includes sections which would authorize payment of Federal cash disability benefits to selected individuals under the old-age and survivors insurance section of the Social Security Act, as a matter of statutory right and without regard for the need of these individuals for cash assistance; and such cash benefits contingent on continued disability are known to be contrary to sound medical practice in the treatment and rehabilitation of the physically and mentally disabled; and

Whereas the American system of the private practice of medicine, keeping inviolate the physician-patient relationship, has brought to the American people the world's highest standard of medical care, any interference by a third party, Government or private, with the physician-patient relationship will destroy the principle upon which our successful system of medical care has been built and will lead inevitably to the deterioration of the quality of medical care available to the American people; and

Whereas there has never been an adequate, objective, unbiased study of the nature, cost, and scope of the old-age and survivors insurance section of the Social-Security Act and its economic, social, and political impact on the American people: Therefore be it

Resolved, That the American Medical Association urge and support the creation of a well-qualified commission, either governmental or private, or both, to make

a thorough, objective, and impartial study of the economic, social, and political impact of social security, both medical and otherwise, and that the facts developed by such a study should be the sole basis for objective nonpolitical improvements to the Social Security Act, for the benefit of all of the American people; and be it further

Resolved, That the American Medical Association pledges its wholehearted cooperation in such a study of social security in the United States, and will devote its best efforts to procuring and providing full information on the medical aspects of disability, rehabilitation, and medical care of the disabled; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States, to all members of the Cabinet, to all Members of the Congress, and to all constituent State medical associations.

DECEMBER 28, 1955.

Hon. HARRY F. BYRD,
The United States Senate,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I would like to take this opportunity to express my opinions on bill H. R. 7225. At the present time I do not feel that the medical aspects of this bill should be enacted. It seems to me that when social-security legislation begins to carry a prepaid medical plan along with it, that it is contrary to the American form of democratic life.

I hope that you will do all that is in your power to oppose this when it comes before the Senate at its next session.

Thank you for your consideration and with best personal wishes, I remain

Yours very truly,

THOMAS E. EDWARD, M. D.

CHARLOTTE, N. C., *January 24, 1956.*

Senator HARRY F. BYRD,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: It is my understanding that the Senate Finance Committee is this week in the process of conducting hearings on H. R. 7225.

Having had a chance to study this bill, I feel that I must honestly state that it is objectionable to me in its entirety. The provision which would allow cash benefits for totally disabled persons past 50 years of age and over who are receiving social security, smacks of socialized medicine in its worst form. You can imagine the position into which this would place all medical men in this country regardng certification for such permanent and disabled persons. I have always been proud of the dignity and the nobility of the medical profession and it seems to me that this would be a severe blow to our high standards.

I am a native Virginian and have always had a very high regard for your work and contributions to our national welfare and I, therefore, make this urgent request, namely, that you consider the inequities involved in this bill with the same profound and farsighted qualities which you have demonstrated so often in other legislation.

I have not had an opinion as to your personal feeling on this bill but I dare say that you, too, must find many unsavory features within its pages. I would be interested to know of your feelings in this matter.

Sincerely yours,

F. WAYNE LEE, M. D.

ROANOKE, VA., *February 8, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: I have learned that the Senate Finance Committee is to begin hearings soon on H. R. 7225. I would like to register my opinion as an individual with regard to this legislation, and I hope that you will be able to include it in the records of the hearing.

It is my opinion that the budget should be balanced, taxes maintained, and the national debt reduced. With the country $3 billion in debt, I don't see how we can afford the luxury of more spending schemes, particularly when there seems to be no reasonable assurance of their workability, and where under the particular arrangements proposed by this bill, the beneficial effects are questionable.

I admire you for your persistence in your struggle to put this country back on a sound financial basis. I wish you well in your attempt to introduce a constitutional amendment requiring a balanced budget.

Sincerely yours,

WILLIAM H. KAUFMAN, M. D.

NORTH DAKOTA STATE MEDICAL ASSOCIATION,
Kenmare, N. Dak., February 7, 1956.

Senator HARRY F. BYRD,
Washington, D. C.

DEAR SENATOR BYRD: Of vital importance to the medical profession are the hearings now being conducted on H. R. 7225 and we commend you for giving this far-reaching measure the study it warrants. To one who has had some 30 years of experience in dealing with the sick and disabled who have disability or workmen's compensation insurance, it is appalling to realize the present concept of honesty and integrity with regard to disability. As I understand this far-reaching measure, it would seem that the Senate, in adopting H. R. 7225 would only encourage this falsification and put a much greater strain on the medical profession in defining the limits of disability.

Should this measure be adopted and provide social-security benefits to the total and permanently disabled at age 50—I must ask why not provide them at the age of 40 or at age 30? Liberalizing the benefits would make very fine political propaganda at the expense of our children and grandchildren. It would be interesting to learn how the younger generation feels about these handouts of social security that have been devised by the older folks and levied against our youth.

This measure, if adopted, would be a further step toward the socializing of medicine, a system that the freedom-loving people of America do not want. I am sure that I express the sentiment of the physicians of North Dakota when I suggest that H. R. 7225 be rigorously opposed on the following grounds:

First, difficulty of administration;
Second, difficulty and impossibility of assessing disability;
Third, the threat of Federal domination over a segment of society;
Fourth, the unsoundness of increasing the tax burden upon all our people.

Yours very truly,

D. J. HALLIDAY, M. D.,
President.

WASHINGTON, D. C., *August 30, 1955.*

CHAIRMAN, SOCIAL SECURITY COMMITTEE.

HONORABLE SIR: My wife has multiple sclerosis and has been a bed invalid for 3 years, requiring 24 hours' nursing attention. Up to last February I had her in a rest home, which cost $200 each month. I now have her in the Washington Home for Incurables, which costs me $100 a month. At the present time I am up to my neck in debt.

My wife worked 25 years for Potomac Electric Power Co., in Washington, D. C. and has been covered under social security since its inception. The company has no disability provisions in their retirement plan. Because of her excellent record, the company votes every November to give her $54 a month. If the company voted against it in any year, she would receive nothing.

I wish to go on record as being 100 percent in favor of the proposed social-security amendment which would grant permanently disabled persons at the age of 50 social-security benefits. If ever a person needs benefits from the social security, it is when they are permanently disabled, otherwise unless they are well fixed financially, they are forced to depend on charity or else family and friends. The trend in all progressive pension funds is to provide for the disabled, so why shouldn't social security follow the pattern? In fact, the social security should set the example for private industry to follow.

I noted in the newspaper that Mrs. Hobby posed the question, "Is it better to spend the money for rehabilitation or spend it on the disabled persons?" I wish to reply that moneys should be available for both. In my wife's case and thousands of others of a like nature, rehabilitation is hopeless; so therefore she would receive no benefits from social security for which she contributed all the years of her work. Rehabilitation moneys could be used where the person could be rehabilitated and in most cases would be taken off of the permanently disabled list and put back to useful work, which would mean that social security would cease to pay moneys to such a person.

I would welcome the opportunity to express my opinions in person.

Very truly yours,

JOSEPH E. TRACEY.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., December 22, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I am pleased to learn from reports in the newspapers that you intend to schedule hearings in January or February on H. R. 7225, amending the Social Security Act, and which has been approved by the House. Your action in holding hearings will meet with approval in my congressional district, because there is deep interest in the efforts being made to improve the Social Security Act.

This is especially true with respect to the provision granting a disabled person at age 50 the right to immediate benefits if he has current coverage of 1½ years out of the preceding 3 years, or coverage for 5 years of the last 10 years, which can include the current coverage of the 1½ years out of the last 3 years.

It is my understanding that there is a movement afoot to try to have the Senate adopt age 62 or 60, instead of age 50, as the eligibility age for disabled persons, and I am hopeful that the House version will be adopted by the Senate.

For your information, there is a sizeable group of my constituents who are disabled and would be eligible under H. R. 7225 as approved by the House. At the present time these disabled persons, being without income, are living on public assistance.

Regarding the reduction of the eligibility age of women from 65 to 62, for the past several years I had legislation pending in Congress to reduce the age to 60 years for all persons eligible for social-security benefits.

This proviso has a lot of support in my congressional district.

While the action of the House in reducing the age of women to 62 is a compromise, there is such widespread sentiment for reducing the eligibility age to 60 that I sincerely hope your committee will give consideration to making benefits available at age 60.

Finally, members of the Senate, like those of the House, are undoubtedly receiving a large volume of mail regarding an increase in present benefits under the Social Security Act.

I am hopeful that, while the House did not increase benefits, it may be possible for your committee to consider the subject and take favorable action. There is much sentiment among House Members for such an increase, and any action by the Senate is certain to be approved when the bill goes to conference.

As already mentioned, there is a tremendous amount of support in my congressional district for broadening and liberalizing the Social Security Act, and for that reason I am writing you on the subject.

With kindest regards, I am

Sincerely,

JAMES E. VAN ZANDT.

NEW YORK HOTEL TRADES COUNCIL,
New York, N. Y., January 27, 1956.

Re: H. R. 7225.

CHAIRMAN AND MEMBERS OF THE SENATE FINANCE COMMITTEE,
The Congress, Washington, D. C.

DEAR SENATORS: We note with great approval the House-passed social-security bill which is before you for consideration.

The bill covers problems we discuss below, by providing that the retirement age for women under social security be reduced to 62 and for disabled workers to age 50.

We represent 35,000 hotel employees under collective-bargaining agreement with the Hotel Association of New York City, Inc. Through collective bargaining, we have made many gains and benefits for New York City hotel employees, including insurance benefits, establishment of the most modern and effective health center in the country and a pension plan for our overage workers, which is the first pension program of its kind in any section of the hotel industry.

Our plan is designed to provide a monthly pension to eligible employees who have reached the age of 65. A substantial number of those eligible have retired at this age. In general their wives are several years younger than they are, and must wait until they reach age 65 to receive social-security benefits to supplement the meager finances which with social security and pension are severely drained by the greater needs for medical care, hospitalization, proper food, clothing, and housing and other old-age problems.

Our plan also includes a disability pension for an employee who becomes permanently and totally disabled between ages of 60 and 65. Our experience has shown us that great need exists for some form of security for workers who are disabled permanently between the ages of 50 and 65.

We ask you for favorable consideration of the bill which contains other vital provisions and hope for an early report to the Senate for passage.

Very truly yours,

NEW YORK HOTEL TRADES COUNCIL,
JAY RUBIN, *President.*
JAMES L. O'HARA, *Secretary.*

STATEMENT OF PETER CRESCENTI, VICE PRESIDENT OF NEW YORK HOTEL TRADES COUNCIL AND CHAIRMAN OF THE PENSION COMMITTEE

I am a vice president of the New York Hotel Trades Council, AFL, representing 35,000 workers under collective bargaining agreement with the Hotel Association of New York City. I am also chairman of the pension committee of the Hotel Trades Council. Through collective bargaining, we have made many gains in wages and benefits for New York City hotel workers, including insurance benefits, establishment of one of the most modern and effective health centers in the country, and a pension plan for our over-age workers.

It is in connection with the need for pensions that we became aware of the many problems involving our senior citizens which are not solved by the mere payment of a pension. We have helped our pensioners to form an organization to consider many of these problems.

Among them is that of medical and hospital care. There is a greater need for this among the aged than for practically any other age group. Yet at the time they need it most, they are cut off from these benefits. For instance, upon retirement in our industry, though the senior worker receives his pension, he nevertheless find himself without the hospital benefits which he had while he was working, without the benefit of the health center and the medical and surgical care it gives in hospitals or an ambulatory basis.

I believe this is generally true in other industries.

In the discussion and investigations surrounding this issue, we have become increasingly aware of the inadequate public facilities for health, medical, and hospital care for the aged. To often, as this legsilative committee knows, the aged have been obliged to enter already overcrowded mental hospitals in despair. There is no ambulatory or home service to speak of which begins to meet the grave situation.

Because of this and because of the interest constantly expressed in conferences such as the recently held Governors Conference on Problems of the Aging, or at hearings such as this one, our committee and the organization of over 1,000 pensioners in our industry recommend legislation for the building of hospitals with facilities for free medical, surgical, and hospital care for the aged, as well as facilities for research in connection with such a program.

APPENDIX

SOME FACTS ALREADY SUBMITTED TO THE JOINT LEGISLATIVE COMMITTEE ON PROBLEMS OF THE AGING OR FOUND BY THE COMMITTEE

From Chronic Diseases and Our Aged, by Dr. Leonard Mayo, quoting Dr. Dean W. Roberts, Director of the Commission on Chronic Illness: "Thus disabling illness is 13 times as frequent among persons 65 and over as among persons under 45."

Another quotation from Mayo: "We take it for granted when people of 65 or 70 become ill and incapacitated. * * * We grossly underestimate the importance of making it possible for the aged person to care for his daily needs, keep reasonably active and maintain to the last his full dignity as a human being. * * * In any event, the Nation, the several States, and every community must give further and intelligent attention to the problem of the ill aged as an economy, as well as a humanitarian measure."

From findings and recommendations of the Joint Legislative Committee on Problems of Aging: "A secure old age calls for adequate medical care. Medical and hospital care are, however, especially burdensome for the aged. Part of the difficulty stems from the fact that two-thirds of the aged have annual incomes under $1,000. They simply cannot afford the care they often need. The average stay in general hospitals of men and women over 65 is estimated at 22.5 days, compared with an average of 10.1 days for all hospital admissions."

Four types of facilities for which Federal aid is now available and the amounts expected to be received by New York State for such purposes are:

1. Comprehensive diagnostic and treatment center for ambulatory patients	$208,000
2. Chronic disease hospitals	208,000
3. Rehabilitation centers	144,509
4. Nursing homes	144,509

From the Hospital Construction Act in Relation to the Care of the Aged and Chronically Ill in New York State, by Dr. John J. Bourke, executive director, New York State Joint Hospital Survey and Planning Commission: "However, although much of this hospital planning has been devoted specifically to facilities for the care of long-term illness, little progress has been made and only a fragmentary interest aroused in the construction of new facilities or the expansion of existing hospitals for service to such patients. * * * Essential is the gamut of facilities in the chronic hospital caring for those chronically ill whose stage of disease or disability is such that they require the type of active medical and nursing services available only in a hospital setting * * *

"Planning authorities tend to agree on the concept that chronic hospital services should be integral units of approved general hospitals rather than facilities apart. However, this is not mandated by Federal regulations.

"In 1953 it was estimated that New York State needed 30,000 proper and safe chronic hospital beds—or 21,800 more than we now have. The greatest deficit is in upstate New York which needs 12,600 beds, in contrast to New York City which requires 9,200.

"Although $10,000,000 per annum was authorized by the Congress for the construction of nursing homes, New York State is receiving only $144,509, compared with the $435,568 anticipated."

From Massachusetts Takes Steps to Meet the Problems of the Aging, by Representative Irene K. Thresher: The following proposals were enacted into law:

Foundations of clinics for the aging connected with hospitals.

An act enabling county and city governments to convert their tuberculosis sanatoriums or any part of them, into homes for the aging, when the need for their present use has terminated.

A bill providing for taking over the Cushing General Hospital, the former veterans' hospital at Framingham, which is now vacant, as a hospital for older people.

THE AMERICAN LEGION,
NATIONAL LEGISLATIVE COMMISSION,
Washington, D. C., February 8, 1956.

Hon. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington 25, D. C.

DEAR SENATOR BYRD: Referring to hearings scheduled to be held on February 9, 1956, on H. R. 7225, to amend title II of the Social Security Act, etc., I would like to be permitted, on behalf of the national organization of the American Legion to invite your attention to the provisions of sections 223 and 224 which the bill would add to title II of the Social Security Act.

The proposed section 223 would provide for a monthly disability insurance payment to an individual with old-age and survivors' insurance coverage who has attained the age of 50 and has not attained retirement age. Section 224 would reduce the amount of such a payment, where a monthly benefit payable to an individual under any other Federal law is based in whole or in part on a physical or mental impairment of such individual.

This would mean that receipt by a veteran of disability compensation or pension, disability retirement pay, or disability insurance benefits could reduce an insurance disability payment by the Social Security Administration, even though the OASI coverage is based upon a tax contribution by the individual.

We respectfully submit that veteran benefit payments for disability under laws administered by other Federal agencies should be excluded from the reduction contemplated in the proposed section 224. In order to accomplish this we request that consideration be given to an amendment, (p. 11, line 22), which said amendment would read as follows: "following the word 'benefit' insert a comma and then add 'other than a benefit payment made to a disabled veteran by virtue of his service in the Armed Forces of the United States.'"

While we are not asking for the privilege of a personal appearance during the hearings, I would appreciate it if consideration could be given to this request by members of your committee and this letter incorporated in the record of the hearings.

Thanking you for your courtesy, I am
Sincerely yours,

MILES D. KENNEDY, *Director.*

VETERANS OF FOREIGN WARS OF THE UNITED STATES,
OFFICE OF DIRECTOR, NATIONAL LEGISLATIVE SERVICE,
Washington 5, D. C., February 14, 1956.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate, Washington 25, D. C.

DEAR SENATOR BYRD: This is to express the interest of the Veterans of Foreign Wars in H. R. 7225 which is now the subject of hearings by your committee. Our interest is directed to section 224 of the bill which provides that disability insurance benefits payable at age 50 to a permanently and totally disabled person shall be reduced by the amount of any other Federal disability benefit or State workmen's compensation benefit.

Under the Federal Employees' Compensation Act and State workmen's compensation laws benefits are payable for injuries incurred in the course and scope of employment. Where such injuries are permanently and totally disabling, benefits would also be payable under H. R. 7225 for the same injury, if it were not for section 224. Perhaps the purpose of section 224 is only to prevent double benefits for the same injury but unfortunately it also, in effect, denies to veterans, compensation and pension benefits payable by the Veterans' Administration.

Many veterans with service-incurred disabilities are able to supplement their veterans' compensation with earnings from employment. In fact, Congress has established a vocational training program to enable them to do so. All such veterans in covered employment who become permanently and totally disabled between the ages of 50 and 65 would be deprived of a benefit payable to non-veterans. I find it difficult to believe Congress intends such a result.

Your committee will soon commence hearings on H. R. 7089, the survivors' benefits bill, which recently passed the House. Under that bill as approved by the House death compensation payable by the Veterans' Administration and

social security benefits are payable concurrently to survivors. Also, if the widow of a veteran killed in the service became entitled to disability insurance under H. R. 7225 she could also continue to draw death compensation from the Veterans' Administration. I am unable to see any reason for allowing concurrent benefits in death cases and denying them in disability cases.

Congress has provided for the payment of pensions to veterans disabled after discharge if they are permanently and totally disabled, unemployable and come within the income limitations of $1,400 and $2,700 per annum. The pension rate for veterans of World War I, World War II, and Korea is $66.15 per month. Upon reaching age 65, or after being rated permanent and total for a continuous period of 10 years, the rate is increased to $78.75 monthly. If the disability insurance to which a veteran becomes entitled, under H. R. 7225, is to be reduced by the amount of the pension it is in effect changing the income limitation which Congress has provided for determining entitlement to a veteran's pension. In fact it would establish a discriminatory income limitation, in that, all veterans with pension eligibility who did not qualify for disability insurance under H. R. 7225 would be entitled to pension if their income did not exceed the $1,400 and $2,700 limitations. Those who qualify for disability insurance would, in effect, be denied any pension if the amount of the disability insurance equalled or exceeded the amount of the pension. This would be true even though the income from disability insurance was less than the $1,400 and $2,700 limitations provided for pension entitlement.

I shall appreciate it if you will include this letter in the record of hearings and thank you for your consideration of these views.

Respectfully yours,

OMAR B. KETCHUM, *Director.*

THE MEDICAL SOCIETY OF THE STATE OF PENNSYLVANIA,
Harrisburg, Pa., February 8, 1956.

MRS. ELIZABETH SPRINGER,
Chief Clerk, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

DEAR MRS. SPRINGER: As president of the Medical Society of the State of Pennsylvania, I am herewith submitting my personal opinion and, I believe, the consensus of opinion of the majority of the 11,000 physicians of the State of Pennsylvania.

I believe that the present social-security system is sound, and should be kept so. We therefore should be very cautious about amending the present Social Security Act for fear, that we might impair the present soundness of the plan. I am of the opinion that an exhaustive study should be made, and careful consideration be given before the present Social Security Act is amended. It is my opinion the House of Representatives passed the amendments without the necessary study of the implications of these amendments.

The enactment of a system of Federal cash payments for disability would involve unpredictable costs and at the same time, project the Federal Government further into the field of individualized medical service. This, in the opinion of the physicians of Pennsylvania would jeopardize our present physician-patient relationship which is so essential to the good medical care of the people of our State because a third party, namely, the Federal Government is intervening between the physician and the patient.

I know that only a small majority of the physicians of the State of Pennsylvania are in favor of compulsory social security and I, therefore, believe if the Social Security Act is amended, it should be on a voluntary basis for physicians.

The widespread ramifications and implications of these amendments might be so expensive it would ultimately jeopardize the economy of the Nation. I firmly believe that before such a plan of this nature is adopted, an exhaustive study of the full economic implications involved should be made. I sincerely hope the Senate will not rush through at a late-session meeting an amendment which has not been carefully analyzed and studied.

Sincerely yours.

ROBERT L. SCHAEFFER, M. D., *President.*

GASTON COUNTY MEDICAL SOCIETY,
Gastonia, N. C., February 8, 1956.

HON. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: This letter is to advise the Senate Finance Committee that the Gaston County Medical Society has gone on record as opposing H. R. 7225 because it seems to be a plan to convert the Social Security Act into a Government medical program.

The society respectfully requests that this statement be included in the records of the hearings.

Sincerely yours,

JESSE CALDWELL, M. D.,
Secretary-Treasurer.

RETIRED OFFICERS ASSOCIATION, INC.,
Washington 6, D. C., February 21, 1956.

Senator HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington 25, D. C.

DEAR MR. CHAIRMAN: The Retired Officers Association has previously, under date of December 21, 1955, corresponded with you as chairman of the Senate Finance Committee in connection with H. R. 7225, which deals with social security amendments, and the association was accorded the privilege of appearing before your committee to present, in open hearings, its views as to certain provisions of the proposed bill that might involve a discrimination to the detriment of members of the uniformed services.

The association's concern arises mainly from the reported exclusion of Armed Forces members from benefits under H. R. 7225 on the premise that H. R. 7089, the survivors' benefits bill, passed by the House on July 13, 1955, and now before the Senate Finance Committee for later consideration, is to provide an integrated program of protection for survivors of members of the Armed Forces.

Information reaching us as of this date indicates that your Finance Committee contemplates extensive consideration of the social-security provisions for uniformed services personnel when H. R. 7089 is taken up in the near future, and for that reason believes it inopportune to inject in the present open hearings on H. R. 7225, the question of how the proposals in H. R. 7225 may have application to uniformed services personnel.

With the above understanding of the committee's wishes before it, it is the desire of the Retired Officers Association to present briefly by this letter its views as to one very important matter, for consideration, if the committee so desires, during executive sessions on H. R. 7225.

In connection with the one point that the association considers highly important for determination at this time, we present views below as follows:

The new section, 224 of the bill under consideration, as is indicated by the title, concerns "reduction of benefits based on disability." Enactment of this section in its present form would deprive military personnel, retired for physical disability, or veterans receiving disability compensation, of part or even all the disability benefits to be derived from the social-security system. It is noted that this would be true notwithstanding that such personnel would, under the terms of H. R. 7089, be required to contribute to the old-age and survivors' insurance system.

It is desired to point in this connection that the retirement and disability benefits accorded to members of the military services have been considered as part of their total compensation and not a gratuity. In other words, such members have been deemed to have earned such benefits by reason of service in the military. It is submitted that these benefits, thus earned, should not serve to prejudice benefits which would accrue from another separate and distinct system to which contributions are made.

It would appear pertinent to note that the proposed new section 224 would not discriminate against certain other classes of persons such as those in receipt of disability compensation from private employers' indemnities.

In view of the above, it is earnestly recommended that the bill be amended to grant full coverage for disabled military personnel under the new section 224.

It is hoped that the above views may be accorded consideration at this time in order that no discrimination detrimental to members of the uniformed services may result from the proposals as now written.

Sincerely,

H. A. HOUSER,
Rear Admiral, USN, Retired.

(Thereupon at 1:15 o'clock, p. m., the hearing was adjourned until Tuesday, February 14, 1956, at 10:05 o'clock a. m.)

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