

TEMPORARY UNEMPLOYMENT COMPENSATION

1316 -6

HEARING
BEFORE THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
EIGHTY-SIXTH CONGRESS

FIRST SESSION

ON

H.R. 5640

AN ACT TO EXTEND THE TIME DURING WHICH CERTAIN
INDIVIDUALS MAY CONTINUE TO RECEIVE TEMPORARY
UNEMPLOYMENT COMPENSATION

MARCH 20, 1959

Printed for the use of the Committee on Finance



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TEMPORARY UNEMPLOYMENT COMPENSATION

FRIDAY, MARCH 20, 1959

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 10:15 a.m., in room 2221, New Senate Office Building, Senator Harry Flood Byrd (chairman) presiding.

Present: Senators Byrd (presiding), Kerr, Gore, Talmadge, Williams, Carlson, Bennett, and Curtis.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will come to order.

We will consider H.R. 5640, an act to extend the time during which certain individuals may continue to receive temporary unemployment compensation.

I place in the record the text of the bill and a memorandum of the Bureau of Employment Security of the U.S. Department of Labor giving information on the extension and operation of the temporary unemployment compensation program.

(The bills and memorandum referred to follow:)

[H. R. 5640, 86th Cong., 1st sess.]

AN ACT To extend the time during which certain individuals may continue to receive temporary unemployment compensation

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (1) of section 101 (a) of the temporary Unemployment Compensation Act of 1958 (42 U.S.C. 1400) is amended—

(1) by striking out "April 1, 1959" and inserting in lieu thereof "July 1, 1959"; and

(2) by adding at the end of such paragraph the following: "Payment of temporary unemployment compensation under this Act to any individual shall be made only if such individual's first claim under this Act was filed before April 1, 1959."

Passed the House of Representatives March 16, 1959.

Attest:

RALPH R. ROBERTS, *Clerk.*

INFORMATION ON THE EXTENSION AND OPERATION OF THE TEMPORARY UNEMPLOYMENT COMPENSATION PROGRAM

(Prepared by U.S. Department of Labor, Bureau of Employment Security, by Robert C. Goodwin, director)

MARCH 19, 1959

1. General information regarding program.
2. Participating States.
3. Lag in the recovery in employment and unemployment.
4. Insured unemployment and exhaustions will continue high.
5. Continued need for TUC in participating States.
6. Funds remaining at end of present TUC program.
7. Estimates of cost of extension of TUC.
8. UI-covered workers in States participating in the Federal temporary unemployment compensation (TUC) and State temporary extended duration (TED) programs.
9. Exhaustions of benefits under the UI and UCFE programs.
10. New beneficiaries under the TUC program.
11. Exhaustions of benefits under the TUC program.
12. Characteristics of TUC claimants.
13. Status of TUC benefit funds and TUC benefit payments by State.

TEMPORARY UNEMPLOYMENT COMPENSATION PROGRAM

1. General

The Temporary Unemployment Compensation Act of 1958, which became effective June 19, provides that unemployment benefits may be extended to individuals who, since June 30, 1957, have exhausted their benefit rights under State unemployment insurance laws and the unemployment compensation programs for Federal workers, ex-servicemen, and for veterans (UCFE, UCX, and UCV). Temporary benefits are payable to claimants under the laws of States which have entered into agreements with the Secretary of Labor to participate in the program. The States have the option of participating fully, partially, or not at all in the temporary Federal program. The TUC law expires on March 31, 1959; that is, temporary benefits are not payable for any weeks of unemployment beginning after that date.

2. Participating States

On February 24, 1959, there were 36 States in which Federal temporary unemployment compensation programs were in effect. Seventeen States had adopted the Federal plan for UI, UCFE, UCX, and UCV exhaustees and another 14 States had adopted the Federal plan for UCFE, UCX, and UCV exhaustees, but had not provided for their State UI exhaustees. Five other States had elected to pay temporary benefits to State UI, UCFE, and UCX exhaustees within the framework of their own laws and adopted the Federal plan only for UCV exhaustees.

The following table indicates States participating in the TUC program and States which have extended benefits under their own law:

State	UI-TUC		UCX-UCFE-TUC		UCV-TUC	
	Exhaustion date	Date benefits payable	Exhaustion date	Date benefits payable	Exhaustion date	Date benefits payable
Alabama.....	June 30, 1957	July 6, 1958	June 30, 1957	July 6, 1958	June 30, 1957	July 6, 1958
Alaska.....	do.....	Oct. 5, 1958	do.....	Aug. 3, 1958	do.....	Aug. 3, 1958
Arizona.....	do.....	do.....	do.....	July 1, 1958	do.....	July 1, 1958
Arkansas.....	June 30, 1957	July 6, 1958	do.....	July 6, 1958	do.....	July 6, 1958
California.....	do.....	do.....	do.....	do.....	do.....	Do.
Colorado.....	(1)	(1)	(1)	(1)	do.....	July 13, 1958
Connecticut.....	(1)	(1)	(1)	(1)	do.....	July 6, 1958
Delaware.....	June 30, 1957	July 1, 1958	June 30, 1957	July 1, 1958	do.....	July 1, 1958
District of Columbia.....	do.....	June 19, 1958	do.....	June 19, 1958	do.....	June 19, 1958
Florida.....	do.....	do.....	do.....	July 15, 1958	do.....	July 15, 1958
Hawaii.....	do.....	do.....	do.....	Aug. 3, 1958	do.....	Aug. 3, 1958
Idaho.....	do.....	do.....	July 7, 1957	July 6, 1958	July 7, 1957	July 6, 1958
Illinois.....	(1)	(1)	(1)	(1)	Nov. 30, 1957	July 1, 1958
Indiana.....	June 30, 1957	June 23, 1958	June 30, 1957	June 23, 1958	June 30, 1957	June 23, 1958
Kentucky.....	do.....	do.....	Mar. 31, 1958	Sept. 14, 1958	Mar. 31, 1958	Sept. 14, 1958
Maryland.....	June 30, 1957	June 19, 1958	June 30, 1957	June 19, 1958	June 30, 1957	June 19, 1958
Massachusetts.....	do.....	July 6, 1958	do.....	July 6, 1958	do.....	July 6, 1958
Michigan.....	do.....	June 22, 1958	do.....	June 22, 1958	do.....	June 22, 1958
Minnesota.....	do.....	July 1, 1958	do.....	July 1, 1958	do.....	July 1, 1958
Nebraska.....	do.....	do.....	do.....	Aug. 17, 1958	do.....	Aug. 17, 1958
Nevada.....	Dec. 28, 1957	July 13, 1958	Dec. 28, 1957	July 13, 1958	Dec. 28, 1957	July 13, 1958
New Jersey.....	Oct. 1, 1957	June 29, 1958	Oct. 1, 1957	June 29, 1958	Oct. 1, 1957	June 29, 1958
New Mexico.....	do.....	do.....	June 30, 1957	July 6, 1958	June 30, 1957	July 6, 1958
New York.....	June 30, 1957	June 23, 1958	do.....	June 23, 1958	do.....	June 23, 1958
North Dakota.....	do.....	do.....	do.....	Oct. 26, 1958	do.....	Oct. 26, 1958
Ohio.....	(1)	(1)	(1)	(1)	do.....	July 13, 1958
Oregon.....	do.....	do.....	June 30, 1957	July 13, 1958	do.....	Do.
Pennsylvania.....	June 30, 1957	June 19, 1958	do.....	June 19, 1958	do.....	June 19, 1958
Puerto Rico.....	do.....	do.....	do.....	do.....	do.....	Do.
Rhode Island.....	June 30, 1957	June 22, 1958	do.....	June 22, 1958	do.....	June 22, 1958
South Carolina.....	do.....	do.....	do.....	do.....	do.....	do.....
Texas.....	do.....	do.....	do.....	Aug. 4, 1958	do.....	Aug. 4, 1958
Virgin Islands.....	do.....	do.....	do.....	Aug. 20, 1958	do.....	Aug. 20, 1958
Washington.....	do.....	do.....	do.....	June 19, 1958	do.....	June 19, 1958
West Virginia.....	do.....	do.....	July 6, 1957	July 13, 1958	July 6, 1957	July 13, 1958
Wisconsin.....	June 30, 1957	June 27, 1958	June 30, 1957	June 27, 1958	June 30, 1957	June 27, 1958
	(1)	(1)	(1)	(1)	do.....	June 21, 1958

(1) See below—extended benefits under State law.

The following States have extended benefits under their own law. Such extension applies equally to UCFE (but not to UCV). Interstate UI and UCFE claims should be taken in usual manner against such States. Form ES-960 not required except for participation in TUC program as shown in columns above.

	Unemployment insurance		Unemployment compensation for Federal employees	
	Exhaustion date	Date benefits payable	Exhaustion date	Date benefits payable
Colorado ¹	June 30, 1957	July 13, 1958	June 30, 1957	July 13, 1958
Connecticut.....	(²)	Apr. 16, 1958	(²)	Apr. 16, 1958
Illinois.....	Nov. 30, 1957	July 1, 1958	Nov. 30, 1957	July 1, 1958
Ohio.....	June 30, 1957	July 13, 1958	June 30, 1957	July 13, 1958
Wisconsin.....	do.....	June 21, 1958	do.....	June 21, 1958

¹ Colorado law extends benefits by 25 percent rather than 50 percent of regular benefits

² See "Interstate Claims Taking Handbook, Connecticut"—revision of Apr. 16, 1958, for explanation of Connecticut extended benefits.

3. Lag in the recovery in employment and unemployment

As usually occurs when the economy is coming out of a recession, the recovery in employment and the reduction in unemployment is lagging behind the expansion in industrial production and other indicators of economic well-being.

Production generally increases before employment rises, partly because employers first lengthen hours of work and partly because output per worker usually rises in this stage of the business cycle. The increased output reflects the technological improvements and more efficient utilization of employees which are emphasized during a period of recovery under highly competitive market conditions. Because of these factors manufacturing output in January 1959 was within 1.2 percent of prerecession production in the third quarter of 1957, while manufacturing employment was still 6.5 percent below the average for that quarter (both figures seasonally adjusted).

Unemployment levels tend to stay high even after employment begins to rise, partly because of "technological unemployment" in some areas and industries, but largely because the labor force continues to expand even during a recession. As a result, more job opportunities are needed every year to keep unemployment from increasing. Reflecting these factors, total unemployment and insured unemployment in January 1959 were, on a seasonally adjusted basis, about 40 percent higher than during the third quarter of 1957, even though total employment, seasonally adjusted, had about returned to the levels of that quarter.

4. Insured unemployment and exhaustions will continue high

It is estimated that State insured unemployment will remain at high levels through fiscal year 1960, in spite of continued economic recovery. As will be seen from the following table,¹ average monthly insured unemployment during fiscal year 1960 is estimated at 2,100,000, as compared with an average of 2,250,000 in fiscal year 1959 and 1,284,000 in fiscal year 1957. The lag in reemployment will be principally due to increased productivity per worker and a faster growth in the labor force than in the growth of demand for labor.

As a result of these expected high levels of insured unemployment, exhaustions of benefits are also expected to continue at high levels, averaging about 190,000 a month from April through September 1959. There will be no considerable drop in exhaustions until after October 1959, when 195,000 exhaustions are estimated. Thereafter, it is expected that they will taper off more than insured unemployment, dropping to 130,000 in June 1960 (see following table).

¹ No estimates of total unemployment are presently available. The estimates for insured unemployment contain an allowance for recovery.

TEMPORARY UNEMPLOYMENT COMPENSATION

State insured unemployment level and State UI and UCFE exhaustions

[Actual, July 1958-January 1959; estimated, February 1959-June 1960]

Month in fiscal year	State insured unemployment (in millions), fiscal year—				State UI and UCFE exhaustions (in thousands), fiscal year—			
	1957	1958	1959	1960	1957	1958	1959	1960
July.....	1.196	1.269	2.483	2.1	86.6	98.9	285.4	210
August.....	1.046	1.134	2.175	1.9	88.1	91.6	255.0	190
September.....	.977	1.151	1.875	1.8	73.5	82.9	237.4	195
October.....	.868	1.218	1.698	1.7	73.8	94.5	224.3	195
November.....	1.004	1.492	1.758	1.8	70.4	84.4	177.7	155
December.....	1.277	2.087	2.088	2.1	73.3	110.6	213.1	165
January.....	1.727	2.846	2.491	2.6	106.7	147.1	212.4	170
February.....	1.719	3.133	2.8	2.5	95.2	145.5	195.0	150
March.....	1.580	3.244	2.7	2.4	112.5	191.4	200.0	155
April.....	1.465	3.274	2.5	2.2	115.1	231.2	195.0	150
May.....	1.338	2.957	2.3	2.1	106.5	236.8	175.0	140
June.....	1.239	2.643	2.1	1.9	92.5	254.0	170.0	130
Fiscal year total.....	1.284	2.193	2.25	2.1	1,094.1	1,768.7	2,540.0	2,005

5. Unemployment in 17 participating States

Insured unemployment in the 17 fully participating States during the week of February 14, 1959, averaged 6.7 percent. Insured unemployment averaged 5.1 percent in the nonparticipating States. (The Department classifies areas with 6 percent or more unemployment as areas of substantial unemployment.) Practically all of these States are industrial and share in the lag in reemployment.

For the week ended February 14, 1959, all but 1 (Delaware) of the 17 States had less insured unemployment than in the corresponding week of 1958. On the other hand, all but the District of Columbia (1.9 percent) and Indiana (4.9 percent) had an insured unemployment rate in excess of 5 percent. (See following table.)

Exhaustions were also higher in January 1959 than in January 1958 in all but 2 of the 17 States; namely, Indiana and Rhode Island. For all of the 17 States, the exhaustions totaled 113,186 in January 1959 as compared with 73,713 in January 1958. From past experience, practically all of these exhaustions will become TUC beneficiaries.

Comparison of State and UCFE insured unemployment and exhaustions with same period in 1958

	Insured unemployment week ended Feb. 14, 1959			Exhaustions		
	Number	Rate (percent)	Change from year ago	January 1959	January 1958	Change from year ago
Alabama.....	32,607	5.6	-13,703	4,354	3,382	+972
Arkansas.....	24,005	9.1	-4,301	1,759	1,535	+224
California.....	230,846	6.1	-84,997	14,740	8,895	+6,845
Delaware.....	8,427	6.5	+2,289	742	488	+254
District of Columbia.....	8,359	1.9	-1,764	738	713	+25
Indiana.....	54,854	4.9	-32,717	6,183	7,213	-1,030
Maryland.....	46,239	6.2	+1,593	3,795	1,707	+2,088
Massachusetts.....	89,846	5.8	-20,980	7,352	5,589	+1,763
Michigan.....	127,873	6.7	-95,130	12,198	9,102	+3,096
Minnesota.....	47,081	6.8	-8,004	2,953	2,063	+890
Nevada.....	5,959	8.2	-1,462	464	367	+97
New Jersey.....	112,716	7.2	-30,096	11,068	9,546	+1,522
New York.....	337,604	6.5	-23,835	22,206	10,228	+11,978
Pennsylvania.....	279,702	8.7	-29,902	18,973	9,156	+9,817
Rhode Island.....	18,064	7.2	-8,253	2,055	2,412	-357
West Virginia.....	35,838	9.3	-7,546	3,606	1,317	+2,289
Total.....	1,460,020	6.7	-358,808	113,186	73,712	+40,473

6. Funds remaining at end of present TUC program

Through January 1959, almost \$360 million had been expended in benefits under the TUC program. It is estimated that \$74 million will be paid out in benefits in February and March, making an estimated \$434 million that will be expended for benefits during the operation of the program. This will leave a balance of approximately \$206 million of the \$640 million appropriated for benefits.

It is estimated that \$13 million will be spent on State administration of the program through April 1959, assuming that the program ends at that time. This will leave a balance of \$12.1 million of the \$25.1 million appropriated for State administration. If the program is extended, the balance will be somewhat larger, since there will be some costs of closing out the program in April that would be available for the continued payment of benefits.

It is estimated that the Federal administrative costs, if the program is not extended, will amount to \$330,800, leaving a balance of \$269,200 of the \$600,000 appropriated for Federal administration.

	Salaries and expenses	Grants for administration	Benefit payments
Appropriated.....	\$600,000	\$25,100,000	\$640,000,000
Estimated costs to Apr. 30, 1959.....	330,800	13,000,000	434,000,000
Estimated balance remaining Apr. 30, 1959.....	269,200	12,100,000	206,000,000

7. Estimates of cost of extension of TUC

If those who are entitled to further payments of TUC on March 31 are paid benefits through any week beginning before July 1, 1959, the cost of benefits is estimated at \$75 million and the cost of administration at \$3 million.

The following tables give cost estimates by calendar quarter for extension of the TUC program through June 1960.

The bases for these estimates are contained in parts A and B which follow:

PART A

Table 1 showing the number of new beneficiaries, average weekly number of beneficiaries, and weeks compensated, by months, July 1958-June 1960.

Table 2 showing the estimated average weekly number of beneficiaries and estimated benefit costs, by calendar quarters, April 1959-June 1960.

PART B

Basic assumptions used in estimating coverage, number of beneficiaries in compensable status, new beneficiaries, average weekly number of beneficiaries, duration of benefits, weeks compensated, average weekly benefit amount, and benefit costs contained in part A.

TEMPORARY UNEMPLOYMENT COMPENSATION

PART A

TABLE 1.—New beneficiaries, average weekly number of beneficiaries, weeks compensated for TUC program (actual, July 1958–January 1959; estimated, February 1959–June 1960)

[All figures in thousands]

PRESENT TUC PROGRAM

Month	New beneficiaries	Average weekly number of beneficiaries	Number of weeks compensated
1958—July ¹	479	276	1,290
August.....	278	512	2,100
September.....	201	527	2,319
October.....	124	393	1,759
November.....	115	337	1,348
December.....	131	319	1,468
1959—January.....	122	310	1,365
February.....	112	305	1,127
March.....	116	290	1,161
July 1958–March 1959.....	1,678	357	13,937

EXTENSION OF TUC PROGRAM

1959—April.....	110	271	1,191
May.....	106	260	1,091
June.....	111	247	1,088
July.....	125	249	1,144
August.....	120	258	1,082
September.....	115	266	1,169
October.....	108	263	1,156
November.....	104	249	1,046
December.....	100	231	1,064
1960—January.....	98	224	940
February.....	96	222	934
March.....	94	216	994
April.....	92	207	868
May.....	84	199	877
June.....	80	190	838
April 1959–June 1960 ²	1,808	236	15,482

¹ Includes data for last part of June in 11 States.² Includes 265,000 beneficiaries in compensable status as of Mar. 31, 1959, who must be included in the total count of beneficiaries.

Table 2

Calendar quarter	Average weekly number of beneficiaries (in thousands)	Benefit costs (in millions)
April–June 1959.....	268	\$105
July–September 1959.....	266	105
October–December 1959.....	246	101
January–March 1960.....	220	89
April–June 1960.....	198	80
Total, 15 months.....	236	480

EXTENSION OF TUC PROGRAM

Part B

The estimates contained in part A were made under the assumptions specified below:

1. Present coverage of States in TUC program: 17 States with full State and Federal unemployment insurance participation; 14 States with UCFE and UCV participation only; and 5 States with UCV participation only.

TEMPORARY UNEMPLOYMENT COMPENSATION

2. Assumed State-insured unemployment levels and estimated State and UCFE exhaustions for all States are given in table under section 4. To include UCV exhaustions, increase figures in this table by 3 percent (UCV experience).

3. Sixty percent of all State unemployment insurance, UCFE, UCX, and UCV exhaustions in the 51 States are covered under the TUC program in the 17 fully participating States, 14 UCFE, UCX, and UCV participating States and the 5 UCV only participating States (current experience).

4. While 80 percent of covered State and Federal unemployment insurance exhaustees file first claims immediately (current experience) the remaining 20 percent file first claims within a few weeks. Thus 100 percent of covered exhaustees are assumed to file soon after exhausting regular State and Federal unemployment insurance programs.

5. Ninety-six percent of first claims become beneficiaries (estimated figure adjusted from State unemployment insurance experience as TUC experience is too unstable).

6. Probability of remaining unemployed for another week is 96 percent.

7. Average potential duration of 11 weeks of benefits per beneficiary based on one-half average potential duration in State and Federal unemployment insurance programs (State unemployment insurance, UCFE experience of 23.4 weeks in October-December 1958).

8. Average weekly benefit amount of \$31 (current TUC experience is slightly below, but is expected to increase).

9. These assumptions are based on an extension of the present law without substantive amendment. Any change in the rules for determining eligibility for TUC benefits would necessitate revision of the estimates.

8. UI-covered workers in States participating in the TUC and TED programs

The following table indicates that 52.5 percent of the covered workers under the unemployment insurance program in the United States are in the 17 States that have accepted the TUC program and that an additional 17.5 percent are in the 5 States that have extended their own laws to provide for temporary benefits (TED).

	Average number covered workers	Percent of total
Alabama.....	584,566	1.4
Alaska.....	46,946	.1
Arkansas.....	265,163	.6
California.....	3,840,121	9.1
Delaware.....	129,522	.3
District of Columbia.....	450,448	1.1
Indiana.....	1,135,850	2.7
Maryland.....	753,807	1.8
Massachusetts.....	1,568,489	3.7
Michigan.....	1,953,722	4.6
Minnesota.....	691,488	1.6
Nevada.....	73,380	.2
New Jersey.....	1,583,644	3.7
New York.....	5,231,560	12.4
Pennsylvania.....	3,268,082	7.7
Rhode Island.....	254,411	.6
West Virginia.....	389,088	.9
Totals (TUC).....	22,220,287	52.5
Colorado.....	341,213	.8
Connecticut.....	785,320	1.9
Illinois.....	2,791,570	6.6
Ohio.....	2,634,962	6.2
Wisconsin.....	865,616	2.0
Total (TED).....	7,418,681	17.5
Total (TUC and TED).....	29,638,968	70.0
U.S. total.....	42,286,386	100.0

9. Exhaustions of benefits under the UI and UCFE programs

The following table shows the number of UI-UCFE exhaustions that occurred in the period July 1, 1957, to July 31, 1958, and each month thereafter through January 1959. Data are shown for the total United States and for the fully participating TUC States. These States show 53.2 percent of U.S. total UI-UCFE exhaustions during the 13-month period (July 1958 through July 1959) and an average of 57.8 percent in the 6-month period (August 1958 through January 1959).

The national total of exhaustions of regular benefits averaged approximately 100,000 per month during calendar year 1957. A sharp rise was experienced during the period January to July 1958, reaching a peak of 284,550 exhaustions in July. There has been some decline since then but the monthly figure still exceeded 200,000 in December 1958 and January 1959. No significant change is anticipated until April when the monthly rate of exhaustions under the UI-UCFE programs is expected to decline gradually to a level of approximately 170,000 in June 1959.

Exhaustions of UI-UCFE benefits

	July 1, 1957-July 31, 1958	1958					January 1959	Total, July 1, 1957-Jan. 31, 1959
		August	Septem- ber	October	Novem- ber	Decem- ber		
U.S. total.....	2, 115, 896	255, 032	237, 448	224, 335	177, 666	213, 056	212, 332	3, 435, 766
TUC States:								
Alabama.....	50, 169	5, 448	4, 597	4, 420	3, 572	4, 646	4, 354	77, 206
Alaska.....	4, 965	201	190	286	325	323	335	6, 625
Arkansas.....	22, 982	2, 377	1, 900	1, 687	1, 269	1, 728	1, 759	33, 702
California.....	121, 830	13, 266	12, 339	15, 072	13, 415	16, 414	14, 740	207, 076
Delaware.....	7, 309	772	727	701	502	663	742	11, 416
District of Columbia.....	9, 645	946	986	975	746	843	738	14, 879
Indiana.....	103, 245	12, 704	8, 262	6, 737	5, 371	6, 661	6, 183	149, 163
Maryland.....	27, 987	3, 009	2, 916	4, 030	2, 900	3, 876	3, 795	48, 513
Massachusetts.....	79, 940	8, 626	7, 990	8, 297	6, 083	7, 372	7, 352	125, 662
Michigan.....	176, 822	29, 738	27, 739	16, 726	15, 108	18, 671	12, 198	297, 002
Minnesota.....	28, 896	3, 258	2, 627	2, 347	2, 394	3, 902	2, 953	46, 377
Nevada.....	4, 781	432	347	341	308	459	464	7, 132
New Jersey.....	125, 051	11, 708	11, 528	11, 562	8, 392	11, 439	11, 068	190, 748
New York.....	157, 506	25, 557	25, 071	23, 879	19, 940	23, 371	22, 206	297, 530
Pennsylvania.....	144, 956	25, 421	24, 558	22, 478	20, 967	22, 668	18, 973	280, 021
Rhode Island.....	30, 072	2, 290	2, 098	1, 955	1, 594	2, 029	2, 055	42, 093
West Virginia.....	23, 742	4, 593	4, 146	5, 011	3, 557	3, 575	3, 606	48, 230
Total.....	1, 119, 898	150, 348	138, 021	126, 504	106, 443	128, 640	113, 521	1, 883, 375
Percent of U.S. total.....	53. 2	59. 0	58. 1	56. 4	59. 9	60. 4	53. 5	54. 8

10. New beneficiaries under the temporary unemployment compensation program

From the beginning of the TUC program on June 19, 1958, to January 31, 1959, a total of 1,296,141 different individuals have received benefits under the temporary unemployment compensation program. The following table shows the number of new beneficiaries by month for the 17 States fully participating in the TUC program.

Also included in the table are monthly figures for new beneficiaries in the 8 to 14 (varying by month) States which are participating in the TUC program with regard to all Federal (UCV, UCFE, and UCX) programs.

A total of 20,213 different individuals received benefits in these States for the period June 1958 to January 1959. In addition approximately 8,450 persons who exhausted UCV claims received TUC benefits in the five States which participate in the TUC program only with respect to UCV exhaustions. These five States have their own temporary benefit (TED) programs which cover UI and UCFE-UCX exhaustees.

It is estimated that 116,000 new beneficiaries will receive their first TUC payment in February and 121,000 additional persons will receive a first payment in March. Thus, by the time the TUC program terminates on March 31, 1959, approximately 1,533,000 different persons will have received at least one weekly payment under the TUC program.

New TUC beneficiaries, June 1958 to January 1959

States	1958						January 1959	Total
	June-July	August	September	October	November	December		
Alabama.....	13,603	9,021	5,826	4,964	3,950	4,554	4,632	46,549
Alaska.....				302	500	655	514	1,971
Arkansas.....	3,309	3,806	2,591	1,792	1,356	1,829	1,676	16,360
California.....	31,824	26,846	18,750	13,068	16,785	17,058	17,116	141,447
Delaware.....	1,217	960	653	700	538	599	566	5,238
District of Columbia.....	2,058	1,463	893	950	716	572	707	7,349
Indiana.....	40,235	18,600	9,771	6,707	3,987	4,506	6,860	90,672
Maryland.....	10,724	4,484	3,332	3,691	3,093	3,419	4,116	32,860
Massachusetts.....	17,291	11,729	9,426	9,167	6,544	7,503	7,321	68,971
Michigan.....	85,468	42,802	32,020	21,219	15,976	12,471	10,359	229,316
Minnesota.....	8,097	4,310	3,304	2,905	2,290	3,786	3,591	28,293
Nevada.....	599	597	356	323	242	384	355	2,846
New Jersey.....	44,476	16,977	13,730	14,119	9,646	12,009	11,773	122,720
New York.....	73,671	34,425	29,173	27,463	21,096	26,055	25,512	287,338
Pennsylvania.....	42,301	27,223	28,535	24,133	20,512	24,112	19,086	185,002
Rhode Island.....	10,264	3,073	2,416	1,991	1,554	1,774	1,774	22,845
West Virginia.....	7,912	6,585	4,469	5,066	4,044	3,968	3,719	35,763
Total.....	398,028	212,901	165,234	138,550	112,828	125,254	119,689	1,267,476
8 to 14 States paying on UCV and UCFE exhaustions only.....	2,528	5,186	3,492	2,607	1,675	2,072	2,653	20,218
5 States paying UCV exhaustions only (approximate figure).....								8,450
Grand total.....	395,556	218,087	168,726	141,157	114,503	127,326	122,342	1,296,141

11. Exhaustions of benefits under the TUC program

The following table shows the number of individuals who have exhausted their benefits under the TUC program from July 1958 through January 1959. The number of such individuals was 612,752 and this figure is expected to reach approximately 800,000 by the end of the program on April 1, 1959. It is estimated that there will be approximately 250,000 individuals whose benefits will cease because of the termination of the TUC program. Thus there will have been a total of approximately 1,050,000 individuals whose TUC benefits ceased because of exhaustion of benefits or termination of the program.

As indicated in section 6 of this report, the total number of beneficiaries under the TUC program through March 1959 is estimated to be 1,533,000.

Thus two out of every three TUC beneficiaries were or will be still unemployed when their benefits under the program are exhausted.

Exhaustions of benefits under the TUC program, Feb. 28, 1959

	July	August	September	October	November	December	January	Total
Alabama.....	35	643	9,709	5,511	3,640	4,113	3,880	27,531
Alaska.....				1	15	39	322	377
Arkansas.....		446	2,853	1,650	1,206	1,543	1,436	9,134
California.....		202	3,292	14,654	10,946	9,098	10,786	47,799
Delaware.....		304	452	599	417	471	417	2,660
District of Columbia.....		371	720	858	586	705	621	3,861
Indiana.....	2,791	9,970	17,800	9,573	6,280	5,734	6,618	58,761
Massachusetts.....		4,341	7,331	14,794	5,309	5,725	5,596	43,096
Maryland.....			3,618	3,569	2,073	2,234	2,833	14,327
Michigan.....	704	14,791	32,455	27,363	18,406	13,297	13,715	120,731
Minnesota.....			2,369	3,351	1,933	2,338	2,039	12,030
Nevada.....		14	176	338	203	265	202	1,138
New Jersey.....		3,299	12,411	22,470	8,945	11,105	9,305	67,535
New York.....			25,325	24,029	15,440	16,662	14,810	96,266
Pennsylvania.....			363	24,084	13,418	18,188	13,227	69,280
Rhode Island.....	441	2,649	3,367	2,099	1,400	1,610	1,600	13,156
West Virginia.....		5	2,194	4,955	2,692	3,282	3,671	16,779
8 to 14 States paying on UCV and UCFE exhaustees only.....		25	135	1,911	2,761	1,515	1,944	8,291
Total.....	3,971	37,060	124,570	161,799	95,670	97,844	93,007	612,752

12. Characteristics of TUC claimants

There is very little information currently available on the characteristics of claimants under temporary programs. Because of our urging, all but 2 of the 22 States which have complete temporary programs are going to conduct studies, but most of these will not be completed until after the program has ended. Only 10 States have submitted any material so far and some of this is fragmentary.

While it is difficult to draw conclusions from the spotty information available it is probable that there is little real difference between the claimants under TUC and those under the regular programs that cannot be attributed to the industry from whence the claimants came. In other words, differences between TUC claimants and regular claimants as far as sex, occupations, and geographic locations are concerned can be accounted for by the characteristics of the industry, and when it held its layoffs. (Industries which laid off early in the recession are more highly represented in the TUC programs because claimants had been unemployed long enough to exhaust their regular benefits.)

In addition to differences which can be attributed to the industry, it appears that TUC claimants, particularly men, tend to be older than do claimants under the regular programs.

The most significant data so far come from New York and Illinois. In New York a higher proportion of TUC claimants than of regular claimants come from the metals, machinery, and transportation equipment industries; a higher proportion are in upstate New York; and a somewhat higher proportion are males.

In Illinois there seemed to be no significant differences between the temporary and regular beneficiaries although proportionately there were somewhat more temporary beneficiaries from the primary metals and electrical machinery industries, and a somewhat higher proportion of women.

The data from the other States indicate that the characteristics of the temporary claimants vary widely from State to State, probably depending upon the industrial composition of the State, the types of workers employed, the extent to which specific industries were affected by the recession, and the timing and duration.

At least two States, Delaware and Rhode Island, believe their data indicate that many temporary claimants are not firmly attached to the labor market—that there is a heavy proportion of older workers drawing pensions.

13. Status of TUC benefit funds and TUC benefit payments by State

Benefit payments from the beginning of the TUC program through January 1959 have totaled \$358,866,903. Estimated benefits to be paid in February and March equal \$74 million, making a total of approximately \$434 million which will have been expended for TUC benefits during the 10 months prior to termination of the program on March 31, 1959.

Table A which follows shows the monthly rate of TUC benefit expenditures including estimates for February and March 1959. This table indicates that approximately \$206 million of the \$640 million appropriation for benefits will remain unexpended at the end of the program.

The following table B provides the distribution of TUC benefit expenditures by States and by months from June–July 1958 to January 1959. The table shows that five States—New York, New Jersey, Pennsylvania, California, and Michigan—paid out 75 percent of all TUC funds.

The average duration of benefits under the TUC program has been 9 weeks and the average weekly benefit amount \$31.

TABLE A.—Status of TUC benefit funds

Congressional appropriation for TUC benefits.....		\$640, 000, 000
June payments.....	\$57, 935	
July payments.....	41, 362, 585	
August payments.....	65, 194, 528	
September payments.....	71, 124, 540	
October payments.....	54, 627, 087	
November payments.....	39, 829, 607	
December payments.....	45, 497, 034	
January payments.....	41, 173, 587	
Total.....	358, 866, 903	
February payments ¹	38, 000, 000	
March payments ¹	37, 000, 000	
Total.....	433, 866, 903	
Balance available from congressional appropriation.....	206, 133, 097	

¹ Estimates based on trends of initial and continued claims filed through Feb. 21, 1959.

Benefit payments by States under the TUC program

State	1958						1959 Jan- uary	Total
	June and July	August	Septem- ber	October	Novem- ber	Decem- ber		
Alabama.....	\$659, 373	\$1, 792, 670	\$1, 790, 329	\$1, 142, 895	\$794, 850	\$944, 680	\$851, 497	\$7, 976, 303
Alaska.....				31, 473	100, 423	203, 092	211, 494	546, 482
Arkansas.....	135, 995	501, 442	503, 663	331, 588	224, 089	313, 347	268, 408	2, 278, 532
California.....	2, 591, 918	6, 239, 369	7, 498, 523	5, 366, 677	5, 668, 681	5, 373, 894	5, 731, 913	38, 470, 975
Delaware.....	101, 410	223, 570	202, 099	186, 046	149, 818	170, 572	155, 781	1, 189, 296
District of Colum- bia.....	183, 568	292, 478	299, 193	265, 141	202, 543	214, 334	189, 631	1, 646, 888
Indiana.....	3, 841, 733	4, 826, 731	3, 534, 919	2, 171, 715	1, 491, 164	1, 517, 203	1, 461, 246	18, 844, 711
Maryland.....	1, 211, 487	1, 564, 239	1, 683, 612	1, 280, 704	1, 053, 886	1, 261, 341	1, 278, 937	9, 334, 206
Massachusetts.....	2, 053, 919	4, 151, 334	3, 854, 091	3, 210, 698	2, 015, 037	2, 208, 641	2, 045, 228	19, 574, 948
Michigan.....	9, 554, 499	15, 161, 406	16, 890, 593	9, 554, 776	7, 146, 391	5, 719, 178	4, 837, 063	68, 863, 906
Minnesota.....	622, 517	1, 113, 597	1, 192, 975	966, 405	750, 066	1, 019, 622	954, 546	6, 619, 738
Nevada.....	28, 687	132, 810	133, 582	116, 484	88, 208	109, 223	104, 100	713, 094
New Jersey.....	4, 498, 045	6, 529, 879	6, 963, 349	5, 410, 394	3, 525, 796	4, 381, 500	3, 691, 710	35, 000, 673
New York.....	8, 267, 190	11, 571, 506	14, 229, 750	11, 161, 897	8, 159, 515	9, 495, 529	9, 607, 004	72, 492, 391
Pennsylvania.....	4, 579, 433	7, 472, 100	9, 773, 862	9, 919, 065	7, 785, 055	9, 220, 104	7, 757, 746	56, 462, 365
Rhode Island.....	995, 897	894, 344	747, 785	543, 393	417, 649	486, 825	486, 825	4, 572, 718
West Virginia.....	462, 789	1, 228, 373	1, 441, 415	1, 246, 417	991, 844	1, 190, 014	1, 048, 740	7, 612, 592
Total.....	39, 788, 460	63, 095, 857	53, 869, 630	52, 905, 768	40, 565, 015	43, 829, 099	40, 681, 869	352, 199, 818
8 to 14 States pay- ing on UCV and UCFE exhaus- tions only.....	335, 839	659, 428	925, 243	879, 353	587, 520	668, 165	707, 338	4, 762, 886
5 States paying on UCV exhaustions only.....								1, 904, 199
Grand total.....								358, 866, 903

The CHAIRMAN. Senator McNamara has asked to be heard. Senator McNamara, we shall be glad to hear you, sir.

**STATEMENT OF HON. PAT McNAMARA, A U.S. SENATOR FROM
THE STATE OF MICHIGAN**

Senator McNAMARA. Mr. Chairman.

We appreciate the courtesy of your committee in making this time available to us.

I have a fairly lengthy statement here which I am submitting on behalf of the 18 Senators who are sponsors of S. 1323. (The bill S. 1323, by Senator McNamara and 17 others follows:)

[S. 1323 86th, 1st Cong., sess.]

A BILL To authorize temporary unemployment benefits for individuals who exhaust their benefit rights under existing unemployment compensation laws, and for individuals who were employed in noncovered employment

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Temporary Unemployment Compensation Act of 1959".

TITLE I—INDIVIDUALS WHO HAVE EXHAUSTED THEIR RIGHTS

PAYMENT OF COMPENSATION

ELIGIBILITY

SEC. 101. (a)(1) Payment of temporary unemployment compensation under this title shall be made, for any week of unemployment which begins on or after the fifteenth day after the date of the enactment of this Act and before July 1, 1960, to individuals who have, after June 30, 1957, exhausted (within the meaning prescribed by the Secretary by regulations) all rights under the unemployment compensation laws referred to in paragraph (3) and who have no rights to unemployment compensation with respect to such week under any such law or under any other Federal or State unemployment compensation law.

(2) Except as provided in section 102(b), payment of temporary unemployment compensation under this title shall be made only pursuant to an agreement entered into under section 102 and only for weeks of unemployment beginning after the date on which the agreement is entered into.

(3) The unemployment compensation laws referred to in this paragraph are—

(A) any unemployment compensation law of a State;

(B) title XV of the Social Security Act, as amended (42 U.S.C. 1361 and the following);

(C) title IV of the Veterans' Readjustment Assistance Act of 1952, as amended (38 U.S.C. 991 and the following); and

(D) the Temporary Unemployment Compensation Act of 1958 (72 Stat. 171).

MAXIMUM AGGREGATE AMOUNT PAYABLE

(b) The maximum aggregate amount of temporary unemployment compensation payable to any individual under this title shall be an amount equal to sixteen times the last weekly benefit amount (including allowances for dependents) for a week of total unemployment which was payable to him pursuant to the unemployment compensation law or laws referred to in subsection (a)(3) under which he last exhausted his rights before making his first claim under this title.

WEEKLY BENEFIT AMOUNT

(c) The temporary unemployment compensation payable to an individual under this title for a week of total unemployment shall be the weekly benefit amount (including allowances for dependents) for total unemployment which was payable to him pursuant to the unemployment compensation law or laws referred to in subsection (a)(3) under which he most recently exhausted his rights. The temporary unemployment compensation payable to an individual under this title for a week of less than total unemployment shall be computed on the basis of such weekly benefit amount.

APPLICATION OF STATE LAWS

(d) Except where inconsistent with the provisions of this title, the terms and conditions of the unemployment compensation law or laws referred to in subsection (a)(3) under which an individual most recently exhausted his rights shall be applicable to his claims for temporary unemployment compensation under this title and to the payment thereof.

RELATIONSHIP TO TITLE II

(e) An individual who files a first claim under this title shall not thereafter be entitled to receive temporary unemployment compensation under title II of this Act, and his right to receive temporary unemployment compensation under this Act shall thereafter be determined in accordance with the provisions of this title.

COMPENSATION PAYABLE ONLY UNDER AGREEMENTS

AGREEMENTS WITH STATES

SEC. 102. (a)(1) The Secretary is authorized on behalf of the United States to enter into an agreement with a State, or with the agency administering the unemployment compensation law of such State, under which such State agency—

(A) will make, as agent of the United States, payments of temporary unemployment compensation to the individuals referred to in section 101 on the basis provided in this title; and

(B) will otherwise cooperate with the Secretary and with other State agencies in making payments of temporary unemployment compensation under this title.

(2) Any agreement under this title shall provide that unemployment compensation otherwise payable to any individual under the State's unemployment compensation law will not be denied or reduced for any week by reason of any right to temporary unemployment compensation under this title; except that any State the unemployment compensation law of which provides for a maximum duration of unemployment compensation benefits in excess of twenty-six weeks of total unemployment may, if it elects to do so, defer, in the case of any individual who has received, during his most recent benefit year (as defined by State law), an aggregate amount of unemployment compensation under such law equal to twenty-six times his benefit amount (including allowances for dependents), any additional unemployment compensation benefits otherwise payable to such individual under such law until such time as such individual shall have exhausted any benefits to which he may become entitled under this title. Any individual the payment of whose unemployment compensation benefits under State law is deferred pursuant to this paragraph shall be deemed, for the purposes of this title, to have exhausted all rights under such law during the period with respect to which the payment of such benefits has been so deferred.

VETERANS AND FEDERAL EMPLOYEES IN PUERTO RICO AND VIRGIN ISLANDS

(b) (1) For the purpose of paying the temporary unemployment compensation provided in this title to individuals in Puerto Rico or the Virgin Islands who have, after June 30, 1957, exhausted their rights to unemployment compensation under title XV of the Social Security Act and title IV of the Veterans' Readjustment Assistance Act of 1952, the Secretary is authorized to utilize the personnel and facilities of the agencies in Puerto Rico and the Virgin Islands cooperating with the United States Employment Service under the Act of June 6, 1933 (29 U.S.C. 49 and the following), and may delegate to officials of such agencies any authority granted to him by this title whenever the Secretary determines such delegation to be necessary in carrying out the purposes of this title; and may allocate or transfer funds or otherwise pay or reimburse such agencies for the total cost of the temporary unemployment compensation paid under this title and for expenses incurred in carrying out the purposes of this title.

(2) Any individual in Puerto Rico or the Virgin Islands referred to in paragraph (1) whose claim for temporary unemployment compensation under this title has been denied shall be entitled to a fair hearing and review as provided in section 1503(c) of the Social Security Act (42 U.S.C. 1363(c)).

TEMPORARY UNEMPLOYMENT COMPENSATION

AMENDMENT, SUSPENSION, OR TERMINATION OF AGREEMENT

(c) Each agreement under this title shall provide the terms and conditions upon which the agreement may be amended, suspended, or terminated.

TITLE II—INDIVIDUALS WHO WERE EMPLOYED IN NONCOVERED EMPLOYMENT

PAYMENT OF COMPENSATION

ELIGIBILITY

SEC. 201. (a)(1) Payment of temporary unemployment compensation under this title shall be made for any week of unemployment which begins on or after the forty-fifth day after the date of the enactment of this Act and before July 1, 1960, to qualified individuals who have no rights to unemployment compensation with respect to such week under any other Federal or State unemployment compensation law.

(2) Payment of temporary unemployment compensation under this title shall be made only pursuant to an agreement entered into under section 202 and only for weeks of unemployment beginning after the date on which the agreement is entered into.

MAXIMUM AGGREGATE AMOUNT PAYABLE

(b) The maximum aggregate amount of temporary unemployment compensation payable to any individual under this title shall be an amount equal to sixteen times the amount produced by multiplying $1\frac{1}{4}$ per centum by the total amount of the "wages" (as defined in section 209 of the Social Security Act) and "self-employment income" (as defined in section 211(b) of such Act) of such individual for whichever period of four consecutive "calendar quarters" (as defined in section 213(a)(1) of such Act) of the two-calendar-year period referred to in section 203 will produce the largest amount.

WEEKLY BENEFIT AMOUNT

(c)(1) The temporary unemployment compensation payable to an individual under this title for a week of total unemployment shall be equal to one-sixteenth of the amount provided by subsection (b): *Provided*, That the amount of the weekly benefit shall not exceed the maximum weekly benefit (including allowances for dependents) payable under the unemployment compensation law of the State.

(2) Notwithstanding paragraph (1), if an individual, after filing his first claim under this title, acquires rights to unemployment compensation with respect to any week under any unemployment compensation law referred to in section 101(a)(3), the temporary unemployment compensation thereafter payable to him under this title for a week of total unemployment shall be the weekly benefit amount determined in the same manner as provided in section 101(c).

(3) The temporary unemployment compensation payable to an individual under this title for a week of less than total unemployment shall be computed on the basis of the weekly benefit amount determined under paragraph (1) or (2), whichever applies.

APPLICATION OF STATE LAWS

(d) Except where inconsistent with the provisions of this title, the terms and conditions of the unemployment compensation law or laws under which such individual's weekly benefit amount is determined shall be applicable to his claims for temporary unemployment compensation under this title and to the payment thereof.

RELATIONSHIP TO TITLE I

(e) No individual may file a first claim under this title at any time at which he may file a first claim under title I. An individual who files a first claim under this title shall not thereafter be entitled to receive temporary unemployment compensation under title I of this Act, and his right to receive temporary unemployment compensation under this Act shall thereafter be determined in accordance with the provisions of this title.

COMPENSATION PAYABLE ONLY UNDER STATE AGREEMENTS**AGREEMENTS WITH STATES**

SEC. 202. (a) The Secretary is authorized on behalf of the United States to enter into an agreement with a State, or with the agency administering the unemployment compensation law of such State, under which such State agency—

(1) will make, as agent of the United States, payments of temporary unemployment compensation to qualified individuals on the basis provided in this title; and

(2) will otherwise cooperate with the Secretary and with other State agencies in making payments of temporary unemployment compensation under this title.

BENEFITS UNDER STATE LAW

(b) Any agreement under this title shall provide that unemployment compensation otherwise payable to any individual under the State's unemployment compensation law will not be denied or reduced for any week by reason of any right to temporary unemployment compensation under this title.

AMENDMENT, SUSPENSION, OR TERMINATION OF AGREEMENT

(c) Each agreement under this title shall provide the terms and conditions upon which the agreement may be amended, suspended, or terminated.

DEFINITIONS**QUALIFIED INDIVIDUALS**

SEC. 203. For the purposes of this title, the term "qualified individual" means an individual who, during the two-calendar-year period most recently preceding the date upon which such individual applies for benefits under this title, and for which necessary data are available from the Secretary of Health, Education, and Welfare or other reliable sources as determined by the Secretary of Labor, has—

(1) performed, during not less than four of the calendar quarters (as defined in section 213(a)(1) of the Social Security Act) within such period, either services the remuneration from which constituted "wages" (as defined in section 209 of such Act), or engaged in carrying on a trade or business the earnings from which constituted "self-employment income" (as defined in section 211(b) of such Act), and

(2) has been credited under title II of the Social Security Act as having received, during one year of such two-calendar-year period, "wages" (as so defined) or "self-employment income" (as so defined), or both, the aggregate of which is not less than \$1,000.

TITLE III—GENERAL PROVISIONS**DEFINITIONS**

SEC. 301. For the purposes of this Act—

(1) The term "Secretary" means the Secretary of Labor.

(2) The term "State" includes the District of Columbia and Hawaii.

(3) The term "first claim" means the first request for determination of benefit status under title I or title II, as the case may be, on the basis of which a weekly benefit amount under this Act is established, without regard to whether or not any benefits are paid.

REVIEW

SEC. 302. Any determination by a State agency with respect to entitlement to temporary unemployment compensation pursuant to an agreement under title I or title II shall be subject to review in the same manner and to the same extent as determinations under the State unemployment compensation law, and only in such manner and to such extent.

PENALTIES

FALSE STATEMENTS, AND SO FORTH

Sec. 303. (a) Whoever makes a false statement or representation of a material fact knowing it to be false, or knowingly fails to disclose a material fact, to obtain or increase for himself or for any other individual any payment under this Act shall be fined not more than \$1,000 or imprisoned for not more than one year, or both.

RECOVERY OF OVERPAYMENTS

(b)(1) If a State agency or the Secretary, as the case may be, or a court of competent jurisdiction, finds that any person—

(A) has made, or has caused to be made by another, a false statement or representation of a material fact knowing it to be false, or has knowingly failed, or caused another to fail, to disclose a material fact, and

(B) as a result of such action has received any payment under this Act to which he was not entitled,

such person shall be liable to repay such amount to the State agency or the Secretary, as the case may be. In lieu of requiring the repayment of any amount under this paragraph, the State agency or the Secretary, as the case may be, may recover such amount by deductions from any compensation payable to such person under this Act. Any such finding by a State agency or the Secretary, as the case may be, may be made only after an opportunity for a fair hearing, subject to such further review as may be appropriate under sections 102(b)(2) and 302 of this Act.

(2) Any amount repaid to a State agency under paragraph (1) shall be deposited into the fund from which payment was made. Any amount repaid to the Secretary under paragraph (1) shall be returned to the Treasury and credited to the current applicable appropriation, fund, or account from which payment was made.

INFORMATION

Sec. 304. The agency administering the unemployment compensation law of any State shall furnish to the Secretary (on a reimbursable basis) such information as he may find necessary or appropriate in carrying out the provisions of this Act.

PAYMENTS TO STATES

PAYMENT ON CALENDAR MONTH BASIS

Sec. 305. (a) There shall be paid to each State which has an agreement under this Act, either in advance or by way of reimbursement, as may be determined by the Secretary, such sum as the Secretary estimates the State will be entitled to receive under this Act for each calendar month, reduced or increased, as the case may be, by any sum by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made upon the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency.

CERTIFICATION

(b) The Secretary shall from time to time certify to the Secretary of the Treasury for payment—

(1) to each State which has an agreement under this Act sums payable to such State under subsection (a), and

(2) to each State such amounts as the Secretary determines to be necessary for the proper and efficient administration of this Act in such State.

The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payment to the State in accordance with such certification, from the funds appropriated for carrying out the purposes of this Act.

MONEY TO BE USED ONLY FOR PURPOSES FOR WHICH PAID

(c) All money paid a State under this Act shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned, at the time specified in the agreement under this Act, to the Treasury and credited to current applicable appropriations, funds, or accounts from which payments to States under this Act may be made.

SURETY BONDS

(d) An agreement under this Act may require any officer or employee of the State certifying payments or disbursing funds pursuant to the agreement, or otherwise participating in its performance, to give a surety bond to the United States in such amount as the Secretary may deem necessary, and may provide for the payment of the cost of such bond from funds for carrying out the purposes of this Act.

LIABILITY OF CERTIFYING OFFICERS

(e) No person designated pursuant to an agreement under this Act, as a certifying officer, shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to the payment of any compensation certified by him under this Act.

LIABILITY OF DISBURSING OFFICER

(f) No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this Act if it was based upon a voucher signed by a certifying officer designated as provided in subsection (e) of this section.

DENIAL OF BENEFITS TO ALIENS EMPLOYED BY COMMUNIST GOVERNMENTS OR ORGANIZATIONS

SEC. 306. No person who is an alien shall be entitled to any benefit under this Act for any week of unemployment if, at any time on or after the first day of his applicable base period and before the beginning of such week, he was at any time employed by—

(1) a foreign government which, at the time of such employment, was Communist or under Communist control, or any agency or instrumentality of any such foreign government, or

(2) any organization if, at the time of such employment (A) such organization was registered under section 7 of the Subversive Activities Control Act of 1950 (50 U.S.C. 786), or (B) there was in effect a final order of the Subversive Activities Control Board requiring such organization to register under section 7 of such Act or determining that it is a Communist-infiltrated organization.

REGULATIONS

SEC. 307. The Secretary is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this Act.

AUTHORIZATION OF APPROPRIATIONS

SEC. 308. There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the purposes of this Act.

Senator McNAMARA. Several of the sponsors also wish to testify briefly in person, so I will not at this time read the entire statement.

Members of your committee, I believe, have the full text, and I would ask that the entire statement appear in the record.

The CHARMAN. Without objection—

Senator McNAMARA. I understand the chairman has allotted the proponents of S. 1323 1½ hours to present their case.

After I have finished my statement, my colleague, Senator Hart, would like to address the committee briefly.

Also with us today is Mr. Max Horton, director of the Michigan Employment Security Commission, who I believe has a few remarks.

Later in our allotted period, we also hope to present Mr. Walter Reuther, president of the United Automobile Workers Union, and Vice President of the AFL-CIO.

The following statement is submitted on behalf of the 18 Senators who cosponsored this bill.

We have sought hearings before this committee because of our concern about the House bill, H.R. 5640, that is before you. Our objections to this bill are based on two major premises:

First, the high unemployment of 1958, which prompted the enactment of the Temporary Unemployment Compensation Act, has almost been equaled in 1959. Complete unemployment figures are available only for January and February, but they show that unemployment nationally now stands at 4.7 million.

This unemployment figure is only slightly below that of the same date last year.

Furthermore, the number of persons who will exhaust their unemployment insurance rights in fiscal 1960 is exceeded only by fiscal 1959. It should be noted that the chart below is based on the most optimistic predictions—predictions which will depend for fulfillment on an almost miraculous about-face in the economy.

Second, there is no evidence that this situation is capable of self-improvement. Our experience in 1958 is valid testimony to that fact: All of the blithely optimistic statements that have been uttered about the passing nature of this problem will not restore one single unemployed person to work.

It is apparent that the temporary unemployment measure that we passed last year did not solve the basic problem; it only provided welcome relief for those who were most affected by the continuing recession.

We who are before this committee today do not offer our bill, S. 1323, as a permanent solution to the basic problem.

The great majority of us are also cosponsors of a bill which would provide us with an effective attack on this problem of chronic national unemployment. That bill, S. 791, the Kennedy-McCarthy bill, would establish minimum national standards for unemployment insurance considerably more adequate than those standards now in existence throughout the 50 States.

We are of the opinion that the enactment of such legislation is essential. It is the only way to provide realistic protection against the rapid cycle of unemployment which we have experienced in the recent past. Unless we return to the basic philosophy of unemployment insurance that characterized its initiation in 1938—namely, that an unemployed person should receive benefits which equaled roughly one-half of his earnings, for a realistic period of time—we will never fully meet this problem.

That is what is intended under S. 791, and we will urge its enactment when the bill is before the Senate.

But the immediate problem before us is the hardship created by present unemployment. The statistics that we have already cited are not just the handiwork of an electronic computer.

These figures are easily translated, and their translation does not make for easy reading. They represent hunger, illness, and degradation.

Each one of the unemployed who is counted in the total has problems which, fortunately, are unknown to most of us. Few of us have had to sit idle, while our children go off to and return from school hungry.

Of perhaps equal gravity is the toll that has been taken of the pride and self-respect of millions of American working people. There are

only a few alternatives left to a man without work and without unemployment insurance.

Sure, he can borrow from his relatives, who in most cases are only a short step away from his own perilous circumstances, or he can beg from the local welfare agencies.

Another alternative, if he has children, he can desert his family and thereby enable his children to become eligible for the joint Federal-State program of aid to dependent children.

It is ironic that we have, by past action and inaction, placed a premium on a father's desertion of his family. But these are the several alternatives from which the unemployed can choose, and it is appalling in a nation as wealthy as ours.

We believe that we have the resources and the humanity sufficient for the establishment of another adequate alternative, which we discuss below.

We must, of course, face the issue of the budget. All of the Senators for whom I am speaking want to see a balanced budget in the fiscal year 1960. Some of us believe that the money which this bill costs can be met through economies elsewhere in the budget. Some of us believe that additional revenues should be obtained through closing tax loopholes and removing inequities in the tax structure—legislation which would be within the province of your Committee. The answer may lie in a combination of the two approaches. But, in any case, all of us believe that we must balance the budget through other means than deserting the unemployed of this country in this time of great and urgent need.

We turn now to the proposal before this distinguished committee. H.R. 5640 would continue temporary benefits for all those who established their eligibility, under the 1958 Temporary Unemployment Compensation Act, before March 31, 1959. It would provide a measure of relief for the approximately 265,000 persons who will be drawing benefits as of March 31, plus those who established eligibility at a prior time, returned to work, and again became unemployed during the period March 31 to June 30, 1959. The outside maximum number that would fall into the latter category is estimated to be 140,000 persons.

Thus, a maximum of 405,000 persons would be affected by H.R. 5640, or less than 10 percent of those now unemployed. The total cost, if 405,000 persons were benefited, would be \$78 million.

In short, H.R. 5640 would take care of less than one-tenth of the problem that exists.

S. 1323 would provide a uniform 16 weeks of benefits for all persons who had exhausted their unemployment insurance eligibility under existing programs. It would provide similar benefits for all those who had substantial earnings records in the past 2 calendar years and who had not been in covered employment.

I will not read the details, since you have the bill before you.

We estimate that approximately 3.5 million people will gain relief under S. 1323. The bill, if enacted, would immediately benefit the 1.9 million who are now unemployed and who have exhausted their rights under existing programs or who have worked in uncovered employment. In addition, another 1.6 million persons who exhaust in the coming year would also receive benefits.

Assuming that recovery continues to lag, the total cost of this program would be \$875 million. Of course, if the recession ends as rapidly as we all hope, this expenditure will be considerably reduced.

We would like to point out that an estimated \$206 million of the \$640 million which Congress appropriated last year for the Temporary Unemployment Compensation Act will be unspent as of March 31 of this year. This means that by carrying this money over into the expenditures for S. 1323, the total new money called for would be approximately \$670 million.

Senator BENNETT. May I ask a question, Mr. Chairman?

The CHAIRMAN. Senator Bennett.

Senator BENNETT. Is that \$670 million—would that be spent in fiscal 1960?

Senator MCNAMARA. Well—

Senator BENNETT. How long would it—

Senator MCNAMARA. The total life of the bill would extend until July 1960, midyear, that would be the end of the budget—

Senator BENNETT. That would be at the end of fiscal 1960?

Senator MCNAMARA. Yes, sir.

Senator BENNETT. So you are talking about \$875 or \$670 million to be spent in fiscal 1960 plus the balance at the end of fiscal 1959?

Senator MCNAMARA. Yes. The enactment of S. 1323 would accomplish two major and worthwhile objectives: It would, first, provide substantial relief for those who need it most. S. 1323 is in no sense a dole. In fact, it is the opposite of a dole. If it is not enacted we will be faced with even greater public assistance expenditures than now confront us nationally.

S. 1323 will assist only those whose past work record should entitle them to better social insurance than is now provided under inadequate unemployment compensation programs.

It would, secondly, inject a sizable amount of money into an economy which, by all available evidence, could readily benefit by such action. The stimulus that would be provided cannot be statistically demonstrated, of course. But perhaps the main reason why the recession has not deepened has been the several public programs which take up the economic slack in a period of decreased production.

Unemployment insurance, even though inadequate, has been a major factor in maintaining a degree of purchasing power.

Gentlemen, this Congress will be faced with many problems during the coming 18 months. We will be called upon to make decisions affecting the preservation of freedom itself.

Yet no institution such as ours can effectively deal with these grave issues if the problems of our domestic community remain unsolved. If our system of democratic capitalism is to prevail internationally, it must prove itself at home.

It is trite to demonstrate the past role that the Federal Government has fulfilled in making that system work at home. That fact is overwhelmingly apparent to this body which has been such a part of the creation of that role.

This is not the hour to turn our backs on the lesson of our recent domestic history. We urge your favorable consideration of the proposal we have placed before you—the enactment of S. 1323. We

pledge you our support and cooperation in the enactment of a program which will meet this domestic challenge of unemployment.

Thank you, gentlemen.

The CHAIRMAN. Thank you very much, Senator McNamara. We want you to know it is always a pleasure for us to have you before this committee.

Senator McNAMARA. This is my first opportunity to appear before your committee, and I certainly appreciate the courtesy.

The CHAIRMAN. The Chair wants to make it clear that Senator Clark asked for very limited hearings, and that is the reason, one of the reasons that the committee gave you this limited time.

Senator McNAMARA. We realize how busy your committee is, and how important your work is, and we were reluctant to ask for any time.

(The complete statement of Senator McNamara follows:)

TESTIMONY OF COSPONSORS OF S. 1323 BEFORE THE COMMITTEE ON FINANCE,
U.S. SENATE, MARCH 20, 1959

Mr. Chairman and members of the committee, the following statement is submitted on behalf of the 18 Senators who have cosponsored S. 1323: Senators McNamara, Clark, Hart, Murray, Mansfield, Morse, Neuberger, Green, Gruening, Byrd of West Virginia, Randolph, Humphrey, McCarthy, Douglas, Kennedy, Williams of New Jersey, Pastore, and Hartke.

We have sought hearings before this committee because of our concern about the House bill, H.R. 5640, that is before you. H.R. 5640 would extend the present Temporary Unemployment Compensation Act of 1958, due to expire on March 31, 1959, to cover those who have established eligibility as of March 31, 1959. Our objections to this bill are based on two major premises.

First, the high unemployment of 1958, which prompted the enactment of the Temporary Unemployment Compensation Act, has almost been equaled in 1959. Complete unemployment figures are available only for January and February, but they show that unemployment nationally now stands at 4.7 million.

This unemployment figure is only slightly below that of the same date last year. In fact, unemployment in January of this year, 4.7 million, was the highest for any January since before World War II, and the February 1959 total was exceeded in that period only by February 1958.

Civilian unemployment and employment from January 1957¹

[In millions]

Month	Unemployment			Employment		
	1957	1958	1959	1957	1958	1959
January.....	3.2	4.5	4.7	62.6	62.2	62.7
February.....	3.1	5.2	4.7	63.2	62.0	62.7
March.....	2.9	5.2		63.9	62.3	
April.....	2.7	5.1		64.3	62.9	
May.....	2.7	4.9		65.2	64.1	
June.....	3.3	5.4		66.5	65.0	
July.....	3.0	5.3		67.2	65.2	
August.....	2.6	4.7		66.4	65.4	
September.....	2.6	4.1		65.7	64.6	
October.....	2.5	3.8		66.0	65.3	
November.....	3.2	3.8		64.9	64.7	
December.....	3.4	4.1		64.4	64.0	
Average.....	2.9	4.7		65.0	64.0	

¹ Source: U.S. Bureau of the Census.

TEMPORARY UNEMPLOYMENT COMPENSATION

Civilian unemployment and employment¹ in February 1953-59

[In millions]

Year	Unemployment	Employment	Year	Unemployment	Employment
1953.....	1.8	61.1	1957.....	3.1	62.2
1954.....	3.7	60.1	1958.....	5.2	62.0
1955.....	3.4	59.9	1959.....	4.7	62.7
1956.....	2.9	62.6			

¹ Source: U.S. Bureau of the Census.

Furthermore, the number of persons who will exhaust their unemployment insurance rights in fiscal 1960 is exceeded only by fiscal 1959. It should be noted that the chart below (chart II) is based on the most optimistic predictions—predictions which will depend for fulfillment on an almost miraculous about-face in the economy.

CHART II

State UI and UCFE exhaustions

[In thousands]

	Fiscal year			
	1957	1958	1959	1960
July.....	86.6	98.9	285.4	210
August.....	88.1	91.6	255.0	190
September.....	73.5	82.9	237.4	195
October.....	73.8	94.5	224.3	195
November.....	70.4	84.4	177.7	155
December.....	73.3	110.6	213.1	165
January.....	106.7	147.1	212.4	170
February.....	95.2	145.5	195.0	150
March.....	112.5	191.4	200.0	155
April.....	115.1	231.2	195.0	150
May.....	106.5	236.8	175.0	140
June.....	92.5	254.0	170.0	130
Fiscal year total.....	1,094.1	1,768.7	2,540.0	2,005

Second, there is no evidence that this situation is capable of self-improvement. Our experience in 1958 is valid testimony to that fact. All of the blithely optimistic statements that have been uttered about the passing nature of this problem will not restore one single unemployed person to work.

It is true that production in the latter months of 1958 showed some improvement. Unfortunately, this was not accompanied by a comparable increase in employment. Between April of 1958, the low point of last year's recession, and December 1958, 84 percent of the manufacturing production loss was recovered. However, there was only a 26 percent restoration of the manufacturing job loss.

The recession which we now face is one which hits all fields of employment. It is not a phenomenon peculiar to only several

*Unemployment rates for nonfarm wage and salary workers, by major industry group:
January 1957 to 1959*

[Percent of labor force in industry who were unemployed; not adjusted for seasonality]

Industry group	1959	1958	1957
Total.....	7.3	7.1	5.2
Mining.....	11.7	9.6	5.0
Construction.....	19.3	18.7	14.8
Manufacturing.....	7.9	8.9	5.0
Durable goods.....	8.2	9.9	4.5
Primary metal industries.....	8.2	11.2	2.6
Fabricated metal products.....	9.1	8.6	5.3
Machinery, except electrical.....	7.2	8.0	1.9
Electrical machinery.....	6.7	7.9	4.0
Transportation equipment.....	7.7	12.0	3.3
Automobiles.....	10.3	14.7	4.1
All other.....	5.6	9.6	2.7
Other durable goods industries.....	9.7	10.1	8.3
Nondurable goods.....	7.5	7.7	5.8
Food and kindred products.....	9.1	9.8	7.8
Textile-mill products.....	10.3	10.8	4.7
Apparel and other finished textile products.....	12.5	11.0	10.4
Other nondurable goods industries.....	5.3	5.7	4.7
Transportation, communication, and other public utilities.....	6.2	5.5	3.5
Railroad and railway express.....	8.4	9.0	4.5
Other transportation.....	8.4	5.7	4.2
Communications and public utilities.....	2.8	3.0	2.2
Wholesale and retail trade.....	7.3	6.6	5.8
Service industries.....	4.7	3.5	3.2
Finance, insurance, and real estate.....	2.9	2.1	1.5
Professional services.....	2.8	1.8	2.0
All other service industries.....	7.6	6.0	5.4
Public administration.....	2.8	3.1	3.0

Of the 149 major labor market areas in the United States, 76 of them, more than half, have unemployment of more than 6 percent. The same level of unemployment is present in 183 of the Nation's smaller labor markets.

The economic downturn which has prevailed for a considerable period of time is somewhat unique. Perhaps the best summation of this fact can be found in the document entitled "Current Population Reports—Labor Force," published by the U.S. Department of Commerce. In the March 1959 issue, page 3, the following appears:

"The recent recession differs somewhat from the two earlier postwar downturns in the pattern of decline in unemployment. The recovery in 1958 was largely compressed into a short span of months in the second half of the year, with little change in unemployment since November except for seasonal fluctuations. As a result, some 10 months after the generally accepted turning point in the 1958 downturn, unemployment was just about halfway back to more typical postwar levels, whereas the job recovery was more nearly complete at the corresponding stage of the previous cycles."

It is apparent that the temporary unemployment measure that we passed last year did not solve the basic problem; it only provided welcome relief for those who were most affected by the continuing recession.

We who are before this committee today do not offer our bill, S. 1323, as a permanent solution to the basic problem.

The great majority of us are also cosponsors of a bill which would provide us with an effective attack on this problem of chronic national unemployment. That bill, S. 791, the Kennedy-McCarthy bill, would establish minimum national standards for unemployment insurance considerably more adequate than those standards now in existence throughout the 50 States.

We are of the opinion that the enactment of such legislation is essential. It is the only way to provide realistic protection against the rapid cycle of unemployment which we have experienced in the recent past. Unless we return to the basic philosophy of unemployment insurance that characterized its initiation in 1938—namely, that an unemployed person should receive benefits which equaled roughly one-half of his earnings, for a realistic period of time—we will never fully meet this problem.

That is what is intended under S. 791, and we will urge its enactment when the bill is before the Senate.

But the immediate problem before us is the hardship created by present unemployment. The statistics that we have already cited are not just the handiwork of an electronic computer. They are not digits over which men of good will can shake their heads and utter a few polite "tsk-tsks."

These figures are easily translated; and their translation does not make for easy reading. They represent hunger, illness, and degradation.

Each one of the unemployed who is counted in the total has problems which, fortunately, are unknown to most of us. Few of us have had to sit idle while our children go off to and return from school hungry. There is perhaps no crisis so disastrous as family illness which cannot be tended because of poverty.

Of perhaps equal gravity is the toll that has been taken of the pride and self-respect of millions of American working people. There are only a few alternatives left to a man without work and without unemployment insurance.

He can borrow from his relatives, who in most cases are only a short step away from his own perilous circumstances. He can beg from the local welfare agencies. We submit that begging is an accurate description in most instances, primarily because many State and local welfare funds have already been drained and can give relief only to those in a "disaster" classification.

He has another alternative, if he has children. He can desert his family and thereby enable his children to become eligible for the joint Federal-State program of aid to dependent children. It is ironic that we have, by past action and inaction, placed a premium on a father's desertion of his family. Yet in State after State, and in more cases than even the local agencies care to document, this is exactly what is happening.

That these are the several alternatives from which the unemployed can choose is appalling in a nation as wealthy as ours. We believe that we have the resources and the humanity sufficient for the establishment of another adequate alternative, which we discuss below.

We must, of course, face the issue of the budget. All of the Senators for whom I am speaking want to see a balanced budget in the fiscal year 1960. Some of us believe that the money which this bill costs can be met through economies elsewhere in the budget. Some of us believe that additional revenues should be obtained through closing tax loopholes and removing inequities in the tax structure—legislation which would be within the province of your committee. The answer may lie in a combination of the two approaches. But, in any case, all of us believe that we must balance the budget through other means than deserting the unemployed of this country in this time of great and urgent need.

We feel it is anomalous, to say the least, that the position of many persons in responsible positions appears to be that this great and rich country can afford to be humane—or even generous—until an arbitrary date on the calendar, June 30, 1959; and that after that date we must cease to have humanitarian impulses, must harden our hearts, must steel ourselves against the temptation to be compassionate, and must concern ourselves, beginning promptly at 12:01 a.m. on July 1, with reduction of Federal expenditures as the overriding objective of our national existence.

We turn now to the proposal before this distinguished committee.

H.R. 5640 would continue temporary benefits for all those who established their eligibility, under the 1958 Temporary Unemployment Compensation Act, before March 31, 1959. It would provide a measure of relief for the approximately 265,000 persons who will be drawing benefits as of March 31, plus those who established eligibility at a prior time, returned to work, and again became unemployed during the period March 31 to June 30, 1959. The outside maximum number that would fall into the latter category is estimated to be 140,000 persons.

Thus, a maximum of 405,000 persons would be affected by H.R. 5640, or less than 10 percent of those now unemployed. The total cost, if 405,000 persons were benefited, would be \$78 million.

In short, H.R. 5640 would take care of less than one-tenth of the problem that exists.

S. 1323 would provide a uniform 16 weeks of benefits for all persons who had exhausted their unemployment insurance eligibility under existing programs; would provide similar benefits for all those who had substantial earnings records in the past 2 calendar years and who had not been in covered employment. The main provisions of the bill are, briefly:

1. Sixteen weeks of benefits for all those who exhausted unemployment insurance rights under any and all existing programs, including the Temporary Unemployment Compensation Act of 1958.

2. Sixteen weeks of benefits for all those who worked in uncovered employment and who—

(a) Earned a total of \$1,000 during either of the 2 calendar years, for which records are available, prior to application for benefits, and who

(b) Worked a total of 4 quarters during the 2-calendar-year period.

3. Benefit amounts would be determined as follows:

(a) Exhaustees: Weekly benefit would equal that obtained under existing programs.

(b) Noncovered: Weekly benefit would be equal to 1½ percent of yearly earnings, with a maximum equal to the maximum granted under the State unemployment insurance program.

(These criteria would prevent the imposition of an undue administrative burden on the State agencies. The Bureau of Social Security has earnings records which would provide the necessary data, at a cost of 60 cents per application.)

4. A State would have the option to enter into that part of the program which provides benefits for those in uncovered employment.

5. All recipients must be ready and willing to work, and must accept reasonable employment openings obtained by the State employment agencies.

We estimate that approximately 3½ million people will gain relief under S. 1323. The bill, if enacted, would immediately benefit the 1.9 million who are now unemployed and who have exhausted their rights under existing programs or who have worked in uncovered employment. In addition, another 1.6 million persons who exhaust in the coming year would also receive benefits.

Assuming that recovery continues to lag, the total cost of this program would be \$875 million. Of course, if the recession ends as rapidly as we all hope, this expenditure will be considerably reduced.

We would like to point out that an estimated \$206 million of the \$640 million which Congress appropriated last year for the Temporary Unemployment Compensation Act will be unspent as of March 31 of this year. This means that by carrying this money over into the expenditures for S. 1323, the total new money called for would be approximately \$670 million.

The enactment of S. 1323 would accomplish two major and worthwhile objectives.

It would, first, provide substantial relief for those who need it most. S. 1323 is in no sense a dole. In fact, it is the opposite of a dole. If it is not enacted we will be faced with even greater public assistance expenditures than now confront us nationally.

S. 1323 will assist only those whose past work record should entitle them to better social insurance than is now provided under inadequate unemployment compensation programs.

It would, secondly, inject a sizable amount of money into an economy which, by all available evidence, could readily benefit by such action. The stimulus that would be provided cannot be statistically demonstrated, of course. But perhaps the main reason why the recession has not deepened has been the several public programs which take up the economic slack in a period of decreased production.

Unemployment insurance, even though inadequate, has been a major factor in maintaining a degree of purchasing power. The Highway Construction Act has given additional impetus. We are hopeful that the airport and housing bills already passed by the Senate this session will help also.

Gentlemen, this Congress will be faced with many problems during the coming 18 months. We will be called upon to make decisions affecting the preservation of freedom itself.

Yet no institution such as ours can effectively deal with these grave issues if the problems of our domestic community remain unsolved. If our system of democratic capitalism is to prevail internationally, it must prove itself at home.

It is trite to demonstrate the past role that the Federal Government has fulfilled in making that system work at home. That fact is overwhelmingly apparent to this body which has been such a part of the creation of that role.

This is not the hour to turn our backs on the lesson of our recent domestic history. We urge your favorable consideration of the proposal we have placed before you—the enactment of S. 1323. We pledge you our support and cooperation in the enactment of a program which will meet this domestic challenge of unemployment.

The CHAIRMAN. Senator Hart.

**STATEMENT OF HON. PHILIP A. HART, A U.S. SENATOR FROM THE
STATE OF MICHIGAN**

Senator HART. Mr. Chairman, recognizing the limitation under which you operate, I want to thank you very much for scheduling these hearings.

The CHAIRMAN. It is a pleasure to have you.

Senator HART. As a newcomer, I am not certain about very many bills in this Congress, but of this one I am confident in saying I hope we can make a sale here this morning, because there are some very needy customers at home.

Senator McNAMARA. Mr. Max Horton has a very brief presentation, if he may be permitted, at this time.

The CHAIRMAN. Any insertions you desire in the record will be made. I insert for the record a letter from Senator John O. Pastore and a number of telegrams from Governors relating to the pending legislation.

(The letters and telegrams referred to follow:)

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON ATOMIC ENERGY,
March 20, 1959.

HON. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Washington, D.C.

DEAR SENATOR: I am grateful for the opportunity to express my special concern in behalf of the unemployed of the State of Rhode Island to the end that measures of temporary unemployment compensation may be continued.

Attached there are the statistics compiled and verified as of March 14, 1958, by the Rhode Island Department of Employment Security.

The picture is most discouraging. To summarize, there are 39,300 unemployed, 11.2 percent of the Rhode Island labor force. Of these, 20,500 are on the unemployment compensation rolls; 3,782 are on temporary unemployment compensation; 2,000 a month qualify for temporary unemployment compensation. Altogether 27,000 claimants have been helped to the amount of \$5,300,000 since the beginning of temporary unemployment compensation.

It is cruel to make a statistic out of the hearts and hopes of the able and the willing who, through no fault of their own, find themselves unable to secure employment when their ordinary compensation is exhausted.

It would certainly be our most grievous fault if we did not recognize the responsibility of the Federal Government in this continuing crisis and continue such salutary measures as S. 1323 provides.

This is a responsibility that we must in conscience discharge until we are able to put the well-being of our Government and its people on the high road to employment. It is not charity that our people seek, but a chance to be the valuable part of our economy that they can and should be.

Again thanking you for your courteous consideration, I am,

Most respectfully yours,

JOHN O. PASTORE, *U.S. Senator.*

Rhode Island Department of Employment Security—Weekly report of claims activities (week ending Mar. 14, 1959)

Office	Total	Initial claims ¹	Continued claims ²	Total claims			
				Previous week (Mar. 7, 1959)	Corresponding week in previous years		
					Mar. 15, 1958	Mar. 13, 1954	Mar. 12, 1949
Change from—							
Previous week.....	-727	-230	-497				
Year ago.....	-11,816	-1,468	-9,847				
Total.....	20,500	2,775	17,725	21,227	31,815	31,791	43,777
Providence.....	8,479	1,226	7,253	8,724	12,072	10,842	17,473
North Providence.....	845	100	745	855	1,347	1,108	1,151
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Rhode Island Department of Employment Security—Weekly report of temporary unemployment compensation claims activities, week ending Mar. 14, 1959

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INDIANAPOLIS, IND., *March 19, 1959.*

Hon. HARRY F. BYRD,
*Chairman, Senate Finance Committee,
U.S. Senate Office Building, Washington, D.C.:*

Indiana participated last year in temporary unemployment compensation distributions because recession effects were severe in certain industrial areas. We felt an extension of benefits should be available to qualified citizens who were unable to obtain work through no fault of their own and whose normal unemployment compensation had expired.

In accepting this Federal unemployment help, Indiana regarded the money only as a loan and in no way a grant. We object strenuously to any excuse for Federal control over our State compensation program and feel that the proposal now contained in S. 1323 would lead to the eventual Federal domination of State unemployment compensation program. Because this reasoning is still completely valid, we support the 1958 law if in the wisdom of Congress an extension is deemed advisable. However, we oppose the provision in S. 1323 for outright grants rather than advances to be paid back by the State. We oppose such use of human misery as the excuse for further supercentralization of authority in bureaucratic-ridden Washington. State administration of unemployment compensation, as is the case with similar Government operations, is more equitable, more efficient, and more economical than Federal administration.

HAROLD W. HANDLEY,
Governor of Indiana.

JUNEAU, ALASKA, *March 19, 1959.*

Hon. HARRY BYRD,
*Chairman, Senate Finance Committee,
U.S. Senate, Washington, D.C.*

Hon. HARRY F. BYRD: Senate bill 1323 highly preferable to House bill on temporary unemployment compensation. It is essential that cost of such programs be covered by grants rather than loans. Including of workers not covered under State programs will create some administrative problems but can be administered. We do not believe this provision essential but have no objection to it. This bill would to some degree alleviate distress and unemployment in Bristol Bay area caused by Federal closure of fishing this year. We endorse and recommend Senate bill 1323. This bill would help solve immediate problems due to unemployment. For permanent improvement in the unemployment insurance program, we recommend passage of Kennedy bill S. 791.

HUGH J. WADE, *Acting Governor.*

HARRISBURG, PA., *March 19, 1959.*

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

May I request your good offices in urging immediate passage of Senate bill 1323.

Without such action, 50,000 Pennsylvanians who now are receiving these payments would be arbitrarily dropped from the benefit rolls on April 1. Abrupt termination of this program would increase the already difficult situation in Pennsylvania since persons are not eligible to file claims under the temporary unemployment compensation program unless they have no State benefit-entitlement. It would mean the cessation of income to this very sizable group of our unemployed citizens.

Pennsylvania's need is most urgent. As of February 15, 492,000 Pennsylvanians were without jobs. This is over 10 percent of the national unemployment and almost 11 percent of our State's labor force. Over the past 9 months, 237,000 people here have applied for benefits under this program and payments have totaled \$66.7 million.

This very appreciable sum has not only served to relieve individual hardships but has been a very real factor in bolstering the purchasing power and the general economy of the State as a whole. This is not a highly restrictive program which benefits one small segment of our population, but a widespread and helpful program which reaches into every corner of our Commonwealth.

We believe it would be most damaging to Pennsylvania and its people if it were to be suddenly terminated while our unemployment total remains at such a

high level. I am sure that all of our people who are unemployed, and their families, will be deeply appreciative of any efforts you may exert to extend this most worthwhile program.

Senate bill 1323 would allow new claims for temporary compensation for the more than 200,000 Pennsylvanians who already have exhausted their State benefits. These would not be eligible under the 3-month extension proposed in the bill which recently passed in the House unless they were currently drawing benefits. Provisions should be made for them.

DAVID L. LAWRENCE,
Governor of Pennsylvania.

SACRAMENTO, CALIF., *March 19, 1959.*

HON. HARRY F. BYRD,
*Chairman, Finance Committee,
Senate Office Building, Washington, D.C.:*

The Senate Finance Committee is holding a hearing Friday, March 20, on S. 1323 which I endorse. I am in favor of the provisions of this bill calling for a flat 16 weeks of coverage for unemployed whose benefits have expired, including those workers with adequate earnings records in employment not covered by State unemployment compensation systems. I believe this program should continue till June 30, 1960, and the payments be in the form of grants to the States rather than advances.

EDMUND G. BROWN, *Governor.*

TRENTON, N.J., *March 19, 1959.*

HON. HARRY S. BYRD,
*Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.:*

Gov. Robert B. Meyner has been requested by sponsors of S. 1323 to present his views thereon to the Senate Finance Committee.

Governor Meyner is now on active duty with the U.S. Navy in the South Pacific. Last year when the Governor signed State legislation concerning the extension of temporary disability benefits he stated "the Federal law, as passed, does not provide the flexibility to correlate the specific problem existing in each State, but merely offers the option either to operate under the Federal law or not further, by requiring that the funds so applied are to be repaid by New Jersey employers over a period of time beginning in 1963. It fails to discharge what I consider to be the Federal Government's responsibility to alleviate conditions which are of national origin and the cost of which would more equitably be borne by the Nation as a whole."

It is hoped that this comment will be of some assistance to your committee in its deliberations.

Respectfully,

DAVID J. GOLDBERG,
Assistant Counsel to the Governor.

FRANKFORT, KY., *March 19, 1959.*

HON. HARRY F. BYRD,
*Chairman, Senate Finance Committee,
U.S. Senate, Washington, D.C.:*

We have been advised that S. 1323 provides 16 weeks' additional unemployment insurance benefits for all unemployed whose benefits have expired including also those workers with adequate earning records in employment not covered by State unemployment system and that such payments would be in the form of grants rather than advances which would have to be paid back by the States with these principles. We are in agreement and urge their favorable consideration.

ALBERT B. CHANDLER,
Governor, Commonwealth of Kentucky.

ST. PAUL, MINN., *March 19, 1959.*

HON. HARRY F. BYRD,
*Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.:*

I strongly urge the U.S. Senate Finance Committee give favorable consideration to S. 1323 which provides a flat 16-week of coverage for all unemployed whose benefits have expired, including those who have been covered under the temporary programs, and including also those workers with adequate earning records in employment not covered by State unemployment compensation system. Minnesota has had 13,000 workers exhaust TUC benefits, and there are 6,000 presently drawing who will be cut off March 31. We cannot callously disregard the economic and social plight of these people, or honestly and conscientiously ignore the fact that economic recovery has not eased the problem of unemployment for 5 million Americans. This is a problem of national character and the proposal of S. 1323 to have payments made in the form of grants rather than advances which the States have to pay back is a responsible answer. I can in good conscience recommend to the Congress that they pass legislation embodied in S. 1323.

ORVILLE L. FREEMAN,
Governor of Minnesota.

CHICAGO, ILL., *March 19, 1959.*

HON. HARRY FLOOD BYRD,
*Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.:*

Would appreciate if you would bring the following to the attention of all members of the Senate Finance Committee in connection with hearings on extension of unemployment insurance, recommend prompt action on Federal support for extending period of unemployment compensation payments to meet urgent needs in many sections of the country. In addition recommend broadening title IV of the Social Security Act to take care of any needy child particularly where child is in a family where breadwinner is unemployed. Specifically urge that section 406(A) of the Social Security Act (relating to the definition of dependent child) be amended by inserting after the word "home," the word "unemployment." This would enable children whose father is unemployed during the present emergency to be given temporary assistance by State welfare agencies with the aid of Federal funds. These recommendations are in keeping with principles contained in American Public Welfare Association, Federal legislative objectives.

LOULA DUNN,
Director, American Public Welfare Association.

LITTLE ROCK, ARK., *March 19, 1959.*

HON. HARRY F. BYRD,
*Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.:*

The employment situation in Arkansas has improved greatly during the past 6 months. The 3 months' extension just passed by Congress would appear to be adequate in this State for the present. Any plan in which the costs of extension are charged to the State should be optional in order that any State may participate or decline to participate, the decision to be based upon the need. I realize that the employment situation in Arkansas is a great deal better than in many Northern and Eastern States, and the Congress may feel it necessary to adopt some other plan if an extension of the benefit period for unemployment insurance is granted to all workers regardless of State boundaries then the cost should be borne entirely by Federal grants, not loans to the various States.

ORVAL E. FAUBUS, *Governor of Arkansas.*

HARTFORD, CONN., March 19, 1959.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.:

Endorse extension temporary unemployment compensation as provided in bill, S. 1323, and continuation of program to June 30, 1960. Connecticut emergency legislation enacted by general assembly in special session year ago due to expire June 30, 1959.

ABRAHAM RIBICOFF,
Governor of Connecticut.

OLYMPIA, WASH., March 19, 1959.

HON. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.:

Endorse principles embodied in S. 1323 extending unemployment compensation benefits, provided that bill contemplates outright grants to States; provided also that State participation be optional rather than mandatory.

ALBERT D. ROSELLINI, Governor of Washington State.

BISMARCK, N. DAK., March 20, 1959.

HON. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.:

At present, North Dakota is not in need of extension of temporary unemployment compensation benefits. Conditions in other States may necessitate the extension of temporary unemployment compensation benefits.

JOHN E. DAVIS,
Governor of North Dakota.

STATEMENT OF MAX HORTON, DIRECTOR, MICHIGAN EMPLOYMENT SECURITY COMMISSION

Mr. HORTON. Mr. Chairman and members of the committee, I have a telegram from Michigan's Governor, G. Mennen Williams, that I would like to read for the record:

Strongly urge committee approval of S. 1323 providing 16 weeks benefits for unemployed who have exhausted benefits, as well as those in noncovered employment.

Much heralded recovery from recession has not been realized in States hardest hit and unemployment insurance in these States can no longer provide for millions of workers still unreturned to their jobs.

Latest U.S. Department of Labor report sets national average of unemployment in covered employment at 5.6. Twenty-five States are reported with averages at or greater than this level. They include: Montana, 12.1; Pennsylvania, 9.3; West Virginia, 9.3; Maine, 8.9; Oregon, 8.6; Rhode Island, 7.2; Washington, 7.9; and New York, 6.3. With total unemployment in the Nation at 4,749,000, the recession is far from over for families faced with financial disaster not of their own making. Limited extension of temporary unemployment compensation will not aid the majority of these people and in Michigan affects only about 30,000 or one-twelfth of the unemployed.

S. 1323 will aid an estimated 135,000 to 140,000 or almost one-third. For these unemployed, prompt passage of S. 1323 is imperative.

I have asked Mr. Max Horton, Director of Michigan Employment Security Commission, to represent Michigan at March 20 hearing.

G. MENNEN WILLIAMS, Governor.

Incidentally, we estimate that this bill has a potential assistance to 300,000 now in Michigan which are in covered employment, and 125,000 in noncovered employment, for a total of 425,000.

Just a word about Michigan. Michigan in 1958 felt the heavy impact of the nationwide business recession, which added to the 1956 and 1957 difficulties resulting from reduced automobile production and lower defense employment.

Incidentally, in 1953 we had approximately 242,000 in defense employment, and something around 50,000 at the present time, while the total expenditure of the Defense Department has remained at about the same level, so that it has hurt us.

As one of the Nation's leading producers of durable goods, Michigan quickly reflected the national downturn in consumer buying, particularly of automobiles and major household appliances. Passenger-car production in 1958 tumbled to approximately 4.2 million, compared with 6.1 million in 1957.

Now, based upon the economic assumptions at a national level, we assumed we were going to have some upturn in Michigan. I would like to report to you that our economists in Michigan apparently thought that we were going to follow the national trend, and we have not.

As of February 15 in the State of Michigan we have 364,000 unemployed, or 12.4 of the total labor force.

In Detroit we have 229,000, or 15.4 of the total labor force.

Now, of these, there are approximately 120,000, with 85,000 in Detroit, that are what we call hard core unemployed. In other words, they have been out of the factories so long and they have no attachment, and for that reason we feel that we have an economic disaster, and it is being experienced in many other States, and unemployed are many times looked at as purely a statistic, but actually for the employed person they are in the midst of a very real depression.

The CHAIRMAN. Would you mind identifying yourself?

Mr. HORTON. Mr. Max Horton, director of the Michigan Employment Security.

The CHAIRMAN. Is the Michigan Legislature in session at this time?

Mr. HORTON. Yes, it is.

The CHAIRMAN. Has consideration been given to expanding the benefits, duration of the benefits to 39 weeks?

Mr. HORTON. There was a bill introduced yesterday by senate Republicans which would allow us to subscribe to any extensions that were federally made under the present law, and the raise in benefits is included in that, and then of course there is a labor bill that has been introduced that would do a number of things.

The CHAIRMAN. Why doesn't Michigan, itself, extend the time to 39 weeks?

Mr. HORTON. I am not in position, sir, to answer for the legislature.

The CHAIRMAN. Don't you think it is incumbent upon the State of Michigan to make what efforts it can to solve this problem locally?

Mr. HORTON. I think the State of Michigan would do that, but I would like to point out—

The CHAIRMAN. Has any legislation been introduced to provide 39 weeks?

Mr. HORTON. I would like to point out to you, sir—

The CHAIRMAN. Please answer my question.

Mr. HORTON. I beg your pardon.

The CHAIRMAN. Has anyone in the Legislature of Michigan introduced a bill providing for 39 weeks?

Mr. HORTON. Not for under State law. They have that would allow us—we have had 26, we have been above the average of most States for many years.

I would like to point out to you, sir——

The CHAIRMAN. You haven't answered my question.

Has the Governor of Michigan had anything to say to the legislature about extending the duration for 39 weeks?

Mr. HORTON. The Governor did in his inaugural address, and is now preparing a special message which will be presented to the legislature, I believe, within the next week.

The CHAIRMAN. Will he advocate extension?

Mr. HORTON. I am not in a position to say what he will advocate, sir.

The CHAIRMAN. What is your opinion? Don't you think Michigan should do all it can to solve its problems? While your reserve fund is low, you can borrow under the so-called repayable advance fund from the Government.

Mr. HORTON. If you want my opinion, I would like to point out, sir, that we had a cost rate for unemployment insurance in Michigan of 6.23 of payroll. That was the highest in the Nation, and I believe, sir, that that is one of the things that causes an inequity between States in this kind of a program.

I would also like to point out that I believe when a cost rate becomes that high, that there is need in this federation of States to come to the assistance of distressed areas, as such, just the same as Michigan, when it was going great guns and had no unemployment, was pouring millions of dollars into such things as reclamation projects, and the VA, and tidewater, and so on and so forth.

I believe that as a union of States, that is why we are strong.

The CHAIRMAN. Do you believe it is a Federal responsibility not a State responsibility?

Mr. HORTON. I think it is a joint responsibility.

The CHAIRMAN. But you don't know of any plans by the Governor or anyone in Michigan to advance the duration from 26 to 39 weeks? The legislature is in session, and it could pass such a bill tomorrow, if they chose to do it.

Mr. HORTON. I am not in position to speak for the legislature or the Governor, sir.

The CHAIRMAN. Whom do you speak for?

Mr. HORTON. Beg pardon?

The CHAIRMAN. For whom do you speak, if you do not speak for Michigan; who is it that you are representing here?

Mr. HORTON. I was asked to come here and represent Governor Williams because he was unable to attend.

The CHAIRMAN. But you have no authority to speak for him?

Mr. HORTON. No; I do not.

The CHAIRMAN. And you don't know of any plans he may have in mind to solve the situation in Michigan?

Mr. HORTON. I know that we have a number of difficult problems in Michigan, and that our people will do their best to solve their own problems, but I believe they need assistance also at this time.

Thank you very much.

Senator Green, we are very glad to welcome you to this committee.

**STATEMENT OF HON. THEODORE FRANCIS GREEN, A U.S. SENATOR
FROM THE STATE OF RHODE ISLAND**

Senator GREEN. I will take only a few minutes of your time, and I am sorry I cannot stay because I am interested in this subject matter.

My home State of Rhode Island has long struggled with the terrible problem of unemployment, as is evident from the statistics furnished only this week by Thomas H. Bride, our director of Rhode Island employment security. The attached report, which I will leave with you, shows the figures of 39,300, or 11.2 percent of the labor force are unemployed at the end of February 1959.

Of these unemployed workers, approximately 2,000 per month become eligible for benefits under the temporary unemployment compensation program enacted by the Congress last June.

In some quarters it is argued that the recession is over. Would that this were true in Rhode Island. Since last June when the Temporary Unemployment Compensation Act was passed, our unemployment rate has dropped only 2.9 percent.

My distinguished colleague, Senator Pastore, and I have devoted ourselves to this problem of locating new industries to build the economy of the State. We are equally devoted to this particular problem now before your committee, that of providing a cushion for the blow of unemployment which has struck low many of our finest workers in industry.

I stress the need for the extension of the temporary unemployment compensation program.

Furthermore, I urge the committee to give the most serious consideration to the provisions of S. 1323 which would enable my State and others in similar straits of serious unemployment to rebuild their unemployment reserve funds which have been critically depleted as a result of the prolonged national recession.

I am sorry that I cannot give myself the benefit of listening to other witnesses today. Other official engagements prevent that. But I want to urge the committee strongly to give serious consideration to the exceptional conditions in my State of Rhode Island.

The CHAIRMAN. Thank you very much, Senator Green. We hope you will come to see us again soon.

(The material submitted by Senator Green follows:)

**STATEMENT BY SENATOR THEODORE FRANCIS GREEN, OF RHODE ISLAND, ON
S. 1323 BEFORE THE COMMITTEE ON FINANCE, U.S. SENATE, MARCH 20, 1959**

Mr. Chairman and members of the committee: I am glad to add my voice this morning to those of my Senate colleagues who hereby appeal to the Senate Committee on Finance for favorable consideration of our bill, S. 1323, the proposed Temporary Unemployment Compensation Act of 1959.

My home State of Rhode Island has long struggled with the terrible problem of unemployment, as is evident from the statistics furnished me only this week by Thomas H. Bride, director of the Rhode Island Department of Employment Security. The attached report shows the figure of 39,300, or 11.2 percent of the labor force, as unemployed at the end of February 1959. Of these unemployed workers, approximately 2,000 per month become eligible for benefits under the temporary unemployment compensation program enacted by the Congress last June.

In some quarters it is argued that the recession is over. Would that this were true in Rhode Island. Since last June—when the Temporary Unemployment Compensation Act was passed—our unemployment rate has dropped only 2.9 percent. My distinguished colleague, Senator Pastore, and I have devoted our-

selves to the problem of locating new industries to build the economy of our State. We are equally devoted to this particular problem now before your committee, that of providing a cushion for the blow of unemployment which has struck low many of our finest workers in industry.

I stress the need for the extension of the temporary unemployment compensation program. Furthermore, I urge the committee to give its most serious consideration to the provisions of S. 1323 which would enable my State—and others in similar straits of serious unemployment—to rebuild their unemployment reserve funds which have been critically depleted as a result of the prolonged national recession.

Thank you.

DEPARTMENT OF EMPLOYMENT SECURITY,
Providence, R.I., March 17, 1959.

HON. THEODORE FRANCIS GREEN,
U.S. Senate, Washington, D.C.

DEAR SENATOR GREEN: We are forwarding herewith the report of claims activities for the week ending March 14, 1959, and a report of temporary unemployment compensation claims activities for that same week.

Sincerely yours,

THOMAS H. BRIDE,
Director.

Rhode Island Department of Employment Security—Weekly report of temporary unemployment compensation claims activities, week ending Mar. 14, 1959

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Rhode Island Department of Employment Security—Weekly report of claims activities (week ending Mar. 14, 1959)

Office	Total	Initial claims ¹	Continued claims ²	Total claims			
				Previous week (Mar. 7, 1959)	Corresponding week in previous years		
					Mar. 15, 1958	Mar. 13, 1954	Mar. 12, 1949
Change from—							
Previous week.....	-727	-230	-497				
Year ago.....	-11,315	-1,468	-9,847				
Total.....	20,500	2,775	17,725	21,227	31,815	31,791	43,777
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As percent of labor force.....	11.2
Highest weekly total claims:	
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STATEMENT OF HON. JOSEPH S. CLARK, A U.S. SENATOR FROM THE STATE OF PENNSYLVANIA

Senator CLARK. Senator Byrd and members of the committee, in order to save the time of the committee, Senator Scott and I, although our positions are not identical, have agreed to appear at the same time. And this is Mr. William L. Batt, Jr., who is the secretary of labor and industry for the Commonwealth of Pennsylvania, who appears here to represent Governor Lawrence.

I think between Secretary Batt and myself, we can answer the questions which you addressed to Michigan a little while ago.

Senators, I would like in the first place to express my appreciation to the chairman and other members of this committee who are willing to give us a hearing on such short notice. This is a matter of vital consequence to my State and to the States of all 18 Senators who signed a letter requesting these hearings.

If it is agreeable to the chairman, I would hope that he would be willing to put the letter which we wrote him, and which all of us signed, into the record so that our position initially could appear of record.

The CHAIRMAN. That will be done.

(The letter referred to and a similar letter from Senator Jacob K. Javits follow:)

U.S. SENATE,
Washington, D.C., March 17, 1959.

HON. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate.

DEAR MR. CHAIRMAN: With the scheduled expiration of the Temporary Unemployment Compensation Act of 1958 on March 31, the Nation faces an emergency situation in regard to assisting the hundreds of thousands of workers whose regular unemployment benefits will expire after that date.

The latest official figures show 4,749,000 persons unemployed—only 13 percent fewer than last June when the Temporary Unemployment Compensation Act was passed. Unfortunately, there is little evidence that the number of unemployed is likely to drop rapidly after March 31. Industrial production has been rising at the rate of less than 1 percent a month, and employment is lagging behind production.

In short, the recession—as measured by unemployment—is continuing. There is as much reason for an emergency unemployment compensation program now as when the act was passed last year.

Under these circumstances, we feel that the measure passed by the House yesterday is almost totally inadequate. It would bar from the Federal program any worker whose benefits expire after March 31. It would force tens of thousands of self-respecting workers and their families to suffer the humiliation of going on the relief rolls.

We feel that during a national recession, unemployment must be accepted as a national problem. To throw the entire burden of assistance and relief upon the State and local communities at this time will result in hardship, suffering, and privation which it is the responsibility and duty of any civilized society to prevent.

We therefore respectfully request that brief hearings be scheduled by your committee, so that those who share our views may have an opportunity to state the case for a more adequate bill than the one passed by the House of Representatives.

Sincerely,

Joseph S. Clark, Mike Mansfield, Dick Neuberger, Ernest Gruening,
Eugene J. McCarthy, James E. Murray, John O. Pastore, Vance
Hartke, Harrison Williams, Paul H. Douglas, Philip A. Hart,
Wayne Morse, Theodore Francis Green, Robert C. Byrd (West
Virginia), Pat McNamara, Hubert H. Humphrey, Jennings
Randolph, John Kennedy.

U.S. SENATE,
COMMITTEE ON BANKING AND CURRENCY,
March 17, 1959.

HON. HARRY F. BYRD,
Chairman, Committee on Finance,
Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: I would like to join with Senators Clark and 14 of our colleagues to respectfully request that your committee schedule brief hearings on legislation to extend the Temporary Unemployment Compensation Act of 1958, which is scheduled to expire on March 31. With the arrival of this termination date, the Nation faces an emergency situation in regard to assisting the hundreds of thousands of workers whose regular unemployment benefits will expire after that date.

The latest official figures show that 4,749,000 persons are still unemployed—only 13 percent fewer than last June when the Temporary Unemployment Compensation Act was passed. While we have moved out of the recession in many sectors of the economy, employment is lagging behind in this trend.

Under these circumstances, I join in the feelings that the measure passed by the House yesterday is inadequate. It would bar from the Federal program any worker whose benefits expire after March 31, and force tens of thousands of workers and their families on the relief rolls.

I feel that the continuing high rate of what I hope is temporary unemployment must be accepted as a national problem. To throw the entire burden of assistance and relief upon the State and local communities at this time will result in hardship, suffering, and privation which it is the responsibility and duty of any civilized society to prevent.

Basically, of course, the long-run solution to normal unemployment compensation problems must be met by the States, and legislation must be enacted toward this end, by providing for extended standards, such as those provided for in legislation already introduced, of which I am a cosponsor.

For the present emergency situation, however, I do hope that you will schedule brief hearings so that those who share our views may have an opportunity to state the case for a more adequate bill than the one passed by the House of Representatives.

Sincerely,

JACOB K. JAVITS.

Senator CLARK. I would like to express my concurrence with the statement on behalf of the 18 Senators which has been introduced by Senator McNamara on behalf of all of us, and to make four quick points.

First: That we are all in accord that any bill would be better than the House bill which has come over. That we are prepared to let the date of April 1 go by if necessary in order to get a better bill, with the hope that that will be retroactive, rather than to rush through by the 1st of April a bill which, to the 18 of us, seems quite inadequate to meet the needs of our particular States.

My second point is that this is a real national problem, and not a local problem.

So far as Pennsylvania is concerned, we have, I think, the longest period of unemployment compensation payments of any State in the Union, 30 weeks. Our unemployment compensation fund is drastically depleted. We have had to increase the payments imposed on employers very much. We have had to eliminate the kind of preference which was given to those industries which have a historically long and good record of very little unemployment. To put it in a nutshell, sir, Pennsylvania is broke. And it is for that reason that we turn for a national solution to a problem which is no longer within our control.

Our employers are in a position where they have to compete—

The CHAIRMAN. Will the Senator pardon me a minute? Did you say Pennsylvania was broke?

Senator CLARK. I did, sir.

The CHAIRMAN. You mean it is going into bankruptcy?

Senator CLARK. I mean it has exhausted its revenues which it is capable of raising through the inadequate sources of taxation which are presently available to it. Governor Lawrence has gone to the legislature and asked for \$400 million of new taxes in the next 2 years. This is as far as we go.

If we have to put more money into unemployment compensation, it will come out of the hide of Pennsylvania employers, at a time when we are in the straits of deep depression in my State, when we are competing with industries from other States, and when an additional burden on our employers will drive them out of the Commonwealth.

So my third point, sir, I would like to read a telegram from Governor Lawrence, of Pennsylvania. In fact, I do not think I will even read it, in the interests of time.

The CHAIRMAN. I will say to the Senator, I have it here and it has been inserted in the record.

Senator CLARK. Thank you.

I would urge all members of the committee to read the telegram. I think most of you know Governor Lawrence, and he is not a man given to loose words. Every word he says in here I think is sound and can be sustained.

My final point is this: That while we all support S. 1323 and urge the committee to report it favorably, there could be possible intermediate steps between it and the House bill which perhaps the committee will want to consider. I go no further than that, other than to say that with the competence in this committee, and its splendid staff, with S. 1323 as the objective we seek, there are possibilities of compromise down the line. I do not want that to indicate any weakening of my support for S. 1323.

With the permission of the chairman, I will now ask Senator Scott if he would speak his piece, and then leave perhaps 2 minutes for Secretary Batt.

The CHAIRMAN. Senator Scott.

STATEMENT OF HON. HUGH SCOTT, A UNITED STATES SENATOR FROM THE STATE OF PENNSYLVANIA

Senator SCOTT. Mr. Chairman and members of this committee, I appreciate the opportunity to appear before the committee, and I realize the time is limited, and my remarks will be brief.

The continuation of temporary unemployment compensation for a further emergency period is of grave importance to many areas, particularly in the Commonwealth of Pennsylvania.

The bill which has been passed by the House and is now pending before the committee recognizes this necessity but, in my opinion, provides for a "cutting off" period rather than a "running off" period, as described in the House committee report.

It would deny any new applications for benefits beyond the March 31 deadline, but those who were eligible and receiving benefits prior to that date could continue so to receive their entitlement for a slightly longer time, through June 30, 1959.

It is estimated that some 405,000 individuals would benefit by this proposal, and the additional cost would be an estimated \$78 million. Perhaps the most attractive consideration under this proposal is that it will not require further appropriated funds due to the balance that still remains from funds provided in fiscal 1959.

However, Mr. Chairman, it is my contention that a March 31 cutoff date for those who become eligible for benefits on that date, and a June 30 extension for those who will be receiving benefits at that time, is not sufficient time for an adjustment, nor will it carry over a serious unemployment gap until the seasonal upturn can get underway.

Mr. Chairman, according to the latest figures I have been able to obtain, there are 508,000 unemployed persons in the Commonwealth of Pennsylvania, admittedly seasonally high, but unemploy-

ment in Pennsylvania has averaged for some time around 470,000, or approximately 10 percent of the national unemployment figure.

The average number of persons receiving benefits in Pennsylvania as of January 1959 on a weekly basis was 257,000 on the regular State unemployment compensation rolls, plus 59,700 weekly under the temporary unemployment compensation program. This average of eligibles does not appear to be diminishing, but is expected to go higher.

Mr. Chairman, I do not mean to imply that I believe the chronic unemployment in certain areas in Pennsylvania can be solved by temporary unemployment compensation. We have other legislation about to be brought before the Senate which it is hoped will attack persistent unemployment and underemployment due to a variety of economic ills.

Nor do I favor the continuation of heavy Federal contributions to unemployment compensation, or the dislocation of the present Federal-State relationship in the administration of the employment security program.

My immediate concern is the family breadwinner in Pennsylvania and in other States participating under the temporary unemployment compensation program, whose benefits will be cut off or nonexistent as of March 31, 1959, or who will on the average receive about 6 weeks more of payments.

We do not know what the new employment curve will indicate. We can only provide a small measure of hope for those normally regularly employed persons who still face the blank wall of slow resumption in employment.

I am here this morning to urge the committee to consider the bill I introduced on March 16, S. 1423, providing for extension of the existing temporary unemployment compensation program for a period of 6 months, to October 1, 1959.

The cost of extending the present program for 6 months is estimated at a total of \$210 million to benefit an estimated total of 950,000 beneficiaries, including those in compensable status as of March 31, 1959.

For the quarter April through June 1959, the estimated cost of the 6-month extension is \$105 million, which will be chargeable against the balance remaining against the 1959 fiscal appropriation.

The remaining \$105 million in cost covering July through September 1959 will have to come under the 1960 budget. By this I do not mean it will have to push through the budget ceiling, but that it can be met by reducing other Government programs which do not have the same urgency or demand.

I urge the committee to give serious consideration to the alternate time extension I have proposed.

(Senator Scott's bill S. 1423, follows:)

[S. 1423, 86th Cong., 1st sess.]

A BILL To extend by six months the period for which additional benefits may be paid under the Temporary Unemployment Compensation Act of 1958

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 101(a)(1) of the Temporary Unemployment Compensation Act of 1958 is amended by striking out "April 1, 1959" and inserting in lieu thereof "October 1, 1959".

Senator SCOTT. Mr. Chairman, just to keep the record clear, I am not one of the signatories of the 18 Senators referred to by the senior Senator from Pennsylvania, Mr. Clark. I am not advocating the same bill which is advocated by them, and my own proposal is a somewhat different one, as you have noted.

One further comment. I do not know just how to treat the remark that Pennsylvania is broke. It has undoubtedly inherited from the previous administration a deficit. It is confronted with large additional expenses, and new taxes have been proposed and are now being considered by the legislature.

I might say that I do not think we are bankrupt in the sense that the State of Michigan is bankrupt. [Laughter.]

Thank you.

The CHAIRMAN. Would you mind informing the committee as to what extent Pennsylvania is bankrupt?

Senator SCOTT. I doubt whether the State of Pennsylvania is actually bankrupt, Mr. Chairman, because we are not compelled to borrow from our veterans' funds. We do not have to mortgage some of these provisions, fiduciary arrangements, which are set up to protect veterans and others.

We plan to do it by taxes, by the increase of taxes, by the imposition, I suspect, of some unpopular taxes, as well as—well, there are no taxes which are popular.

The CHAIRMAN. Do you think Pennsylvania is less bankrupt than Michigan? Is that the idea?

Senator SCOTT. Well, I veer away from saying that Pennsylvania is bankrupt, but Pennsylvania is in a distressing financial situation. They are not yet mortgaging everything we have, which I think Michigan is pretty nearly headed for.

The CHAIRMAN. I never knew that bankruptcy could be measured by percentages.

Senator SCOTT. I was veering away from the word, Senator.

The CHAIRMAN. You are either bankrupt or not.

Senator CLARK. Senator, could I interject that, needless to say, I do not wish to get engaged in an exercise of semantics with the distinguished chairman of the committee. The word I used was "broke," which I think is quite different from "bankrupt."

The CHAIRMAN. I asked you, and the stenographer can repeat it, whether or not that meant "bankruptcy," and I understood you to say that it did.

Senator CLARK. If I did, I want to withdraw what I said. I would like to reiterate that Pennsylvania is broke, not bankrupt.

The CHAIRMAN. What is the difference, Senator, between being broke and bankrupt?

Senator CLARK. Well, I think as a lawyer one could tell very easily; when you are bankrupt there is a petition filed for your insolvency, all of your assets are sold to your creditors, and you go out of business.

Pennsylvania is not going to do that. Pennsylvania is broke in the sense that it does not have any more money in the bottom of its pocketbook.

The CHAIRMAN. That is a very fine distinction.

Senator CURTIS. Is Pennsylvania operating at a deficit?

Senator CLARK. It did operate at a deficit during the last 2 years. That deficit under our State constitution must be made up during the

coming biennium at least to the satisfaction of the accountants, and with Governor Lawrence's program you will not know until the end of the biennium whether we are operating on a deficit or not, because we run on a biennial basis.

Senator CURTIS. How much was it?

Senator CLARK. \$170 million.

Senator CURTIS. What is the population of Pennsylvania?

Senator CLARK. Roughly 11 million.

Senator CURTIS. Your deficit, how does it compare on a per capita basis with the Federal Government?

Senator CLARK. I have made no investigation, Senator. All I can say, Senator, is that the sources of taxation are so different that I do not think the analogy would be pertinent.

In addition to which, the unemployment situation and the long-standing and chronic distress in many of our areas I think differentiates us very strikingly from the national picture.

Senator CURTIS. What is Pennsylvania's public debt now?

Senator CLARK. Our public debt—It is very difficult to determine realistically, Senator, because our constitution prohibits us from incurring more than \$1 million of State indebtedness. As a result, over the last three or four generations we have conceived these ways of getting around that under both Republican and Democratic regimes in Harrisburg, which has resulted in the creation of a lot of State authorities, and it is a very difficult question to answer categorically, and frankly I cannot do it.

I think it is a very huge sum.

Senator SCOTT. I think the senior Senator would agree with me that it is getting worse.

Senator CLARK. That is right.

The CHAIRMAN. Would the Senator explain? I am very much interested in the bankruptcy of the State, and as to how this terrible situation came about.

Senator CLARK. I think largely, sir, due to the fact that at the State level we have quite inadequate sources of taxation because the Federal Government, frankly, has preempted the most important tax, the graduated income tax, and under our constitution of 1873, as construed by the Supreme Court of Pennsylvania, we are not permitted to impose a graduated income tax.

Therefore, relying on corporate taxes to a large extent, we found ourselves in competition with our surrounding States which did not to the same extent impose corporate taxes. We had to cut our corporate taxes to prevent industry from leaving us.

Our sales tax is a pretty high one. It is now at 3 percent and will be raised—perhaps to 4 percent this year. Our property taxes are very high, and we have had a chronic condition of unemployment and distress in Pennsylvania for many a long year, largely due to the decline in the market for anthracite coal, the fact that bituminous coal has largely been replaced by oil and gas, the changeover of our railroads from steam locomotives to diesel, and the flight of the textile industry to the South. As a result, the economy of the whole Commonwealth has suffered very drastically, and the ability to refill our tax till has been severely curtailed.

The CHAIRMAN. The Federal income tax applies to all the States equally. You say one of the causes of the conditions in Pennsylvania was because of the high taxes by the Federal Government.

Senator CLARK. No. I said the Federal Government had pre-empted the field of the Federal income tax.

The CHAIRMAN. But they have done that in all other States.

Senator CLARK. Our constitution prohibits us from levying a graduated income tax.

The CHAIRMAN. Could you change your State constitution?

Senator CLARK. We Democrats have been trying for quite a while, but have been unsuccessful.

The CHAIRMAN. I am just curious to know what exists in Pennsylvania that is different from other States. I have never heard an admission made by responsible officials before that their State was broke or bankrupt—I do not see the difference between the two words—I am anxious to know what brought this about.

Senator CLARK. Well, I can go on at great length if the Senator wishes to take the time, but it would provide quite a dissertation on the Commonwealth.

The CHAIRMAN. Could you submit a memorandum for this record showing why Pennsylvania is broke or bankrupt, or whatever you may term it?

Senator CLARK. I again insist, sir, I used the word “broke,” and I would be happy to furnish such a memorandum.

(The memorandum referred to was not completed at time of printing of hearings. When received it will be made a part of the committee files.)

Senator BENNETT. May I ask a question, Mr. Chairman. Perhaps Mr. Batt will answer this in his testimony.

The CHAIRMAN. Senator Bennett.

Senator BENNETT. We heard from the witnesses from Michigan that the unemployment compensation rate is now above 6 percent, 6 point what?

Mr. HORTON. It is 6.23. That is the cost rate for 1958.

Senator BENNETT. A rate of 6.23.

What is the comparable rate in Pennsylvania?

Mr. William L. Batt (secretary of labor and industry, Pennsylvania). I do not know, sir, but we would be happy to find out and report it to you.

Senator BENNETT. It is not that high.

Mr. BATT. Well, I assume—you say that was the highest in the country.

Mr. HORTON. Yes.

Senator BENNETT. I think we would be interested in that.

(Mr. Batt subsequently advised the committee the unemployment compensation rate for Pennsylvania in mid-February was 10.7 of the civilian labor force.)

Senator McNAMARA: Will the Senator yield for just a very brief statement?

After hearing the description of the situation in Pennsylvania and the statement that Michigan was in worse shape, I want to point out that this source did not come, this statement did not come from anybody from Michigan. [Laughter.]

Senator SCOTT. Nor is it likely to.

The CHAIRMAN. The two Senators from Pennsylvania seem to be in agreement only on the general premise, but on the percentage of bankruptcy they do not seem to agree on.

Senator SCOTT. Mr. Chairman, I would just like to again keep the record straight, if I may. The senior Senator from Pennsylvania has correctly stated that members of his party have sought to amend the constitution to impose a graduated income tax. I agree that that is where the effort to impose on Pennsylvania a graduated income tax comes from.

Senator CURTIS. Mr. Chairman.

The CHAIRMAN. Senator Curtis.

Senator CURTIS. I do not wish to prolong this, but according to my calculation, Pennsylvania has roughly about 6 percent of the population of the country.

Senator CLARK. I think that is about right, yes, sir.

Senator CURTIS. On that basis, I think Pennsylvania's share of the current Federal deficit on a per capita basis would be \$780 million.

Senator CLARK. I have no doubt the Senator is correct.

Senator CURTIS. \$780 million is Pennsylvania's share of the current Federal deficit.

Senator CLARK. We do not yet know what that deficit is going to be.

Senator CURTIS. Six percent of \$13 billion. And I understand your operating deficit was—

Senator CLARK. \$170 million as at the close of our last biennium.

Senator CURTIS. You may be broke, but you come to an entity which is pretty hard pressed itself.

Senator CLARK. Senator, I think you and I understand each other.

STATEMENT OF WILLIAM L. BATT, SECRETARY OF LABOR AND INDUSTRY, STATE OF PENNSYLVANIA

Mr. BATT. Sir, my name is William L. Batt, and I am Secretary of Labor and Industry of Pennsylvania.

Among our responsibilities in labor and industry is the administration of our employment security system. The Governor was unable to be here today, but he asked me to come down and represent to you our enormous interest in the extension of unemployment compensation.

The economics of the State have been very well covered by my two Senators. I would just like to add briefly, sir, that we do have over 10 percent unemployment. The latest figure, Senator Scott, is 492,000, which is a shade better than the 508,000 which we had last month, but still just a very small improvement.

We have about 10 percent, as Senator Scott pointed out, of the U.S. total of unemployment, with about 6 percent of the population.

The 10 percent understates our unemployment severity, Senator, because all but 9 counties of Pennsylvania are areas of critical labor surplus if you use the 6 percent figure of the U.S. Department of Labor, and there are 67 counties in the State. All but nine counties have surplus unemployment, and we have some areas, sir, with unemployment up to 25 percent of the labor force, or 1 in every 4 persons. That is down in the soft coal area of the State, Uniontown and Connellsville, down in the southwestern corner.

Of course, most of our unemployment is because of cyclical reasons, most of it is for national reasons. We do not look to this bill, of course, for any solution of the chronic area unemployment problem. We are looking for the Senate to pass and the House to pass the Douglas-

Clark-Flood bill or some version of it, to help us with that problem. But we do feel that this is largely a national problem, and that is why we have been so disproportionately hit.

We had some recovery in production, Senator, particularly in the steel industry, but every indication we can get is that that is primarily hedge buying against the possibility of a steel strike, and will die out or may well die out in July and August, and even that improvement in production has not been accompanied by proportionate recovery in employment because of recession-born improvements in productivity, for which, of course, we are very thankful.

We see little evidence that the recession will be over in 3 months. Therefore, we feel the longer duration of this temporary unemployment compensation, sir, the better.

One more comment, if I may, on the point which Senator Clark made on the fact that we are in dire financial straits. We are not only in dire financial straits in our general fund, but we are, sir, also in our unemployment compensation fund.

We have paid out, again due largely to the recession, about \$385 million in benefits, in unemployment compensation benefits, in 1958. This, of course, was an enormous asset to the economy as a whole, as well as to the unemployed families themselves.

We will have a balance in the unemployment compensation fund, sir, on April 13, of about \$30 million, which will be about 1 month's benefits.

Our tax is up to the maximum allowable of 2.7 percent. We, therefore, feel that we need grants as provided in the legislation before you, because we must repay our temporary unemployment compensation loan of \$66 million. We must repay the Reed fund loan which we were just authorized to make, upward of \$100 million, and we must tax our own manufacturers enough to carry our own high load and rebuild the fund in order to put it in a more liquid position for the next recession.

Thank you very much.

Senator CARLSON. Mr. Batt, may I inquire if you are the son of William Batt, Sr., of SKF?

Mr. BATT. Yes, sir; I have that honor.

Senator CARLSON. He is a very good friend of mine. Thank you.

Senator TALMADGE. Any further questions?

The next witness is Senator Byrd of West Virginia, and then Senator Randolph, of West Virginia.

STATEMENT OF HON. ROBERT C. BYRD, A U.S. SENATOR FROM THE STATE OF WEST VIRGINIA

Senator BYRD of West Virginia. Mr. Chairman and members of the committee, I am very happy this morning to have the privilege and the opportunity of appearing before this distinguished committee in behalf of S. 1323.

I would like to explain that my senior colleague, the Honorable Jennings Randolph, is at the moment chairing a subcommittee, and cannot be present. He has asked me to express his regrets at not being able to be with me, and he certainly joins with me in urging the favorable consideration of S. 1323.

Mr. Chairman, I would like to have included in the record, if I might, an article which appeared on Wednesday, March 18, in the News-Tribune, which is a publication issued in Keyser, W. Va., and the article is captioned thusly: "Unemployment in State could call back legislature."

Senator TALMADGE. Without objection, it will be made a part of the record.

(The newspaper article referred to follows:)

[From the News-Tribune, Keyser, W. Va., Wednesday, Mar. 18, 1959]

**UNEMPLOYMENT IN STATE COULD CALL BACK LEGISLATURE—GOVERNOR SAYS
WOULD AWAIT ACTION BY CONGRESS BEFORE CALLING SPECIAL SESSION**

(By Bill Barrett)

CHARLESTON, W. VA.—(UPI)—West Virginia's continuing unemployment problems could bring the legislature back in special session before long, Gov. Cecil H. Underwood indicated today.

He said he would await the outcome of legislation pending before Congress, but acknowledged it was "entirely possible" he might have to issue a call for a special session.

The lawmakers passed two bills they hoped would prevent a recall to meet unemployment problems. One would set up a new economic development agency and the other granted the department of employment security director certain broader powers.

COULD MEAN CHANGES

Both were designed to coincide with possible Federal legislation to be enacted during the current session of Congress. If the Federal legislation is broadened beyond present concepts it could mean additional changes would be necessary in West Virginia laws.

Also lurking as a possible reason for an extraordinary session is the day-by-day increase in the number of unemployed West Virginia workers who are exhausting jobless pay benefits. A plan to provide some type of work or care for them and the financing of such could result in a special session.

The economic development agency which Underwood said he would set in motion soon will handle long-range and not immediate problems of unemployment. Its principal work will be development of manpower skills and land use surveys.

COULD ARRANGE CONTRACT

The legislation creating the agency also would let it handle so-called depressed areas funds under consideration by Congress.

The extension of powers of the employment security director allows him to contract with the Federal Government for an extension of temporary jobless benefits similar to the program put into effect last summer after a special session of the legislature. These temporary benefits expire March 30.

"Nothing can be done right now while we wait for Congress to act," Underwood said, "but it wouldn't surprise me if a special session had to be called."

State Senate Minority Leader John Carrigan (Republican, Marshall) said before departing for home, Tuesday that he felt a special session would be necessary within a few months.

FEARS STARVING

"Something will have to be done in an area where the legislature failed to act during the recent session," Carrigan said. "We cannot sit idly by and watch people starve, and that is what will happen to our unemployed citizens when their jobless benefits expire."

Latest statistics of the department of employment security showed that unemployment compensation requests last week were three times higher than the same week a year ago.

Neither Underwood nor Carrigan would comment on what the legislature, if called back, might be asked to do about the situation. Both said that depended upon pending Federal legislation.

However, Carrigan did advance the idea that some type of local public works program adapted to the areas where it would be most beneficial was a possibility. He said this could include road work, and State forest and park development.

Senator BYRD of West Virginia. Mr. Chairman, I would merely like to state briefly that in West Virginia there are 89,700 persons unemployed. This constitutes 13.6 percent of the civilian labor force.

Recently I conducted hearings in West Virginia on S. 722, the Area Redevelopment Act, and as a Member of the Senate Committee on Banking and Currency. At that time I developed some testimony which I think might be pertinent to the subject of our deliberations this morning.

I would just like to read into the record a portion of the statement that was submitted to my subcommittee by the Honorable Cecil H. Underwood, Governor of West Virginia, and I quote from his statement:

In the last 20 months more than 50,000 workers in West Virginia have exhausted their regular unemployment benefits. Since the beginning of the temporary unemployment compensation program on June 27, 1958, more than 36,000 workers have qualified for its benefits. More than 18,000 have exhausted their temporary payments.

You are aware—

the Governor said—

that the temporary unemployment compensation program expires in its entirety at the end of this month. During the calendar year of 1958 West Virginia paid unemployment benefits totaling nearly \$50 million. Payments in this volume have a marked effect not only on the trust fund of the employment security department, but on the State's industry.

During the month of January of this year 12,225 workers filed new claims and drew their first unemployment benefits. These disturbing numbers indicate the lingering effects of our industrial change, and point even more dramatically to the need for a permanent solution.

The Governor later, in his testimony, stated that the problem in State taxation as it pertains to West Virginia today, is simply to find new areas where additional tax money can be raised.

Now, the chairman of your committee has evinced a great deal of interest in the financial condition of Pennsylvania, and I would like to read into the record at this point a portion of the statement that was submitted to my subcommittee by the tax commissioner of West Virginia, the Honorable John Field:

The tax commissioner's office does not reflect the total State revenue, but it does reflect, I think, those sources of revenue that indicate the economy of the State and the condition of its economy.

By December 31 of 1957 we showed only a gain of \$9.6 million over the previous calendar year. So our attrition was beginning to appear. Then at the end of the fiscal year on June 30, 1958, we showed only a gain of \$3,373,000. So we realized that we were shipping water fast. That trend continued, and at the end of the calendar year 1958 we showed a loss of general revenue through our office of \$4.4 million compared to the calendar year 1957.

With that picture in mind, the board of public works in the latter part of December felt called upon to invoke the statutory reserve of 5 percent and that, of course, curtailed every participant of the general revenue appropriation 5 percent of his overall appropriation for the fiscal year.

Since we only had 6 months to go, in fact it amounted to a 10 percent curtailment from that time out.

Of course, while it creates difficulties in State agencies and State departments, by far the most serious effect of that is in our county schools, because their State aid comes from the general revenue fund.

I might say parenthetically that there is pending now some litigation as to whether the State can invoke the 5 percent reserve against that.

The tax commissioner went on to say:

The two largest revenue sources we have in West Virginia are a consumers' sales tax and the business and occupation tax. The consumers' sales tax showed a

loss of about \$1 million as against the previous calendar year, and the gross sales tax showed a loss of about \$3 million.

So, Mr. Chairman, and members of the committee, I think it is evident from the testimony that was given by the tax commissioner of West Virginia that our State is in no condition to enact a program, a State program, which will adequately take care of these persons who have exhausted already their compensation payments and the temporary unemployment compensation payments.

When we are told that the State of West Virginia has cut 5 percent from the budget of every department in the State government, it should be obvious that our State needs help in the way of an extended compensation program such as that which is embraced in S. 1323.

I certainly hope, Mr. Chairman, that your committee will act quickly and that it will act favorably upon this measure.

I have joined as a cosponsor of it, and I want to commend Senator McNamara and other Senators who have joined in the cosponsorship of this legislation.

I also want to compliment those who have preceded me today in giving testimony before your committee, and I join with them and associate myself with them in their remarks.

Senator TALMADGE. Any questions?

Senator GORE. Mr. Chairman, Senator Byrd, you have made an able statement. I share with you concern for the unfortunately unemployed whose entitlement under the unemployment compensation program are about to be exhausted.

I am also concerned about the number of people whose entitlements have already expired and the people who have not been employed in covered employment and who have never been entitled to such benefits.

Were you a Member of the House of Representatives when Congress enacted the Full Employment Act?

Senator BYRD of West Virginia. In 1946?

Senator GORE. Yes.

Senator BYRD of West Virginia. No, sir, I was just beginning to enter my public service in the West Virginia Legislature at that time.

Senator GORE. You are acquainted with that act?

Senator BYRD of West Virginia. Yes, sir.

Senator GORE. Do you endorse its objective and the national policy which it provides, a national program and objective of full employment?

Senator BYRD of West Virginia. I do.

Senator GORE. Do you think the Congress is doing its part in implementing that policy?

Senator BYRD of West Virginia. I do not think that it has done its part adequately, no, sir; I do not. I certainly feel that the present administration has failed in this respect.

Senator GORE. Are you ready to join with me and others in trying to bring about some action to promote the full employment economy?

Senator BYRD of West Virginia. I certainly am, and in that regard, Senator Gore, I call attention to the fact that I am one of the 39 cosponsors of the Area Development Act, which I think is a partial approach to the very problem that you have mentioned.

Senator GORE. It is a partial approach which I expect to support. But it seems to me we need some overall approach to do something effective.

Senator BYRD of West Virginia. I believe we do need an overall approach.

Senator GORE. Thank you very much.

Senator BYRD of West Virginia. I would like to point out to the Senator that in West Virginia the economy has been geared in such great measure to the coal industry, and in view of the fact that that industry is a sick industry, I see no possibility of our State's being able to lift itself up by its own bootstraps. I think we are going to have to have some Federal assistance, but until the times comes when we can put our people to work, it is imperative that we make it possible for them to live.

In West Virginia we have 14.4 percent of the total population receiving surplus food commodities.

Senator GORE. I believe your State has the highest unemployment rate now; is that correct

Senator BYRD of West Virginia. It is one among the six highest, I am sure. The percentage of unemployment is 13.6.

I would like to read into the record one or two sentences that were submitted by the Director of the Department of Employment Security, Dr. Ash, during the hearings which I recently conducted.

He said that he estimated civilian labor force in West Virginia for January 1959 was 657,500. This figure includes both agricultural and nonagricultural workers. The estimated total employment in West Virginia, agricultural and nonagricultural, for January 1959 was 567,800.

The best estimate for the total unemployment is that in January there were 89,700 persons in the civilian labor force who were unemployed, and I don't believe, Senator Gore, that this includes the unemployed railroad workers.

Senator GORE. Well, I visited in your State several times, I have enjoyed it; but I have always been made aware of the economic plight of thousands of your citizens and thousands of your businessmen who are not unemployed. They are working hard trying to make ends meet because of the unemployment of their fellow citizens.

I know that there are limits to what Congress can do. But I am one who does not believe that we should be deterred from the performance of our duty as we see it because of a threat of a veto. Let the Congress perform its duty as it sees it.

I appreciate your being willing to join in such effort.

Senator BYRD of West Virginia. I thank the Senator.

Mr. Chairman, I have nothing further unless you have some questions.

The CHAIRMAN. Senator Byrd, we are very happy to have you, sir, before the committee. Will Senator Randolph be here?

Senator BYRD of West Virginia. Senator Randolph is unavoidably absent because he is chairing the hearings of a subcommittee, Mr. Chairman.

The CHAIRMAN. Senator Williams of New Jersey.

**STATEMENT OF HON. HARRISON A. WILLIAMS, JR., A U.S. SENATOR
FROM THE STATE OF NEW JERSEY**

Senator WILLIAMS of New Jersey. Mr. Chairman, and members of the committee, I appreciate the opportunity of appearing before you in behalf of S. 1323.

In addition to all that has been said in support of the emergency unemployment compensation bill, I would like to add these facts from New Jersey.

First, Governor Meyner of New Jersey is on active duty right now with the Navy, and a telegram has been sent from his office. I believe it is a part of the record.

I would like to say that the Governor proposed for our State an increase of benefits from \$35 to \$42. He also proposed for our State 39 weeks of benefits.

The general assembly of our State, more responsive to his suggestion than the State senate, passed it. The State senate rejected the increase to 39 weeks for the State of New Jersey.

In January of this year, State unemployment rate was 9.3 percent. This was 1.4 percent higher than the rate in December of 1958, just a month before that, and 0.6 percent higher than January of 1958.

The mid-January jobless level was 221,000 people. In 1958 more than 139,000 workers exhausted the State unemployment compensation benefits. Thanks to the Federal program, many took advantage of the new grants from the temporary unemployment compensation funds in 1958; however, 56,871 New Jersey workers exhausted the temporary unemployment compensation benefits.

On April 1, if the temporary measure should expire, 27,400 workers in New Jersey now unemployed would immediately be cut off from benefit payments. An additional 2,400 will be cut off per week, and the projection is that rate of exhaustion of benefits will continue throughout this year.

Of those not eligible under State law to receive benefits, it is estimated that 42,000 are potentially eligible under the proposed bill.

In other words, the recession is not over for many thousands of New Jersey residents. There is some possibility of an upsurge late this spring, but this is poor comfort for those who face the next few weeks with no income, no unemployment compensation aid, and no immediate promise of employment.

Many persons have already said that the 1958 recession is strange, and the recovery is even stranger. In some areas we have the phenomenon of almost completely normal production and large-scale unemployment at the same time.

As Senators McNamara, Clark, and Hart pointed out, on March 9, the January national figures showed 4.7 million unemployed, with indications that the February figures would be even gloomier.

Clearly, widespread adjustments in certain areas of our economy are underway. It would be foolhardy and perhaps dangerous to withdraw Federal emergency help at just the time when these adjustments are about to take place. If benefits are suddenly withdrawn, relief costs will soar, and State governments will have an additional burden to face. States with peculiar economic problems will bear the brunt of the recession which has left pockets of depression within their boundaries.

New Jersey is not the hardest hit State, but let me point out just a few recent happenings there.

A great manufacturing plant in Bloomfield, one of our largest cities, has closed recently. Manufacturers from other plants have indicated they may move or limit their operations. Our very diversity of industry has prevented designation of some districts as labor surplus areas because some industries have remained almost at full production. But this does not mean that the unemployed are any the less unemployed.

The New York Times, in an article Monday, in an editorial yesterday which I would like to mention at this point in my remarks, told the story behind the statistics of the unemployed of particular poignancy were the accounts of those who find they are suddenly considered too old for employment, some men who are less than 50, and in some cases even less than 40 have been told that there is no place for a man of their age.

To conclude, I believe that New Jersey and many other States would be hard pressed, needlessly hard pressed if the emergency unemployment compensation benefit program were to end without a satisfactory replacement.

Simple extension, as proposed in the House-passed version, would, as the figures I have cited indicate, be far from satisfactory.

I join in urging the committee to give favorable consideration to S. 1323 and thank the committee for giving all of us who supported it this early opportunity to be heard.

The CHAIRMAN. We are glad to have you before the committee any time.

Senator WILLIAMS of New Jersey. Thank you.

The CHAIRMAN. Mr. Walter Reuther.

This witness is too well known. He needs no further introduction.

Mr. REUTHER. Thank you, Mr. Chairman.

STATEMENT OF WALTER P. REUTHER, PRESIDENT, UNITED AUTOMOBILE WORKERS

Mr. REUTHER. I appreciate very much the opportunity of appearing before your committee, and I should like to put into your record a very brief statement, if I may.

The CHAIRMAN. Without objection, it will be inserted.

Mr. REUTHER. Thank you.

My appearance here this morning is in support of the position stated publicly by Mr. George Meany, the president of the AFL-CIO, on March 5, 1959, at which time he commented upon the inadequacy of the emergency unemployment compensation legislation, which was then under consideration in the House of Representatives.

The bill, however, that was finally adopted, bill H.R. 5640, was even more inadequate than the bill that Mr. Meany was commenting on, and I should like to put this one-page statement of Mr. Meany's into the record.

The CHAIRMAN. Without objection.

(The AFL-CIO news release containing Mr. Meany's statement follows:)

NEWS FROM THE AFL-CIO

AFL-CIO President George Meany today issued the following statement on proposals to extend the Temporary Unemployment Compensation Act:

"A simple extension of the Temporary Unemployment Compensation Act of 1958 as proposed by the Democratic leadership of the House yesterday would do nothing toward correcting the basic weaknesses in our present unemployment insurance system. It would likewise do nothing to help over 2 million of those still unemployed who are not at present receiving jobless benefits.

"The Congress can do more for the unemployed now and in the future through providing Federal standards for the State laws as proposed in the Karsten-Machrowicz bill, H.R. 3457, and the Kennedy-Case-McCarthy bill, S. 791. Continued failure to require such standards means that Congress will have a never-ending problem of successive renewals of the Temporary Unemployment Compensation Act.

"The proposed extension, while of help to the 300,000 that will be receiving temporary unemployment compensation April 5 when the present program expires, will still leave us with the problems of the 700,000 who have not found re-employment and who have exhausted their benefit rights under both the regular and the temporary programs.

"It will still leave the problem of those who have exhausted their rights in the 27 States which have refused to participate in the temporary extension.

"In addition we will still have the problem of over 1 million additional unemployed who are not eligible for unemployment compensation even though they have demonstrated by their past work experience that they are willing to work when jobs are available.

"For this overall situation, temporary palliatives are not enough. It calls for measures that correct the basic inadequacies of the present program, and provides stopgap benefits for all the unprotected unemployed—not a selected few. To meet these needs, the AFL-CIO urges:

"(1) A basic improvement of the unemployment insurance program through the addition of Federal benefit standards as proposed in H.R. 3547 and S. 791. This measure is sponsored by more than 30 Senators and upward of 120 Members of the House from both political parties.

"(2) Until State programs are brought into compliance with Federal standards an emergency program of benefits payable without a means test to all those with genuine attachment to the work force, unemployed through no fault of their own, to be financed by grants from the Federal Government. Benefits should be payable both to those who have exhausted their unemployment insurance as well as to those who are not now eligible because of arbitrary coverage and eligibility requirements, providing they are available for jobs, and willing and able to work."

Mr. REUTHER. My remarks are in support of this general position expressed by the president of the AFL-CIO.

Mr. Chairman, I am deeply concerned because I do not think that we, as a nation, have really comprehended the true meanings of unemployment and the tremendous hardships which millions of American families are experiencing.

There are 259 major and minor labor areas which are currently in the critical list, having more than 6 percent of their total work force unemployed.

There are 80 areas in 20 different States which, in the past 24 months, had more than 6 percent of their work force unemployed for a period of 18 months out of the 24 months.

Senator GORE. Is that inflation?

Mr. REUTHER. No; I think the inflation is not in this area of our economy. I think it is in the stock market and in the tight money policy.

Now this problem, Mr. Chairman, is not——

Senator GORE. You don't think there is any inflation in employment?

Mr. REUTHER. No; I certainly do not.

Senator GORE. In employment opportunities?

Mr. REUTHER. Certainly not. This is one place where we have a very serious, I think, not recession, but certainly, in terms of the unemployment, it is a serious depression.

Now this problem is not going to get better automatically, because we are confronted with the fact that automation and technological progress is moving forward at a very accelerated rate. This is why, as the New York Times reports on Monday of this week, March 16, under this headline, "Factory Output Nears 1957 Peak," that we are now within two points of having achieved the record levels of production that we achieved at the peak of our activity in 1957; yet despite the fact that we are only two points below that peak, we still have more than 5 million people unemployed.

Now the official figures don't tell the whole story. I believe that there are more than a million workers who are unemployed who are not measured in the Government figures, because that is a measurement essentially of the people actively seeking work. But if a fellow is 55 years of age and his neighbor, who is 28, can't find a job, the fellow who is 55 kind of gets tired after a year and he gives up and saves streetcar fare, so we don't count him any more. He gets lost in the shuffle, but he is still very much unemployed.

What is happening in the automotive industry, for example? If you take the period of production from 1947 to 1957, we increased the production of automobiles more than 50 percent, but the number of workers required to make that greater production—not only 50 percent more cars but much more complicated automobiles—we only needed 0.5 percent more workers to make more than 50 percent more automobiles.

The Federal Reserve Board just, I think, on February 6 of this year, pointed out—

Senator GORE. Did you say 0.5 percent more workers to make 50 percent more automobiles?

Mr. REUTHER. That is correct. If you take the levels of production in 1947 as contrasted to 1957, we made 50.5 percent more automobiles; these were 8-cylinder cars rather than 6 cylinder; they had hydramatic transmissions, and a lot of gadgets we didn't have in 1947, so that there were not only 50 percent more automobiles, but they were more complicated cars; yet the number of workers only increased 0.5 percent.

Now the Federal Reserve Board pointed out on February 6 of this year that if you contrast the level of production in the automotive industry as of December 1958 as compared to December 1956, you will find that the 1958 production was only 4 percent less than the 1956 production, but the number of workers was 20 percent less.

This is being compounded throughout the whole structure of the American economy, not only in automobiles, but in steel, in the electrical industry, in the coal industry. This is what spells chronic unemployment.

Senator CARLSON. Mr. Reuther, on that point, can we place some blame for the unemployment in the auto industry on the importation of cars?

Mr. REUTHER. That is a factor, but not a major factor.

The automobile industry has always been vulnerable to economic changes in the economy. The old saying is, when the economy sneezes, the motorcar industry has pneumonia, because people need to buy

food and clothing and they can put off getting a car with a bigger fin. This is precisely what they do. When the unemployed don't buy new cars and a worker, who is uncertain about his economic future, also puts off buying a new car, the result is that the automotive industry is always disproportionately adversely affected by any change in the economy.

The foreign importation thing is a factor, but it is a minor factor in our situation.

You must remember that in 1955 we made 8 million cars, and in 1958 we only made a little over 4.25 million cars, and the number of foreign imports is not the big factor in that comparison.

Senator CARLSON. If the figures I have read are correct, our citizens purchased 920,000 automobiles the first 2 months of this year, of which about 77,000 were imported, which was double the importation of a year ago. Do you agree with those figures?

Mr. REUTHER. I am not certain that they are accurate, but there has been an increase in the volume of small European cars coming in, and I am very happy that the automotive industry, I think both reluctantly and belatedly, is now going to come out with a small car, which they should have done 4 or 5 years ago. There is a market for big cars in America and there is a market for small cars, and American industry ought to provide cars to satisfy both demands.

Now the New York Times, Mr. Chairman—

Senator CURTIS. May I ask a question right there?

Mr. REUTHER. Surely.

Senator CURTIS. During this period when car production increased 50 percent, do you have any figures on the increased employment that was brought about in servicing these cars, in providing garages for them, and selling them gasoline and oil, the employment that attributed to the industry after the manufacturing stage takes place? Do you have any figures on that?

Mr. REUTHER. No, but I think there is no question about it, that the greater volume of the production of automobiles, or any other utilities or appliances, the more you enlarge employment opportunities in the service industries.

But that increased employment in the service industries does not offset the loss in employment on the manufacturing end, because there is the compounding of that loss, not only in the auto industry, in the rubber industry, in the steel industry, but in all of the other industries that supply the materials essential to the production of automobiles.

There is an increase there, but that increase is small in comparison to the loss of employment that automation and our advancing technology bring about.

This is our difficulty. At the present time, because the American economy has not expanded at a figure that we need, 5 percent at least, we have not even created enough jobs to take care of those people who have been displaced because of technological progress, to say nothing about the new people who have been coming into the labor market.

Now the New York Times on March 16—that was Monday of this week—had a feature story dealing with unemployment, but they demonstrated something that I think the Congress needs to check into, and that is that statistics do not tell the story of unemployment.

Behind the statistics are breadwinners, are wives, are mothers, are children, are the broken homes, are the projections of what I think

is the most tragic thing that can happen to a freeman in a free society, when he is willing to work but can't find a job because of economic and social factors beyond his control. That New York Times study gets into that.

But I would like to bring out a specific human being behind these unemployment statistics.

Here is a copy of the Detroit Free Press dated March 3, 1959. It has a picture of Philip Mitchell, a 29-year-old unemployed worker, who spent 13 months in Korea defending our mutual freedom.

He was laid off; he has exhausted his unemployment insurance; he has exhausted any Federal benefits.

He was picked up by the Detroit police, as this story reports, because he was picking garbage cans, and they arrested him for vagrancy and he was thrown in jail.

He said, "I have got a home, I am living in a pup tent." They asked him how he managed to stay alive in the light of the fact we had 20 below zero in Detroit this winter, and he said he got a big shaggy dog that slept with him every night.

Now this is the kind of problem that we need to understand. That statistics are unimportant, but, behind the statistics, the cold, bare statistics, are human beings with compelling problems, and I believe that the Congress of these United States must take affirmative action to help these people through this period of great tragedy until we can get them back to work.

I share the point of view that no American is automatically entitled to economic security. What he is entitled to is the opportunity to earn that economic security, and when for reasons beyond his control he is denied that opportunity, then society has the moral and economic responsibility for somehow sustaining that worker and his family until society can create the economic opportunities so that he can earn the necessities of life for his loved ones. This is why I appeal that you act upon S. 1323.

The bill that comes from the House, H.R. 5640, is not adequate. It will cover at best from 250,000 to 350,000 people, and there are 2 million people in the category of this GI who fought for 13 months. He will not get a penny out of H.R. 5640. And there are 2 million people in that category, and Congress cannot turn its back upon those people. They need help.

This worker, this unemployed worker, says to the judge, "I am not a vagrant."

He tells the recorder, Judge Joseph A. Gillis, "I am willing to work but I cannot find work," and so he picks garbage cans, when we have got \$9 billion worth of food surpluses. He picks garbage and lives in a tent.

I say Congress has to do something about those problems.

We believe there are essentially two problems facing Congress. We want to get America back to work. Nobody wants unemployment compensation when he can get a job. Nobody wants relief when he can earn his bread and butter.

But when you can't find a job because of economic factors beyond your control, then we have got to help those people during this transition until we can get America back to work.

So you have got an emergency problem you have got to meet. The bill that comes from the House is not adequate to meet that

problem. That is why we urge that these 2 million people who are in no man's land, but who are just as hungry, that something be done about their tragic and desperate plight by adopting S. 1323, and then pick up the longer range problem, S. 791, and that is the improvement and the bringing up to date of our basic system of insurance against the hazards and the hardships of unemployment.

We have a free economy and we want to keep it free. We would like an economy in which we can maximize the individual economic decisions and make them socially responsible, so that we can minimize the need for Government economic decisions.

But, when our economy gets out of balance—as it will because we don't have a regimented economy and we don't want a regimented economy—then society must take appropriate and adequate steps to protect the individual wage earner and his family. Therefore, what we are urging is that, to meet this compelling emergency situation, Congress adopt S. 1323, and, having done that, having taken care of this immediate problem, you then pick up the matter of bringing our unemployment compensation structure up to date, by the adoption of S. 791.

Now the two things are not contradictory. They complement each other, because the one bill, S. 1323, says there is an emergency now, let's meet that, let's find a way to help people meet these compelling human needs, and then S. 791 proposes to do this other job in terms of the longrun problem of what we can do as a free people within the framework of our free economy to protect people against the fluctuations that will occur in our kind of free society.

I think we are in this kind of a situation: If you lived in a village in a mountain valley, and there was a huge dam up in the mountains that collected the water when the snows melted in the spring, and that dam let go because it was not strong enough or adequate enough to hold back the pressures of the mountain snow when it melted, and it washed half of the village away, the argument in the village wouldn't be that we have to choose between providing some emergency relief for the people who have met disaster or building a stronger dam.

What any civilized group of people would do is to provide the emergency relief that is essential to meet the problems of disaster, and then they would build a stronger dam that would be more adequate to hold the pressures of the mountain waters. That is precisely where we are.

We need emergency legislation to meet this tragic problem of 2 million people who will not get a penny if the House bill prevails, and then we need the longer range problem of bringing our unemployment compensation system up to date by the enactment of S. 791.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Reuther.

Are there any questions?

Senator GORE. I would like to ask a question, Mr. Chairman.

The CHAIRMAN. Senator Gore.

Senator GORE. Mr. Reuther, did the UAW support the passage of or the enactment of the Full Employment Act?

Mr. REUTHER. We certainly did, with great enthusiasm.

Senator GORE. Do you still support it?

Mr. REUTHER. We certainly do.

Senator GORE. Do you think that in view of the Democratic Congress, enjoying almost a 2-to-1 majority, should do something to implement it?

Mr. REUTHER. Well, I think that is one of the most important responsibilities that Congress has. I believe that, until we can get America back to work by the effective implementation of the Employment Act of 1946, America will not be able to do many of the other things that we need to do at home, and that are necessary to make America strong and equal to the challenge and the responsibilities we have in the world in the face of the stepped-up program of economic penetration and political subversion that the Soviet Union has launched.

Senator GORE. Do you think this Congress will discharge its responsibility by piecemeal nibbling at measures presented only by the administration?

Mr. REUTHER. I certainly do not, and I think what the Congress needs to do is to not get lost in the wilderness of discussions about balancing the budget. We have got to understand that we can't balance the Federal budget until we first balance the American economy, and that means getting the unemployed back to work; it means getting the 20 percent of idle capacity into production, creating the wealth that will then make it possible for America to balance its budget, to build the schools we need and the hospitals and the housing, and to make America's defense posture strong in the face of the challenge of communism.

But you can't—you see, there is a simple economic truth, I learned this a long time ago, there are no economic Santa Clauses. The only way you can have greater economic wealth is by the application of human labor to the tools of production, as you apply both to the material resources at hand. When we have got 5 million unemployed and 20 percent of our capacity idle, with tremendous resources—because we have been blessed like no other people in the world with resources—let's put manpower, idle manpower, idle capacity, and resources together, creating the wealth that we can then use to balance the budget of the American people and to balance the governmental budget. But you cannot put the cart before the horse and do the job.

Senator GORE. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Reuther.

Mr. REUTHER. Thank you.

(The prepared statement of Mr. Reuther follows:)

STATEMENT BY WALTER P. REUTHER, PRESIDENT, UAW, TO THE SENATE FINANCE COMMITTEE IN SUPPORT OF S. 1323, THE TEMPORARY UNEMPLOYMENT COMPENSATION BILL OF 1959, MARCH 20, 1959

Mr. Chairman and members of the committee, on behalf of the members of our union, approximately 350,000 of whom are unemployed in nearly every industrial State in the Nation, I appreciate this opportunity to testify in support of the McNamara-Clark-Hart bill, S. 1323, which would provide up to 16 weeks of benefits at the State rate for the approximately 2 million unemployed workers who have exhausted their rights under State unemployment compensation laws or to benefits under the Federal emergency legislation even if extended, or who were never covered and have had no such payments and are still unemployed though able and available for work.

This bill would, in addition, provide such additional Federal benefits for the more than 2 million insured workers whom the Department of Labor counts as

doomed to exhaust their State benefit rights during the coming year before becoming reemployed.

This, of course, is just another crash program, another temporary way to stop the bleeding of our economy, to keep food on the tables of the unemployed and their families during the next 15 months, until permanent improvement in the Federal-State system of unemployment compensation such as is provided in the Kennedy-Case-McCarthy bill, S. 791, can become effective July 1, 1960, and until other steps to strengthen the economy to full production and employment levels can be taken and made effective.

S. 1323 is in no sense a substitute for S. 791; it rather clearly demonstrates the longfelt need for S. 791.

The 4.7 million presently unemployed workers, the 10 to 12 million individual workers who will suffer substantial periods of unemployment some time in the year ahead and the Nation's economy all need enactment of S. 1323 now precisely because last year's equivalent of S. 791 was not enacted. As Representative Karsten, one of the sponsors of the permanent reform measure, said in introducing it in the House last January, instead of fixing the unemployment compensation roof last year when it was raining, Congress offered to lend the States money for dishpans to catch the water and check the damage. This year it is still raining and the long overdue new roof should be put over the unemployed by enactment of S. 791.

The Labor Department counts on continued rain in 1959; it counts on continued massive unemployment, continued massive exhaustion of benefit rights under State unemployment compensation laws.

Yet now it is proposed, under H.R. 5640, the bill passed by the House and one of the bills now before you, to taper off the dishpan policy and to end it July 1.

From where we sit, this makes no sense. The unemployment situation today is worse, not better, than it was a year ago because individual unemployed workers, their families, their communities, their counties, their State governments, have suffered 1 year of economic attrition, a year of stagnation, of wasting away of both resources and strength.

We cannot believe that the Congress will want to go home to the people with a program to "taper off" and end Federal aid in unemployment compensation benefits July 1 but without enactment of such an essential and desperately needed bread-and-butter bill as S. 1323 and of the long-run improvements in the unemployment compensation system provided in S. 791. This is not an either/or proposition. Both the emergency crash program and the permanent improvements are needed by the unemployed and their families, their communities, their States and by the entire Nation.

If S. 791, establishing Federal minimum standards as to amounts and duration of benefit payments under State laws, had been enacted a year ago, today we would be in sight of the time when such improved standards would become effective.

We urge you to substitute this bill (S. 1323) for the shockingly inadequate "phasing out" bill (H.R. 5640) passed by the House under suspension of the rules requiring a two-thirds majority. As pointed out during House debate, that bill, now before your committee, would do absolutely nothing for the 2 million workers who have already exhausted their benefit rights. It would do nothing for any unemployed worker exhausting his or her State benefit rights on or after April 1, 1959. Both the principal House sponsors, Representatives Karsten and Machrowicz, expressed hope during debate that the Senate will improve H.R. 5640.

H.R. 5640 is in bitter truth a real April fool's bill, since, if it were passed, millions of unemployed workers would find it provided not one cent of benefits for them. It would do absolutely nothing for any one of the 2,125,000 workers who, the Labor Department expects will exhaust their State benefit rights completely in the next year, being dropped for further payments at an average rate of 190,000 a month through September, 1959.

If it is not already part of the record of this hearing, I should like to have the attached Labor Department table included as part of my testimony. It appears at page 3815, Congressional Record, March 16, 1959, as part of the House debate on H.R. 5640.

State-insured unemployment and State UI and UCFE exhaustions—actual, July 1956–January 1959; estimated, February 1959–June 1960

Month in fiscal year	State-insured unemployment (in millions), fiscal year—				State UI and UCFE exhaustions (in thousands), fiscal year—			
	1957	1958	1959	1960	1957	1958	1959	1960
July.....	1.196	1.269	2.483	2.1	86.6	98.9	285.4	210
August.....	1.046	1.134	2.175	1.9	88.1	91.6	255.0	190
September.....	.977	1.151	1.875	1.8	73.5	82.9	237.4	195
October.....	.868	1.218	1.698	1.7	73.8	94.5	224.3	195
November.....	1.004	1.492	1.758	1.8	70.4	84.4	177.7	155
December.....	1.277	2.087	2.088	2.1	73.3	110.6	213.1	165
January.....	1.727	2.846	2.491	2.6	106.7	147.1	212.4	170
February.....	1.719	3.133	2.8	2.5	95.2	145.5	195	150
March.....	1.580	3.244	2.7	2.4	112.5	191.4	200	155
April.....	1.465	3.274	2.5	2.2	115.1	231.2	195	150
May.....	1.338	2.957	2.3	2.1	106.5	236.8	175	140
June.....	1.239	2.643	2.1	1.9	92.5	254.0	170	130
Fiscal year total.....	1.284	2.193	2.25	2.1	1,094.1	1,768.7	2,540.0	2,005

H.R. 5640, the bill passed by the House, would provide an estimated average of 6 weeks of benefits for either 265,000 or 405,000 unemployed workers at a cost of either \$49 million or \$78 million, depending on whether you take the Labor Department figures before the House Ways and Means Committee when it acted last week or the amended figures presented to the House last Monday.

Some workers would get 1 more week of benefits; none would get more than 14 weeks.

Only those exhausting State benefit rights before midnight, March 31, would be eligible for any benefits under H.R. 5640.

I am sure it would happen that next door neighbors and friends, members of the same family, would be treated differently, solely because one person's State benefit rights extended a week or a day beyond midnight, March 31 (disqualifying him under H.R. 5640) while the other (qualifying) person's State benefit rights were exhausted some time before that cutoff date but not so long before as to have caused payments under the 1958 Temporary Unemployment Compensation Act of 1958 to run out before April Fool's Day.

If Congress in 1959 again were to fail to act to restore unemployment compensation benefits to the 1939 level of 50 percent of wages, to extend duration and increase coverage to all employers of one or more, you would be faced with growing need and stronger demands, constitutionally expressed under the rights of free speech, press, assembly and petition, for basic reform, to fix the roof, and until that takes effect, for more "temporary," "emergency" action, too likely to be too late, too little for too few.

We are encouraged by the fact that some 30 Senators and 130 Members of the House in both parties have announced themselves in support of S. 791, the basic reform measure. We are encouraged by the fact that House Ways and Means Committee Chairman Mills has set hearings on this bill to start April 7. This, it happens, is one day prior to the AFL-CIO mass conference of unemployed who will come here from all parts of America to call upon Congress and the executive branch to take affirmative steps to get America back to work.

S. 1323 will not do the whole job. Nor will S. 791. But both are essential and necessary economic tools in a national full employment kit.

Again, we urge you to substitute S. 1323 for H.R. 5640 and to report it favorably at once, so that action may be taken in both Houses before the Easter recess. I cannot imagine better news for Members of Congress to bring to every unemployed workers' family and every stricken community in the country than the assurance that Congress is at last on its way to putting the country back on a full production, full employment basis and had started by seeing to it that all the unemployed able and available for work will receive 16 additional weeks of benefits to be translated into half a billion dollars or more, depending on the rate of recovery, of the highest velocity purchasing power known to man.

This is a necessary first step on the road back to prosperity. We hope you put your feet and ours upon that road.

The CHAIRMAN. Senator Gruening of Alaska.

**STATEMENT OF HON. ERNEST GRUENING, A U.S. SENATOR
FROM THE STATE OF ALASKA**

Senator GRUENING. Mr. Chairman, and members of the committee, I greatly appreciate the opportunity you have given me to appear here this morning in support of the provisions of S. 1323 and to urge their substitution for the provisions of the House-passed H.R. 5640. The statement submitted earlier this morning by the distinguished senior Senator from Michigan, Mr. McNamara, on behalf of myself and a number of other Senators sets forth in detail the reasons why this committee is urged to take such action. I shall not reiterate them.

But I would give it as my personal view that any statement I may make will be an anticlimax, after what to me was a very moving presentation by Walter Reuther. It seems to me that the picture of this Korean veteran, a soldier for 13 months, unable to secure work, unemployed through no fault of his own, arrested for vagrancy because he was picking garbage out of cans, is a more telling presentation of our problem than any statistics, and if there is one such person it seems to me that his plight should have our attention and our sympathetic consideration.

My sole purpose in appearing in person is to underscore the emergency nature of the situation. The situation is especially serious for the State of Alaska.

Information received from the Department of Labor here in Washington is to the effect that, for the last week in February 1959, the unemployment figure in Alaska—14 percent or 6,588 persons—was the highest in the Nation and more than twice as high as the national average, which was then 5.6 percent.

Looking at certain communities in Alaska for the month of January 1959, we find that in the Anchorage area the registered unemployed for that month constituted 11.3 percent of the total labor force, in the Fairbanks area it was 14.4 percent, in the Juneau area, 12 percent, in the Ketchikan area, 17.8 percent, and in the Petersburg area, 24.5 percent.

As was so rightly emphasized in the joint statement submitted to the committee earlier, we cannot approach this problem as one of statistics.

This is a human problem—a problem of human idleness and want in a land which boasts of its strength and wealth.

When we say that 24.5 percent of the total labor force of the Petersburg labor market area were registered as unemployed during the month of January—and I do not have the figures as to how many had exhausted their benefits and were still unemployed—we are saying that, at the very least, approximately one out of every four working men and women were out of jobs, tramping the streets looking for work, wondering about food and clothing for their dependents and wondering, too, what will happen to themselves and to those same dependents when their unemployment compensation benefits expire:

This cannot be treated as a problem of numbers. There can be no “numbers game” with the unemployed. Unemployment and hunger cannot be shrugged off by pointing to national averages. We cannot be complacent about something that touches men and women so closely and deeply.

Neither can we, with any continued regard for the humaneness of our national policies, say, as does H.R. 5640, that the Federal Government is concerned with its unemployed only if they exhaust their benefits before a certain day or only until a certain date. That cannot be our national policy.

America must always be ready and willing to show its concern materially for all of its citizens who are ill clad, ill fed, and ill housed. That concern will not, and cannot, end, as it does under H.R. 5640, on July 1, 1959.

In another field, on another subject, a new word is coming to the fore and is being used with much greater frequency. It is the word "posture." We hear much of what America's "defense posture" is or must be.

Maybe we should carry the expression over into the area we are discussing here this morning and talk of America's "humaneness posture" and what it has been, what it is, and what it should be.

The guidelines for America's humaneness posture were set out in the grim days of the early 1930's when the very act we are now discussing was passed. The humaneness posture we exhibited then, and one which we must ever continue to exhibit, was of deep and genuine concern for the needs of every man, woman and child in the Nation. Then, in the depths of the depression, we set no time limits for this concern for the individual, we set no time limits for the humaneness posture which brought forth the multitude of legislative acts aimed at the economic and social ills besetting the Nation.

Let us not now change that humaneness posture to one of disregard for needs of our citizens.

I urge this committee not to accede to the protestations of those of narrow vision. I urge this committee to take all steps necessary to see to it that the unemployed of the Nation do not become the forgotten men and women of the midcentury.

I urge most strongly that this committee recommend favorably S. 1323.

I have here two telegrams from the Acting Governor of Alaska dealing with this bill.

The first telegram is addressed to the chairman of this committee through me. In this telegram the Acting Governor states in part:

Senate bill 1323 highly preferable to House bill on temporary unemployment compensation. It is essential that cost of such programs be covered by grants rather than loans.

The second telegram addressed to me by the Acting Governor gives details concerning Alaska's experiences under the present temporary unemployment compensation program and also supplies data concerning the scope of the unemployment problem in Alaska.

He also points out that since the figures which I received for February were recorded, unemployment has risen to 20 percent from 14 percent.

I would appreciate having both these telegrams inserted in the record of this hearing.

The CHAIRMAN. They will be inserted.

(The telegrams referred to follow:)

JUNEAU, ALASKA, March 19, 1959.

HON. ERNEST GRUENING,
U.S. Senate, Washington, D.C.

HON. HARRY F. BYRD,
Chairman, Senate Finance Committee, U.S. Senate, Washington, D.C.:

Senate bill 1323 highly preferable to House bill on temporary unemployment compensation. It is essential that cost of such programs be covered by grants rather than loans. Including of workers not covered under State programs will create some administrative problems but can be administered. We do not believe this provision essential but have no objection to it. This bill would to some degree alleviate distress and unemployment in Bristol Bay area caused by Federal closure of fishing this year. We endorse and recommend Senate bill 1323. This bill would help solve immediate problems due to unemployment. For permanent improvement in the unemployment insurance program we recommend passage of Kennedy bill, S. 791.

HUGH J. WADE, *Acting Governor.*

JUNEAU, ALASKA, March 19, 1959.

HON. ERNEST GRUENING,
U.S. Senate, Washington, D.C.

Payment for extension of temporary unemployment compensation should definitely be by grants instead of loans. Covering of uninsured would make this imperative. Covering of uninsured would create difficult administrative problems with resulting high cost of administration but would be possible to administer. Senate bill 1323 would to some degree alleviate distress and help solve unemployment problems caused by Federal closure of fishing in the Bristol Bay area.

Alaska initiated temporary unemployment compensation program beginning October 5, 1958. As of March 1, 1959, there had been 14,920 weeks claimed under temporary unemployment compensation program and \$580,608 paid out under program. By expiration of program March 31, it is estimated there will have been 19,390 weeks claimed and total of \$756,000 paid out in benefits. Cost of administration to date has been \$43,000, and estimated will cost additional \$12,000 before present temporary unemployment compensation program terminated.

Present insured unemployment rate for State unemployment insurance 20 percent with 5,883 such persons now unemployed.

Between October 5 and March 1, 1,216 persons exhausted benefits and there was total of 8,243 claimants whose benefit year ended, making total of 9,459 claimants potentially eligible for temporary unemployment compensation benefits during period it has been in effect. From July 1, 1958, to March 1, 1959, 1,797 persons exhausted benefits and there was total of 9,472 claimants whose benefit year ended, making total of 11,269 persons who became eligible between July 1, 1958, and March 1, 1959. Persons have been eligible to draw benefits under temporary unemployment compensation program if they exhausted their regular benefits or if their benefit year ended since July 1, 1957. Since that date to March 1, 1959, there have been 5,058 exhaustions and 13,413 benefit year endings. Over this long period, some persons would have 2 benefit year endings and would have twice exhausted benefits (for different years), so that totals for period cannot be considered valid as potential temporary unemployment compensation claimants.

Of these claimants eligible to file temporary unemployment compensation claims, 2,133 actually filed initial claims prior to March 1, 1959. This is 23 percent of those eligible after October 5, 180 percent of those eligible after July 1, 1958. Of these 2,133 claimants who filed temporary unemployment compensation benefits, 529 exhausted. This is exhaustion rate of 25 percent.

Between April 1, 1959, and July 1, 1959, 2,850 claimants are expected to exhaust primary benefits, including 1,770 whose benefit year ends and 1,080 who will exhaust benefits. Total of 640 persons expected to be receiving temporary unemployment compensation on April 1, 1959.

Between April 1, 1959, and July 1, 1960, total of 19,100 are expected to exhaust benefits, including 15,800 whose benefit year ends and 3,300 who will exhaust benefits.

The March 1 balance of the Alaska unemployment compensation fund was \$2,966,000 with debt to Federal Government now \$8,265,000.

Legislation now proposed in Alaska Legislature would raise total contribution rate to 3.4 percent on total wages, equivalent to approximately 4.8 percent on

\$3,000 tax base. Under provisions of present law even this rate would require 8 years to repay present \$5 million deficit of regular unemployment insurance program. An additional 1½ years would be required to repay estimated liability under present temporary unemployment compensation program. Added costs of this proposed temporary unemployment compensation program if charged to the State would be particularly burdensome.

Senate bill 1323 would be of substantial value in solving immediate unemployment problems of Alaska and for permanent improvement of the unemployment insurance program we recommend passage of Kennedy bill, Senate bill 791.

HUGH J. WADE, *Acting Governor.*

Senator GORE. I would like to ask the Senator a question, Mr. Chairman.

You made an eloquent and able statement, Senator. Don't you think it would be better for the Congress and the country for the Government to promote the kind of economy that would give these people the opportunity to work for a living rather than to continue this measly stipend for them?

Senator GRUENING. I would agree unqualifiedly that that should be done. We should create a situation where there would be no unemployed, to the extent it is possible, by legislation.

Senator GORE. Don't you think that it is a primary responsibility of the Government of the United States to promote the kind of national economy that will afford an opportunity for a man or a woman, able bodied, willing to work, to earn a living at decent wages?

Senator GRUENING. I would say that the prime responsibility of our Nation is to take care of the American people.

Senator GORE. You are willing to join in an effort to do something about it, are you not?

Senator GRUENING. I would be most happy to join in such an effort.

Senator GORE. Thank you, Mr. Chairman.

The CHAIRMAN. We are very happy to have you, Senator Humphrey. You have asked for 1 minute. We shall not hold you to that limitation.

STATEMENT OF HON. HUBERT H. HUMPHREY, A U.S. SENATOR FROM THE STATE OF MINNESOTA

Senator HUMPHREY. Mr. Chairman, I am going to do that because I feel you have gone out of your way to be cooperative and helpful to me. I understand that my name was not on the list of your witnesses. I am sorry; it was a slip-up on my part.

You have a telegram, Mr. Chairman, from the Governor of the State of Minnesota, a copy of which the Governor's secretary sent to me.

I would like to ask if it is agreeable with the committee and the chairman, that that telegram of, I believe it was of March 19, yes, be made a part of my testimony.

The CHAIRMAN. That will be done, sir.

(The telegram referred to follows:)

ST. PAUL, MINN., *March 19, 1959.*

Hon. HUBERT HUMPHREY,
Senate Office Building, Washington, D.C.:

Here is a copy of a telegram sent today to Senator Byrd.

"I strongly urge the U.S. Senate Finance Committee give favorable consideration to S. 1323 which will provide a flat 16 weeks of coverage for all unemployed whose benefits have expired, including those who have been covered under the

temporary programs, and including also those workers with adequate earning records in employment not covered by State unemployment compensation systems. Minnesota has had 13,000 workers exhaust TUB benefits, and there are 6,000 presently drawing who will be cut off March 31. We cannot callously disregard the economic and social plight of these people, or honestly and conscientiously ignore the fact that economic recovery has not eased the problem of unemployment for 5 million Americans. This is a problem of national character, and the proposal of S. 1323 to have payments made in the form of grants rather than advances which the States have to pay back is a responsible answer. I can in good conscience recommend to the Congress that they pass legislation embodied in S. 1323."

THOMAS R. HUGHES, *Secretary to the Governor.*

Senator HUMPHREY. The Governor, as you know, supports S. 1323, and recommends that it be passed as prepared.

Mr. Chairman, I have a prepared statement which gives some of the unemployment figures in the State of Minnesota, as well as, of course, national figures which have been alluded to already in this testimony.

I would only point out that 8.7 percent of the work force of our State is currently unemployed, according to our State employment security office; and that in the northern part of our State, in the Duluth-Superior area, 14 percent of the workers are unemployed.

I would also point out that a number, 13,000, have exhausted their temporary unemployment compensation benefits; another 6,000 will be cut off on March 31.

We feel that something must be done. Our State has taken quite effective efforts on its own, Mr. Chairman. We are not seeking special consideration, and I am hopeful that the committee will give favorable consideration to the proposal before you.

I am afraid that anything else I would offer would only be redundant to what has already been said. I therefore ask that my statement be made a part of your record as if read and delivered, and that my personal support as a Senator, representative of our State, be made in behalf of S. 1323.

The CHAIRMAN. Thank you, Senator.

Senator HUMPHREY. Thank you very much for your cooperation.

The CHAIRMAN. We are always glad to have you before the committee.

Senator GORE. Mr. Chairman, I have one question.

Senator Humphrey, you have made an able statement. Were you a supporter of the Full Employment Act?

Senator HUMPHREY. I was not here at the time that the act was adopted, Senator Gore, but I have surely been a supporter of it, not only of the letter of the law but of the spirit of the law, and of its purpose.

Senator GORE. Do you think we should repeal it now?

Senator HUMPHREY. I not only think we should not repeal it, I think it should be implemented. I consider it to be as binding upon the Federal Government, may I say, as any law is upon the citizenry of the Nation.

Senator GORE. Well, is not the moral responsibility and political responsibility of the Government binding upon us?

Senator HUMPHREY. It is, indeed.

Senator GORE. At least it should impel us to concern and to action.

Senator HUMPHREY. It seems to me, Senator Gore, what the Employment Act does is to lay down a mandate on the part of the Con-

gress as to overall public policy to be effectuated in terms of maximizing employment, production, and opportunity, and that all fiscal policies, credit policies, employment policies, construction policies, be directed toward the fulfillment of the maximization of employment and productivity.

Senator GORE. Do you think the Congress should discharge its duty and responsibility as it interprets it, or trim its sails for fear of a veto?

Senator HUMPHREY. The responsibility of the Congress, Senator, is to carry out what it believes to be its interpretation of the law which it, the Congress, had adopted and made public statute.

We have a job to do, and if the executive branch of the Government disagrees with us, that is provided for in the Constitution, too. If a veto comes, we will have to face that and then try to do something about it.

Senator GORE. Do you believe that the Congress has the moral, human, political, and in view of the Full Employment Act, legal responsibility to promote the kind of economy that would provide opportunities for men and women, able and willing to work, to obtain employment at decent wages?

Senator HUMPHREY. I surely do. I do not consider the Employment Act of 1946 as window dressing. I do not consider it to be a preface to something else that is to follow. I consider it to be as much a public statute as the Atomic Energy Act, or as an act relating to the defense of the country, or the income tax laws, and it seems to me that it is responsibility of both Congress and the executive branch to try to fulfill the requirements and the mandate of the Act.

Senator GORE. Thank you.

The CHAIRMAN. Thank you very much, Senator Humphrey.

Senator HUMPHREY. Thank you.

(The prepared statement of Senator Humphrey follows:)

STATEMENT BY SENATOR HUBERT H. HUMPHREY BEFORE THE SENATE FINANCE COMMITTEE, MARCH 20, 1959, IN SUPPORT OF S. 1323, A BILL TO AUTHORIZE TEMPORARY UNEMPLOYMENT BENEFITS

Mr. Chairman, I appear this morning before this committee to make a fervent plea that favorable consideration be given to S. 1323, the Temporary Unemployment Compensation Act of 1959, which I am proud to cosponsor, so as to alleviate the suffering of almost 2 million workers who are presently unemployed and without any form of unemployment benefit payments.

The February figures of the number of jobless workers are grim indeed. More than 4.7 million—the highest jobless total for February, with the exception of last year, since 1941. Six out of every hundred workers without pay checks and walking the streets in search of employment.

In my own State of Minnesota, the January jobless total, the latest available, was 116,000 or 8.7 percent of the work force. In the northern part of our State the situation is extremely critical. In the Duluth-Superior area, for example, 14 percent of the workers are unemployed.

The most tragic aspect of the unemployment picture is the large number of long-term jobless workers who have exhausted their State unemployment compensation benefits and also the benefits under the Temporary Unemployment Compensation Act of 1958.

There are now an estimated 1.9 million jobless workers not receiving unemployment compensation benefits. Approximately 1 million have not been covered by insurance programs, and 900,000 have exhausted their eligibility.

Minnesota is one of 17 States which accepted the TUC program. Under this temporary program 32,000 unemployed workers in Minnesota have received benefit payments. Of this number, 13,000 have exhausted their TUC benefits and another 6,000 will be cut off March 31 if the program is not extended.

Mr. Chairman, we are not discussing abstract statistics. We are discussing men and women who are ready and willing to work but who simply cannot find jobs. We are discussing breadwinners who are unable to provide even the basic necessities for their loved ones. The suffering of these workers and of their families cannot adequately be put into words. I have met and talked with these people in Minnesota. I can attest here today to their feeling of bewilderment and despair.

As the New York Times stated yesterday in an editorial on the unemployed: "For the individuals affected there is not only economic distress, but also loss of self-respect and a growing alienation from our otherwise prosperous society. For the Nation as a whole the millions of unemployed represent an enormous loss every day their energies, their talents and their knowledge go unused."

The Congress is faced now with the decision as to what shall be done for the unemployed, in particular those who have exhausted their unemployment compensation benefits. In my opinion, we have a moral responsibility to meet this problem. For a country as wealthy as the United States not to take effective action to help alleviate the desperate situation of so many of our less fortunate citizens would be inexcusable.

Before this committee for its consideration is H.R. 5640, which was passed by the House of Representatives this past Monday. It provides for extending the TUC program for only 3 months—until the end of June. It is estimated that this bill would benefit approximately 450,000 jobless workers. In my opinion this bill falls far short of what is required, and in fact demanded, in this period of high unemployment. There is no valid excuse for bringing to an end the TUC benefit program. If such a program was valid a year ago, is anyone really prepared to argue that the need no longer exists? Unemployment is near the 5 million mark and shows no sign of slackening off despite the business upturn of the past several months.

What is needed is a bill which measures up to the present critical situation. In my opinion, S. 1323 is just such a bill. It provides an additional 16 weeks of coverage to jobless workers who have exhausted unemployment compensation benefits under regular State programs and TUC, and would also include unemployed not covered by unemployment compensation laws but who have adequate earning records.

It is estimated that S. 1323 would assist 3.5 million of the unemployed between now and July 1, 1960, when the program would terminate. This bill is an effective and realistic measure designed to meet the urgency and scope of the jobless situation. To do any less would in my judgment show a callous disregard for the plight of our jobless fellow citizens.

I earnestly hope that the Congress will demonstrate to the jobless workers of America, through the passage of S. 1323, that its first and primary consideration is the welfare of its citizens. The situation is far too serious for half-way measures. The hundreds of thousands of jobless workers and their families who are without means of support are looking to us in the Congress for aid in their hour of need. Let us not fail them.

The CHAIRMAN. The next witness is Otto Christenson, of the Minnesota Employers Association.

STATEMENT OF OTTO CHRISTENSON, MINNESOTA EMPLOYERS ASSOCIATION

Mr. CHRISTENSON. Mr. Chairman, my name is Otto F. Christenson, and I am executive vice president of the Minnesota Employers Association, but today I am appearing on behalf of the Conference of State Manufacturers Associations.

In the 36 principal industrial States of our Nation, there are State manufacturers associations whose activity and objectives are to gather and disseminate information among their respective members designed to promote favorable and economic business conditions in their respective States, and to advocate just and reasonable laws for the protection of industries and the general public.

These associations have various names. Some of them have "manufacturers association" in their names and some are called associated

industries or other names, but, regardless of their names, these associations throughout the United States are the manufacturers associations of our States, and we serve in many fields. The list of those I am representing is attached.

I do not want to take the time of the committee this morning to delineate all of the activities that we engage in, but may I say that we represent some 60,000 companies throughout the United States, and that all of those companies are equally concerned with economic conditions throughout our Nation.

I know that as far as your committee is concerned, you usually expect to have copies of prepared statements in advance for study. As far as I am concerned, I would normally want to prepare a statement in advance, and I would put considerable work and study into it.

However, I hope you will bear with me today. I am going to talk but a few minutes, and I didn't know about this hearing until the night before last as I was leaving St. Paul to attend another meeting, a joint subcommittee of the Senate and the House, which was held in the old Supreme Court chambers yesterday.

Until that time I had assumed that the Senate would soon pass legislation similar to the bill passed by the House, to provide a temporary extension and easing off of the temporary unemployment compensation program adopted last year. I did realize, of course, that there were other bills before your committee and in particular I want to talk to you in opposition to Senate bill 1323.

Just a year ago, Mr. Chairman and gentlemen of the committee, on April 22, 1958, the powerful House Ways and Means Committee, as a committee bill, recommended H.R. 12065, and that bill recommended by the powerful House Ways and Means Committee was rejected by the House and the Herlong bill, our present temporary unemployment compensation law, was enacted in its place.

I was told by one of our Minnesota Congressmen that in his memory that was the first time in 11 years that the entire House had rejected a bill, a committee bill, from the important and powerful Ways and Means Committee.

In its place they passed the Herlong bill, which is the law under which we are now operating.

Now you have before you Senate bill 1323. I compared the two bills yesterday and last night, and except for some very minor inconsequential changes in wording or in arrangement, Senate bill 1323 is line by line, paragraph by paragraph, and almost word by word, except in a couple of very inconsequential items, exactly a copy of H.R. 12065 that the entire House rejected about a year ago.

I haven't had time to completely analyze every word of it, but I assure you that substantially they are the same bill.

Since the present temporary benefit law was passed, the number of people claiming benefits under our State laws have declined from about 3,300,000 to 2,400,000. That is a decline of about 30 percent, and with covered unemployment so much smaller this year, it doesn't seem reasonable to us that the Congress would accept such a far-reaching proposal as is the McNamara bill, when that program was not acceptable just a year ago.

Frankly, when the Federal temporary benefit program was adopted last year, I did not think it was necessary, and I would say that I believe that the great overwhelming majority of industry who are

equally concerned with economic conditions, did not think it was necessary.

We think our State legislatures can take care of our respective State problems, and should do so. Right now, 46 State legislatures are in session, or in a couple of instances have just completed their sessions. And in every one of those legislative sessions which are either completed or which are now in progress, this problem is or has been under consideration.

I still don't think that Congress should pass any temporary unemployment compensation regulations. Our State governments are capable of handling unemployment compensation and they will do so, if they know that the Federal Government is not going to do it for them.

Most of the States, gentlemen, have handled their own problems. Only 17 States have accepted any funds under the Federal benefit program. The overwhelming majority of States, after this temporary unemployment compensation law was passed, did not want it, and only 17 have accepted it.

However, now that we have the temporary program, and it was very clearly sold last year as a temporary program, the problem is to see how it can be kept temporary, and how best to terminate it.

From this standpoint we believe that the House of Representatives has found a sound and a realistic solution. Estimates vary, but apparently there will be some 200,000, to 300,000 or 400,000 people who will still have valid claims for benefits under the present Federal law by April 1.

It seems most realistic to let these people get the benefits the law prescribes, rather than to summarily cut them all off the benefit rolls.

Under the bill that has passed the House and is now before you, we believe there is a realistic plan for ending the program and our organizations are willing to support it. We are not willing to support further extensions. If you should extend this law another month, or another 3 months, or another year, or for any other period, you would still face then, the problem of how to terminate it, and it would never be any easier to terminate it on a Federal level than it is today.

We, of course, are strongly opposed to any proposals to expand the program to self-employed and others who have never been covered by unemployment compensation, or even to extend the present program for another year.

I heard Walter Reuther's emotional speech here today. It was a very good one, but when this bill was up before the House, gentlemen of the committee, a year ago, and when it was rejected by the House, Congressman John Byrnes of Wisconsin had written to all the administrators of the 48 States and asked them if it was possible for them, as administrators, to administer title 2 of this bill.

I certainly am not going to read it to you, but on page 7093 and from there on of the Congressional Record of May 1, 1958, the replies of 46 State administrators came in saying:

This cannot be administered. This would hurt the regularly covered people. This would open itself up to fraud, to deception. There is no way that we, as administrators, can possibly find out what people earned in their base period.

Section 2 of S. 1323 would not only cover the employed workers, it would cover the self-employed, it would cover the farmer, it would cover agriculture, it would cover household work, it would cover every-

body in the United States, and these administrators, all 46 of them, wrote back, and in a most dramatic and persuasive way said to Congress, "This won't work."

Those answers came not only from conservative administrators, they came from liberal administrators, they came from 46 States; from men who have been appointed by Republican Governors, by Democratic Governors, and who have various economic conditions, and all that we can say to you, the most persuasively we can say to you this morning, is that if the administrators of 46 States have put into the Congressional Record that this bill won't work, how much more effective can we be?

In short, we believe the unemployment compensation program should be operated and financed by the States this year and next year, and we have got 46 legislatures in session.

Michigan's Legislature can do what they want to; they know the Michigan problems. Pennsylvania's can take care of Pennsylvania's; they know the Pennsylvania problems. We will take care of ours in Minnesota.

I would like to point out to this committee that for 24 years 48 State legislatures, hundreds of local management-labor committees and advisory committees, and thousands of experts have worked millions of man-hours to develop fair and realistic unemployment compensation systems, and the State governments themselves have put even more time into their proper administration. Wouldn't it be the sheerest folly for the Congress to presume that the work of the States and the local people has been wrong, and that the Federal Government could do a better job than all the people have been able to do in a quarter of a century?

So far as I know the only opposition to the 3 months extension passed by the House is coming from people who want a vastly expanded program. There is just not time before next Thursday for this Congress to pass such a program.

The opposition is from those who want the Federal Government to take over the unemployment compensation system, and to substitute the Congress' judgment for the judgment of the State legislatures.

We are opposed to a Federal unemployment compensation program, either by complete Federal administration, by Federal benefit standards, or by indefinite extension of Federal temporary benefits.

The House Ways and Means Committee has scheduled hearings starting next April 7 on the subject of unemployment compensation, and I understand this hearing will run for some weeks.

If this committee also wants to take up the question of Federal benefits, many of the people I am representing today, and many more that I am not representing, would expect an opportunity to be heard.

Why, gentlemen, to even begin to explore the federalization issue, you would need to hold not only one morning of hearings, but weeks and weeks.

State legislative committees often take many days of hearings just to settle minor issues, minor intricacies of unemployment compensation. All of our supreme courts of all our States at one time or another have said substantially that the unemployment compensation law is the most complex and the most intricate law of the cases which come before them. And to try to decide a matter so grave now, between now and the first of April, would be simply preposterous.

In short, as we see it, there are just two choices in the time that the Senate has available: Either go ahead under the House-passed bill and finish paying out benefits to some 200,000 or 300,000 people, or pass nothing and let the program terminate April 1.

Today is Friday; next Thursday you will be in recess, or going to take a recess. By the time you come back it will be after April 1.

To be realistic and to depart from all of the emotional arguments which can be given, and all the sympathy which all of us have for all of the people who are not doing well economically, there just isn't time realistically for this Senate to do anything except either go ahead under the House-passed bill and finish paying out the benefits, or pass nothing.

Since this law was passed last year as a temporary bill, perhaps the second solution is the most logical. It was a 1-year program. Let it end when the year is over. But the fact is that people are making claims under this program every day, and they will be making claims right up to the end of this month. They expect to get their benefits, they feel they are entitled to the benefits now provided. So each of us must ask ourselves should we cut off all these people from the rolls on April 1, or should we pay the benefits provided until the eligibility runs out?

The House has passed the latter alternative, and I think if the decision were mine, that that is the alternative I would take, if I were a Senator in this Senate on Friday, today, with less than a week to make up our minds what we could do.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Christiansen. Are there any questions?

(No response.)

Mr. CHRISTIANSEN. I am passing to your clerk the names of the 36 State associations for whom I appear.

(The list referred to follows:)

CONFERENCE OF STATE MANUFACTURERS' ASSOCIATIONS

Following are the State associations which join in the testimony to be presented by Mr. Christenson before the Senate Finance Committee on March 20, 1959:

Associated Industries of Alabama.
 Associated Industries of Arkansas, Inc.
 Associated Industries of Florida.
 California Manufacturers Association.
 Manufacturers Association of Colorado.
 Manufacturers Association of Connecticut.
 Associated Industries of Georgia.
 Associated Industries of Idaho.
 Illinois Manufacturers Association.
 Indiana Manufacturers Association.
 Iowa Manufacturers Association.
 Associated Industries of Kansas.
 Associated Industries of Kentucky.
 Louisiana Manufacturers Association.
 Associated Industries of Maine.
 Associated Industries of Massachusetts.
 Michigan Manufacturers Association.
 Minnesota Employers Association.
 Mississippi Manufacturers Association.
 Associated Industries of Missouri.
 Associated Industries of Montana.
 Associated Industries of Nebraska.
 New Hampshire Manufacturers Association.
 Associated Industries of New York State.
 Ohio Manufacturers Association.
 Associated Industries of Oklahoma.
 Associated Oregon Industries, Inc.
 Pennsylvania Manufacturers Association.
 Associated Industries of Rhode Island.
 Texas Manufacturers Association.
 Utah Manufacturers Association.
 Associated Industries of Vermont.
 Virginia Manufacturers Association.
 Association of Washington Industries.
 West Virginia Manufacturers Association.
 Wisconsin Manufacturers Association.

The CHAIRMAN. The next witness is Mr. Leonard J. Calhoun. Mr. Calhoun, we are very glad to have you, sir. We would be pleased to have the benefit of your views on the pending legislation—on both bills.

STATEMENT OF LEONARD J. CALHOUN

Mr. CALHOUN. Thank you, Mr. Chairman.

My appearance today before this committee is in response to a request of one of the members of the committee, and I am not appearing in a representative capacity.

In 1935, when the Honorable Pat Harrison was chairman of this committee, I served as the so-called majority expert. My job was to analyze the original social security bills, that being the year when they were enacted.

In 1946, I was chief of staff of the Ways and Means study on social security, which included unemployment insurance, and from time to time I have served on various advisory committees.

In writing the original unemployment insurance provisions of the Social Security Act, this committee wrote the experience rating provisions into the legislation, which fortunately was accepted by the House in conference, and is still in the law.

The basic principle of the Federal legislation that was enacted in 1935 was the assumption that the unemployment law of each State would be written by the legislature of that State. The eligibility conditions, the duration of benefits, the benefits amount, would be locally determined to meet local conditions.

The general, overall philosophy was that Federal responsibility was limited, and that State responsibility was fundamental in the program.

In upholding the unemployment compensation provisions that were written by the Congress in 1935, a point elaborated by the Supreme Court was that at that particular time there was a national problem reflected by 16 million or more unemployed, and that States at that particular time had actually exhausted their resources, and that the Federal Government was deep in direct relief, and so it was of national interest that the Federal Government pass some kind of tax provisions which would impel the States to assume a portion of the relief problem by way of enactment of unemployment compensation provisions.

The Court pointed out, and I quote here, that "many States held back through alarm lest in levying such a toll on their industries they would place themselves in a position of economic disadvantage."

So, in subsistence, what Congress did was to remove the inhibitions which kept individual States from assuming their share of responsibility.

On the basis, the taxing provisions were upheld against the argument that States were being coerced in contravention of the 10th amendment, and also that there were restrictions implicit in our federal form of government which were being violated.

Today we certainly do not face the type of situation such as the Court described. Congress enacted temporary unemployment legislation last year. The present bill is a very limited extension of that legislation. It reflects essentially a decision that those on the rolls April 1 shall not be terminated immediately. By June 30, the estimates are, there will still be on the rolls only about one-fourth of the ones on the rolls today.

It is not my purpose to discuss whether the Temporary Unemployment Benefit Act of last year was compatible with the broad principles I have mentioned. That would be pointless. Nor do I believe that it would be worth while to discuss at any length the pending extension bill in this broad framework of fundamental considerations.

I would like to point out one fact which might be germane, particularly in view of the statements this morning as to bankrupt States. Fortunately, some several years ago, I believe it was in 1954, this committee and the Ways and Means Committee, after careful consideration, each reported out what has been referred to as the Reed-George or George-Reed loan fund.

That fund is available to any State without limit as to borrowing amounts. That fund is available whenever the State begins running short of its own money.

The provisions of the Temporary Unemployment Insurance Act really differ from the George-Reed Loan Fund Act in only one major respect: A State does not have to use up its own money first in order to obtain the funds under the Temporary Unemployment Insurance Act of 1958.

So, some 17 States, without exhausting their own funds, have received funds under what are essentially the George-Reed loan fund provisions. I say "essentially" because under the provisions, these amounts are going to have to be repaid in the same way that the George-Reed loan fund borrowings have to be repaid unless otherwise repaid, namely, there will be increased Federal taxes against the employers of the particular States.

We had this morning a considerable amount of testimony which was not germane to the specific issue we are facing today, regardless of our opinions as to what the Federal Government should do in promoting employment opportunities. Certainly this particular measure which is before this committee today affords no opportunities; it affords temporary relief at best, and it leaves unsolved the problem after June 30 under the one bill, and after July 1 of next year under the other bill that has been discussed.

The major differences lie not in the duration, however. They lie in the philosophy of the two bills.

As I said, this bill which has been enacted by the House is a repayable loan, in substance. The bill which is being urged by the 18 Senators who were represented before you this morning is not a repayable loan bill. It also has in it a great many things which require very great study.

Mr. Christiansen mentioned one in passing. That is, that title II of the bill, the one which was going to do the big work among those not in covered employment, was stated by these State administrators not to be administrable.

You will find on close study, doubtless, that there are many other matters in there which will show up in any close consideration of any proposal like that.

There are States, as I previously mentioned, a few States, which have a very real problem. It may be that those States will have such a real problem that whether you pass this little extension or not, they will have their legislatures meet; whether they are "busted," as the expression was used, or whether they are bankrupt will make no difference about their ability to procure money under the George loan fund.

So you have a situation where, under the general philosophy that the Federal Government should not do what the States can do, a situation where any State, regardless of its financial situation, can put such extensions in any way it wants to on its law; can, after using up most of its funds, then secure money from the Federal Government, but on a loan basis.

So when we are talking about a Federal program, we are going to continue to be talking either about a loan program or a giveaway program.

In this loan program, of course, the Federal Government is on a deficit basis and it has to borrow, but it is going to get the money back. But on the giveaway basis, this distribution to States, we may expect to have in every State the open palm for the money available. How could any State stand up against receiving and distributing free Federal funds when the State next to it was receiving them?

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

Mr. CALHOUN. Yes.

Senator CURTIS. You referred to a giveaway plan of free Federal funds to the State. Is it your opinion that the proposal which was brought before us by several Senators this morning is such a program?

Mr. CALHOUN. Unquestionably, sir. There is no provision for any repayment. There is for an appropriation, but there is no provision for any repayment.

Senator CURTIS. In other words, it is the Federal Government that provides the funds, and the State determines who gets it and how.

Mr. CALHOUN. Well, there are some general Federal guides in there. I would not like to get into technical details. But, broadly speaking, for example, self-employed people, if they have in the last 2 years earned as much as a thousand dollars, would be eligible under the bill for benefits. Those benefits run at the rate of \$12.50 for each \$1,000 which the individual earned in his four most favorable quarters. So if a person in the four most favorable quarters of the last 2 years had, say, \$4,000—he probably would get the maximum in earnings, a self-employed man—he could qualify, if his State paid benefits that high, for about \$40 a week.

Senator CURTIS. Would that entire amount be Federal funds?

Mr. CALHOUN. The entire amount would be Federal funds.

Another State next door might pay benefits up to \$30. The limitation is on what the State pays for unemployment.

Sixteen weeks at \$40—and I believe in Michigan if he has a large family, if I read the bill correctly, some of them might get \$50 or \$55. But that would be Federal funds, and it would not be repayable. And for 16 weeks, why, you can draw a very considerable amount at \$50 a week. I believe that is \$800.

So you have a situation here where there would be a highly selective generosity of Federal funds which would be gathered sometime, someday, from the general Federal taxpayers.

The CHAIRMAN. Do you have an estimate of the cost to the Federal Treasury?

Mr. CALHOUN. No, sir. There was testimony this morning which I translate simply that 3½ million people would draw an average of \$250 per person if this bill were enacted, I think, just doing backward their overall costs and the number on the rolls.

Anybody could put in a guesstimate, and I doubt if many people could put much more than a guesstimate, because the situation is, as I mentioned, that in some States many people could draw, not \$250, not \$500, but \$750 and more in the 16 weeks; and, oddly enough, it would be the ones who had had the best luck up until the time they had lost their business or otherwise became unemployed, they would be the ones that would get the largest amounts.

So we have a situation where something which would be called unemployment would be paid out of general revenue, and under this bill persons who had already drawn for 9 months would be given 16 more weeks. I do not know how many weeks it takes to turn unemployment insurance into a dole, I do not know how many months it takes. But when you begin having a person on the rolls beyond a year, I think you are getting dangerously close to the dole; and when you have them on 2 or 3 years, it takes a herculean amount of determination to ever get them off.

England got in that shape at one time. Then they quit calling it unemployment insurance, and gave the name "dole" that I have been using.

Mr. Chairman, I would like to conclude by saying briefly that we are not talking about something which can be quickly decided if we are talking about embarking on the path of this new bill. Nor do I think we are talking about doing something compatible with the principles which were adopted in 1936 which have been adhered to as to the States having the responsibility for unemployment insurance.

The new proposal is a very fundamental thing, and as was indicated by other testimony this morning, it is all interrelated to a general federalization plan. It is all part and parcel of a philosophy that the Federal Government should and must do everything for everybody.

I do not think I can subscribe to a philosophy which would say that a group of awfully busy Senators, with a tremendous multitude of Federal problems, real Federal problems, that are facing them, could write as good a bill for my State or your State as could our own State legislatures, who have relatively few duties and do have opportunity for full hearing on both sides.

I would say one more word in conclusion: That under existing law, going back to my reference to the George-Reed loan fund, any State, regardless of its financial condition, that believes the circumstances warrant it, can make such extensions of their benefits as their State legislature is willing to write in, and when they have used their own money up they can come in under the George loan fund and operate on borrowed money. But the important thing is, it is borrowed money.

The State does have the responsibility not only of receiving and distributing it, but of eventually collecting it. And without that type of checks and balances, I do not see how any system can long endure.

The CHAIRMAN. Thank you very much, Mr. Calhoun.

Mr. CALHOUN. Thank you, sir.

(Statistical material submitted by Mr. Calhoun follows:)

TEMPORARY UNEMPLOYMENT COMPENSATION

I

*Initial claims for State unemployment compensation benefits*¹

Week ended	1958-59	Corresponding week of 1957-58	Decrease from year ago
Dec. 27.....	393,500	553,900	160,400
Jan. 3.....	454,000	531,000	77,000
Jan. 10.....	² 574,400	² 609,600	35,200
Jan. 17.....	412,900	523,200	110,300
Jan. 24.....	357,200	452,300	95,100
Jan. 31.....	356,900	442,100	85,200
Feb. 7.....	352,000	456,800	104,800
Feb. 14.....	302,500	425,300	122,800
Feb. 21.....	315,300	459,200	143,900
Feb. 28.....	260,800	435,900	175,100
Subtotal.....	3,775,500	4,889,300	1,109,800
Mar. 7.....	273,500	440,400	166,900
Mar. 14.....		410,500	
Mar. 21.....		404,500	
Mar. 28.....		421,900	
Apr. 5.....		501,800	
Apr. 12.....		461,800	

¹ Initial claims for unemployment benefits include persons newly unemployed—some making their 1st claim in a benefit year and some renewing claims, having set up benefits years in some earlier period of unemployment.

² Peak.

NOTES

Initial claims have been below the year-ago figure in every week since the 1st of November. In the latest week reported (ended Feb. 28) the figure was 40 percent below a year ago.

For the past 10 weeks, the number filing initial claims has totaled over a million less than for the same 10 weeks last year.

II

*State insured unemployment*¹ (including Federal employees)

Week ended	1958-59	Corresponding week of 1957-58	Decrease from year ago
Dec. 20.....	1,948,000	1,954,000	-6,000
Dec. 27.....	2,234,000	2,360,000	-126,000
Jan. 3.....	² 2,601,000	2,809,000	-208,000
Jan. 10.....	2,599,000	2,864,000	-265,000
Jan. 17.....	2,506,000	2,850,000	-344,000
Jan. 24.....	2,480,000	2,895,000	-415,000
Jan. 31.....	2,452,000	2,939,000	-487,000
Feb. 7.....	2,406,000	2,972,000	-566,000
Feb. 14.....	2,470,000	3,130,000	-660,000
Feb. 21.....	2,375,000	3,268,000	-893,000
Feb. 28.....	2,330,800	3,282,000	-951,000
Mar. 7.....		3,275,000	
Mar. 14.....		3,264,000	
Mar. 21.....		3,279,000	
Mar. 28.....		3,277,000	
Apr. 4.....		3,314,000	
Apr. 11.....		² 3,363,000	

¹ "Insured" unemployment is based on the count made by the several States of persons claiming unemployment benefits who have been unemployed for a week or more. The count of all unemployed is made by the census for the midweek each month by a "poll" of 35,000 households. Included are a great many persons without work experience who are new entrants into the job market—including housewives and students, as well as domestics, farm laborers, and all others not under State programs.

² Peak.

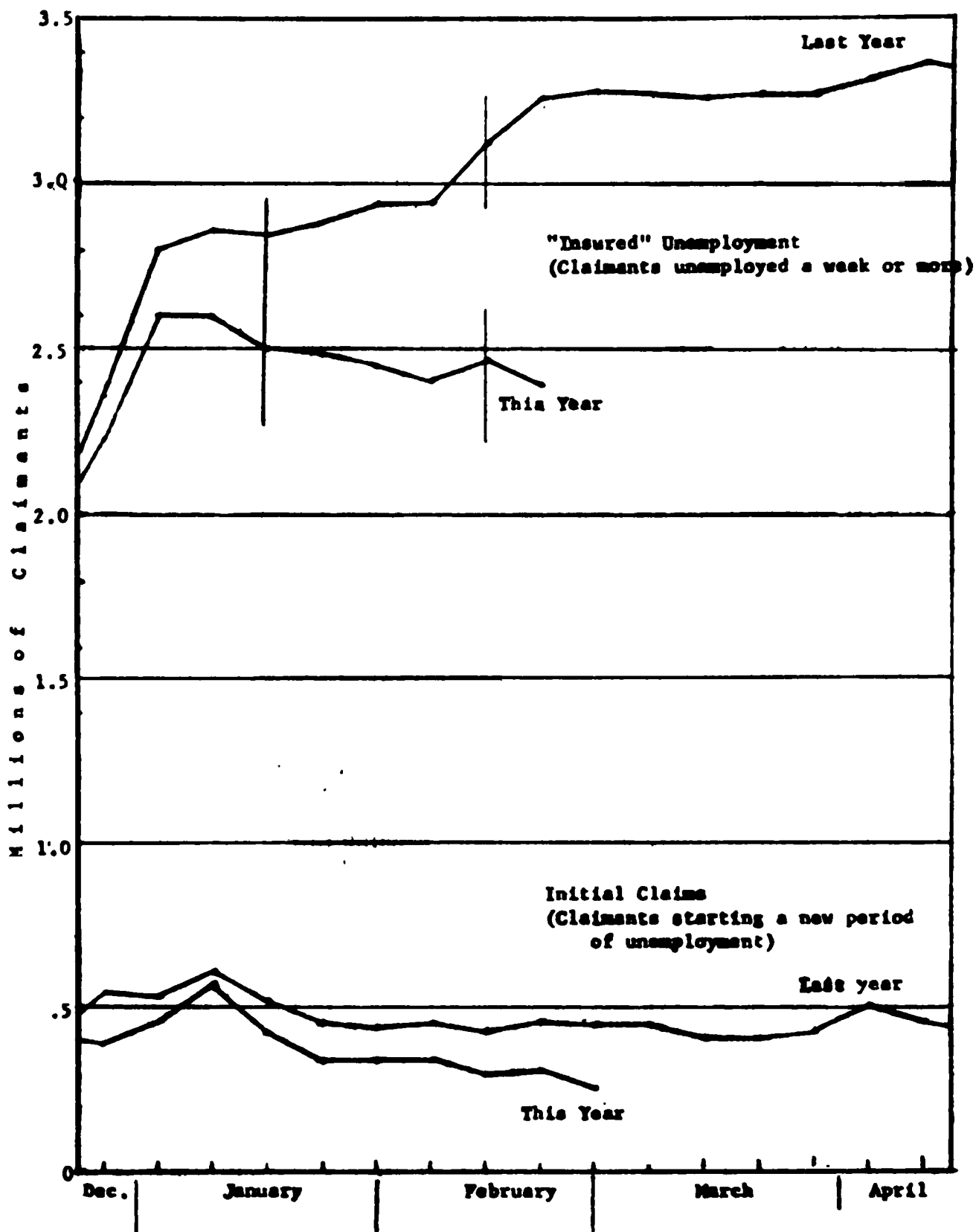
NOTES

Insured unemployment has been below the corresponding week of 1958 in each week since mid-December, and is now more than 30 percent below the 1958 peak in mid-April. For the latest week, insured unemployment was 900,000 less than a year ago.

Insured unemployment has declined in all but one of the weeks since the peak week ended Jan. 3. This is the earliest downturn from the winter seasonal high in the 15-year postwar period.

III

Current unemployment compensation claims compared with a year ago



IV

STATE UNEMPLOYMENT COMPENSATION LEGISLATION IN 1959

Increases in weekly unemployment compensation benefits are expected in upward of 30 States, and increases in the number of weeks of benefits which are payable are expected in more than 20 States.

For example, an agreement was recently reached between representatives of labor and management in Wisconsin. Weekly benefit amount will be increased from \$41 to \$45 or more next January 1, and the duration of benefits will be increased from 26 to 34 weeks, effective in July.

Other States where substantial increases in duration are rather definitely expected—or already completed—include Alabama (6 weeks), Colorado (6 weeks), Florida (10 weeks), Kansas (6 weeks), Nebraska (6 weeks), New Mexico (6 weeks), North Dakota (6 weeks), and Utah (10 weeks).

In addition, several States are expected to adopt emergency extensions of duration (similar to the Federal TUC program), to apply in periods of high unemployment. Idaho has already enacted such a provision, and California, Illinois, Ohio, New York, and North Carolina, among others, are considered likely to do the same.

The picture in many of the States is being confused by fears that action by the Congress may upset whatever action the local legislature may choose to take.

V

COST OF TEMPORARY UNEMPLOYMENT

Federal cost of the TUC program have been approximately as follows for the past 4 months:

November for 337 beneficiaries per week.....	\$41, 000, 000
December for 319 beneficiaries per week.....	45, 000, 000
January for 317 (estimate) beneficiaries per week.....	41, 000, 000
February for 280 (estimate) beneficiaries per week.....	35, 000, 000

Assuming a continuing downward trend, the cost might run as follows:

March (fewer claimants, but longer month).....	\$34, 000, 000
April.....	30, 000, 000
May.....	26, 000, 000
June.....	22, 000, 000

This would result in costs of \$78 million (say \$75 to \$80 million) for a full extension of July 1.

Total costs to the end of the present program should approximate \$450 million, so that there is ample balance in the \$660 million originally appropriated to cover a 3 months' extension.

If those with benefit rights at the end of the present program are permitted to draw benefits until June 30, but no new beneficiaries are accepted, the cost should not exceed 60 to 65 percent of the cost of a full extension.

In such a case, 200,000 might be on the rolls on April 1 and reduce to 50,000 or so on July 1. Average number would be 125,000 and 260,000 or more different individuals would receive benefits. The cost would be in the range of \$45 to \$50 million.

The ranges given here assume a continuing decline in unemployment. Should unemployment fall sharply, costs would be somewhat less. If unemployment does not decline, the figures would be somewhat higher.

The CHAIRMAN. Mr. Newell Brown, Assistant Secretary of Labor, is the next witness.

STATEMENT OF NEWELL BROWN, ASSISTANT SECRETARY OF LABOR

Mr. BROWN. Mr. Chairman, I want to express, first, the regret of the Secretary that he was unable to be here to express the administration's position. That is what I would like to very briefly do this morning.

I appreciate this opportunity to discuss with the committee the views of the administration with respect to legislative proposals for the extension of temporary Federal unemployment compensation. As this committee knows, on June 4, 1958, the President approved the Temporary Unemployment Compensation Act of 1958 enacted by the Congress to provide benefits for persons who had exhausted their regular benefits under the various State and Federal unemployment compensation laws. As enacted, no benefits would be paid under this act for any week of unemployment beginning after March 31, 1959.

Seventeen States elected to participate fully in this temporary unemployment compensation program, and 19 others elected to participate with respect to exhaustees only under Federal unemploy-

ment compensation laws, that is, Federal employees, veterans, and so on.

Through January 1959, \$359 million was paid out for temporary unemployment compensation and it is estimated that \$75 million more will be paid out in February and March. By March 31, 1959, approximately 1.5 million persons will have received temporary unemployment compensation under this act. We firmly believe that the Temporary Unemployment Compensation Act of 1958 was necessary. But it was intended to be—and I believe should be temporary.

This was emphasized by the Department in its proposal to the Congress for the enactment of temporary unemployment compensation legislation. For example, the explanation submitted by the Department to accompany its proposal contains the following statement:

This is a program for a limited period to assist the States in meeting an urgent and immediate need and not a proposal for supplementation of regular benefits on a prolonged basis.

Again and again the Secretary of Labor, in his testimony before the House Committee on Ways and Means, stressed the fact that this legislation was designed to, and should, be temporary in nature.

Throughout the consideration of the Temporary Unemployment Compensation Act by the Congress it was also emphasized that the proposed act was designed as a temporary measure to serve as a stopgap in order to afford the States a reasonable opportunity to take appropriate legislative action to meet the problem in their respective States, and that regular sessions of most of the State legislatures would not be held until 1959.

In 1959, 46 State legislatures and the Congress, which acts for the District of Columbia, of course, have convened or will convene. There is significant activity by the States to provide additional benefits, either through the enactment of extended unemployment compensation to be paid in emergencies or through the increased duration of benefits under the regular State systems. As of March 13, unemployment compensation legislation providing additional benefits had passed one or more houses of 12 State legislatures and two of these bills have been enacted into law; in 7 additional States such unemployment compensation bills have been introduced with the support of the Governors; 11 of these States are considering extensions to 30 or more weeks, and 1 has enacted a permanent program providing for the payment of additional unemployment compensation during high levels of unemployment; 37 State legislatures are still in session and 2 will convene later.

I might add there that of the eight legislatures that have gone home since the beginning of the year, five have taken action in this field. In two cases the Governor has signed the recommended bills; in three others the bills are on his desk.

While exhaustions under State law are less than they were last year, they remain at a relatively high level. We do not believe, however, that the answer is a succession of temporary extensions superimposed by Federal legislation on the unemployment compensation systems of the States.

We believe that the program already started should be permitted to taper off. For this reason, we favor the enactment of H.R. 5640 which has already passed the House. This bill as passed by the House

would permit individuals who had filed first claims under the act before April 1, 1959, to receive temporary unemployment compensation until they have exhausted their rights or have become reemployed. In no event, however, would benefits be paid for a week of unemployment beginning after June 30, 1959.

If the committee desires to assure that persons whose unemployment began in the week prior to April 1, 1959, but who, under the State law, would report and file a claim after April 1, 1959, should be entitled to receive the benefits of the temporary unemployment compensation program, a technical amendment would be necessary, in the legislation passed by the House.

The CHAIRMAN. How important do you regard that technical amendment? We are faced with a conference situation if any amendments are made to this bill.

Mr. BROWN. I have reason to think, Senator Byrd, that the House is ready, willing, and able to accept this amendment, and would have placed it—

The CHAIRMAN. Exactly what would this technical amendment do?

Mr. BROWN. April 1, I believe, falls on a Wednesday. Under certain State laws an individual who is unemployed in that week can't file until Thursday or Friday on a social security number basis or some other technicality.

The accident of a State's administrative provisions, therefore, might prevent John Jones, whose unemployment is identical with Bill Smith's, from becoming entitled, and drawing what he needed.

The CHAIRMAN. Do you favor that amendment?

Mr. BROWN. We favor that amendment.

The CHAIRMAN. Will you prepare the proper language and submit it to the committee?

Mr. BROWN. Yes, sir.

The CHAIRMAN. I understand from what you have said that it is concurred in by the Secretary of Labor and approved by him.

Mr. BROWN. And the administration, sir.

The CHAIRMAN. And the administration. Will you give your views on S. 1323?

Mr. BROWN. Yes, sir. I should like to conclude by commenting briefly on S. 1323. This bill, as we understand it, closely parallels in its provisions H.R. 12065, introduced last year by Congressman Mills in the House of Representatives.

The administration strenuously opposed H.R. 12065 and takes the same position on S. 1323. There have been no changes in the situation which would warrant reconsideration, in our judgment.

S. 1323 seems to us to have several critical flaws. In the first place, it proposes to use a system and program set up and operated on insurance principles to institute what in flavor is a relief program. Where the present system provides for the prepayment of "premiums" against future liabilities, this bill would be financed out of general revenues. In our judgment such a procedure would so seriously warp and undermine the principles under which the unemployment insurance program has operated successfully for 20 years, that the later restoration of that system would be extremely difficult.

In this connection we are also concerned with parallels to the British dole. If British experience is any criterion, the institution of the proposed program might well lead to a permanent dole system in this country. Passed in the guise of an emergency measure, it is likely to

become a permanent fixture. If a dole or relief is necessary, it should be handled separately from the existing program of unemployment insurance.

We are also concerned with administrative aspects of this proposal. In our judgment, insofar as it covers individuals who have not been in the regular unemployment insurance system, it would be very difficult to administer, or at least to administer with sufficient safeguards to reasonably assure that only those it deems to be entitled receive money and, on the other hand, that all those so entitled, are paid. We are also disturbed by the inclusion of the self-employed.

Finally, I would note that approval by the Senate of this proposal or any proposal which markedly differs from H.R. 5640 would virtually assure the expiration of the present unemployment insurance program on April 1. The time remaining would be insufficient to resolve the differences between the two Houses.

The CHAIRMAN. Does this latter statement have the approval of the Secretary of Labor and the administration?

Mr. BROWN. Yes, sir.

The CHAIRMAN. Are you able, Mr. Brown, to estimate the cost to the General Treasury of S. 1323

Mr. BROWN. We have not attempted to estimate, and I think it would be an extremely difficult thing to estimate. Their own figure is—

Senator BENNETT. \$875 million.

Mr. BROWN. \$875 million, and they assume no marked improvement in the economy. I would say my best guess would be, sitting here, that it might be somewhat less, but certainly over a half billion dollars.

The CHAIRMAN. That is for 1 year?

Mr. BROWN. That would be for the period this bill would run.

The CHAIRMAN. Is this bill to run until—

Mr. BROWN. To July 1, 1960.

The CHAIRMAN. July 1, 1960. You think the cost would be—do the patrons of the bill estimate \$875 million?

Senator BENNETT. Yes; they gave it.

The CHAIRMAN. Do you agree it is approximately correct?

Mr. BROWN. I can't quarrel with their figures, because I have no alternative to offer.

I would suggest the following language for the amendment which we were discussing:

Payment of temporary unemployment compensation under this Act to any individual shall be made only if such individual's first claim under this Act was filed before April 1, 1959 *in States in which unemployment compensation is paid on the basis of flexible-weeks*, before April 5, 1959, *in States in which unemployment compensation is paid on the basis of calendar-weeks*, and before April 7, 1959, *in States in which unemployment compensation is paid on the basis of statutory or payroll weeks*.

The CHAIRMAN. Thank you, Mr. Brown. Are there any questions?
(No response.)

The CHAIRMAN. Thank you very much, Mr. Brown.

The committee will now adjourn until 10 o'clock Monday morning when there will be an executive session.

(Whereupon, at 12:45 p.m., the committee recessed until 10 a.m., Monday, March 23, 1959, executive session.)