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# UNEMPLOYMENT COMPENSATION

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**HEARINGS**  
BEFORE THE  
**COMMITTEE ON FINANCE**  
**UNITED STATES SENATE**  
EIGHTY-SEVENTH CONGRESS  
FIRST SESSION

ON

**H.R. 4806**

**AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF A  
TEMPORARY PROGRAM OF EXTENDED UNEMPLOYMENT  
COMPENSATION, TO PROVIDE FOR A TEMPORARY  
INCREASE IN THE RATE OF THE FEDERAL UNEMPLOY-  
MENT TAX, AND FOR OTHER PURPOSES**

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MARCH 8, 9, AND 10, 1961

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Printed for the use of the Committee on Finance



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Prepared by U.S. Government of Labor, Bureau of Employment Security, Unemployment Insurance Service.

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# TEMPORARY UNEMPLOYMENT COMPENSATION EXTENSION

WEDNESDAY, MARCH 8, 1961

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

The committee met, pursuant to notice, at 10:23 a.m. in room 2221, Senate Office Building, Senator Harry F. Byrd (chairman) presiding.

Present: Senators Byrd, Kerr, Long of Louisiana, Anderson, Douglas, Gore, Talmadge, Hartke, McCarthy, Williams of Delaware, Bennett, Butler, and Curtis.

Also present: Mrs. Elizabeth Springer, chief clerk.

The CHAIRMAN. The committee will come to order.

The hearing today is on the Temporary Extended Unemployment Act of 1961, H.R. 4806.

(H.R. 4806 follows:)

[H.R. 4806, 87th Cong., 1st sess.]

AN ACT To provide for the establishment of a temporary program of extended unemployment compensation, to provide for a temporary increase in the rate of the Federal unemployment tax, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Temporary Extended Unemployment Compensation Act of 1961".

## DEFINITIONS

### SEC. 2. For purposes of this Act—

(1) The term "compensation period" means, in the case of any individual, the period beginning with the first day of a benefit year (determined under applicable State law) for such individual and ending on the day before the first day of the next benefit year (determined under applicable State law) for such individual. If the applicable State law does not define a benefit year, then for purposes of the preceding sentence such term has the meaning prescribed by the Secretary.

(2) The term "first claim" means the first request for determination of an individual's right to temporary extended unemployment compensation, without regard to whether or not any compensation is paid.

(3) The term "State unemployment compensation" means the regular unemployment compensation payable to an individual under the State law or title XV, and any additional unemployment compensation payable to such individual under the State law or title XV during periods of high unemployment.

(4) The term "Secretary" means the Secretary of Labor of the United States.

(5) The term "State" includes the District of Columbia and the Commonwealth of Puerto Rico.

(6) The term "State agency" means the agency of the State which administers its State law.

## 2 TEMPORARY UNEMPLOYMENT COMPENSATION EXTENSION

(7) The term "State law" means the unemployment compensation law of the State, approved by the Secretary under section 3304 of the Internal Revenue Code of 1954, and the unemployment compensation law of Puerto Rico during the last six months before January 1, 1961.

(8) The term "temporary extended unemployment compensation" means the additional unemployment compensation payable under this Act.

(9) The term "title XV" means title XV of the Social Security Act.

(10) The term "week" means a week as defined in the applicable State law.

### PAYMENT OF COMPENSATION

#### Eligibility

SEC. 3. (a) Payment of temporary extended unemployment compensation shall be made, for any week of unemployment which begins in the covered period specified in section 6, to individuals who have, after June 30, 1960, exhausted (within the meaning prescribed by the Secretary by regulations) all rights under the State law and title XV 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.

#### Weekly Benefit Amount

(b) The temporary extended unemployment compensation payable to an individual 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 State law or title XV under which he last exhausted his rights before making his first claim under this Act. The temporary extended unemployment compensation payable to an individual for a week of less than total unemployment shall be computed on the basis of such weekly benefit amount, except that in such computation allowances for dependents shall be taken into account in the manner provided by the applicable State law with respect to such a week of less than total unemployment.

#### Application of State Laws

(c) Except where inconsistent with the provisions of this Act, the terms and conditions of the State law or title XV under which an individual most recently exhausted his rights shall apply to his claim for temporary extended unemployment compensation and to the payment thereof.

### REIMBURSEMENT

SEC. 4. The United States shall reimburse any State, with which an agreement has been entered into under section 7 which includes the provisions specified in subsection (a)(2) thereof, for any State unemployment compensation paid by it to an individual with respect to a week of unemployment beginning in the covered period specified in section 6, to the extent that the sum of such payment, plus the State unemployment compensation paid by such State for prior weeks of unemployment in the compensation period and not reimbursed under this section, exceeds 28 times the weekly benefit amount (including allowances for dependents) for total unemployment which was payable to such individual pursuant to State law or title XV in such compensation period.

### LIMITATION ON TOTAL PAYMENTS AND REIMBURSEMENTS

#### Overall Limitation

SEC. 5. (a) The sum of the temporary extended unemployment compensation payable to any individual, plus the State unemployment compensation paid to such individual with respect to which any State is entitled to reimbursement under this Act, (or would be entitled to such reimbursement but for the fact that such compensation is paid under title XV), shall not exceed whichever of the following amounts is the smaller:

(1) An amount equal to 50 percent of the total amount of State unemployment compensation (including allowances for dependents) which was payable to him for his first compensation period, or

(2) An amount equal to 13 times his weekly benefit amount for his first compensation period.



### Limitation Based on Compensation Period

(b) Payment of temporary extended unemployment compensation (and reimbursement of State unemployment compensation) shall not be made with respect to any individual for any week of unemployment, to the extent that such payment or reimbursement, when added to the sum of State unemployment compensation and temporary extended unemployment compensation paid to such individual with respect to prior weeks in the compensation period, would exceed 39 times such individual's weekly benefit amount for such compensation period.

### Definitions

(c) For purposes of this section—

(1) The term "first compensation period" means—

(A) in the case of any individual whose first claim under this Act is for a week of unemployment before his first reimbursement week, the compensation period in which he last exhausted his rights to State unemployment compensation before making such first claim, or

(B) in the case of any other individual, the compensation period in which his first reimbursement week occurs.

(2) In the case of any individual, the term "first reimbursement week" means the first week with respect to which any State is entitled to reimbursement under section 4 (or would be entitled to such reimbursement but for the fact that the compensation was paid under title XV).

(3) An individual's weekly benefit amount for any compensation period is the weekly benefit amount (including allowances for dependents) for total unemployment which was payable to him in such compensation period pursuant to the State law or title XV.

### COVERED PERIOD

SEC. 6. In the case of any individual, the covered period referred to in sections 3 and 4 is the period—

(1) beginning on whichever of the following is the later:

(A) the 15th day after the date on which this Act is enacted, or

(B) the day after the date on which any applicable agreement is entered into under section 7 or 8, and

(2) ending—

(A) on March 31, 1962, or

(B) on June 30, 1962, in the case of an individual who (for a week beginning before April 1, 1962) had a week with respect to which temporary extended unemployment compensation was payable under section 3, reimbursement was payable under section 4, or reimbursement would have been so payable but for the fact that the unemployment compensation was payable under title XV.

### AGREEMENTS WITH STATES

#### In General

SEC. 7. (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 State law, which shall include the provisions described in paragraphs (1) and (2) or in either of them:

(1) Such State agency will make, as agent of the United States, payments of temporary extended unemployment compensation to the individuals referred to in section 3 on the basis provided in this Act, and will otherwise cooperate with the Secretary and with other State agencies in making payments of temporary extended unemployment compensation under this Act.

(2) The United States will reimburse the State for State unemployment compensation paid under the conditions specified in section 4.

Except as provided in section 8, temporary extended unemployment compensation shall be paid, and reimbursement under section 4 shall be made, only pursuant to an agreement entered into under this section.

#### Amendment, Suspension, or Termination of Agreement

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

**No Denial or Reduction of State Benefits**

(c) Any agreement under this Act shall provide that regular unemployment compensation otherwise payable to any individual will not be denied or reduced for any week by reason of any right to temporary extended unemployment compensation under this Act.

**Review**

(d) Any determination by a State agency with respect to entitlement to temporary extended unemployment compensation pursuant to an agreement under this Act shall be subject to review in the same manner and to the same extent as determinations under the State law, and only in such manner and to such extent.

**EX-SERVICEMEN AND FEDERAL EMPLOYEES**

**In States Which Do Not Have Agreements**

SEC. 8. (a) For the purpose of paying temporary extended unemployment compensation to individuals who have, after June 30, 1960, exhausted their rights to unemployment compensation under title XV in a State with which there is no agreement under section 7 which applies with respect to the weeks of unemployment concerned, the Secretary may extend any existing agreement with such State. Any such extension shall apply only to weeks of unemployment beginning after such extension is made. For the purposes of this Act, any such extension shall be treated as an agreement entered into under this Act.

**In the Virgin Islands**

(b) For the purpose of paying temporary extended unemployment compensation to individuals who have, after June 30, 1960, exhausted their rights to unemployment compensation under title XV in the Virgin Islands, the Secretary may utilize the personnel and facilities of the agency in the Virgin Islands cooperating with the United States Employment Service under the Act of June 6, 1933 (29 U.S.C. 49 and following), may delegate to officials of such agency any authority granted to him by this Act whenever the Secretary determines such delegation to be necessary in carrying out the purposes of this Act, and may allocate or transfer funds or otherwise pay or reimburse such agency for the total cost of the temporary extended unemployment compensation paid under this Act and for expenses incurred in carrying out the purposes of this Act.

**Review**

(c) Any individual referred to in subsection (b) whose claim for temporary extended unemployment compensation has been denied shall be entitled to a fair hearing and review as provided in section 1503(c) of title XV.

**PENALTIES**

**False Statements, and So Forth**

SEC. 9. (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 hear-

ing, subject to such further review as may be appropriate under sections 7(d) and 8(c).

(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. 10.** The agency administering the State law shall furnish to the Secretary 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. 11. (a) (1)** Except as provided in paragraph (2), 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.

(2) Any payments to a State pursuant to section 4 shall be by way of reimbursement, and shall be used only for the payment of cash benefits to individuals with respect to their unemployment, exclusive of expenses of administration.

**Certification**

(b) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State which has an agreement under this Act sums payable to such State under paragraphs (1) and (2) of subsection (a). 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 Federal extended compensation account. Sums payable to a State under paragraph (2) of subsection (a) shall be paid by transfers from the Federal extended compensation account to the account of such State in the Unemployment Trust Fund.

**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 Officers**

(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.

### Cost of Administration

(g) For the purpose of payments made to a State under title III of the Social Security Act, administration by the State agency of such State pursuant to an agreement under this Act shall be deemed to be a part of the administration of the State law.

### REGULATIONS

Sec. 12. The Secretary is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this Act. Such regulations shall include regulations prescribing the method of computing an average weekly benefit amount where there is more than one weekly benefit amount payable in a period.

### FEDERAL EXTENDED COMPENSATION ACCOUNT

#### Establishment of Account

Sec. 18. Title IX of the Social Security Act is amended by adding at the end thereof the following new section:

#### "FEDERAL EXTENDED COMPENSATION ACCOUNT

##### "Establishment of Account

"Sec. 905. (a) There is hereby established in the Unemployment Trust Fund a Federal extended compensation account. For the purposes provided for in section 904(e), such accounts shall be maintained as a separate book account. There are hereby authorized to be appropriated, without fiscal year limitation, such amounts as may be necessary to make the payments of compensation provided by sections 3 and 8 of the Temporary Extended Unemployment Compensation Act of 1961 and the reimbursements provided by section 4 of such Act. The amounts so appropriated shall be transferred from time to time to the Federal extended compensation account on the basis of estimates by the Secretary of the Treasury after consultation with the Secretary of Labor of the amounts required to make such payments and reimbursements. Amounts so transferred shall be repayable advances (without interest), except to the extent that such amounts are used to make the payments of compensation provided by sections 3 and 8 of the Temporary Extended Unemployment Compensation Act of 1961 to individuals by reason of the exhaustion of their rights to unemployment compensation under title XV. Such repayable advances shall be repaid by transfers, from the Federal extended compensation account to the general fund of the Treasury, at such times as the amount in the Federal extended compensation account is determined by the Secretary of the Treasury, in consultation with the Secretary of Labor, to be adequate for such purpose.

##### "Transfers to Account

"(b) The Secretary of the Treasury shall transfer (as of the close of each month in the calendar years 1963 and 1964), from the employment security administration account to the Federal extended compensation account established by subsection (a), an amount determined by him to be equal to 50 percent of the amount by which—

"(1) transfers to the employment security administration account pursuant to section 901(b) (2) during such month, exceed

"(2) payments during such month from the employment security administration account pursuant to section 901(b) (3) and (d).

If for any such month the payments referred to in paragraph (2) exceed the transfers referred to in paragraph (1), proper adjustments shall be made in the amounts subsequently transferred.

##### "Transfers to State Accounts

"(c) (1) The Secretary of the Treasury shall transfer (as of December 31, 1964), from the Federal extended compensation account to the accounts of the States in the Unemployment Trust Fund, the balance in the Federal extended compensation account as of such date. Such balance shall be determined by deducting from the amount in the account on December 31, 1964, the amount of the outstanding advances made to such account pursuant to subsection (a).

"(2) Each State's share of the balance to be transferred under this subsection—

"(A) shall be determined by the Secretary of Labor and certified by him to the Secretary of the Treasury before that date on the basis of reports furnished by the States to the Secretary of Labor before December 1, 1964, and

"(B) shall bear the same ratio to the balance in such account as of December 31, 1964, as (i) the amount of wages subject to contributions under such State's unemployment compensation law during 1962 and 1963 which have been reported to the State before May 1, 1964, bears to (ii) the total of wages subject to contributions under all State unemployment compensation laws during 1962 and 1963 which have been reported to the States before May 1, 1964.

**"Termination of Account**

"(d) Except as provided by subsection (c), no transfer to or from the Federal extended compensation account shall be made after December 31, 1964."

**TEMPORARY INCREASE IN RATE OF TAX**

**Temporary Increase**

SEC. 14. (a) Section 3301 of the Internal Revenue Code of 1954 (relating to the rate of the Federal unemployment tax) is amended by adding at the end thereof the following new sentence: "In the case of wages paid during the calendar years 1962 and 1963, the rate of such tax shall be 3.5 percent in lieu of 3.1 percent."

**No Change in Credits**

(b) Section 3302(d)(1) of such Code (relating to credits against tax) is amended to read as follows:

"(1) RATE OF TAX DEEMED TO BE 3 PERCENT.—In applying subsection (c), the tax imposed by section 3301 shall be computed at the rate of 3 percent in lieu of 3.1 percent (or, in the case of the tax imposed with respect to the calendar years 1962 and 1963, in lieu of 3.5 percent)."

Passed the House of Representatives March 1, 1961.

Attest:

RALPH R. ROBERTS,  
*Clerk.*

The CHAIRMAN. The first witness is the Secretary of Labor, the Honorable Arthur Goldberg.

**STATEMENT OF HON. ARTHUR J. GOLDBERG, SECRETARY OF LABOR, ACCOMPANIED BY ROBERT C. GOODWIN, DIRECTOR, BUREAU OF EMPLOYMENT SECURITY; MERRILL MURRAY, ASSISTANT TO THE DIRECTOR, BUREAU OF EMPLOYMENT SECURITY; AND MRS. LOUISE FREEMAN, CHIEF, UNEMPLOYMENT INSURANCE BRANCH, OFFICE OF THE SOLICITOR**

Secretary GOLDBERG. Mr. Chairman and members of the committee, I have a prepared statement which I would like to offer for the record, and with your permission, Mr. Chairman, I shall not read that statement, but I shall try to summarize its highlights.

The CHAIRMAN. Without objection, the statement will be placed in the record.

(The statement referred to follows:)

**STATEMENT OF ARTHUR J. GOLDBERG, SECRETARY OF LABOR, ON H.R. 4806, THE TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION ACT OF 1961**

I appreciate the opportunity to appear before this committee in support of H.R. 4806, passed by the House last Wednesday, March 1. I urge prompt and favorable consideration of the bill by this committee. May I say, Mr. Chair-

man, that I appreciate very much the promptness with which this committee has scheduled hearings on H.R. 4806 which is designed to carry out a part of the program recommended by the President early last month both to alleviate the individual distress arising from unsatisfactory performance of our economy and to stimulate economic recovery and growth.

The legislation embodied in H.R. 4806 is essentially the proposal which the President recommended to the Congress in letters of February 6 transmitting a bill to the President of the Senate and the Speaker of the House. It would establish a self-supporting temporary Federal program that would operate during the present recession period to provide additional benefits for workers who have exhausted their rights under State laws and to assist the States in meeting the exceptional problems currently posed by the rapid rise in the number of long-term unemployed.

We all know that unemployment in this country has assumed serious dimensions. Indeed since my testimony on this measure before the House Ways and Means Committee nearly 3 weeks ago, unemployment has worsened. Unemployment in mid-February was 5.7 million, higher than at any time since the summer of 1941. Unemployment of workers covered by the State unemployment compensation laws has also continued to rise, reaching 3.4 million during the week ending February 18, the highest level in the history of the program, and almost 1.3 million higher than for the same period last year. In January the States paid out \$307.6 million in unemployment benefits.

The gravity of the unemployment situation is underlined by the following additional facts which I have outlined several times in the last week or so, but which bear repeating here:

1. The number of long-term unemployed—that is, persons without a job for more than 3 months—stands at about 1.6 million. Half of these have been unemployed for more than a half year. Long-term unemployment has risen by 700,000 in the past 12 months.

2. The total number of persons working part time involuntarily has passed the 3 million mark and is 800,000 higher than a year ago. This includes 1.7 million whose jobs have been cut back to part-time work because of our economic slide, 600,000 higher than a year ago.

3. The working hours of our factory labor are at a post-war low.

4. About 600,000 of our unemployed have exhausted their unemployment insurance and are still unemployed. By April 1 this number is expected to rise to 720,000. This is more than the entire population of Boston, Dallas, and New Orleans. In the 12 months following April 1 at least another 3 million workers are expected to exhaust benefits before they get jobs, of which about 2.4 million would probably draw additional benefits under this program if enacted.

5. The number of major labor market areas of substantial unemployment that is, areas where unemployment is over 6 percent and expected to continue for at least the next 4 months—stands at 76, the largest total reported since the low point of the 1958 recession. This means that more than half of the 150 major areas in the United States of America are now so classified.

6. Factory employment—the largest single industrial group in this country—is down by 900,000 over the year. Fully two-thirds of this drop is accounted for by the metalworking sector of our economy—specifically steel, autos, and machinery.

7. The unemployment rate in the mining industry is 15 percent and in the construction industry is 22 percent.

8. Disturbing also is the increasing rate of unemployment among the major breadwinners in this country, the married family men. Their unemployment rate is up by more than 40 percent from a year ago.

We are experiencing high levels of unemployment not only because we are now in a recession, but because we have had a gradual rise in unemployment over the last decade quite apart from recessions. Our recovery from the 1958 recession was weak and incomplete. As a matter of fact, each of the last two recessions began with a volume and rate of unemployment higher than at the outset of the preceding recession.

All of these facts and figures are not just cold statistics in charts and tables. They tell a graphic story of human distress and suffering, of problems and needs, which the individual workers who are the basis of these statistics cannot solve alone.

It was the need to minimize the harmful effects of unemployment that led Congress to establish an unemployment insurance system 25 years ago. By that action, Congress recognized that there is a national interest in providing adequate income maintenance for the unemployed. The Employment Act of

1946 further established the responsibility of the Federal Government in assuring high levels of employment and the adoption of policies making for greater stability in the economy.

Clearly the current situation is grave enough to warrant immediate attention by the Congress. Unemployment statistics are a measure of personal hardship as well as economic cost. Unemployment in our modern industrial society has a direct and immediate impact both on the worker affected and on his family. It undermines the spirit of the worker. It destroys his ability to maintain a decent standard of living for his family.

Equally important are the destructive effects of unemployment on the economic health of our communities and the Nation. Workers suffering a wage loss due to unemployment cannot sustain demand for goods and services produced by our economy.

This I have seen at first hand. As you know, at the direction of the President, I took recently a trip to several States with heavy unemployment, and everywhere I saw its impact on workers and their families. We cannot ignore their plight.

While H.R. 4806 is of course only a part of a broader program, it is a very crucial part of this program. In fact, I believe that I can scarcely overstate its importance in meeting the needs of the unemployed and providing purchasing power to those who will use it. This program will quickly put into circulation almost a billion dollars of purchasing power to buy the necessities of life. And this purchasing power would be paid out to the largest number, and therefore at its highest rate, during the early months of the program, when it will be most beneficial to our economy.

The President recognized the importance of this program in his February 6 letters when he stated:

"\* \* \* The costs and effects of mass unemployment arising from a national recession clearly reach across State lines. The problem is national in scope, and the Federal Government has the responsibility for taking action as soon as possible to meet it. That is why I propose this temporary program as a first step."

I am convinced that the enactment of H.R. 4806 would be an important step in the right direction; it would on the one hand meet the needs of the workers and their families, and, on the other, would help to create and sustain a demand for the goods and services available under our economy.

Briefly, H.R. 4806 provides for federally financed additional unemployment compensation to each unemployed worker who has exhausted his rights, equal to 50 percent of the benefits provided him by State law, up to a maximum of 13 times his weekly benefit amount, that is, 13 weeks for total unemployment. Where a State after the effective date of this program has paid unemployment benefits to the individual under its law in excess of 26 weeks for total unemployment, the Federal Government will reimburse the State. Whether by reimbursement to the State or by the payment of Federal benefits to the individual, the total payable out of Federal funds may not exceed a maximum of 13 times his weekly benefit amount for the duration of this program. Nor will Federal funds be used for payments with respect to an individual if any such payment would bring his total benefits (Federal and State) with respect to a benefit year, including extended duration, to more than 39 times his weekly benefit amount.

The provision for reimbursement is included in recognition of the action taken by some States in providing more than 26 weeks of normal or extended duration to some or all workers. Without such a provision, these States would be placed at a disadvantage, since they would have assumed the cost burden of long-term unemployment that would in other States be met from Federal funds. In addition, reimbursement would help replenish the reserves of those States which have had heavy compensable unemployment.

The Federal extended benefits under the bill would be payable promptly; that is, for weeks of unemployment beginning as soon as 15 days after enactment of the legislation. Workers who had exhausted their benefit rights after June 30, 1960, and are still unemployed would be entitled to the temporary benefits. The program would remain in full effect for approximately a year; that is, until the end of March 1962. Individuals to whom extended benefits were payable for a week of unemployment beginning before April 1, 1962, however, could draw their benefits for weeks of unemployment beginning after April 1 but before July 1, 1962.

Benefits and reimbursement would be paid only in States which enter into an agreement with the Secretary of Labor. The State may choose to enter an

agreement only to act as agent for the United States in the payment of the emergency Federal benefits; it may enter into an agreement providing only for reimbursement to the State for benefits paid by it in excess of 26 weeks; or it may enter into an agreement providing for both. The agreement will be very simple, designed to assure that the statute is complied with and that the Federal funds are safeguarded. It will, in fact, be very much like the agreements now in effect between the State employment security agencies and the Department of Labor under which Federal benefits are paid to Federal employees and ex-servicemen.

If all the States enter into agreements, the costs of this program, it is estimated, would be about \$900 million, of which \$800 million would be paid directly to unemployed workers and about \$100 million in reimbursements to States for benefits paid by them in excess of 26 weeks. These costs would be financed initially out of general funds of the Treasury. Ultimately, however, they would be financed out of proceeds of the Federal unemployment tax, which would be returned to the general funds of the Treasury. Thus, the cost of financing the program would be spread among employers in all the States. Since no State is a self-contained economic unit, we should not expect a State to carry alone the crushing burden of long duration unemployment. This is especially so when the causes of prolonged unemployment cross State lines. The proposed financing would pool the risk and costs of recessionary unemployment, which is more a National than a State problem.

There is another advantage to financing the program in the manner proposed by the bill; namely, that Federal benefits can be paid promptly in all States, since no State legislative action would be necessary in order to do so. Speed in putting the money made available by the program into the hands of the unemployed is a significant factor in the program's value as an emergency antirecession measure.

All of the costs of the program proposed by the bill, except costs relating to Federal civilian workers and ex-servicemen which would be paid out of general revenues, would be met out of the increased revenues resulting from the proposed temporary increase in the rate of tax under the Federal Unemployment Tax Act. For taxable years 1962 and 1963 the tax will be 3.5 percent, which after tax credits will net the Federal Government 0.8 percent. At present the tax is 3.1 percent and the net is 0.4 percent.

While the administration had proposed another method of financing the program, we recognized that this is a subject on which reasonable men may differ, and I pointed out to the House Committee on Ways and Means that I would be guided by its views on the financing method. The temporary increase in tax rate adopted by the House in H.R. 4806 is a reasonable method of financing a temporary program, and the administration therefore supports enactment of H.R. 4806 in its present form.

Before concluding, I should like to stress the fact that over the years the unemployment insurance program has made a great contribution to the country. Four out of every five wage and salary workers are now protected by the system. It has poured billions of dollars into the economy when consumer purchasing power has been threatened by loss of wages during periods of heavy unemployment. During the postwar period, an average of \$1.5 billion per year has been paid out in benefits to over 5 million unemployed workers. In 1958 alone, 8 million workers received \$4 billion through unemployment insurance. Nevertheless, it is necessary at this time that a temporary Federal program be enacted.

Temporary Federal programs do not constitute either an adequate or desirable approach to the long-term needs of our Federal-State unemployment insurance system. The current necessity for such a temporary program serves to highlight the fact that our Federal-State system is not doing the job that it was designed to do and that it must do in the future. The President pointed out in his message of February 2:

"It would be a tragic mistake to embark upon a Federal supplemental program geared to the present emergency without strengthening the underlying system. A mere stopgap approach ignores the role our permanent unemployment insurance system was designed to play, and establishes instead a precedent for falling back on temporary remedies whenever the system is really needed."

Pursuant to the President's recommendations, we are presently engaged in working out details of proposals that will strengthen our permanent unemployment insurance system. I hope to have an opportunity to discuss these proposals with the committee in the very near future.

With the committee's permission, I would like to submit a set of tables giving pertinent data on unemployment insurance.





TABLE 1.—*Employment status of the noninstitutional population, by sex*

[Thousands of persons 14 years of age and over]

Employment status	Total			Male			Female		
	January 1961	Change from—		January 1961	Change from—		January 1961	Change from—	
		December 1960	January 1960		December 1960	January 1960		December 1960	January 1960
Total noninstitutional population.....	126,725	243	2,119	61,621	109	957	65,104	133	1,162
Total labor force including:									
Armed forces.....	72,361	-718	1,672	49,031	-155	619	23,330	-563	1,053
Civilian labor force.....	69,837	-712	1,669	46,539	-149	616	23,298	-563	1,053
Employed.....	64,452	-1,557	432	42,822	-774	-281	21,630	-783	718
Agriculture.....	4,634	-316	23	4,027	-232	32	607	-85	-8
Nonagricultural industries.....	59,818	-1,241	409	38,796	-541	-312	21,023	-699	722
Unemployed.....	5,385	845	1,236	3,717	625	896	1,669	221	341
Not in labor force.....	54,364	961	447	12,590	264	339	41,774	697	109
	Total			Male			Female		
	January 1961	December 1960	January 1960	January 1961	December 1960	January 1960	January 1961	December 1960	January 1960
Unemployment rate: <sup>1</sup>									
Actual.....	7.7	6.4	6.1	8.0	6.6	6.1	7.2	6.1	6.0
Seasonally adjusted.....	6.6	6.8	5.3	6.5	6.6	5.0	6.8	7.1	5.7

<sup>1</sup> Percent of civilian labor force unemployed.

NOTE.—Data include Alaska and Hawaii.

TABLE 2.—Comparative summary of current claims activities

(In thousands)

Week ended—	Initial claims				Insured unemployment					
	State	UCFE <sup>1</sup>	UCX <sup>2</sup>	Total	State		UCFE <sup>1</sup>	UCX <sup>2</sup>	Railroad <sup>3</sup>	Total <sup>4</sup>
					Number	Rate (percent)				
1961—Jan. 28.....	491.6	3.4	8.2	503.1	3,293.5	8.1	41.9	88.6	127	3,551.0
Feb. 4.....	496.6	3.5	8.4	508.4	3,358.4	8.3	42.0	91.0	120	3,611.4
Feb. 11.....	510.5	3.3	8.5	522.3	3,390.6	8.4	41.1	88.7	108	3,629.4
Feb. 18.....	477.3	3.3	8.0	488.6	* 3,422.3	8.4	40.0	90.4	108	3,660.7
Feb. 25.....	433.8	2.8	7.8	444.3						
COMPARABLE WEEKS A YEAR EARLIER										
1960—Jan. 30.....	322.8	3.4	6.6	332.8	2,170.5	5.6	39.2	61.2	74	2,344.9
Feb. 6.....	321.4	3.2	6.6	331.2	2,128.7	5.5	38.9	59.4	74	2,300.9
Feb. 13.....	292.7	3.0	6.3	302.0	2,176.8	5.6	38.8	60.2	69	2,344.7
Feb. 20.....	289.0	3.1	6.4	298.4	2,150.0	5.5	38.6	60.3	68	2,316.9
Feb. 27.....	270.6	2.6	5.7	278.9						

<sup>1</sup> Program of unemployment compensation for Federal civilian employees effective Jan. 1, 1955. To avoid duplication, excludes claims filed jointly with State UI programs.

<sup>2</sup> Ex-Servicemen's Unemployment Compensation Act of 1958 effective Oct. 27, 1958. Excludes claims filed jointly with other programs.

<sup>3</sup> Source: Railroad Retirement Board, data not available by State.

<sup>4</sup> The rate of insured unemployment under all programs (State, UCFE, UCX, and the railroad retirement programs) was 8.3 percent for the week ended Feb. 18, 1961, compared with 8.3 percent last week and 5.5 percent in the comparable week a year ago.

<sup>5</sup> Preliminary.

TABLE 3.—Initial claims filed during week ended Feb. 25, 1961, and insured unemployment for week ended Feb. 18, 1961

State	Initial claims					Insured unemployment							
	State			UCFE 1	UCX 2	State					UCFE 1	UCX 2	Total (excluding railroad)
	Number	Change from—				Number 3	Rate (percent) 4	Change from—					
		Last week	Year ago					Last week	Year ago				
Total 6	433,788	-43,511	+161,769	2,775	7,763	3,422,272	8.4	+31,656	+1,257,698	39,991	90,447	3,552,710	
Alabama	4,839	-293	+1,376	70	155	44,133	8.4	+534	+13,533	676	1,659	46,468	
Alaska	516	+19	+109	20	16	6,148	19.7	+8	+1,032	567	189	6,934	
Arizona	2,602	+403	+1,059	47	92	15,078	6.6	+1,018	+6,546	505	656	16,239	
Arkansas	3,504	+864	+1,197	23	98	31,067	11.5	-886	+8,143	531	1,173	32,771	
California	44,730	+312	+14,416	392	793	336,405	8.8	+16,625	+97,225	5,441	8,561	350,407	
Colorado	1,851	-59	+144	39	70	17,535	5.2	-85	+4,962	471	782	18,788	
Connecticut 6	7,650	+2,069	+3,446	18	58	54,738	7.2	-1,290	+18,802	136	670	55,544	
Delaware	787	-420	+303	3	11	8,590	6.9	-244	+2,978	56	184	8,530	
District of Columbia	1,084	-584	+329	62	27	10,678	4.2	+227	+3,816	1,152	303	12,133	
Florida	15,659	+7,185	+10,259	92	249	45,917	5.1	+896	+18,277	758	1,558	48,283	
Georgia	6,547	-614	+3,147	63	140	52,930	7.0	-1,630	+21,675	893	1,382	65,205	
Hawaii	683	+69	+382	22	22	5,423	3.7	+397	+1,397	230	212	5,865	
Idaho 6	1,157	-318	+418	15	50	12,046	10.2	-444	+2,204	535	690	13,271	
Illinois 6	18,975	-973	+6,546	145	332	175,612	6.6	+5,212	+79,138	1,020	3,461	180,093	
Indiana	11,919	+1,161	+6,209	34	185	87,481	8.1	-4,214	+45,996	436	3,029	90,946	
Iowa	2,383	-253	+785	9	72	24,711	5.5	+456	+4,943	104	861	25,676	
Kansas	2,124	-2,146	-918	17	69	22,380	6.4	+1,703	+3,471	511	847	23,738	
Kentucky	4,370	-25	+1,075	37	106	51,418	11.5	+786	+14,384	724	2,091	54,233	
Louisiana	5,871	+1,065	+1,446	39	145	45,269	8.1	-645	+11,604	757	1,528	47,554	
Maine	1,808	+122	+619	13	61	19,805	10.8	-450	+4,280	164	678	20,647	
Maryland	7,073	+534	+3,008	40	161	59,549	8.8	-2,821	+21,452	739	1,183	61,471	
Massachusetts	15,961	-290	+4,630	42	126	119,494	7.9	-768	+32,038	742	1,512	121,748	
Michigan	34,279	-39,088	+22,624	64	438	244,758	13.6	+43,072	+161,783	654	5,495	250,907	
Minnesota	3,464	-1,759	+13	28	134	62,076	8.8	+1,807	+17,670	515	2,297	64,838	
Mississippi	2,808	-640	+817	33	67	28,300	10.4	-79	+9,018	664	718	29,682	
Missouri	13,265	+2,728	+6,910	35	153	71,539	7.4	-1,640	+29,215	479	1,719	73,737	
Montana	1,672	+249	-136	33	30	16,363	15.1	+355	+1,853	702	605	17,670	
Nebraska	957	-14	+16	13	26	12,888	5.7	+175	+2,167	227	323	13,438	
Nevada	991	-143	+239	7	20	7,268	9.4	-100	+2,220	148	161	7,577	
New Hampshire	1,307	+20	+509	8	38	9,514	6.2	-15	+3,209	67	291	9,872	
New Jersey	15,689	+1,421	+5,242	59	222	135,939	8.8	-3,152	+38,565	905	2,222	138,966	
New Mexico	1,304	-9	+302	22	51	11,620	7.3	-470	+3,460	454	562	12,636	
New York	59,603	-952	+19,579	285	609	398,739	8.0	-3,579	+112,511	3,145	5,286	407,170	
North Carolina	11,847	-2,104	+975	74	187	69,405	7.8	-1,994	+23,110	732	1,650	71,787	

North Dakota.....	389	-73	+17	2	24	8,589	12.6	-137	-153	179	621	9,389
Ohio.....	25,494	-4,226	+13,058	61	460	232,037	9.5	+3,259	+126,762	1,356	5,963	239,356
Oklahoma.....	5,236	+2,101	+2,399	20	67	30,110	8.1	-471	+7,987	501	1,320	31,931
Oregon.....	5,037	-1,330	+1,617	56	129	46,427	11.7	+381	+17,986	737	1,363	48,527
Pennsylvania.....	37,505	-1,316	+13,279	169	517	325,419	10.9	-7,877	+131,113	2,757	9,361	337,537
Rhode Island.....	3,235	+13	+909	7	48	23,095	9.7	-230	+7,926	201	517	23,813
South Carolina.....	2,999	-428	+707	24	75	24,501	5.8	-1,234	+10,000	364	715	25,580
South Dakota.....	360	+20	-14	7	23	5,390	7.3	-58	+738	130	340	5,860
Tennessee.....	5,681	+277	+1,049	89	149	63,508	9.7	+1,784	+16,504	1,728	2,267	67,448
Texas.....	12,387	-340	+4,151	112	361	85,014	4.8	+628	+22,879	3,269	3,046	89,329
Utah.....	1,267	+128	+269	19	48	12,437	7.0	+304	+3,325	616	576	13,629
Vermont <sup>4</sup> .....	622	-59	+224	4	17	7,464	10.3	+2	+2,463	85	281	7,830
Virginia.....	4,801	-1,376	+1,849	60	121	42,809	6.1	+2,879	+19,424	595	1,014	44,418
Washington.....	8,690	-709	+2,736	172	315	70,430	11.6	-1,633	+15,451	2,512	3,341	76,283
West Virginia.....	2,987	-611	+13	23	123	43,527	13.0	-599	+16,629	213	1,899	45,639
Wisconsin.....	5,748	-2,941	+2,862	27	177	66,792	7.3	-13,394	+34,418	500	2,169	69,461
Wyoming.....	515	-60	+129	12	16	5,427	8.0	-156	+1,549	145	155	5,727
Puerto Rico.....	1,456	-126		8	70	14,580	6.6	-557		233	1,021	15,834

<sup>1</sup> Program of unemployment compensation for Federal civilian employees effective Jan. 1, 1955. To avoid duplication, excludes claims filed jointly with State UI programs.

<sup>2</sup> Ex-Servicemen's Unemployment Compensation Act of 1958 effective Oct. 27, 1958. Excludes claims filed jointly with other programs.

<sup>3</sup> Preliminary.

<sup>4</sup> Based on average covered employment during the 12 months ending June 1960.

<sup>5</sup> Includes data for Puerto Rico beginning with January 1961 when the Commonwealth's program became part of the Federal-State UI system.

<sup>6</sup> Insured unemployment during the week ended Feb. 18 under "extended duration provisions" totaled 547 in Vermont and 1,431 in Idaho. Illinois activated its extended duration provisions on Feb. 15, 1961, and Connecticut on Feb. 20, 1961.

# 16 TEMPORARY UNEMPLOYMENT COMPENSATION EXTENSION

TABLE 4.—Number of claimants exhausting benefit rights, January 1961 and percentage of beneficiaries exhausting benefits during the 12 months ending Jan. 31, 1961

State	January 1961			Exhaustion ratio <sup>1</sup> for 12 months ending Jan. 31, 1961
	Number	Percentage change from—		
		December 1960	January 1960	
Total.....	193,847	+23.5	+59.2	26.9
Alabama.....	4,276	+9.3	+47.4	46.9
Alaska.....	224	+1.8	-5.9	26.3
Arizona.....	703	+14.3	+23.3	22.0
Arkansas.....	1,292	+10.4	+21.4	23.6
California.....	19,999	+10.8	+122.2	26.7
Colorado.....	498	-15.6	+84.4	20.9
Connecticut.....	3,858	+32.4	+35.1	32.9
Delaware.....	591	+28.5	+34.0	31.2
District of Columbia.....	580	+22.1	+42.2	37.4
Florida.....	3,338	+10.7	+50.2	40.2
Georgia.....	4,832	+19.9	+69.8	41.0
Hawaii.....	164	+9.2	+670.0	10.1
Idaho.....	680	+122.2	+39.1	25.2
Illinois.....	11,226	+21.3	+79.1	31.0
Indiana.....	8,006	+39.6	+76.8	36.8
Iowa.....	1,401	+34.5	+76.4	30.0
Kansas.....	1,231	+10.0	+29.4	25.6
Kentucky.....	2,497	+12.2	+31.3	30.8
Louisiana.....	3,068	+22.7	+32.2	45.7
Maine.....	1,040	+44.0	-11.1	18.5
Maryland.....	3,007	+7.9	+25.0	26.8
Massachusetts.....	5,995	+11.7	+54.6	23.5
Michigan.....	11,413	+41.1	+82.0	23.8
Minnesota.....	2,582	-8.7	+44.3	26.4
Mississippi.....	1,483	+19.3	+38.2	30.2
Missouri.....	3,048	+19.2	+32.5	20.0
Montana.....	902	-9	-12.0	26.9
Nebraska.....	525	+22.1	+43.4	24.8
Nevada.....	389	+11.8	+27.1	25.0
New Hampshire.....	376	+16.4	+27.0	13.5
New Jersey.....	9,279	+20.3	+22.5	31.0
New Mexico.....	427	+4.4	+48.8	21.3
New York.....	15,664	+13.9	+22.9	17.9
North Carolina.....	3,171	+28.6	+18.1	18.5
North Dakota.....	273	-14.9	-40.3	16.5
Ohio.....	12,944	+30.5	+315.4	24.6
Oklahoma.....	1,352	+3.1	+10.8	31.1
Oregon.....	1,354	+21.1	+45.6	23.3
Pennsylvania.....	15,371	+23.6	+54.0	21.8
Puerto Rico.....	2,627	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Rhode Island.....	1,237	+22.1	+27.5	26.1
South Carolina.....	1,792	+22.6	+73.0	36.8
South Dakota.....	308	+24.7	+27.8	32.2
Tennessee.....	3,834	+4.2	+48.1	36.7
Texas.....	8,560	+21.5	+40.1	41.5
Utah.....	612	+20.2	+29.0	23.5
Vermont.....	277	+15.4	+159.8	21.8
Virginia.....	2,961	+39.9	+34.2	44.2
Washington.....	2,563	+82.4	+33.9	19.9
West Virginia.....	3,231	+62.7	+46.5	27.8
Wisconsin <sup>3</sup> .....	6,141	+55.5	+77.7	38.7
Wyoming.....	236	-8.5	+10.3	26.2

<sup>1</sup> Exhaustion during 12-month period ending Jan. 31, 1961, as percent of first payments for 12-month period ending July 31, 1960.

<sup>2</sup> Data not available for period prior to January 1961.

<sup>3</sup> Wisconsin data are on a "per employer" basis and, therefore, are not strictly comparable.

TABLE 5.—Number of claimants exhausting benefit rights, December 1960, and July 1960–January 1961

State	Number of claimants exhausting benefit rights		
	January 1961	December 1960	July 1960–January 1961
Total.....	193,347	156,513	977,248
Alabama.....	4,275	3,911	24,156
Alaska.....	224	220	1,004
Arizona.....	703	615	3,431
Arkansas.....	1,282	1,170	6,911
California.....	19,999	18,049	107,607
Colorado.....	4,498	590	3,190
Connecticut.....	3,858	2,914	21,715
Delaware.....	591	460	2,955
District of Columbia.....	580	476	3,353
Florida.....	3,338	3,014	27,303
Georgia.....	4,832	4,030	25,168
Hawaii.....	154	141	801
Idaho.....	680	306	1,466
Illinois.....	11,226	9,251	58,151
Indiana.....	8,006	5,733	32,728
Iowa.....	1,401	1,042	6,144
Kansas.....	1,231	1,119	6,804
Kentucky.....	2,497	2,226	14,537
Louisiana.....	3,088	2,517	17,503
Maine.....	1,040	722	4,359
Maryland.....	3,007	2,787	17,301
Massachusetts.....	5,995	5,367	33,614
Michigan.....	11,413	8,088	54,220
Minnesota.....	2,582	2,681	12,733
Mississippi.....	1,483	1,243	7,856
Missouri.....	3,048	2,556	15,660
Montana.....	902	910	4,089
Nebraska.....	525	430	2,360
Nevada.....	389	348	1,818
New Hampshire.....	376	323	2,352
New Jersey.....	9,279	7,715	49,276
New Mexico.....	427	409	2,685
New York.....	15,664	13,762	90,238
North Carolina.....	3,171	2,465	16,907
North Dakota.....	273	321	1,009
Ohio.....	12,944	9,916	58,996
Oklahoma.....	1,352	1,311	7,958
Oregon.....	1,354	1,118	6,107
Pennsylvania.....	15,371	12,438	75,018
Puerto Rico.....	2,627	(1)	2,627
Rhode Island.....	1,237	1,013	6,402
South Carolina.....	1,792	1,462	9,574
South Dakota.....	308	247	894
Tennessee.....	3,834	3,678	21,535
Texas.....	8,560	7,048	45,498
Utah.....	512	426	2,309
Vermont.....	277	240	1,379
Virginia.....	2,961	2,117	15,143
Washington.....	2,563	1,405	5,400
West Virginia.....	3,231	1,986	13,798
Wisconsin.....	6,141	3,950	22,133
Wyoming.....	236	258	1,075

<sup>1</sup> Data prior to January 1961 not available for Puerto Rico.

<sup>2</sup> Wisconsin data are on a "per employer" basis and therefore not strictly comparable.

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TABLE 6.—Method of computing potential duration and maximum weeks payable, Jan. 1, 1961

State	Method of computing: Proportion of base-period earnings or of weeks of employment	Maximum weeks payable
Alabama	1/2	20
Alaska	30-20 percent	26
Arizona	1/2	26
Arkansas	1/2	26
California	1/2	1 26-39
Colorado	1/2	32 1/2
Connecticut	1/2	1 26-39
Delaware	20 percent	26
District of Columbia	1/2	26
Florida	1/2 weeks of employment	26
Georgia	1/2	26
Hawaii	Uniform duration	26
Idaho	32-20 percent	1 26-39
Illinois	37-32 percent	1 26-39
Indiana	1/2 <sup>1</sup>	26
Iowa	1/2	26
Kansas	1/2	26
Kentucky	1/2	26
Louisiana	38	28
Maine	Uniform duration	26
Maryland	do	26
Massachusetts	30 percent	30
Michigan	1/2 weeks of employment	26
Minnesota	42-33 percent	26
Mississippi	1/2	26
Missouri	1/2 <sup>2</sup>	26
Montana	Uniform duration	22
Nebraska	1/2	26
Nevada	1/2	26
New Hampshire	Uniform duration	26
New Jersey	1/2 weeks of employment	26
New Mexico	1/2	30
New York	Uniform duration	26
North Carolina	do	1 26-34
North Dakota	do	24
Ohio	100 percent	26
Oklahoma	1/2	39
Oregon	1/2	26
Pennsylvania	Uniform duration	30
Rhode Island	1/2 weeks of employment	26
South Carolina	1/2	22
South Dakota	32-26 percent	24
Tennessee	Uniform duration	22
Texas	1/2	24
Utah	20-42 percent <sup>3</sup>	36
Vermont	Uniform duration	1 26-39
Virginia	1/2	20
Washington	1/2	30
West Virginia	Uniform duration	24
Wisconsin	1/2 of first 20 weeks of employment; 1/2 additional weeks.	34
Wyoming	1/2	26

<sup>1</sup> Where 2 figures are shown, higher represents the temporary maximum payable during periods of heavy unemployment, as defined in the State law.

<sup>2</sup> Only specified amount of wages per quarter may be used for computing duration benefits: \$950 in Indiana and \$858 in Missouri.

<sup>3</sup> Maximum potential benefits range from 10 weeks if base period wages are less than 1.6 times high-quarter wages to 36 weeks if base-period wages are at least 3.3 times high-quarter wages. The lower and higher percentage of base-period wages shown apply at high-quarter multiples of 1.6 and 3.3 respectively.



TABLE 7.—Provisions for automatic temporary extension of duration, January 1961

State	Basic duration provision	Increase in entitlement during extended period	Conditions under which extended benefits become payable ("trigger") <sup>1</sup>
California.....	Variable— $\frac{1}{4}$ of base period wages; maximum of 26 weeks.	50 percent of individual's basic entitlement.	Insured unemployment rate for calendar quarter is 6 percent or more.
Connecticut.....	Variable— $\frac{1}{4}$ of base period wages; maximum of 26 weeks.	.....do.....	Insured unemployment rate is 6 percent or more for 8 of the most recent 10 weeks.
Idaho.....	Variable—32 to 29 percent of base period wages; maximum of 26 weeks.	.....do.....	Insured unemployment rate for the midweek of the month exceeds 6 percent and exhaustion ratio for the period since the start of the current benefit year <sup>2</sup> is over 10 percent higher than average for same period for preceding 7 years.
Illinois.....	Variable—38 to 32 percent of base period wages; maximum of 26 weeks.	.....do.....	Insured unemployment rate is 4.375 percent or higher for 2 consecutive months.
North Carolina..	Uniform 26 weeks.....	8 times weekly benefit amount.	Insured unemployment rate is 9 percent or more for any 3 weeks in a consecutive 4-calendar-week period.
Vermont.....	.....do.....	13 times weekly benefit amount.	Insured unemployment rate exceeds 7 percent for 4 consecutive weeks.

<sup>1</sup> Terminology, definitions, and methods of computing insured unemployment rate vary among these States.

<sup>2</sup> Idaho has a uniform benefit year.

TABLE 8.—Impact of current recession on provision for automatic temporary extension of duration in six States (as of Feb. 7, 1961)

State	Date extension became or expected to become operative during 1961
California.....	Apr. 1.
Connecticut.....	Feb. 20.
Idaho.....	Feb. 1.
Illinois.....	Feb. 19.
North Carolina.....	Expected to remain inoperative.
Vermont.....	Jan. 9.

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**TABLE 9.—Distribution of States and of covered workers by maximum weeks of benefits payable for total unemployment, December 1955, 1957, 1959, and January 1961<sup>1</sup>**

Maximum duration	December 1955		December 1957		December 1959		January 1961	
	Number of States	Percent of covered workers <sup>2</sup>	Number of States	Percent of covered workers <sup>2</sup>	Number of States	Percent of covered workers <sup>2</sup>	Number of States	Percent of covered workers <sup>2</sup>
<b>Total.....</b>	<b>51</b>	<b>100.0</b>	<b>51</b>	<b>100.0</b>	<b>51</b>	<b>100.0</b>	<b>51</b>	<b>100.0</b>
<b>Uniform:</b>								
16 weeks.....	1	.6	0	0	0	0	0	0
20 weeks.....	4	2.5	4	2.9	1	1.9	0	0
22 weeks.....	1	1.6	2	1.9	2	1.9	2	1.9
23 weeks.....	1	.5	0	0	0	0	0	0
24 weeks.....	1	.9	1	.9	2	1.0	2	1.0
26 weeks.....	5	15.9	7	18.3	7	17.7	7	17.7
30 weeks.....	1	8.2	1	7.7	1	7.4	1	7.3
<b>Variable:</b>								
16 weeks.....	2	3.3	1	2.0	0	0	0	0
18 weeks.....	1	.7	2	2.4	1	1.7	0	0
20 weeks.....	7	7.7	6	7.1	1	1.3	2	3.0
22 weeks.....	2	1.9	1	1.0	1	1.0	1	1.0
24 weeks.....	4	7.8	3	5.9	2	4.6	2	4.6
26 weeks.....	21	48.4	23	49.9	25	50.0	26	52.0
28 weeks.....	0	0	0	0	1	1.4	1	1.4
30 weeks.....	0	0	0	0	3	5.7	3	5.7
32 weeks.....	0	0	0	0	1	.8	1	.8
34 weeks.....	0	0	0	0	1	2.3	1	2.3
36 weeks.....	0	0	0	0	1	.4	1	.4
39 weeks.....	0	0	0	0	1	.9	1	.9

<sup>1</sup> Excludes maximum weeks under extended duration provisions.

<sup>2</sup> Based on average monthly covered employment in 1955, 1957, 1959, and fiscal year 1960.

<sup>3</sup> Includes Georgia, which provides 22 weeks for claimants whose base-period wages equal 4 times their high-quarter wages.

<sup>4</sup> Includes Colorado, which provides an additional 6 weeks to certain claimants who have drawn no benefits for 5 years.

<sup>5</sup> Includes Wisconsin, with 26½ weeks.

<sup>6</sup> Includes Colorado, with 32½ weeks.

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TABLE 10.—Number of claimants exhausting benefits rights by State, 1959<sup>1</sup> and 1960

State	1959		1960	
	Number	Percent of first payments <sup>2</sup>	Number	Percent of first payments <sup>2</sup>
Total.....	1,702,889	28.2	1,603,565	26.1
Alabama.....	40,720	39.2	39,501	45.5
Alaska.....	3,492	31.7	2,398	26.3
Arizona.....	5,982	23.2	5,645	19.4
Arkansas.....	16,717	34.6	13,119	23.4
California.....	115,305	22.2	153,434	25.9
Colorado.....	5,927	25.4	5,571	19.9
Connecticut.....	40,454	32.1	36,170	33.1
Delaware.....	5,838	36.6	5,721	30.3
District of Columbia.....	7,145	34.3	5,817	36.2
Florida.....	42,121	39.5	38,939	39.6
Georgia.....	33,039	34.0	33,380	39.0
Hawaii.....	872	7.7	1,113	9.0
Idaho.....	5,247	25.3	4,834	24.7
Illinois.....	95,250	29.3	92,315	29.9
Indiana.....	51,731	34.3	55,611	35.8
Iowa.....	10,700	31.9	11,709	28.6
Kansas.....	12,115	28.6	13,131	25.2
Kentucky.....	26,443	35.5	25,261	30.3
Louisiana.....	29,176	43.5	30,537	44.7
Maine.....	10,201	21.2	8,635	18.5
Maryland.....	34,172	30.7	30,666	23.4
Massachusetts.....	61,845	26.8	56,402	22.7
Michigan.....	95,425	30.1	88,395	22.9
Minnesota.....	22,794	27.9	21,626	25.6
Mississippi.....	13,205	30.8	13,408	29.7
Missouri.....	24,842	21.2	26,483	19.5
Montana.....	8,046	29.2	8,904	27.5
Nebraska.....	5,354	27.1	5,255	24.2
Nevada.....	3,839	26.5	3,345	24.4
New Hampshire.....	3,512	15.2	3,076	13.2
New Jersey.....	95,332	31.9	90,282	30.5
New Mexico.....	3,956	25.4	4,204	21.1
New York.....	178,769	20.9	149,260	17.3
North Carolina.....	33,391	22.7	28,915	18.6
North Dakota.....	2,314	23.0	2,098	17.9
Ohio.....	55,656	22.0	70,383	22.5
Oklahoma.....	19,079	40.1	13,941	30.9
Oregon.....	16,930	21.6	13,532	21.6
Pennsylvania.....	166,014	27.6	112,443	21.0
Rhode Island.....	13,980	28.7	11,157	24.8
South Carolina.....	16,109	33.8	15,372	35.5
South Dakota.....	2,010	32.3	2,382	31.7
Tennessee.....	26,273	39.3	35,929	36.1
Texas.....	74,513	38.0	77,299	40.6
Utah.....	4,684	25.6	4,745	22.2
Vermont.....	2,017	20.8	2,066	20.7
Virginia.....	34,231	41.4	31,141	43.1
Washington.....	33,013	24.6	24,970	20.4
West Virginia.....	30,601	36.4	20,903	26.2
Wisconsin <sup>3</sup> .....	40,846	35.1	40,831	36.9
Wyoming.....	2,070	24.8	2,158	26.7

<sup>1</sup> Includes claimants exhausting under the program of unemployment compensation for Federal employees program through June 1959 and excludes claimants exhausting under temporary extended benefit programs in effect during the year.

<sup>2</sup> Exhaustions for calendar year as a percent of first payments for 12 months ending June 30, 1960.

<sup>3</sup> Wisconsin data are on a "per employer" basis and therefore are not strictly comparable.

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TABLE 11.—Average actual duration of benefits of exhaustees, calendar year 1959 and fiscal year 1960

State	Average weeks of benefits		State	Average weeks of benefits	
	1959	Fiscal year 1960		1959	Fiscal year 1960
Total.....	21.7	21.8	Missouri.....	20.1	19.2
Alabama.....	17.8	17.7	Montana.....	22.0	22.0
Alaska.....	24.6	24.6	Nebraska.....	16.6	16.2
Arizona.....	19.1	18.9	Nevada.....	19.5	19.3
Arkansas.....	16.4	17.5	New Hampshire.....	25.9	25.9
California.....	23.0	22.3	New Jersey.....	21.5	21.1
Colorado.....	18.7	20.6	New Mexico.....	19.2	21.7
Connecticut.....	20.6	19.7	New York.....	26.0	26.0
Delaware.....	18.4	18.1	North Carolina.....	25.0	25.0
District of Columbia.....	19.6	18.7	North Dakota.....	20.0	21.4
Florida.....	18.7	14.2	Ohio.....	24.6	24.9
Georgia.....	18.8	18.6	Oklahoma.....	18.4	19.8
Hawaii.....	20.0	24.8	Oregon.....	20.6	20.7
Idaho.....	16.5	16.4	Pennsylvania.....	30.0	30.0
Illinois.....	19.4	18.5	Rhode Island.....	18.4	19.7
Indiana.....	14.7	13.5	South Carolina.....	19.2	19.0
Iowa.....	18.3	14.8	South Dakota.....	13.3	14.2
Kansas.....	17.6	19.1	Tennessee.....	21.4	20.7
Kentucky.....	21.9	21.2	Texas.....	17.4	16.7
Louisiana.....	21.0	20.1	Utah.....	20.8	18.6
Maine.....	25.2	25.2	Vermont.....	26.0	26.0
Maryland.....	26.0	26.0	Virginia.....	13.8	13.5
Massachusetts.....	19.5	19.6	Washington.....	22.2	24.2
Michigan.....	18.8	17.6	West Virginia.....	23.5	23.4
Minnesota.....	22.4	22.2	Wisconsin.....	(1)	(1)
Mississippi.....	20.0	20.1	Wyoming.....	18.4	18.2

1 Excludes Wisconsin; comparable data not available.

TABLE 12.—Exhaustees by benefit duration, July to September 1960

State	Number of exhaustees	Percentage distribution				
		Total	Less than 15 weeks	15 to 19 weeks	20 to 25 weeks	26 or more weeks
Total.....	1 364, 416	1 100	1 16. 6	1 16. 8	1 20. 8	1 45. 8
Alabama.....	9, 668	100	22. 4	20. 8	56. 8	0
Alaska.....	278	100	0	11. 5	12. 9	75. 5
Arizona.....	1, 222	100	31. 5	24. 9	21. 1	22. 5
Arkansas.....	2, 932	100	24. 3	25. 5	16. 7	33. 4
California.....	40, 195	100	6. 7	17. 0	20. 0	56. 3
Colorado.....	1, 342	100	6. 6	20. 7	29. 8	42. 8
Connecticut.....	8, 915	100	30. 2	24. 1	15. 6	30. 1
Delaware.....	1, 115	100	22. 8	23. 9	22. 4	30. 9
District of Columbia.....	1, 512	100	28. 8	19. 7	19. 6	31. 9
Florida.....	12, 149	100	53. 5	28. 5	17. 1	0
Georgia.....	9, 168	100	7. 1	25. 3	67. 7	0
Hawaii.....	319	100	0	0	0	100. 0
Idaho.....	149	100	60. 4	12. 1	15. 4	12. 1
Illinois.....	22, 235	100	32. 0	22. 5	17. 2	28. 3
Indiana.....	11, 690	100	53. 3	19. 2	27. 5	0
Iowa.....	2, 363	100	42. 7	26. 0	18. 7	12. 6
Kansas.....	2, 871	100	18. 8	22. 4	18. 7	40. 0
Kentucky.....	6, 133	100	0	41. 0	18. 7	40. 2
Louisiana.....	7, 665	100	24. 5	27. 0	19. 6	28. 8
Maine.....	8	100	12. 5	0	25. 0	62. 5
Maryland.....	6, 971	100	0	0	0	100. 0
Massachusetts.....	13, 313	100	16. 5	22. 6	20. 2	40. 7
Michigan.....	21, 385	100	26. 4	29. 0	14. 3	30. 2
Minnesota.....	4, 551	100	0	19. 1	54. 9	26. 0
Mississippi.....	3, 393	100	14. 4	29. 9	20. 4	35. 3
Missouri.....	6, 071	100	30. 7	21. 6	15. 2	32. 5
Montana.....	1, 376	100	0	0	100. 0	0
Nebraska.....	910	100	27. 8	23. 1	22. 5	26. 6
Nevada.....	629	100	23. 7	25. 1	17. 3	33. 9
New Hampshire.....	590	100	0	0	0	100. 0
New Jersey.....	19, 104	100	12. 2	22. 6	16. 9	48. 3
New Mexico.....	1, 174	100	1. 5	9. 4	31. 2	57. 9
New York.....	26, 466	100	0	0	0	100. 0
North Carolina.....	7, 160	100	. 5	5. 8	12. 5	81. 2
North Dakota.....	265	100	0	0	100. 0	0
Ohio.....	18, 910	100	. 1	. 2	1. 2	98. 5
Oklahoma.....	3, 255	100	10. 6	29. 1	22. 9	37. 5
Oregon.....	2, 213	100	7. 0	21. 1	23. 1	48. 7
Pennsylvania.....	26, 421	100	0	0	0	100. 0
Rhode Island.....	2, 472	100	17. 3	24. 9	21. 1	36. 7
South Carolina.....	3, 817	100	18. 5	22. 8	58. 7	0
South Dakota.....	196	100	35. 7	32. 1	32. 1	0
Tennessee.....	8, 680	100	2. 4	8. 5	89. 1	0
Texas.....	18, 417	100	39. 9	23. 7	35. 4	0
Utah.....	815	100	33. 5	24. 0	21. 1	21. 3
Vermont.....	498	100	0	0	0	100. 0
Virginia.....	6, 986	100	61. 3	38. 7	0	0
Washington.....	935	100	0	15. 1	28. 7	56. 3
West Virginia.....	5, 181	100	0	7. 0	93. 0	0
Wisconsin.....	(1)	(1)	(1)	(1)	(1)	(1)
Wyoming.....	343	100	22. 2	32. 4	22. 4	22. 0

1 Excludes Wisconsin; comparable not available.

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**TABLE 13.—Distribution of new insured claimants by potential duration, July to September 1960**

State	Percent distribution					Average potential duration (weeks)
	All claimants	Less than 15 weeks	15 to 19 weeks	20 to 25 weeks	26 or more weeks	
Total <sup>1</sup> .....	100	5.7	8.0	17.9	68.4	24.5
Alabama.....	100	8.5	14.6	76.9	0	19.1
Alaska.....	100	0	4.6	8.2	87.2	25.3
Arizona.....	100	11.1	16.1	16.7	56.1	22.5
Arkansas.....	100	11.2	17.1	17.1	54.6	22.4
California.....	100	2.8	8.0	12.9	76.3	24.5
Colorado.....	100	0	7.9	10.3	81.8	29.7
Connecticut.....	100	10.8	12.6	14.4	62.2	22.8
Delaware.....	100	16.1	9.3	30.4	44.2	22.3
District of Columbia.....	100	16.9	15.1	18.3	49.7	21.7
Florida.....	100	21.0	26.0	32.8	20.2	19.5
Georgia.....	(1)	(1)	(1)	(1)	(1)	(1)
Hawaii.....	100	0	0	0	100.0	26.0
Idaho.....	100	22.2	17.5	26.9	33.4	20.2
Illinois.....	100	13.2	16.1	18.0	52.7	22.0
Indiana.....	100	23.0	15.3	34.0	27.7	19.8
Iowa.....	100	17.4	16.3	21.9	44.4	20.9
Kansas.....	100	8.4	13.0	13.3	65.3	23.2
Kentucky.....	100	0	19.9	13.9	66.2	23.6
Louisiana.....	100	11.4	17.4	17.4	53.8	23.3
Maine.....	100	0	0	0	100.0	26.0
Maryland.....	100	0	0	0	100.0	26.0
Massachusetts.....	100	9.5	11.4	17.8	61.3	25.1
Michigan.....	100	5.8	6.0	12.7	75.5	24.2
Minnesota.....	100	0	10.9	42.4	46.7	23.8
Mississippi.....	100	6.8	19.2	18.4	55.6	22.5
Missouri.....	100	7.7	18.9	14.6	63.8	23.2
Montana.....	100	0	0	100.0	0	22.0
Nebraska.....	100	16.7	14.5	19.0	49.8	21.5
Nevada.....	100	14.0	14.9	15.2	55.9	22.2
New Hampshire.....	100	0	0	0	100.0	26.0
New Jersey.....	100	5.4	10.5	11.3	72.8	24.0
New Mexico.....	100	0	2.3	10.0	87.7	28.8
New York.....	100	0	0	0	100.0	26.0
North Carolina.....	100	0	0	0	100.0	26.0
North Dakota.....	100	0	0	100.0	0	24.0
Ohio.....	100	0	0	9	99.1	25.9
Oklahoma.....	100	4.8	16.6	16.3	62.3	27.2
Oregon.....	100	3.1	15.9	19.1	61.9	23.1
Pennsylvania.....	100	0	0	0	100.0	30.0
Rhode Island.....	100	5.3	10.7	21.4	62.6	23.6
South Carolina.....	100	7.2	16.5	76.3	0	20.4
South Dakota.....	100	18.6	19.1	62.3	0	19.9
Tennessee.....	100	0	0	100.0	0	22.0
Texas.....	100	20.0	18.3	61.7	0	19.8
Utah.....	100	11.4	12.4	34.0	42.2	25.6
Vermont.....	100	0	0	0	100.0	21.0
Virginia.....	100	28.3	23.2	48.5	0	16.8
Washington.....	100	0	9.8	20.3	69.9	26.8
West Virginia.....	100	0	0	100.0	0	24.0
Wisconsin.....	(2)	(2)	(2)	(2)	(2)	(2)
Wyoming.....	100	11.6	17.0	24.3	47.1	22.2

<sup>1</sup> Excludes Georgia; data not available.

<sup>2</sup> Excludes Wisconsin; data are on a "per employer" basis and therefore are not strictly comparable.

TABLE 14.—Number of exhaustions of benefit rights in all States, 1957-60

Period	Exhaustions (in thousands)			
	1957 <sup>1</sup>	1958 <sup>1</sup>	1959 <sup>1</sup>	1960
Calendar year.....	1,191	2,599	1,703	1,604
1st half of year.....	628	1,206	1,044	820
2d half of year.....	563	1,393	659	784
Quarter 1.....	314	484	586	400
Quarter 2.....	314	722	458	420
Quarter 3.....	274	778	339	371
Quarter 4.....	289	616	320	412
January.....	107	147	212	121
February.....	95	145	181	123
March.....	112	192	193	154
April.....	115	231	182	147
May.....	107	237	146	138
June.....	92	254	130	133
July.....	99	286	125	123
August.....	92	255	106	127
September.....	83	237	108	121
October.....	94	224	102	120
November.....	84	178	96	136
December.....	111	213	122	157

<sup>1</sup> Includes exhaustions under program of unemployment compensation for Federal employees (UCFE), through June 1959.

TABLE 15.—Percentage of beneficiaries exhausting benefit rights, total 51 States, 1957-60

Month	Exhaustions as percent of first payments <sup>1</sup>			
	1957 <sup>2</sup>	1958 <sup>2</sup>	1959 <sup>2</sup>	1960
January.....	22.9	24.4	33.3	27.6
February.....	22.8	25.5	33.3	27.0
March.....	22.8	28.8	33.0	28.4
April.....	22.9	28.3	32.5	28.1
May.....	23.0	30.1	31.7	25.3
June.....	23.1	31.3	30.7	25.2
July.....	22.6	32.2	29.8	25.5
August.....	22.4	32.9	28.9	25.9
September.....	22.5	33.1	28.4	25.6
October.....	22.8	32.8	28.3	25.7
November.....	23.0	32.8	28.6	25.9
December.....	23.8	33.3	28.2	26.1

<sup>1</sup> Exhaustions for 12-months ending on month shown divided by 1st payments for 12-months ending 6 months earlier.

<sup>2</sup> Includes exhaustions under program of unemployment compensation for Federal employees (UCFE), through June 1959.

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TABLE 16.—Number of claimants exhausting benefit rights, by quarter, 1949-60  
[In thousands]

Year	Annual total	1st quarter	2d quarter	3d quarter	4th quarter
1949.....	1,935	371	439	534	591
1950.....	1,853	730	528	342	253
1951.....	811	273	192	175	171
1952.....	931	301	254	210	166
1953.....	764	215	193	165	191
1954.....	1,769	351	469	505	444
1955 <sup>1</sup> .....	1,294	473	345	259	194
1956.....	1,020	281	274	248	217
1957.....	1,191	314	314	273	289
1958 <sup>1</sup> .....	2,599	484	723	778	615
1959 <sup>1</sup> .....	1,703	586	458	339	320
1960.....	1,604	400	420	371	413

<sup>1</sup> Includes claimants exhausting under the UCFE program through June 1959.

NOTE.—Excludes claimants exhausting under temporary benefit programs.

TABLE 17.—Number of claimants exhausting benefit rights under unemployment insurance and rate of insured unemployment, 1939-60

Year	Exhaustions		Rate of insured unemployment	Year	Exhaustions		Rate of insured unemployment
	Number (in thousands)	Percent of 1st payments <sup>1</sup>			Number (in thousands)	Percent of 1st payments <sup>1</sup>	
1939.....	3,108	( <sup>2</sup> )	( <sup>2</sup> )	1950.....	1,853	30.5	4.6
1940.....	2,590	45.6	( <sup>2</sup> )	1951.....	811	20.4	2.8
1941.....	1,544	45.6	( <sup>2</sup> )	1952.....	931	20.3	2.9
1942.....	1,078	34.9	( <sup>2</sup> )	1953.....	764	19.2	2.8
1943.....	194	25.5	( <sup>2</sup> )	1954.....	1,769	28.8	5.2
1944.....	102	20.2	( <sup>2</sup> )	1955 <sup>1</sup> .....	1,294	23.9	3.4
1945.....	254	18.1	( <sup>2</sup> )	1956 <sup>1</sup> .....	1,020	22.9	3.1
1946.....	1,986	38.7	( <sup>2</sup> )	1957 <sup>1</sup> .....	1,191	23.8	3.5
1947.....	1,272	30.7	4.3	1958 <sup>1</sup> .....	2,599	33.3	6.1
1948.....	1,028	27.5	3.1	1959 <sup>1</sup> .....	1,703	28.2	4.4
1949.....	1,935	29.1	6.2	1960.....	1,604	26.1	4.8

<sup>1</sup> Exhaustions for calendar year as percent of 1st payments for 12 months ending September 30 for years 1939-52, and of 1st payments for 12 months ending June 30 thereafter.

<sup>2</sup> Information not available.

<sup>3</sup> Rates of insured unemployment not available prior to 1946 on a comparable basis.

<sup>4</sup> Excludes Indiana, 1940-43; Wisconsin and Wyoming, 1940-45, comparable data not available.

<sup>5</sup> Includes claimants exhausting under the UCFE program through June 1960.



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TABLE 18.—Selected data on the temporary programs, June 1958–July 1959

State and program	Initial claims	First payments	Final payments (exhaustions)	Total benefits paid (thousands)	Average weekly benefit amount	Average duration (weeks)
Total, all programs.....	2,465,715	2,013,349	1,203,308	\$600,700	\$30.44	9.8
Total, TUC program <sup>1</sup> .....	1,973,216	1,574,022	940,782	473,544	30.41	9.9
Total, 17 fully participating States.....	1,892,337	1,545,742	922,105	465,778	30.48	9.9
Alabama.....	63,565	56,204	40,336	10,261	22.40	8.1
Alaska.....	3,301	3,284	1,605	1,095	34.35	9.7
Arkansas.....	26,040	20,451	13,424	3,016	20.42	7.2
California.....	232,292	188,372	91,306	56,452	31.18	9.6
Delaware.....	6,843	6,448	4,183	1,634	30.68	8.3
District of Columbia.....	10,068	9,259	6,172	2,255	26.25	9.3
Indiana.....	130,007	104,331	77,731	22,599	27.83	7.8
Maryland.....	48,836	40,275	25,360	13,089	30.09	10.8
Massachusetts.....	118,351	98,064	62,824	25,119	28.84	8.9
Michigan.....	318,606	246,884	148,031	79,111	33.08	9.5
Minnesota.....	38,834	34,971	19,049	8,839	26.32	9.6
Nevada.....	4,574	3,654	1,625	952	34.67	7.5
New Jersey.....	176,005	146,307	101,039	45,633	31.62	9.0
New York.....	347,788	286,812	150,692	98,508	33.05	10.4
Pennsylvania.....	277,319	231,122	133,203	81,201	29.12	12.1
Rhode Island.....	37,086	26,603	18,269	5,846	26.75	8.2
West Virginia.....	51,064	42,701	27,256	10,107	23.49	10.1
Total, TED programs (5 States).....	492,499	439,327	262,526	127,162	30.54	9.5
Colorado.....	7,528	6,608	4,515	998	29.02	5.9
Connecticut.....	50,371	33,689	25,155	10,389	31.78	6.7
Illinois.....	180,370	170,985	103,825	45,272	29.27	9.0
Ohio.....	206,043	184,245	104,501	58,020	30.89	10.2
Wisconsin <sup>2</sup> .....	48,187	43,800	24,530	12,483	33.12	8.6

<sup>1</sup> Includes data for States other than those fully participating reflecting TUC claims filed under the UCV and UCFE programs.

<sup>2</sup> Wisconsin data are on a "per employer" basis and therefore are not strictly comparable.

TABLE 19.—Unemployment insurance tax base and tax rate provisions under State laws as of Jan. 1, 1961, and actual tax rates, 1960

	Tax base	Employer tax rates (percent of tax base)				1960 em- ployee tax rates (in percent of tax base)	
		Current statutes 1960 (actual)					1960 (esti- mated) average
		Mini- mum	Maxi- mum	Mini- mum	Maxi- mum		
Alabama.....	\$3,000	0.5	2.7	0.5	2.7	1.2	0.1
Alaska.....	17,200	1.5	4.0	1.5	2.9	2.9	3-.9
Arizona.....	3,000	.1	2.7	.2	2.7	1.3	
Arkansas.....	3,000	.1	2.7	.1	2.7	1.4	
California.....	13,600	.3	3.0	.3	3.0	2.0	
Colorado.....	3,000	0	2.7	0	2.7	.5	
Connecticut.....	3,000	.25	2.7	1.5	2.7	2.1	
Delaware.....	13,600	.1	4.5	1.6	4.5	2.5	
District of Columbia.....	3,000	.1	2.7	.1	2.7	.9	
Florida.....	3,000	0	2.9	.4	2.9	1.2	
Georgia.....	3,000	.25	4.2	.25	2.7	1.4	
Hawaii.....	3,000	0	2.7	0	2.7	1.1	
Idaho.....	3,000	.3	2.7	.9	2.7	1.7	
Illinois.....	3,000	.1	4.0	.1	2.7	2.1	
Indiana.....	3,000	.1	2.7	.1	2.7	1.2	
Iowa.....	3,000	0	2.7	0	4.0	.5	
Kansas.....	3,000	0	2.7	0	2.7	1.0	
Kentucky.....	3,000	0	4.2	.6	4.0	2.4	
Louisiana.....	3,000	.1 <sup>1</sup>	2.7	.3	2.7	1.5	
Maine.....	3,000	.5	2.7	.5	2.7	1.7	
Maryland.....	3,000	0	4.2	1.5	4.2	2.8	
Massachusetts.....	3,000	.5	2.7	1.0	2.7	1.9	
Michigan.....	3,000	0	4.5	.5	4.5	2.9	
Minnesota.....	3,000	0.1	3.0	.3	2.7	1.1	
Mississippi.....	3,000	.6	2.7	1.0	2.7	1.9	
Missouri.....	3,000	0	4.5	0	3.3	1.0	
Montana.....	3,000	.5	2.7	.5	2.7	2.3	
Nebraska.....	3,000	( <sup>2</sup> )	2.7	.1	2.7	1.0	
Nevada.....	13,600	.1	2.7	.1	2.7	2.2	
New Hampshire.....	3,000	.5	2.7	.5	2.7	1.7	
New Jersey.....	3,000	.3	3.6	.6	3.3	2.1	25
New Mexico.....	3,000	.1	2.7	.1	2.7	1.2	
New York.....	3,000	0	4.2	.9	3.0	2.3	
North Carolina.....	3,000	.1	3.7	.3	3.7	1.6	
North Dakota.....	3,000	.3	3.7	.3	3.7	2.0	
Ohio.....	3,000	.1	3.2	.1	2.7	1.5	
Oklahoma.....	3,000	.2	2.7	.2	2.7	1.2	
Oregon.....	13,800	1.2	2.7	2.7	2.7	2.7	
Pennsylvania.....	3,000	.5	4.0	1.6	4.0	3.1	
Rhode Island.....	13,600	.5	3.3	2.7	2.7	2.7	
South Carolina.....	3,000	.25	2.7	.25	2.7	1.1	
South Dakota.....	3,000	0	2.7	0	2.7	.8	
Tennessee.....	3,000	.5	4.0	.75	3.3	1.7	
Texas.....	3,000	.1	2.7	.1	2.7	.9	
Utah.....	3,000	( <sup>3</sup> )	2.7	1.2	2.7	1.5	
Vermont.....	3,000	.2	2.7	.6	2.7	1.3	
Virginia.....	3,000	.1	2.7	.1	2.7	.8	
Washington.....	3,000	( <sup>4</sup> )	2.7	2.7	2.7	2.7	
West Virginia.....	3,000	0	2.7	2.7	2.7	2.7	
Wisconsin.....	3,000	0	4.0	0	4.0	1.4	
Wyoming.....	3,000	0	2.7	0	2.7	1.4	

<sup>1</sup> Effective Jan. 1, 1954, in Nevada; Jan. 1, 1960, in Alaska, California, and Oregon; Jan. 1, 1955, in Delaware; Jan. 1, 1956, in Rhode Island.

<sup>2</sup> Nebraska commission determines rates for each year.

<sup>3</sup> No rate schedule in law; rate determined by distribution of surplus in specified proportion to employers in the first 9 of the 10 experience classes set forth in law.

<sup>4</sup> No rate classes; contributions are reduced by credit certificates. If the credit certificate equals or exceeds an employers' contribution for the next year he has, in effect, a zero rate.

TABLE 20.—Federal unemployment tax collections and estimated expenditures for Employment Security Administration, by fiscal years, 1954 to 1960

	For 1954	For 1955	For 1956	for 1957	For 1958	For 1959	For 1960
FUTA receipts.....	\$272, 949, 996	\$284, 779, 129	\$321, 728, 000	\$327, 159, 126	\$333, 631, 773	\$321, 502, 255	\$339, 104, 106
Total deductions.....	208, 662, 489	198, 002, 432	240, 697, 106	255, 963, 906	300, 178, 291	321, 924, 247	336, 550, 901
State grants.....	202, 091, 441	191, 293, 247	233, 438, 254	247, 050, 093	290, 376, 346	310, 370, 482	325, 275, 935
Federal expenditures.....	6, 571, 048	6, 709, 185	7, 258, 852	8, 913, 813	9, 801, 945	11, 553, 765	11, 274, 966
Department of Labor.....	4, 944, 774	5, 000, 984	5, 415, 927	5, 479, 586	6, 206, 600	6, 703, 000	6, 985, 100
Treasury Department.....	1, 626, 274	1, 708, 201	1, 842, 925	3, 434, 227	3, 595, 345	4, 850, 765	4, 289, 866
Surplus FUTA receipts.....	64, 287, 507	86, 776, 697	81, 030, 894	71, 195, 220	33, 453, 482	-421, 992	2, 553, 205
Credited to—							
Federal unemployment accounts.....	64, 287, 507	86, 776, 697	47, 644, 826	71, 195, 220	33, 453, 482		2, 553, 205
State accounts.....			33, 386, 068				

<sup>1</sup> Includes \$6,078,600 withdrawn from the Federal unemployment account during fiscal year 1958 for Bureau of Employment Security expenses, per Public Law 85-67, and re-

placed in that account as of July 1, 1958, per Comptroller General Decision No. 135956, dated July 1, 1958.

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TABLE 21.—Unemployment insurance income, outgo, and reserves, calendar year 1960

[Amounts in millions]

State	Reserves, Jan. 1, 1960	Contribu- tions col- lected <sup>1</sup>	Interest credited	Benefits paid	Reserves, Dec. 31, 1960
Total.....	\$6,892.2	\$2,288.5	\$194.5	\$2,726.8	\$6,043.1
Alabama.....	61.4	18.0	1.7	27.2	54.0
Alaska.....	<sup>2</sup> 2.0	7.3	0	5.6	<sup>2</sup> 4.9
Arizona.....	60.1	9.8	1.8	9.3	62.4
Arkansas.....	39.4	8.8	1.1	12.5	36.8
California.....	882.3	285.8	25.0	389.0	801.5
Colorado.....	69.3	5.9	1.9	15.3	61.9
Connecticut.....	172.4	46.2	5.1	55.1	168.6
Delaware.....	8.5	9.9	.3	6.7	12.0
District of Columbia.....	60.1	6.0	1.8	5.6	62.4
Florida.....	99.5	31.9	3.1	31.7	102.5
Georgia.....	143.7	27.3	4.3	30.4	144.6
Hawaii.....	24.1	5.0	.7	4.5	25.3
Idaho.....	30.7	5.3	.9	8.5	28.4
Illinois.....	323.0	159.0	9.9	136.1	356.0
Indiana.....	174.0	41.7	5.1	52.4	168.2
Iowa.....	118.2	8.3	3.4	14.5	115.5
Kansas.....	80.2	10.5	2.2	20.5	72.1
Kentucky.....	105.4	27.3	3.1	31.8	104.1
Louisiana.....	132.9	23.1	3.7	37.9	121.0
Maine.....	31.7	8.8	.9	12.9	28.5
Maryland.....	66.8	49.4	1.9	50.8	67.7
Massachusetts.....	253.1	80.4	7.0	118.8	221.3
Michigan.....	<sup>3</sup> 205.2	159.2	3.2	147.4	<sup>3</sup> 220.1
Minnesota.....	75.9	22.6	2.0	36.8	63.8
Mississippi.....	32.7	13.4	1.0	14.3	32.7
Missouri.....	208.2	29.5	6.1	41.3	201.7
Montana.....	30.1	6.5	.8	11.2	26.1
Nebraska.....	39.9	6.7	1.2	7.4	40.3
Nevada.....	17.1	6.3	.5	6.2	17.7
New Hampshire.....	23.2	7.0	.7	6.9	24.0
New Jersey.....	343.7	115.0	10.0	131.5	337.2
New Mexico.....	44.2	6.0	1.3	8.9	42.3
New York.....	1,027.5	340.2	29.9	397.8	999.0
North Carolina.....	178.4	38.3	5.4	35.6	186.6
North Dakota.....	8.4	3.6	.2	4.9	7.4
Ohio.....	395.3	110.4	10.7	206.1	310.5
Oklahoma.....	41.3	12.4	1.1	17.8	37.0
Oregon.....	39.9	35.6	1.2	25.2	47.5
Pennsylvania.....	<sup>3</sup> 182.1	250.1	2.3	265.3	<sup>3</sup> 174.5
Rhode Island.....	29.0	19.2	.9	16.2	33.0
South Carolina.....	74.1	12.5	2.2	12.2	76.5
South Dakota.....	15.4	1.7	.4	2.5	15.2
Tennessee.....	76.4	30.2	2.2	34.2	74.5
Texas.....	257.2	43.3	7.6	58.3	249.9
Utah.....	37.8	7.3	1.1	8.2	38.0
Vermont.....	14.6	2.7	.4	4.1	13.7
Virginia.....	85.7	18.5	2.6	10.7	88.6
Washington.....	204.9	50.0	6.1	58.8	202.2
West Virginia.....	32.6	25.9	1.0	24.0	35.4
Wisconsin.....	219.4	35.8	6.6	45.5	216.1
Wyoming.....	13.7	2.8	.4	4.4	12.4

<sup>1</sup> Includes contributions and penalties from employers, and both employer and employee contributions in States (Alabama, New Jersey, and Alaska) which tax workers.

<sup>2</sup> Reserves include advances from Federal unemployment account to, Alaska, \$2,530,000 in January 1957, \$2,435,000 in February 1958, \$3,000,000 in July 1958, and \$500,000 in January 1960; Michigan, \$113,000,000 in August 1958; Pennsylvania, \$96,440,000 in April 1959, \$1,504,000 in May 1960, and \$4,056,000 in July 1960.

TABLE 22.—Benefit, reserve, and tax rates, 1960

State	Amount of benefits paid for each \$1 collected	Ratio of—	
		Benefits to taxable wages <sup>1</sup>	Reserves to taxable wages <sup>1</sup>
		Percent	Percent
United States.....	\$1.19	2.3	5.6
Alabama.....	1.51	1.8	8.6
Alaska.....	.76	3.3	2.9
Arizona.....	.95	1.3	8.7
Arkansas.....	1.42	1.9	5.5
California.....	1.35	3.0	6.2
Colorado.....	2.58	1.5	6.2
Connecticut.....	1.19	2.5	7.5
Delaware.....	.68	1.6	2.9
District of Columbia.....	.91	.8	9.5
Florida.....	1.00	1.2	4.0
Georgia.....	1.11	1.5	7.2
Hawaii.....	.91	1.1	6.2
Idaho.....	1.60	2.7	8.9
Illinois.....	.86	1.7	4.4
Indiana.....	1.26	1.6	5.1
Iowa.....	1.74	1.1	9.1
Kansas.....	1.96	2.1	7.4
Kentucky.....	1.16	2.5	8.3
Louisiana.....	1.64	2.5	7.9
Maine.....	1.47	2.4	5.3
Maryland.....	1.03	2.7	8.6
Massachusetts.....	1.48	2.8	5.1
Michigan.....	.93	2.6	4.0
Minnesota.....	1.63	1.9	3.3
Mississippi.....	1.07	2.1	4.8
Missouri.....	1.40	1.5	7.3
Montana.....	1.71	3.5	8.2
Nebraska.....	1.11	1.2	6.4
Nevada.....	.98	2.2	6.2
New Hampshire.....	.99	1.7	5.8
New Jersey.....	1.14	2.8	7.1
New Mexico.....	1.50	1.9	8.9
New York.....	1.17	2.6	6.6
North Carolina.....	.93	1.5	7.9
North Dakota.....	1.35	2.6	3.9
Ohio.....	1.87	2.8	4.2
Oklahoma.....	1.44	1.7	3.6
Oregon.....	.79	2.1	3.6
Pennsylvania.....	1.06	3.1	2.0
Rhode Island.....	.84	2.3	4.6
South Carolina.....	.98	1.1	6.9
South Dakota.....	1.41	1.2	7.6
Tennessee.....	1.13	1.9	4.2
Texas.....	1.35	1.2	5.1
Utah.....	1.12	1.6	7.5
Vermont.....	1.51	2.0	6.6
Virginia.....	.90	.9	4.7
Washington.....	1.18	3.1	10.8
West Virginia.....	.93	2.5	3.6
Wisconsin.....	1.27	1.8	8.5
Wyoming.....	1.58	2.1	6.0

<sup>1</sup> Based on taxable wages for 12 months ended June 30, 1960.

<sup>2</sup> The reserve on which this ratio is based includes the amount borrowed and not repaid.

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TABLE 23.—Covered wage data for calendar year 1959

[In thousands]

State	Total wages	Taxable wages	Taxable wages as percentages of total wages
United States.....	\$188,897,260	\$115,271,602	62
Alabama.....	2,027,609	1,396,515	69
Alaska.....	216,182	151,746	70
Arizona.....	1,025,987	671,930	65
Arkansas.....	854,500	643,637	75
California.....	20,020,528	11,906,626	59
Colorado.....	1,505,008	948,437	63
Connecticut.....	3,602,370	2,147,194	60
Delaware.....	641,507	402,911	63
District of Columbia.....	1,046,151	639,270	61
Florida.....	3,589,399	2,472,406	69
Georgia.....	2,742,932	1,929,188	70
Hawaii.....	517,208	369,615	71
Idaho.....	460,276	313,437	68
Illinois.....	13,807,108	7,934,995	57
Indiana.....	5,298,456	3,203,914	60
Iowa.....	1,944,910	1,243,506	64
Kansas.....	1,524,322	979,948	64
Kentucky.....	1,842,792	1,235,352	67
Louisiana.....	2,336,246	1,517,817	65
Maine.....	731,451	525,072	72
Maryland.....	2,889,106	1,866,502	65
Massachusetts.....	6,597,754	4,169,081	63
Michigan.....	9,660,018	5,360,894	56
Minnesota.....	3,067,783	1,870,509	61
Mississippi.....	885,438	665,800	75
Missouri.....	4,374,882	2,699,535	62
Montana.....	456,207	316,745	69
Nebraska.....	910,501	604,362	66
Nevada.....	367,589	266,637	73
New Hampshire.....	562,292	399,489	71
New Jersey.....	7,759,162	4,566,027	59
New Mexico.....	709,124	469,634	66
New York.....	24,908,060	14,514,993	58
North Carolina.....	3,060,833	2,276,365	74
North Dakota.....	273,672	189,799	69
Ohio.....	12,503,513	7,228,138	58
Oklahoma.....	1,593,580	1,025,298	64
Oregon.....	1,746,932	1,252,971	72
Pennsylvania.....	13,492,789	8,388,007	62
Rhode Island.....	919,766	691,220	75
South Carolina.....	1,386,191	1,050,008	76
South Dakota.....	274,683	192,018	68
Tennessee.....	2,482,338	1,710,564	69
Texas.....	7,612,910	4,867,702	64
Utah.....	750,945	488,928	65
Vermont.....	280,964	197,230	70
Virginia.....	2,659,931	1,840,454	69
Washington.....	3,000,118	1,851,858	62
West Virginia.....	1,562,449	968,754	62
Wisconsin.....	4,117,416	2,461,773	60
Wyoming.....	283,472	189,791	67

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 TABLE 24.—State unemployment insurance benefits, collections, and reserves, as percentages of total wages,<sup>1</sup> calendar year 1960

States	Benefits	Collections	Reserves Dec. 31, 1960
United States.....	1.42	1.19	3.45
Alabama.....	1.32	.87	2.62
Alaska.....	2.43	3.20	2.13
Arizona.....	.85	.90	5.73
Arkansas.....	1.43	1.00	4.19
California.....	1.86	1.38	3.86
Colorado.....	.97	.38	3.93
Connecticut.....	1.48	1.24	4.52
Delaware.....	1.03	1.51	1.83
District of Columbia.....	.51	.56	5.81
Florida.....	.85	.85	2.74
Georgia.....	1.07	.96	5.11
Hawaii.....	.80	.88	4.48
Idaho.....	1.82	1.13	6.04
Illinois.....	.97	1.13	2.53
Indiana.....	.97	.77	3.10
Iowa.....	.73	.42	3.84
Kansas.....	1.35	.69	4.73
Kentucky.....	1.69	1.46	5.55
Louisiana.....	1.60	.97	5.10
Maine.....	1.72	1.17	3.79
Maryland.....	1.72	1.68	2.30
Massachusetts.....	1.75	1.18	3.25
Michigan.....	1.47	1.69	2.20
Minnesota.....	1.17	.72	2.02
Mississippi.....	1.58	1.48	3.61
Missouri.....	.92	.66	4.51
Montana.....	2.44	1.43	5.68
Nebraska.....	.78	.71	4.25
Nevada.....	1.59	1.62	4.63
New Hampshire.....	1.18	1.19	4.11
New Jersey.....	1.64	1.43	4.19
New Mexico.....	1.24	.83	5.89
New York.....	1.55	1.32	3.88
North Carolina.....	1.12	1.21	3.87
North Dakota.....	1.80	1.33	2.69
Ohio.....	1.61	.86	2.42
Oklahoma.....	1.10	.77	2.29
Oregon.....	1.55	1.96	2.62
Pennsylvania.....	1.92	1.81	1.26
Rhode Island.....	1.70	2.03	3.48
South Carolina.....	.84	.86	5.28
South Dakota.....	.84	.69	5.20
Tennessee.....	1.34	1.18	2.91
Texas.....	.75	.66	3.23
Utah.....	1.06	.95	4.93
Vermont.....	1.38	.91	4.64
Virginia.....	.61	.68	3.23
Washington.....	1.92	1.63	6.61
West Virginia.....	1.52	1.63	2.24
Wisconsin.....	1.07	.84	5.09
Wyoming.....	1.45	.92	4.09

<sup>1</sup> Based on total wages in covered employment for 12 months ended June 30, 1960.

<sup>2</sup> The reserve on which this ratio is based includes unpaid advances from the Federal unemployment account.

34 TEMPORARY UNEMPLOYMENT COMPENSATION EXTENSION

TABLE 25.—Summary of normal schedule of repayment of costs under the Temporary Unemployment Compensation Act of 1958<sup>1</sup>

Participating States	Total estimated UI-TUC costs to be repaid by participating States (amounts in thousands)	State costs as percentage of estimated federally taxable wages for fiscal year 1960	Taxable years for which credit will be reduced
Total.....	\$445,677		
Alabama.....	9,437	0.64	1963, 1964, 1965.
Alaska.....	928	.84	1963, 1964, 1965. <sup>2</sup>
Arkansas.....	2,795	.42	1963, 1964.
California.....	54,706	.46	1963, 1964.
Delaware.....	1,579	.43	1963, 1964.
District of Columbia.....	1,481	.23	1963, 1964.
Indiana.....	21,334	.65	1963, 1964, 1965.
Maryland.....	12,429	.65	1963, 1964, 1965.
Massachusetts.....	24,868	.56	1963, 1964, 1965.
Michigan.....	70,219	1.38	1963, 1964, 1965, 1966. <sup>3</sup>
Minnesota.....	8,337	.43	1963, 1964.
Nevada.....	907	.32	1963, 1964.
New Jersey.....	45,371	.95	1963, 1964, 1965, (1966). <sup>3</sup>
New York.....	89,136	.59	1963, 1964, 1965.
Pennsylvania.....	80,971	.94	1963, 1964, 1965, (1966). <sup>3</sup>
Rhode Island.....	5,736	.80	1963, 1964, 1965.
West Virginia.....	9,442	.97	1963, 1964, 1965, (1966). <sup>3</sup>

<sup>1</sup> An assumption is implied in this schedule that repayment will be made by means of reduced credit under sec. 3302(e) of the Federal Unemployment Tax Act. If amounts repayable are restored to the Treasury by other means, the timing will be shortened.

<sup>2</sup> Concurrent reduction of credit under sec. 3302(e) of the Federal Unemployment Tax Act will be applicable because of outstanding balances of advances from the Federal unemployment account.

<sup>3</sup> Growth of taxable payrolls and the resulting increases in repayments may result in full repayment prior to the taxable year indicated in parentheses.

TABLE 26.—Schedule of automatic repayments of advances by States which have FUA<sup>1</sup> and TUC<sup>2</sup> advances; percentages of federally taxable wages (\$3,000 base)

Taxable year	Taxes paid by Jan. 31	Alaska			Michigan			Pennsylvania		
		FUA advance	TUC	Total	FUA advance	FUC	Total	FUA advance	TUC	Total
1961.....	1962	\$0.15	.....	\$0.15	.....	.....	.....	.....	.....	.....
1962.....	1963	.30	.....	.30	\$0.15	.....	\$0.15	.....	.....	.....
1963.....	1964	.45	\$0.15	.60	.30	\$0.15	.45	\$0.15	\$0.15	\$0.30
1964.....	1965	.60	.30	.90	.45	.30	.75	.30	.30	.60
1965.....	1966	.75	.45	1.20	.60	.45	1.05	.45	.45	.90
1966.....	1967	.90	.....	.90	.75	.60	1.35	.60	.....	.60
1967.....	1968	1.05	.....	1.05	.....	.....	.....	.....	.....	.....
1968.....	1969	1.20	.....	1.20	.....	.....	.....	.....	.....	.....
1969.....	1970	1.35	.....	1.35	.....	.....	.....	.....	.....	.....

<sup>1</sup> FUA—Advances from Federal unemployment account under title XII of the Social Security Act to States in financial difficulties.

<sup>2</sup> TUC—Temporary Unemployment Compensation Act of 1958.

Secretary GOLDBERG. I appreciate very much the opportunity to appear before this committee in support of H.R. 4806. I want to express the appreciation of the President and his administration for the promptness with which this committee has scheduled consideration of this measure so shortly following the passage of the bill by the House of Representatives.

Now the measure before you is a measure temporarily to extend unemployment compensation by a self-supporting Federal program that would operate during and be limited to the present recession.



It is in that context that I appear before you to talk about this measure and to advance the considerations which prompted the administration to propose a bill of this type, and the House of Representatives, by an overwhelming vote, to support it.

The bill before us is designed to deal with one of the aspects of the unemployment problem which unhappily confronts the country at the present time.

I would like at the outset to place in proper perspective what that problem is. In so doing, I want to make something very clear. It is not my desire, nor the desire of the President, in any way to exaggerate the facts, to exacerbate our situation, but rather, to discharge our constitutional responsibility to report to the Congress and to the people of the country what the facts are. To report the facts fairly and objectively, I think, is what the responsibility of the executive branch of the Government is, and it will be my policy in administering the affairs of the Department to which I have been entrusted, within the limits of my own capacity and the capacities of the Department, promptly to give to the Congress, preserving to its narrowest limit the executive privilege, all of the facts bearing upon the operations of the Department; to give these facts to you as quickly as they are available; and to give to you all of the facts, good or bad, without reference to their impact upon either the political fortunes of the administration or the legislative implications of those facts.

I am determined that the facts should speak for themselves, and as I have said, to the limits of our capacity, this will be the governing consideration of the Department. Since you, as a committee, have long experience in this area, far more than I have, I would like to tell you some of the actions I have taken with respect to these facts so as to illustrate the character of the approach that I have in my capacity as Secretary of Labor.

I have requested the Department to make available the facts as they come in from all of the sources available as rapidly as they can be made available accurately to the Congress and to the people. Now, as a result of that, we have adopted some new procedures. It was a practice of the Department to wait, in releasing the total figures of employment as well as unemployment, until all details were in to the Department.

It was the practice of the Department, for example, to certify areas of surplus labor, substantial unemployment, on a 60-day basis. This had been the practice throughout the years. I was requested by Members of the Congress—Senator Wiley was one of the leaders of this request—to see whether or not the Department could certify areas of substantial unemployment on a 30-day basis, rather than a 60-day basis.

Senator Wiley had a very practical consideration in mind. If the figures in his State were certified on a 30-day basis, he was convinced—he later turned out to be correct in his estimate—that one of the substantial labor areas in his State, Wisconsin, would be certified in this category and would be entitled, therefore, to preference in an important Government contract, which would mean substantial employment to his State.

I reviewed this with the Department and with their help, which involved considerable burning of midnight oil and extra work, we have now adopted a revised procedure which will result in our making these statistical matters available on a 30-day basis, instead of a 60-day basis. I think this is desirable, that we report the facts more currently, and while immediately it will have the impact, perhaps, because of the recession, of adding more areas to the substantial unemployment areas, as we improve our economy it will also have the effect of removing some areas earlier from this position. We shall adhere to the 30-day rule, whether it has the effect of adding or removing areas, because this is what I think we want to do. We want to have the good and the bad, and let the chips fall where they may.

With respect to unemployment and employment figures, there is a great benefit in as prompt a release as we can make.

Now, we had the benefit of promptness the other day in the President's economic message to the Congress. Under the old procedures of not making the figures earlier available, the President had some estimates before him of unemployment. At the time he delivered the state of the Union message, the estimate of unemployment increase over the previous period that he had been given by his advisers was an increase of 1 million. I had available in the Department figures indicating that the increase was not as bad as the President had feared. It was 845,000; that was bad enough.

I felt that I had an obligation, therefore, to report this to the President, and the President had an obligation to report all of the facts to the Congress. As a result of the procedures we have adopted now, the Congress was given the exact facts, rather than an understandable estimate which was not predicated upon facts which became available.

I wanted to make that explanation, Mr. Chairman, because I think this committee would be very much interested in knowing how we are approaching figures which you have to deal with in a measure of this type.

Now, with that in mind, I would like to report what the facts are as they stand right now. Yesterday the Department of Labor, under its new procedure, released the employment and the unemployment figures for the current period. We have a peculiar situation in the United States at the present time. We have the highest employment in our history, and we have the highest unemployment in our history at the same time. Total employment was 64,655,000, equal to the alltime high for February. That is a good sign from which we can take considerable pride and considerable satisfaction.

At the same time that we have this record high employment, we have record unemployment, except for the great depression. Unemployment in mid-February was 5,700,000, higher than at any time since the summer of 1941. Unemployment of workers covered by the State unemployment compensation laws is also at a record alltime high. It reached 3.4 million during the week ending February 18. This is the highest level in the history of the unemployment compensation program, and almost 1,300,000 higher than for the same period last year. It will be of interest to you to know that in January, the States paid out approximately \$400 million—\$397,600,000, to be exact—in unemployment benefits.

Now, the seriousness of our unemployment situation is emphasized by some other factors.

Senator KERR. Would you repeat, Mr. Secretary, the figure you gave and the period it represented?

Secretary GOLDBERG. Yes, sir. The figure I gave was a general figure of unemployment benefits for the month, and that was \$397 million, which means that on an annual basis, more than \$4 billion is currently being paid in unemployment benefits.

Senator KERR. Do you have the difference in the figures of those, the number, receiving in January and in February, so that from it might be determined the amount that was probably paid out in February?

Secretary GOLDBERG. We do not yet have the February figures of the amount paid out in unemployment benefits.

Senator KERR. Well, you have the number receiving it, do you not?

Secretary GOLDBERG. We have a number, but on a weekly basis; that figure may vary week by week. We do not have the amount.

It is probably logical to assume, since the number has been increasing over the previous month, that the amount will exceed the amount paid out in January.

Senator KERR. As to a monthly rate, aside from the difference in the number of days in February and January?

Secretary GOLDBERG. That is correct, because of the increasing number of people drawing unemployment benefits.

Senator KERR. Do you have an estimate of the increase in the number drawing?

Secretary GOLDBERG. We do. We have the exact figures. They have increased. 3.4 million is the present figure, and the January figure—Senator Kerr, I can get in just a moment for you, to show the increase in the number of people drawing unemployment benefits.

Senator KERR. There would be a relation in the amounts in proportion generally to the relation of the numbers drawn?

Secretary GOLDBERG. That is correct. It is also affected, of course, by the number of exhaustions, and we have had an increasing number of exhaustions, so that when people exhaust, they do not draw. Those have been steadily rising.

The weekly average of insured unemployment in January was 3,265,800. The average of weekly beneficiaries was 2,721,000. Now, that was an average for the whole month.

Senator KERR. Of January?

Secretary GOLDBERG. Of January.

Senator KERR. And you do not have the average for February?

Secretary GOLDBERG. No, we do not yet have the average for February, Senator. We do have the number drawing as of February 18, the week ending February 18.

Senator KERR. And that is 3.4 million?

Secretary GOLDBERG. 3.4 million.

Senator KERR. Thank you.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Mr. Secretary, was the definition of an unemployed person the same in 1941 as it is at the present time?

Secretary GOLDBERG. The definition of the unemployed worker? I would believe so. We have made no substantial change in the analysis of the figure, except insofar as—we get these figures of total unemployment from the Census Bureau that we rely upon.

Senator CURTIS. Well, now, is it not true that up until a few years ago, an individual who was out of work and who, by present standards, would be eligible for unemployment compensation, but who expected to be called back to work at a later time, was not defined as an unemployed person, but was defined as an employed person expecting to return to work?

Senator KERR. Not defined as an unemployed person?

Senator CURTIS. Yes.

Secretary GOLDBERG. There are two aspects to that, Senator. One is that—then I shall come to the main import of your question.

The first is that with respect to the standards that are imposed in the unemployment compensation area as to who is eligible and who is therefore defined to be an unemployed person, who is eligible for compensation—

Senator CURTIS. I am not confining it to mere eligibility for unemployment compensation. I mean in the tabulation of the number of unemployed, it is true that your definition now is broader than it was in 1941 and, in fact, for some years after that.

Secretary GOLDBERG. Could I answer the whole question at one time, if I may.

Senator CURTIS. All right.

Secretary GOLDBERG. The question of whether an unemployed person is eligible for compensation is something that is determined under State law. We have not changed any of those definitions. Whatever the State law provides is what we accept. If the States have changed it, of course, it has changed.

In other words, if the State has broadened or narrowed eligibility, we accept whatever the States have done in this area.

Senator CURTIS. My question did not go to that point.

Secretary GOLDBERG. Now, on the second—I said there were two aspects. That is what I meant when I said we have not changed our concept.

Now, on the question of the Census Bureau which collects data for us, there have been changes in the definition of how unemployed statistics are gathered, that is correct, Senator Curtis.

Senator CURTIS. In what direction have they been changed?

Secretary GOLDBERG. They have been broadened in their context.

Senator CURTIS. I cannot recall the year, but is it not true that someone in the past who, as I said, was out of work but expected to be recalled at a later date, a few months hence, was not carried as an unemployed person, but they are now?

Secretary GOLDBERG. I am not familiar with the precise definition of the Census Bureau, but my general understanding is that there was a broadening of the definition.

On the other hand, may I point this out, that I have been under considerable pressure to broaden the concept in another direction. For example, we have approximately 1,700,000 people who are working part-time due to the present recession. We have 3 million working part-time in general. But of the 3 million, there are some part-time

workers who are traditionally part-time. I have been asked by various groups, including labor groups, to change our concept of what constitutes unemployment, to include a weighting of the partially unemployed.

Let me put it in terms that at least are comprehensible to me—I had difficulty with this concept.

The argument made is this, that if a man normally works 40 hours a week and he is now working 20 hours a week, and another man normally works 40 hours a week and he is working 20 hours a week, that you have one unemployed person in that list.

Now, as a matter of fact, the statistical weighting of this, of the 1,700,000 working part-time on the basis of the hours that they work, would add to the figures that we have—5,700,000—more than a million, maybe a million and a quarter, people, on the basis of hours.

I have not agreed to that, because I have been told that this is not a sound thing to do statistically, even though there are some weighty arguments in its favor. I have continued the present methods which have been in force for many years.

Senator KERR. How long?

Secretary GOLDBERG. Oh, for many years; I do not know the exact period, Senator.

Senator KERR. The Senator has said that in 1941, they were different, and this is 1961. Is there a way to know how long the present formula or specifications have been in operation?

Secretary GOLDBERG. Perhaps Mr. Goodwin, who is the Director of the Bureau, can give you the precise date.

Mr. GOODWIN. The last change was made, I believe, in 1957, January of 1957.

Senator CURTIS. That is the one I was referring to.

Senator KERR. And what was that change?

Mr. GOODWIN. That was a change that dealt with the point Senator Curtis made a minute ago, which was the status of those who were waiting to be called to work. At the time the change was made, it affected about 250,000.

Senator CURTIS. Now, one other question in regard to your—

Secretary GOLDBERG. Mr. Senator, may I make an observation, just to finish the other matter?

That is this: Another reason which impelled me not to include the large number of partially unemployed in the count of the unemployed is that in the total employment figure, this large figure of total employment, we include these partially employed, so that you have both sides of the coin. Where we talk about 64 million and a half or so who are employed in the country, we include people who are working partially.

Senator CURTIS. Well now, in that connection at the present time there are certain categories of retired people drawing a company pension, social security, that are eligible and are drawing unemployment compensation, is that not true?

Secretary GOLDBERG. If the State permits them to do so.

Senator CURTIS. Now those people, are they included in your total tabulation of the unemployed.

Secretary GOLDBERG. Yes, if the State regards them to be unemployed—again, we have no Federal rule here.

Senator CURTIS. I am not arguing with you. I am just trying to understand what the figures mean.

Secretary GOLDBERG. We have accepted the concepts in each State as to what they do with this particular number. The amount, by the way, here also is relatively insignificant.

Senator CURTIS. How many people in this figure that you gave of unemployed are retired people, some of whom are drawing retirement benefits, companywise or social security, or perhaps both?

Secretary GOLDBERG. We have a survey of retirees. We have made a sample survey of retirees who are covered, for example, by Federal retirement, which is I think on a sample basis and in that survey we find that only 16 percent of all civil service retirees file for unemployment benefits—this is a survey we made in the Department—

Senator CURTIS. That is of civil service employees only?

Secretary GOLDBERG. Yes, this is civil service employees who filed for unemployment compensation benefits, and only 13.5 percent actually receive these benefits. We found out that four out of five of the retirees in the District of Columbia, and 83 percent of retirees in the United States did not file for unemployment compensation.

Senator CURTIS. Now, you have given me the percentage in reference to civil service. Would that be typical of other retired people?

Secretary GOLDBERG. I am struggling to get the accurate figures, if I can, to answer your question.

It would seem to me that the experience we have had with the civil service is a fairly representative experience, and when we look at the complexion of the employment situation, the characteristics of the unemployed, I think it bears it out. This is characteristic of the unemployed generally. I would like to describe those, because I think it bears, Senator Curtis, upon your question.

Four out of five of all insured unemployed workers are between 25 and 65. Well over half of these are between 25 and 45. Only 15 percent are under 25, and only 5 percent are 65 and over.

Senator KERR. Of those drawing compensation?

Secretary GOLDBERG. Yes, sir; these are the ones drawing unemployment compensation.

Senator KERR. Is the average age of the civil service retiree the same as of those receiving social security benefits?

Secretary GOLDBERG. It can be slightly lower than the social security. I think it is down to 62.

Senator CURTIS. Now, do I understand that only 5 percent of the unemployed are over 65?

Secretary GOLDBERG. That is correct.

Senator CURTIS. Only 5 percent of the total unemployed?

Secretary GOLDBERG.. No, 5 percent of the insured unemployed—I was giving those drawing unemployment compensation benefits.

Senator CURTIS. I am coming back to your figure you stated of how many people are unemployed.

Secretary GOLDBERG. Yes.

Senator CURTIS. Now, if four out of five are under 65, it would follow that—

Secretary GOLDBERG. No, I said four out of five are between 25 and 65. Some are younger, some older.

Senator CURTIS. Of the unemployed people, how many are over 65?

Secretary GOLDBERG. Total unemployed?

Senator CURTIS. Yes, not drawing benefits. I am talking about unemployed.

Secretary GOLDBERG. You are not talking about insured unemployed?

Let me see if I can supply you with that information. Generally, we follow a rule of thumb. That rule of thumb is that three-fifths of the people who were unemployed in January were covered by unemployment compensation; two-fifths were not. You can make projections from that figure, since the insured unemployed are fairly representative.

Senator CURTIS. That would be satisfactory to me.

Secretary GOLDBERG. I made a projection the other day on that basis of the total unemployed, when I was on the debate with Senator Goldwater, and I found that my figure then was a little conservative. I estimated 5.5 million unemployed, and it turned out to be 5,700,000.

It was even larger than I had assumed, based on this projection.

Senator ANDERSON. Then is the answer to his question 5 percent?

Secretary GOLDBERG. Yes.

Well, I want to check, now. I have some data and I want to see whether I can give a fuller answer to this question. From my data, I find that the answer should be 3.2 percent of total unemployment; that is, in January 1961, 3.2 percent of the totally unemployed were 65 and over.

Senator KERR. Your unemployment figures come from the Census Bureau, do they not?

Secretary GOLDBERG. The figures were furnished by the Census Bureau. We have two checks. Of the figures covered by the Census Bureau, in January 1961, at that time, we had 5,400,000 unemployed. It has risen by the amount I stated, approximately 300,000, in the last month. Of the unemployed in January we have 800,000 under 20 years of age. These are boys and girls not working.

Twenty years of age and over, we have 4,600,000. Of these, 3.2 million were men, 1.4 million were women. Of the women, 800,000 were married, living with their husbands; 200,000 were single; and 400,000 were widowed, and divorced, or separated.

Senator ANDERSON. That does not answer his question at all.

Secretary GOLDBERG. No, I am trying to see whether we do have the figures.

Now, in the breakdown as to age, the same figures—I was giving a capsule. The breakdown under age for the Census Bureau shows that of the male unemployed, which I have read to you, 3.4 percent—it does not vary substantially—were men 65 and over, and 2.8 percent of the unemployed women were 65 and over.

Senator DOUGLAS. Mr. Chairman, has the Senator from Nebraska finished?

Senator CURTIS. I have one more question on this figure, this estimate of the unemployed, and I certainly do not want to be argumentative about it. I think it would be helpful to the Congress to think of this in terms of percentages.

One hundred unemployed persons in my hometown would be quite a disaster. One hundred unemployed people in Detroit would be quite insignificant. What percent—and you can insert this in the record—what percent of our working force has been unemployed each year, say, since the end of World War II?

Secretary GOLDBERG. I would be glad to furnish those figures. We have them. The highest point in terms—I can give you some highlights on that. I can go back further than that.

In the great depression, at the outset of the great depression in 1933, 25 percent of our working force was unemployed. That is where we stood at that time; 25 percent. And of course, thankfully, we are far from that figure. It is a measure of the progress we have made, the growth of the country, and the measures we have taken.

Senator CURTIS. It was close to that in 1940?

Secretary GOLDBERG. No, it was considerably reduced. It went down in the years, as I recall it, and I shall give the accurate figures. It went down to about 14 percent during what we call the New Deal; it went down to 14 percent in 1937. And perhaps you would like to have me expound on that a little bit.

Senator CURTIS. Well then, roughly what percent was it say in 1950 and 1955, and what percent is it now?

Secretary GOLDBERG. Then—and I shall give you the accurate figures—then between 1947 and 1948, in that period—I do not remember 1950 as a year, particularly—then it went down considerably. We had only a relatively few percent unemployed at that point. I want to make that point for a very good reason.

Argument has been made—I get monitoring through the courtesy of the Information Service of the Communist propaganda directed against the United States—the argument has been made that the only time we have been able to produce full employment is in a war economy. This is not true.

We had full employment in a peacetime economy after the great World War, and this kind of propaganda that the Communists are circulating is libelous propaganda, as they generally do about the United States. The figures I shall give you, the detailed figures, will show that we had full-time employment at that time, and this was not a wartime situation. We were at peace and we were disarming during that period. Some of us have now come to the conclusion that regretfully, we were disarming. But we were disarming, we were dismantling our armies, we sent them back home. We were cutting down the rate of our defense expenditures, and yet we had virtually maximum employment in the United States. I can give some of the details of those figures.

Senator CURTIS. Give it to me for 1950 and 1955, percentagewise.

Secretary GOLDBERG. Yes, I can give you those figures.

In 1947, which is the figure I was referring to, where it was before the Korean war, we were not engaged in any stepup, we had called all our soldiers home, the annual average of unemployment was 3.9.

Senator WILLIAMS. How much was it in 1949?

Secretary GOLDBERG. I now have the figures, and I can give you the rundown for all of these.



In 1948, it was 3.8; in 1959, we had a recession that year, you will recall, the 1949 recession; it went up to 5.9. In 1950, it went down to 5.3; in 1951, 3.3; in 1952, 3.1.

Senator CURTIS. That was the Korean war.

Secretary GOLDBERG. Yes, 1950-52 was the Korean war period. In 1953, it went down to 2.9. In 1954, up to 5.6; in 1955, we went to 4.4; in 1956, to 4.2; in 1957, to 4.3. In 1958, we went to 6.8—that was the 1958 recession. In 1959, it went to 5.5. I shall give you the 1960 figure, but if I may, Mr. Chairman, I want to point out what has been happening.

After these recessions, unfortunately, we have emerged with a higher level of unemployment. This has been a characteristic now, which is one that we have to be gravely concerned about.

In 1960, it started to rise again to 5.6, and as I have just told you, we stand now at 6.8.

Senator CURTIS. I shall ask one more question, and then I shall yield, because I am sorry to be taking so much time.

Could you give it for the year 1941? Because that is where you said that we had the highest unemployment of any time, in 1941. What percentage was it?

Secretary GOLDBERG. I did not say that we had the highest unemployment of all time.

Senator CURTIS. No, but you said at the present time—

Secretary GOLDBERG. The highest number of unemployed since— you would like the percentage of 1941?

Senator CURTIS. Yes.

Secretary GOLDBERG. I shall be glad to supply it.

Senator CURTIS. You do not have it right there?

Secretary GOLDBERG. I think I do, if you will wait a minute.

Senator CURTIS. Maybe one of your assistants could get it for you.

Secretary GOLDBERG. No, I shall do this myself. This is a figure I have been interested in, if you will bear with me just a minute. I have some data on that, and I may be able to supply it.

Now, I do not have 1941; I have 1939. I do not think the situation was appreciably changed.

Senator CURTIS. I think it was about 11 million out of work force of much less than we have now.

Secretary GOLDBERG. Now, unemployment in 1939 was down to 9.5 million from 13 million in 1933, from 25 percent to 17 percent. Employment was up from 38.8 million in 1933 to 45.8 million in 1939, up 18 percent. The gross national product in 1960 dollars was up from 144 billion to 215 billion, up 49 percent. Gross national product per capita in constant dollars was up from \$590 to \$847.

Senator WILLIAMS. What period are you talking about?

Secretary GOLDBERG. I am talking about the period from 1933 to 1939.

Senator CURTIS. All I ask for was the year that you used in your opening statement.

Secretary GOLDBERG. Yes.

Senator CURTIS. You said that at the present time, we have the highest number of unemployed since 1941.

Secretary GOLDBERG. That is correct.

Senator CURTIS. I wanted that reduced to percentages, because I think that is very helpful to the Congress.

Secretary GOLDBERG. I shall be glad to give it for 1941. I was giving the closest date that I had at hand, which I thought was very analogous. I thought the variation was not too large, and I pointed out that at that point, in 1939, the percentage—I gave you that figure. The percentage was 17 percent. I think it may have been a little less in 1941, because it was a defense period.

Senator CURTIS. So in other words, when you stated this morning that we had the highest number of unemployed since the year 1941, in order to get the picture and reflect the increase in population and the increase in jobs, it would be fair to follow that and say that at that time, we had an unemployment of about 17 percent of our labor force, and in 1960, we had 5.6.

Secretary GOLDBERG. It was probably—the 17 percent was a 1939 figure. I want to warn against this. As I said, we went into the preparedness period at that time, and probably the percentage was less in 1941; probably less.

Senator CURTIS. Percentagewise, then, our unemployment was almost over three times as great in 1939 as it is at the present time?

Secretary GOLDBERG. It was, depending upon—1939. Yes, 1939 is correct.

On the other hand, I wanted to point out, in all fairness, to further round off the picture, what the situation was in 1933. I think you would want to look at that, too. It was 25 percent.

(The following information was subsequently furnished by the Secretary: The average unemployment for the year 1941 was 5,560,000. The percentage for that year was 9.9. See p. 100 for further discussion.)

The CHAIRMAN. Mr. Secretary—

Senator DOUGLAS. Mr. Chairman, if the Senator from Nebraska has finished his questioning, may I be permitted—

Senator CURTIS. I yield the floor.

The CHAIRMAN. Mr. Secretary, would it interfere with your presentation if you were interrogated on this definition of unemployment at this time?

Secretary GOLDBERG. Whatever the Chair desires.

The CHAIRMAN. The Chair has some questions, but yields now to Senator Douglas.

Senator DOUGLAS. I wanted to make a comment on an earlier question by the Senator from Nebraska, and also comment on a subsequent statement by the Secretary of Labor. It has always seemed to me that for one to argue that a person who is laid off, who is not permitted to work even though he wants to work, who receives no income from work, really has a job and is not unemployed because if there were work he could return to it, is extremely unsubstantial. If I may use the allusion, it is like Alice in Wonderland. It is like the smile of the Cheshire cat, which was supposed to continue even after the Cheshire cat itself had disappeared from sight.

It is extremely unsubstantial. If a man does not have work, he does not have income, and I think this change in definition is a completely correct change.

Now let me also say, Mr. Chairman, I think the Secretary of Labor is using excessive restraint in not going into the question of the involuntary part-time workers, because there are a great many people

who are only permitted to work 4 days, 3 days and, in some cases, 2 days a week. This results in a loss of earnings. As a matter of fact, our unemployment compensation laws encourage this because, in most cases, the workers do not draw benefits until their earnings go down below 50 percent of their full times wages. With the merit rating system in effect in various States, there is a direct inducement upon the employers to reduce the volume of work for the worker, rather than to lay them off completely. This is a hidden source of loss of earnings.

It so happens that for many years, I have been computing and putting into the Congressional Record an unofficial index of the amount of time which is lost each month in these ways, and I intend to keep on doing this. It is unofficial, it has been endorsed by various statisticians. We are knocking at the gates of the Secretary of Labor, but apparently, he is practicing excessive restraint in this matter, and I hope very much that he may move to a more realistic definition. But certainly, he cannot be charged with exaggerating the situation.

Secretary GOLDBERG. Senator Douglas, if I may comment on that, my policy in this area is guided pretty much by the policy that motivated Lord Clive, when he was called to the bar of the House of Commons for his purported excesses in dealing with India. If you will recall his famous statement, he sat with his arms folded, and after he was arraigned at the bar and indicted for crimes and misdemeanors, which you have done politely here, he listened to all, and they asked if he had a response.

He got up and said: "Having heard the indictment, I am surprised at my own moderation."

Senator DOUGLAS. I am pained at your moderation, but nevertheless, I endure it.

The CHAIRMAN. Mr. Secretary, I would like to ask a few questions. In determining who are employable, and then those who are unemployed, I assume that you begin with a computation of the total labor force?

Secretary GOLDBERG. We are dealing with the total labor force.

The CHAIRMAN. You begin with that. Then you determine how many of that total labor force are unemployed?

Secretary GOLDBERG. That is correct, sir.

The CHAIRMAN. I want to ask these questions. Perhaps you cannot give a complete answer to these now, but I would like to have them answered.

Will you state the current definition of the term, "total labor force," as it is now used for official Federal purposes. Please indicate whether those in the armed services are counted in the total labor force. Agricultural workers, many of whom work on a seasonal basis, are they included? How do you count part-time workers, students, and workers, who also draw retirement funds? In the case of a strike, are those on strike included as unemployed? There are many groups of seasonal workers who do not desire to work except in certain months of the year. Are these counted as unemployed when their seasonal work is over?

Secretary GOLDBERG. I can answer the question in part, and I shall be glad to file a more complete statement in all of these categories.

(See replies subsequently furnished by the Secretary beginning on p. 60.)

In the figures I have given, we are dealing with the civilian labor force, not with the military labor force.

The CHAIRMAN. In other words, those in the Army are not considered to be in the labor force?

Secretary GOLDBERG. That is correct. We are dealing with both agricultural and nonagricultural industries.

Senator KERR. The unemployed figures that you have given include farmers or farmworkers seasonably unemployed?

Secretary GOLDBERG. They include farmworkers who are unemployed, available for work and unemployed. In other words, when we talk about seasonal, we apply the test of, Is this a man in the labor market looking for a job?

That is the test of determining whether he is, first of all, employable and unemployed.

The CHAIRMAN. Suppose that seasonal worker does not desire to work beyond a certain season. Take the operation of a cannery, or something like that. A perishable product is involved, and canneries operate only 2 or 3 months out of the year. The workers in that cannery do not desire to get another job.

Secretary GOLDBERG. If he is a person in that category it is my understanding that he is not included in the labor force.

The CHAIRMAN. I think you are mistaken about that, Mr. Secretary.

Secretary GOLDBERG. So I am advised, and I shall give you a breakdown, Senator, specifically. As I understand the test, he must be available for work in the working force.

The CHAIRMAN. What about students, those that work in the summer?

Secretary GOLDBERG. Students are included, but I want to point out that in the period, in the present period, the present figures we have, this is a period when students are in school, and our present unemployment figures do not include students, therefore. They would swell—one of the things that we would point out to you is that in the count, they would swell in June or July, but at the present moment, we can assume that students are not included as a practical matter.

The CHAIRMAN. In the case of workers out on strike, are they included in unemployment figures?

Secretary GOLDBERG. Fortunately—I will say this, since I talk with some expertise on the subject—the number of people on strike in the United States at the present time is insignificant. It is at an all-time low.

The CHAIRMAN. I understand that, but sometimes we do have strikes.

Secretary GOLDBERG. I shall check into that and see how that is handled. Most States almost invariably hold it ineligible. There are only a few States that qualify them for unemployment benefits.

The CHAIRMAN. Where they do qualify them, are they included in the unemployment figures? Take the steel; were those out on that strike included?

Secretary GOLDBERG. They are certainly not included on insured unemployment, because they did not qualify except in one or two States, where after a long waiting period, they qualify. New York is one State of that type.

The CHAIRMAN. If they did not qualify, you would not put them in the unemployable class, would you?

Secretary GOLDBERG. In the insured unemployable?

The CHAIRMAN. We have a question here as to unemployed. The number of those who are getting insurance is another question.

Secretary GOLDBERG. The reason I stated it in that limited form, I know the answer there, and I want to answer what I know. They are not included in the insured unemployed. I would like to check and advise you whether they are included in the total unemployment figure.

Senator KERR. Mr. Chairman, would you yield just a second?

The CHAIRMAN. I yield.

Senator KERR. As I understood the Secretary, he said these figures giving the number of unemployed were from the Census Bureau.

Secretary GOLDBERG. We have two figures, Senator Kerr.

Senator KERR. Well, your figure of unemployed is 5,700,000. As I understood you, you told us that that was a figure you got from the Census Bureau.

Secretary GOLDBERG. We get our total figures of unemployed, the 5,700,000 figure, from the Census Bureau. We get the figure—we have two concepts. We get the figure of insured unemployed from the States.

Senator KERR. I understand, but I thought the chairman was asking about the total number of unemployed as you had been using it, and I thought that you had advised us that that figure which you were using was one from the Census Bureau.

Secretary GOLDBERG. That is correct.

Senator KERR. Therefore, I would presume that the criteria of who is included is the criteria of the Census Bureau, and not of the State unemployment compensation agency.

Secretary GOLDBERG. I am responsible for the confusion which exists, and I would like to straighten it out, because I am responsible for it.

The figures of total employment and unemployment that we use—the 64 million figure—the 5,700,000, Senator Kerr, are derived from the Census Bureau.

Now, in that figure—I can now answer your question with a little help from my associates, Senator Byrd.

In that figure, the census excludes from the unemployed strikers. It includes in the employed, strikers. In other words, it regards a striker to be in the employed category.

Then I was using another figure, Senator Kerr. I was using a figure of insured unemployment. When I use that figure, that figure is derived from the States. So that when I use one figure, I shall try to make that clear.

Senator KERR. And the question I know the chairman had in mind, and that I have been waiting for somebody to ask, is whether or not farmworkers seasonably unemployed are included in the 5,700,000 figure.

Secretary GOLDBERG. Yes, if they are actively searching for employment. The test is there, are they actively searching for employment.

Senator KERR. Then there may be some of them who are included and some who are not?

Secretary GOLDBERG. That is correct.

The CHAIRMAN. The Chair is not concerned too much about who prepares the figures. He just wants to know what the figures are.

I note in the Wall Street Journal today that you announced, a new Department policy to issue employment and unemployment figures as soon as they are available. I quote:

Normally, these reports are held up for about a week, until the Labor Department payroll surveys also are available. The unemployment totals are provided by the Census Bureau, based on a sampling of 35,000 households across the country.

I do not see how you can determine to the man the unemployment that exists simply by a sampling of 35,000 households.

Secretary GOLDBERG. May I comment on that?

The CHAIRMAN. Is that the only basis for these unemployment figures?

Secretary GOLDBERG. The Census Bureau has, after meeting with an interdepartmental group from the various departments concerned, arrived at the sampling technique of sampling unemployment, and they do make a sample such as you have briefly outlined. I do not know all the details.

The CHAIRMAN. Do you remember the sampling of the Truman campaign, the Gallup poll?

Secretary GOLDBERG. I remember that very well.

The CHAIRMAN. That was certainly not correct.

Secretary GOLDBERG. I would hope and trust that with the experts they have in the Census Bureau, and the good advice they have had, that this is an accurate sampling.

The CHAIRMAN. Here you are sampling for about 73 million, including employables, employed, and unemployed, and you are doing that—I do not mean you, but the Census Bureau—by contacting 35,000 households. Yet you get it down to a fraction of a percent. How do you do that?

Secretary GOLDBERG. Well, there are two comments about it. First, the Census Bureau and the statisticians involved from all the departments who have participated in this technique say, on the basis of their expert judgment, that this, statistically, is the sound way to do it.

Secondly, the detailed figures compiled by the States—this is where we cross over to the insured employment and unemployment, the detailed figures of the States, which are in detail; these are not samplings, these are an actual nose count of the people—by and large have borne out the Census figure sampling. These are on the basis of a nose count.

Senator ANDERSON. Mr. Chairman, I just wonder if I could come in here to say that what the Census includes or does not include is not half as important as what the bill includes. I have not heard anything yet as to what is in the bill.

The CHAIRMAN. Let me say to the Senator from New Mexico that this bill is based on unemployment. What the Chair is trying to do is to find out the extent to which unemployment exists.

Senator ANDERSON. I was not criticizing what the chairman is trying to do, but—

The CHAIRMAN. We cannot finish these hearings this morning. We shall continue tomorrow morning.

Senator DOUGLAS. May the Senator from Illinois make a comment?

The CHAIRMAN. Senator Douglas.

Senator DOUGLAS. I would like to remark that the celebrated Gallup poll, to which a good deal of attention is being paid, probably does not include more than 2,500 persons, and this is a sampling which is 15 times, approximately, as large.

I would also like to comment that it was in 1953, I believe, that the sample was increased from some 15,000 to 30,000, and that the method of sampling and the size of the sample—the distribution of the sample—was approved under the Eisenhower administration by the Census Bureau; that, on the whole, this is about as accurate as you can get with any appropriations likely to be made by the Congress for sampling. While it certainly is not precisely accurate, nevertheless, the truth is, you do not have to count every single person to get an approximation of what is going on. The whole theory of probability is based upon the principle of sampling.

Secretary GOLDBERG. Mr. Chairman, may I make another observation in this area which is directly pertinent to what we are discussing?

The CHAIRMAN. Yes.

Secretary GOLDBERG. That is this: that there is no question at all—whatever the debate may be about the total number of unemployed, and I think the figure is very accurate, and I think it is probably an understatement, although I do not think I am prepared to recommend a change in our figures because of the partially unemployed—there can be no question that insured unemployment, which is what this bill deals with, is 3,400,000. This is based upon a nose count, given to us by the States, by the State administrators. This is a total, actual count. This is not a sampling; this is a total count. There can be no question that the number of unemployed people who have exhausted their benefits under State laws is 600,000. There can be no question that it will be 720,000 on April 1, by every figure we are given by the States.

Therefore, in the precise matter with which we are dealing, we know to the last man and woman what it is we are dealing with. I want to emphasize that, because I think we are all in agreement on that.

The CHAIRMAN. You are entirely correct about that fact. If there are 3,300,000—is that it—

Secretary GOLDBERG. 3,400,000.

The CHAIRMAN. Drawing unemployment insurance, naturally, there are that many unemployed. But I understood you to say there are over 6 million unemployed at this time.

Secretary GOLDBERG. I said there are 5,700,000 people unemployed at the present time.

Senator BUTLER. Mr. Chairman, would you yield at that point?

The CHAIRMAN. Let me ask one more question. Now as I understand it, you get these figures as to unemployment from the Census Bureau.

Secretary GOLDBERG. That is correct.

The CHAIRMAN. Who gives you the figures for the employables—the total labor force? Where do you get that from?

Secretary GOLDBERG. Census Bureau, also.

The CHAIRMAN. The Census Bureau?

Secretary GOLDBERG. Yes.

Senator BUTLER. Just one question, Mr. Secretary. Did I understand you to say that this bill covers only the insured unemployed?

Secretary GOLDBERG. This bill covers people covered by unemployment compensation.

Senator BUTLER. Which is approximately 3.5 million.

Secretary GOLDBERG. At the present moment, there are 3.4 million insured unemployed; there are many millions of people covered by unemployment compensation statutes.

The CHAIRMAN. How many would that be?

Secretary GOLDBERG. 46 million are covered. We know, we have an accurate inventory to the man, on those people.

Senator BUTLER. Who are now drawing the compensation, the unemployment compensation?

Secretary GOLDBERG. We know, Senator, right now, as of mid-February—our figures are up to date to February 18. We know that 3,400,000, approximately, are drawing unemployment compensation as of that week.

Senator BUTLER. Now of that 3,400,000, did you say that approximately 5.5 percent are persons who are drawing social security or pensions from a job that they have retired from?

Secretary GOLDBERG. No; oh, no.

Senator BUTLER. What percentage of those people are drawing—

Secretary GOLDBERG. I said that approximately 5 percent were over 65. Now that, by no means, means that everybody in that category is drawing a pension.

Senator BUTLER. I did not intend it to mean that, unless it is a fact.

Secretary GOLDBERG. I understand that.

Senator BUTLER. Can you give me the figures? How many of the 3,400,000 that are now drawing compensation have income from a pension that they are drawing from a company from which they have retired, or social security?

Secretary GOLDBERG. I cannot give you that figure. I do not think that information is available.

Senator BUTLER. And also to determine the person eligible to receive this unemployment compensation under the State law, all they need to do is, even though they are retired and drawing a pension and social security, how do they—do they just register their name and say: "I am hunting for this type of work," and until that comes along they draw that unemployment? How do you work that out?

Secretary GOLDBERG. We do not work it out at all in the National Congress.

Senator BUTLER. How do the States work it out?

Secretary GOLDBERG. They have methods of working it out.

Senator BUTLER. Is it possible for a man drawing social security and also a company pension through retirement to simply get on a register in the State of Maryland, for instance, and say that he was in some unique employment and until that employment is found he gets the benefit?

Secretary GOLDBERG. This is determined by the State of Maryland, not by us.



Senator BUTLER. And if the States so determine, he would get that, even though that unusual employment may never turn up? He can get social security, a company pension, and also be getting unemployment compensation for the same time?

Secretary GOLDBERG. You are putting a set of facts that I would like to talk about for a minute, if I may, Senator Butler.

Senator BUTLER. I did not want to interrupt the chairman. I wanted to get that, because that goes to unemployment.

Senator DOUGLAS. May I say, Mr. Chairman, I think the Senator from Maryland is making an extremely unimportant point. The Secretary has testified that the number of those over the age of 65 drawing benefits is not more than 5 percent of the total. So he is speaking of a fraction of 5 percent. I think we should address ourselves to the major question of this 720,000 who either have or shortly will have lost their claims for benefits, which is what I assumed this bill dealt with. I say this with all due respect to my good friend from Maryland, for whom, as he knows, I have the greatest esteem and great affection.

Senator BUTLER. I may say to the Senator from Illinois that all I am doing is trying to save pennies. We are in a very precarious position here, and I think this unemployment compensation should be given only to people who really need it and should not be given to people who are already on company pensions, and who may not be looking for work as hard as they ought to look for it, and especially as the law is so written as to say "suitable employment."

If they had to take any employment, that would be a different thing, but the law provides for "suitable employment."

Senator DOUGLAS. May I say to my good friend from Maryland this desire to save pennies is an estimable one that meets a response with the Scotch chromosomes within my blood, but I think we should also be concerned with saving lives and not merely pennies.

Senator BUTLER. We can do both, if I may say so.

The CHAIRMAN. The Senator from Maryland is recognized.

Senator BUTLER. I yield the floor.

Secretary GOLDBERG. May I respond further to the Senator's question?

Senator BUTLER. I would like to hear it.

Secretary GOLDBERG. I think the problem you have put is a minor problem, if I may say so, in all due respect. Thirty-nine States have provisions which disqualify people receiving pensions, old-age or employers' pensions, from benefits; 39 of the States.

Now, there is a very important, however, question of principle involved.

Senator ANDERSON. And those 39 involve a very large porportion of the people covered.

Secretary GOLDBERG. Well, I would imagine so.

Now, I want to be precise. I am reading from a pamphlet here, and I want to be precise in what I say so as not to exaggerate the problem.

The disqualifications—I have included some of the things in the disqualification, and 39 may be more than the number on pensions. It also includes other types of compensation that people get. Thirty-nine States have statutory provisions, and a claimant is disqualified

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for any week during which he has received certain other types of remuneration such as dismissal wages—this would be severance pay—workmen's compensation, insurance benefits under old-age and survivor's insurance, benefits under an employer's pension plan, or under a supplemental employment benefit plan.

I shall be glad to check that further and provide for the record the number of States on pensions alone.

(The information requested follows:)

*Effect on weekly benefits of receipt by claimants of various types of disqualifying income, 39 States<sup>1</sup>*

State	Workmen's compensation payments (22 States) <sup>2</sup>	Old-age insurance benefits (11 States) <sup>3</sup>	Employers' pension plans (22 States)	Wages in lieu of notice (29 States)	Dismissal payments (18 States)	Supplemental unemployment benefits (2 States)
Alabama.....	R <sup>4</sup>		R <sup>5</sup>	D	D	
Arizona.....				D	D	
Arkansas.....			R <sup>6</sup>		D	
California.....					R <sup>4</sup>	
Colorado.....	R <sup>7</sup>	R	R <sup>8</sup>	R		
Connecticut.....	D <sup>9</sup>		R	D	D	
Florida.....	R			R		
Georgia.....	D <sup>9</sup>			D		
Illinois.....	R <sup>7</sup>	R <sup>1</sup>	R <sup>8</sup>			
Indiana.....			R <sup>8</sup>	R	R	
Iowa.....	R <sup>7</sup>	R	R <sup>6</sup>	R		
Kentucky.....				R		
Louisiana.....	R	R	R <sup>8</sup>	R		
Maine.....			R <sup>8</sup>	R	R	
Massachusetts.....	D			R		
Michigan.....			R <sup>7</sup>	R		
Minnesota.....	R <sup>7</sup>	R	R <sup>8</sup>	R	R	
Missouri.....	R	R	R <sup>8</sup>	R	R	
Montana.....	D <sup>9</sup>		R <sup>10</sup>	D	D	
Nebraska.....	R	R	R <sup>8</sup>	R	R	
Nevada.....				D		
New Hampshire.....	R			R	R	
New Jersey.....				D		
North Carolina.....				R	D <sup>4</sup>	D <sup>4</sup>
North Dakota.....			R <sup>8</sup>			
Ohio.....	R			R	R	
Oklahoma.....		R	R			
Oregon.....			R		R	
Pennsylvania.....			R <sup>11</sup>	R	R	
Rhode Island.....	R					
South Dakota.....	R		R <sup>8</sup>	R		
Tennessee.....	D		R <sup>8</sup>	D		
Texas.....	D <sup>9</sup>	R		D		
Utah.....		R <sup>5</sup>	R <sup>5</sup>			
Vermont.....	R			R		
Virginia.....					R	D
West Virginia.....	D <sup>9</sup>	D	R <sup>8</sup>	D	D	
Wisconsin.....	D <sup>9</sup>		D <sup>8</sup>			
Wyoming.....				R		

<sup>1</sup> R means weekly benefits reduced by amount of payment. D means no benefits are paid for week of receipt.

<sup>2</sup> See text for types of payments listed as disqualifying income in States noted. In other (11) States the disqualification or reduction applies only to payments for temporary partial disability.

<sup>3</sup> See text for details.

<sup>4</sup> By interpretation.

<sup>5</sup> Reduction limited to 1/2 of weekly amount if employer did not pay all the cost (Illinois); reduction of weekly amount by 1/2 of retirement payments (Utah).

<sup>6</sup> Excludes old-age and survivors insurance, railroad retirement program, and private retirement plan to which employee was sole contributor (Pennsylvania); excludes retirement pay or compensation for service-connected disabilities, or pensions based on military service (Iowa).

<sup>7</sup> Includes Government retirement plans except old-age and survivors insurance.

Secretary GOLDBERG. Let me make another observation. I think the Senator would probably agree with me on it, because I think we are trying to elicit facts here.

Senator BUTLER. Let me say I am answerable to the people at home, and if they ask these questions I should have answers for them.

Secretary GOLDBERG. I understand and this is basic to this bill. We have been very careful in presenting these proposals to the Congress not to advance proposals which will be subject to the charge that we are federalizing the unemployment compensation system of the United States. This has been a philosophy in preparing this bill. There is, as the Senator from Illinois has said, a great, overriding need—I do not think there is any controversy about that in this committee or elsewhere—a great, overriding need to meet a problem which exists in every State without exception in the Nation at large in this area, this period we are going through now. When I mention the figure about which nobody can have any controversy, 3,400,000, that illustrates that.

When I mention the figure of 600,000 unemployed people already exhausted, that illustrates that. It would have precipitated the greatest amount of controversy—every State commissioner with whom I have met and had a discussion—every State commissioner would have been in here with violent objection had we attempted in a measure as limited as this to inject standards one way or the other. Some people would want other standards; other people would want lesser standards. But if we had injected in this bill proposals for standards of one kind or another dealing with this subject, we would have been really in an area of great controversy.

Therefore, Senator Butler, we did not deal with this subject. We left it where it was in the States.

Now, the States are free agents. I do not know what the experience is in Maryland in this area; I can find out. But if the State of Maryland wants to provide that a person drawing a company pension is not eligible, it can so provide. That is within the competence of the State of Maryland.

If it wants to disqualify a person receiving an OASI benefit, it can so provide. That is within the competence of the State of Maryland.

Finally, I want to say this: I do not want anybody, and I am sure this committee is much better informed than I, to create any notion that even—I am expressing no opinion on the merits of whether they should draw unemployment compensation or not; that is not before the committee in this bill, because it is left to the States—but any notion that the people in this category are enjoying a state of affluence is belied by the facts.

The amount of the pensions in this area is limited in amount and limited in number. The OASI pensions, as presently provided, give pensions in limited amounts. And company pensions are not universal, nor universally generous. And we cannot assume that we are dealing with affluent people in this area. But that is irrelevant.

What is relevant, and I think this philosophy is the correct philosophy, that in a bill, a temporary bill of this type, designed to meet an emergency problem, it would not be appropriate for me to come before the Congress and advance Federal standards of one kind or another. I think the Senator would agree with me on that.

The CHAIRMAN. Thank you, Mr. Secretary.

Just a few other questions.

When was the definition of total labor force last changed, and what was the change, and what was the purpose?

This is a matter that you are fully informed about, I know. Am I right that you have to start first in determining the accuracy of these figures, both unemployed and employables, with the total labor force, because you repeatedly emphasized them on a percentage basis.

What I want to know is, when was the definition of the total labor force last changed, and what was the change, and what was the purpose?

Secretary GOLDBERG. First of all, I quite agree with you that since you are dealing with percentages, therefore you are dealing with a percentage of the total labor force. Therefore you are quite correct. All of these elements should be as accurate as we possibly can make them, because one bears upon the other.

As I understand it, the changes that were made in this area were made at the same time, in 1957, when these other changes which we have been discussing were made, that this was done.

As I understand it, the adjustment that was made was a very minor adjustment.

The CHAIRMAN. That was the last change?

Secretary GOLDBERG. The 1957 change.

The CHAIRMAN. The 1957 change.

What was the definition of the total labor force during the depression of the thirties? Is there much change since then?

Secretary GOLDBERG. I am the one who should be most qualified to talk about that, since I am one of the few members of the Cabinet who really remembers the great depression.

The CHAIRMAN. We remember it, too.

Secretary GOLDBERG. My impression is that there has not been substantial change. Now, what exactly are the criteria, I would want to look at, Mr. Chairman, and file a statement with you on this subject.

(See replies subsequently submitted by the Secretary, beginning on p. 60.)

The CHAIRMAN. We would appreciate that.

Understand, Mr. Secretary, my questions are not unfriendly.

Secretary GOLDBERG. I understand.

The CHAIRMAN. But there has been so much said in the papers and elsewhere, about the unemployment percentage—the percentage of people employed now as compared to these past years. As I recall it, when you made the tour—which was a very good thing for you to do—you estimated there would be a much larger increase in unemployed, did you not?

Secretary GOLDBERG. No, I said this: I only made two observations about it.

First of all, I have felt, as I told Senator Douglas, that I am applying the same standards; I do not propose to change them unless I give everybody an opportunity to be heard and I get better informed than I am in my job. I am applying the same standards that were applied all during the last administration and I have not changed those standards.

Senator KERR. If it was changed in 1957, then apparently the last administration made a change.

Secretary GOLDBERG. That is correct. I have said I am applying those they applied. They made a change and I am accepting their change.

Senator KERR. Mr. Chairman, if you would yield, it would be helpful to me and I believe to others if the Secretary would make clear the effect of that change of 1957. I take it from his testimony that that is the only significant change since 1941.

Secretary GOLDBERG. I do not want to say at this moment that there were not other changes until I investigate. But my impression is that what you have said, Senator, is basically correct.

Senator KERR. Check and see if it is the only significant change since the figures you gave us for 1947, 1948, and 1949.

Secretary GOLDBERG. That is what I want to do.

Senator KERR. And if so, the effect of that change.

Secretary GOLDBERG. I shall be glad to do so. My overall impression is that they were not of enormous significance.

(See replies subsequently submitted by the Secretary beginning on p. 60.)

Secretary GOLDBERG. The point I was making is, whatever the results were that were being applied that I inherited, I am applying. I have not changed those at all. I do not think it would be right that I change them at this stage.

Senator KERR. Does that apply to the figures the Census Bureau gave you with reference to a sampling of, say, 35,000 people? Were they the figures the Census Bureau has heretofore given on the basis of the same kind of sampling that you are doing?

Secretary GOLDBERG. That is correct. I take their figures just as they give them.

Now, Mr. Chairman, on this trip that I took, I made this statement. I took the trip, oh, it must be now about a month ago. I said on the basis of everything that was available to me, on the basis of my discussions with experts in the field, that it would appear that in the period that immediately was ahead, our unemployment figure would increase. It has increased since that time.

I said further—and I say to you in this testimony—that hopefully, we shall have an upturn. But on the basis of the 1958 experience, even with an upturn, the number of jobless will increase for a time. This was the experience we had in 1958. There is a lag after an upturn occurs in the number of people who are unemployed.

I further said on this trip that I took, while this was a matter of great concern, I was completely confident that our country could deal with this problem. I said that because I have confidence in our country.

I said that concern was not to be made synonymous with despair, and I said that I thought there was good reason to believe that, as a

result of actions being taken by the administration, and actions that would be taken by the Congress, hopefully, and seasonal factors which will operate now that the weather is improving, that we shall have an upturn in our economy. This is essentially what I said.

The CHAIRMAN. Do you agree with Secretary Dillon's statement of yesterday, that there will be an upturn, a very substantial upturn, in April?

Secretary GOLDBERG. I have not read all of Mr. Dillon's testimony. I just know what I read in the papers this morning about his testimony. I think there is no question that we shall have an upturn in April in our economy.

The CHAIRMAN. Is it generally true—I know it is true in my area—that weather conditions this winter created a great deal of unavoidable unemployment.

Secretary GOLDBERG. And I have repeatedly said that weather was a factor in this situation during this period.

The CHAIRMAN. When do you expect that there will be an upturn in business?

Secretary GOLDBERG. I hesitate to be a prophet. That is a dangerous thing to be. I was not such a good one last Saturday.

I would assume that there will be a seasonal upturn starting very shortly. I would hope also that the measures taken by the Congress and the administration will help in this upturn. The administration has already accelerated its procurement program. I would hope that that would be very helpful.

I would hope that this bill would be very helpful in doing that. I would hope that the stepup in the Polaris program would be helpful.

The CHAIRMAN. When you speak of an upturn, you mean an upturn in employment?

Secretary GOLDBERG. In the whole business, not only employment.

The CHAIRMAN. When do you believe this recession started?

Secretary GOLDBERG. It is not a question of belief. Figures show a slidedown in the economy since last summer.

The CHAIRMAN. When did it reach the bottom, or has it reached the bottom?

Secretary GOLDBERG. In terms of unemployment?

The CHAIRMAN. When did it reach the bottom, in your opinion? Has it started to go up some now?

Secretary GOLDBERG. I think in terms of unemployment; this is a prophecy I am reluctant to make. I think, as I said to Senator Kerr, even though we have an upturn, we shall have a lag and we shall still have more unemployment. I hope—there are some few signs that an upturn may be beginning. There are only a few signs and they are not, by any means, determinative signs.

The signs that I know that Mr. Dillon mentioned, from reading the paper, and Mr. Heller mentioned the other day before the Joint Economic Committee, are these: The stock market has been going up. Those people who have studied the stock market have said that the stock market leads an upturn in the economy by several months. I would hope that this is so at this time.

There is a little upturn in steel. That is to be welcomed, because steel has been—

The CHAIRMAN. You are speaking in terms of employment now, are you not?

Secretary GOLDBERG. Not of employment; production.

The CHAIRMAN. If production is increased, you expect employment to increase, do you not?

Secretary GOLDBERG. If you have significant upturns in production, you are bound to have an impact on employment. Small upturns in production do not necessarily have an impact on employment.

Senator DOUGLAS. Mr. Chairman, would you permit me to interrupt again?

The CHAIRMAN. Senator Douglas.

Senator DOUGLAS. There is an old aphorism contained in the folklore of a very primitive tribe, as well as every civilized nation, which has the same effect, namely, do not count your chickens before they are hatched. I urge this cautionary measure upon the Secretary before he promises us an upturn.

Senator KERR. Mr. Chairman, would you yield there—

The CHAIRMAN. I would not advise killing your chickens, either. You do not want to count them before they are hatched; you also do not want to kill them off too soon.

Senator KERR. I have great respect for the Senator from Illinois. He has astounded me constantly in these years I have known him with the scope of his knowledge. But if he would do so, I would greatly appreciate it if he would tell me the source of this information he has about every primitive tribe and its relation to chickens.

Senator DOUGLAS. I refer the Senator to the volumes on the American anthropologists.

Senator KERR. Does the story of American anthropology cover that of primitive tribes?

Senator DOUGLAS. I would suggest also that he see the Royal anthropology volumes in London. I would be glad to send to the congressional library for these volumes for the Senator.

Senator KERR. I have seen times when an accurate history of the Senate might give that information. But seriously, I would doubt if American anthropology would cover the record of every primitive tribe and the relation between them and chickens.

Senator DOUGLAS. Every tribe known to the anthropologists; let us put it that way.

The CHAIRMAN. Mr. Secretary, this will take only a few more moments.

Senator DOUGLAS. I may also refer my good friend from Oklahoma to Poor Richard's Almanac edited by a man named Benjamin Franklin.

Senator BENNETT. He was a member of one of the primitive tribes.

Senator DOUGLAS. No, of the United States.

I simply wanted to say that this language merely carried over the general cautionary word which come from the experience of mankind.

The CHAIRMAN. Just a few more questions, and then we recess until tomorrow. We are getting the background now in order to understand the necessity of this bill.

It is true, as you know, since you are a student of the subject, that we have recessions from time to time. In 1948 and 1949, we had the recession that began in November 1948 and ended in October 1949.

In 1953 and 1954, we had another recession beginning in July 1953 and ending in April 1954.

Then we had a recession in 1957 and 1958.

I want to ask you, because I know you have made a study of it, as to whether you regard the recession now as being as severe, both with regard to unemployment and reduction of taxable revenue, as the one that occurred in 1957 and 1958?

Secretary GOLDBERG. No, it is not as severe in terms of the relative positions of our economy as it was in 1957 and 1958. One of the figures which illustrates that is that in 1957-58, we hit a percentage of unemployment of 7.5 percent as I recall the figure. Here our high point is 6.8 percent.

However, we are dealing with percentages, and in terms of—

The CHAIRMAN. Just one second. Did you say the unemployment in 1958 was 6.8?

Secretary GOLDBERG. No; I say now, sir. I said in 1958, it was 7.5 percent—no.

The CHAIRMAN. I have 6.9 in 1958.

Senator WILLIAMS. During the month of July 1958, it was 7.5.

Secretary GOLDBERG. My recollection is that in 1958, if I did not say it correctly—if I did not say it correctly, I want to correct it—we hit a point of 7.5. At the present moment—may I just complete this, Senator Byrd? I want to make sure of what I am saying. We hit a point of 7.5, and at the present time, we have hit a point of 6.8. Therefore, I was responding to you by saying that in terms of the percentage of unemployed, we have not hit the peak point that we hit in 1958.

The CHAIRMAN. I think you must be speaking, Mr. Secretary, of some particular month. Because the figures from the Department of Labor for the year gives the average unemployment in 1957 of 4.3; then in 1958, of 6.9.

Secretary GOLDBERG. I am talking of the high points.

The CHAIRMAN. You must have 1 or 2 months there.

Secretary GOLDBERG. I am; you are quite correct. I was trying to point out the peaks in both instances, not the general average; you are quite correct.

The CHAIRMAN. Have you ever thought of any plan whereby we could avoid these readjustments in business conditions which have occurred throughout our history, the peaks and valleys in business activity? How would you avoid such a condition that exists, for instance, today?

Secretary GOLDBERG. Well, you are asking me for a large order.

The CHAIRMAN. You may submit a memorandum on that.

Secretary GOLDBERG. Yes, may I file Mr. Heller's statement before you, as the leading economist of the administration?

(The statement by Mr. Heller was made a part of the committee files.)

The CHAIRMAN. We shall give you time to submit a memorandum for the record.

I have some more questions, sir, on this point we have been discussing, and I want the answers put in the record so as not to be repetitious. I shall send down to your office this afternoon a list of ques-



tions I have in mind and shall appreciate your preparing replies for submission in the record.

(The letter and questions by Senator Byrd and the replies subsequently submitted by the Secretary follow:)

U.S. SENATE,  
COMMITTEE ON FINANCE,  
March 8, 1961.

Hon. ARTHUR GOLDBERG,  
Secretary of Labor, Washington, D.C.

MY DEAR MR. SECRETARY: During the hearings on H.R. 4800 this morning I indicated to you that I had some questions which I thought should be answered for the record. They are attached.

It would be appreciated if they can be answered in time for inclusion in the published hearings on the bill.

These questions were prepared in advance, in anticipation of some of the questions on employment-unemployment statistics which did, in fact, develop. I still believe it would be helpful if they were answered in orderly sequence.

There is no objection to tabular presentation of the figures requested if they better lend themselves to that treatment.

Please feel at liberty to add any comment or facts necessary for accurate interpretation of the situations under question.

With my very best wishes,  
Faithfully yours,

HARRY F. BYRD, *Chairman.*

**TOTAL LABOR FORCE**

How many persons are now in the total labor force of the United States under the current definition of the term for official Federal purposes?

Will you state the current definition of the term "total labor force" as it is now used for official Federal purposes? (Who are in; who are out \* \* \* are all of the Armed Forces counted? \* \* \* How are agricultural workers counted? \* \* \* What is the status of seasonal workers, part-time workers, students, workers who also draw retirement, etc.?)

When was the definition of "total labor force" last changed; what was the change; and what was the purpose?

What was the definition of "total labor force" during the depression of the thirties; how was it different from the current definition?

How many persons were in the "total labor force" at the worst of the so-called 1958 recession?

How many persons were in the "total labor force" at the worst of the depression in the thirties?

**EMPLOYMENT**

How many persons in the total labor force of the United States are now employed, under the current Federal definition of the word? What is this employment as a percentage of total population, total labor force, and total civilian labor force?

Will you state the current definition of the word "employed," as it is used for official Federal purposes? (Under what circumstances are people "employed"? \* \* \* Are all of the Armed Forces included? \* \* \* Are workers who draw retirement included? \* \* \* Does the count include agricultural workers, seasonal workers, part-time workers, students, etc.?)

When was the definition of "employed" last changed: what was the change; and what was the purpose?

What was the definition of "employed" during the depression of the thirties; how was it different from the current definition?

How many persons were "employed" at the worst of the so-called recession of 1958? What was that employment as a percentage of total population, total labor force, and total civilian labor force?

How many persons were "employed" at the worst of the depression in the thirties? What was that employment as a percentage of total population, total labor force, and total civilian labor force?

## UNEMPLOYMENT

How many persons in the total labor force of the United States are now unemployed, under the current Federal definition of the word? And what is this unemployment as a percentage of total population, total labor force, and total civilian labor force?

Will you state the current definition of the word "unemployed," as it is used for official Federal purposes? (Who is "unemployed"? \* \* \* Are those retired or discharged from the Armed Forces "unemployed"? \* \* \* Are strikers "unemployed"? \* \* \* Are casual workers "unemployed" when they do not choose to work? \* \* \* Are retired workers who are not working "unemployed"? \* \* \* Are students attending classes "unemployed"? \* \* \* Are seasonal workers "unemployed" when their work is out of season, etc.?)

When was the definition of "unemployed" last changed; what was the change; and what was the purpose?

What was the definition of "unemployed" during the depression of the thirties; how was it different from the current definition?

How many persons were "unemployed" at the worst of the so-called recession of 1958? What was that unemployment as a percentage of total population, total labor force, and total civilian labor force?

How many persons were "unemployed" at the worst of the depression in the thirties. What was that unemployment as a percentage of total population, total labor force, and total civilian labor force?

## COMPARISONS

You have testified as to employment and unemployment at the depths of the depressions in the thirties. In what year do you think we started the upturn in that depression?

How many persons were employed in 1940, the year before World War II started? What was that employment as a percentage of total population, total labor force, and total civilian labor force?

How many persons were unemployed in 1940? What was that unemployment as a percentage of total population, total labor force, and total civilian labor force?

Will you compare the employment and unemployment figures of 1940 with those of the latest available date; and in each instance compare them as a percentage of total population, total labor force, and total civilian labor force?

## EMPLOYMENT-UNEMPLOYMENT SURVEYS

On what basis are monthly estimates of total labor force, employment, and unemployment made?

I have noted references to surveys for sampling labor force, employment, and unemployment on pages 1 and 203 of the Statistical Abstract, 1960; will you review in all detail necessary for this record the methods, procedures, techniques, and formulas used in the sampling which is used as the basis for the monthly estimates?

Are the same households and areas used for each sampling; if so, why; if not, how often, and in what manner are they changed?

To what extent does the Commerce Department contend these surveys reflect accuracy; and do you agree with these views?

To what extent, and in what manner, do figures developed from these monthly surveys on a national basis, differ from those reported by States on an actual basis for purposes of their respective unemployment insurance programs?

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U.S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

Washington

HON. HARRY F. BYRD,  
U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: The enclosed statement was prepared in answer to the questions you raised in your letter of March 8. The questions on pages 1 through 4 of your letter have been numbered in sequence and the answers keyed to the

numbers. All the statistics you requested are contained in the enclosed table. Because of the pressure of time, some of the questions have been answered rather briefly. If you wish, we can expand on these.

Yours sincerely,

ARTHUR J. GOLDBERG, *Secretary of Labor.*

#### STATEMENT ON LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT STATISTICS

2. Total labor force includes all persons employed for pay or profit during a specified calendar week, those unemployed, and persons on active duty in the Armed Forces of the United States. The civilian labor force consists of the employed and the unemployed.

Agricultural workers, seasonal workers, part-time workers, students, and workers drawing retirement benefits are in the labor force when they are actually employed or when they are looking for work (unemployed).

3. The definition of the labor force was adopted in 1940 for use in the 1940 Census of Population and in the monthly survey of the labor force, initiated in the early part of that year by the Works Progress Administration (transferred in 1942, to the Census Bureau). Since then, only a very minor change has been made, in connection with the change in the definition of unemployment in 1957 (see below). Persons who had arranged to start a new job within 30 days were counted as employed from 1940 until 1957; thereafter those who were still in school were counted as not in the labor force, on the grounds that they were not available for work while in school.

4. During the depression of the thirties, the labor force was not measured directly by surveys. Instead, a count of gainful workers (persons with an occupation) was obtained at the time of the decennial census of population and extrapolated for intercensal years. Estimates of employment were built up from samples of employers' reports and other fragmentary sources; estimates of unemployment were obtained by subtracting the employed from the gainful worker total. These concepts were abandoned because they were too vague, lacked a clearcut time reference, and yielded widely varying estimates of unemployment.

During the 1940's, a synthetic series of annual estimates of labor force, employment, and unemployment was constructed for the years 1929-39 based on all available data. These data are roughly comparable with the statistics obtained from the survey from 1940 on.

8. Employed persons are all those who, during a specified calendar week, did any work at all for pay or profit, or worked without pay for 15 hours or more in a family operated business or farm. Also classified as employed are persons not working and not looking for work, but who had jobs from which they were absent all week because of illness, bad weather, vacation, labor dispute, or because they were taking time off for various personal reasons.

Members of the Armed Forces are not counted as employed. Workers drawing retirement benefits, agricultural workers, seasonal workers, students are classified as employed only if they meet the above definition. Part-time workers are employed if they have a job during the specified week.

9. The definition of employed persons was changed in 1957. Beginning in January 1957, persons laid off from their jobs and definitely scheduled to return to work within 30 days of layoff, and those scheduled to start a new job within 30 days, were classified as unemployed rather than as employed. These 2 groups totaled about 250,000 on the average. This change was made, after long study and discussion, because it was generally agreed that these persons were, in fact, unable to work at their jobs for reasons that reflected business conditions. Many of them could be eligible for unemployment insurance while waiting for work to start. It was believed that the statistics would more accurately reflect economic changes and would conform better to generally held conceptions of unemployment if these two groups were classified as unemployed rather than employed.

10. There was no single standard definition of employment during the thirties. Estimates of total employment were built up by using Bureau of Labor Statistics indexes with base figures from the 1929 industrial censuses or from the 1930 Census of Occupations. Industries not covered were estimated on the basis of data from various sources, such as the crop reporter data collected by the Department of Agriculture. Employment, therefore, could be defined according to the source of the data and was for the most part work for pay, although attempts were made to include all types of work, as does the present definition.

14. Unemployed persons comprise all persons who did not work at all during the specified week and were looking for work. Also included as unemployed are those who did not work and (a) were waiting to be called back to a job from which they had been laid off, or (b) were waiting to report to a new wage or salary job within 30 days (unless in school), or (c) would have been looking for work except that they were temporarily ill or believed no work was available in their line of work or in the community.

Unless they are looking for work, or in some way meet the above definition, persons retired or discharged from the Armed Forces, strikers, retired workers, students attending classes, seasonal worker in the off season are not counted as unemployed. Casual workers who do not choose to work would never be counted as unemployed under this definition.

15. The definition of unemployment was last changed in 1957, as described in (9) above. The purpose, as indicated, was to obtain a more realistic measure of persons without work and seeking employment or reemployment.

16. There was no standard definition of unemployed in the thirties, and the various estimates built up from all kinds of data differed by millions. The usual approach was to estimate the total number of gainful workers by extrapolating the 1930 census figure, and assuming that all persons who were not employed were unemployed. None of these estimates were accepted as official, and the controversy over the true level of unemployment raged throughout the decade. In 1937, a special census of unemployment, the so-called Biggers census was taken on the basis of the distribution of postcards to the unemployed and registration of the unemployed at the post offices. In the enumerative sample check of that census, a concept of unemployment roughly similar to the present one was used—that is, the activity of seeking work defined the unemployed. Experience with this check survey and other local surveys led to the adoption of the present concept in 1940.

19. Reliable monthly figures on unemployment were not available during the depression of the thirties as has been indicated. On the basis of the Bureau of Labor Statistics estimates, constructed in retrospect, it appears that unemployment reached its highest point in 1933. In that year, an estimated 12,830,000 persons, or 24.9 percent of the labor force were unemployed. These are rough estimates but the best available for those years.

#### EMPLOYMENT—UNEMPLOYMENT SURVEYS

The source of the figures on total employment and unemployment is the survey conducted by the Bureau of Census. In July 1959, the responsibility for the labor force statistics was transferred to the Bureau of Labor Statistics, with the sample design, collection, and tabulation continuing as a function of the Bureau of the Census.

The most complete description of the methods and procedures available is contained in the report prepared by the Census Bureau, entitled "Concepts and Methods Used in the Current Employment and Unemployment Statistics," prepared by the Bureau of the Census. A copy of this is submitted for the record.

Several times in the past, the number of areas has been increased in order to enhance the reliability of the estimates. Except for these changes, the same areas are used each month. The households in the sample are never entirely the same from month to month. Each month one-quarter of the households are new, and three-quarters are carried over from the preceding month. The households are rotated so that no one family will be overburdened by too many interviews. Thus each household is interviewed for 4 successive months, dropped from the sample for 8 months, and picked up again for another period of 4 months.

The Bureau of the Census in the Department of Commerce is responsible for the accuracy of the statistics—the same design, the quality of the field-work, and the other factors affecting reliability. They provide the estimates of sampling variability which are published each month in the detailed reports of the Bureau of Labor Statistics. There is every reason to have confidence in the data and in the Census Bureau's estimates of their accuracy.

The estimates of total unemployment from the household survey differ from those based on the operations of the State unemployment insurance system for several reasons: the insured unemployment statistics exclude workers who have exhausted their benefit rights, new workers who have not earned rights to unemployment insurance, and persons losing jobs not covered by the unemployment insurance system (agriculture, State, and local government, domestic serv-

ice, self-employed, unpaid family work, nonprofit organizations, and firms below a minimum size). In addition, certain of the qualifications for unemployment compensation differ from the definition of unemployment used in the household survey. For example, persons with a job but not at work and persons working only a few hours during the week are sometimes eligible for unemployment compensation, but are classified as employed rather than unemployed in the household survey.

*Labor force, employment and unemployment, selected dates, 1933-61*

Employment status	February 1961 (items 1, 7, 13)	April 1958— worst of 1958 reces- sion (items 5, 11, 17)	Annual average 1933— worst of depression (items 6, 12, 18)	Annual average 1940 (items 20, 21)	Net change 1940 to February 1961 (item 22)
Total labor force (thousands).....	72,894	70,681	51,840	56,180	16,714
Employment (thousands).....	64,655	62,907	38,760	47,520	17,135
As percent of population 14 years of age and over.....	50.9	51.7	42.3	47.3	3.6
As percent of total labor force.....	88.7	89.0	74.8	84.6	4.1
As percent of civilian labor force.....	91.9	92.5	75.1	85.4	6.6
Unemployment (thousands).....	5,705	5,120	12,830	8,120	-2,415
As percent of population 14 years of age and over.....	4.5	4.2	14.0	8.1	-3.6
As percent of total labor force.....	7.8	7.2	24.7	14.5	-6.7
As percent of civilian labor force.....	8.1	7.5	24.9	14.6	-6.5

[From Current Population Reports, Series P-23, No. 5, U.S. Department of Commerce, Sinclair Weeks, Secretary, for release May 9, 1958]

**CONCEPTS AND METHODS USED IN THE CURRENT EMPLOYMENT AND UNEMPLOYMENT STATISTICS PREPARED BY THE BUREAU OF THE CENSUS**

(This report supersedes Current Population Reports, series P-23, No. 2, issued July 30, 1954, and No. 3, issued July 15, 1956; it incorporates changes instituted in the current population survey since those dates)

Current information on employment, unemployment, and related data are compiled each month from the current population survey of the Bureau of the Census. This survey is conducted each month with a scientifically selected sample representing the noninstitutional civilian population. The major results are announced in the combined employment and unemployment release issued jointly by the Departments of Commerce and Labor. This joint release, issued as a press statement, presents not only information from the survey but also related data from the Department of Labor. Fuller details from the current population survey are issued in the Bureau of the Census "The Monthly Report on the Labor Force," Current Population Reports, series P-57.<sup>1</sup> A description of the concepts and methods used in the preparation of these statistics follow.

**CONCEPTS**

The concepts of the labor force and unemployment used in the Bureau of the Census current population survey were introduced in the latter stages of the depression of the thirties, chiefly in the interest of deriving more objective measurements of unemployment and employment than were previously available. These concepts have been modified only slightly since their inception almost two decades ago.

Prior to the thirties, aside from attempts in some of the decennial censuses, there were no direct measurements of the number of jobless persons. With the development of mass unemployment in the early thirties, widely conflicting estimates began to make their appearance. As a consequence, many research groups, as well as State and municipal governments, began experimenting with direct surveys of the population or samples of the population. In these surveys, an

<sup>1</sup> Available on subscription from the U.S. Government Printing Office at \$2 per year (\$2.50 for foreign mailing), including monthly labor force reports in series P-57, special labor force reports in series P-50, and consumer income reports in series P-60.

attempt was made to classify the population as in or out of the labor force or as employed or unemployed by means of various series of questions addressed to each individual. In most of the surveys, the unemployed were defined as those who were not working but were "willing and able to work." This concept, however, did not meet the standards of objectivity that many technicians felt were necessary in order to measure not only the level of unemployment at one time but changes over periods of time. The criterion "willing and able to work," when applied in specific situations, appeared too intangible and too dependent upon the interpretation and attitude of the person being interviewed.

Out of this experimentation, there was developed in the late thirties a set of concepts which sought to meet these various criticisms. According to these concepts, the classification of an individual was to be dependent principally upon his actual activity, i.e., whether working or looking for work, or doing something else, within a designated time period. Although there were improvements in measurement techniques, these concepts were used, in substantially unchanged form, in the 1940 census, in the current population survey, and in the 1950 census.

In measuring activity, the time period selected for the monthly survey was a calendar week. Several considerations led to adopting a calendar week as the time reference for the surveys. First of all, the period used must be short enough so that the data obtained would be "current" and the time reference would not tax the memory of the person giving the information. Second, it must not be so short that the occurrence of holidays or other accidental events would cause extremely erratic fluctuations in the information obtained. A calendar week seemed to fulfill these conditions as well as being a convenient and easily defined period of time.

The criteria used in classifying persons on the basis of their activity are described below:

*Employed persons.*—Employed persons comprise (1) all those who, during the specified week, did any work at all as paid employees or in their own business or profession, or on their own farm, or who worked 15 hours or more as unpaid workers on a farm or in a business operated by a member of the family, and (2) all those who were not working or looking for work but who had jobs or businesses from which they were temporarily absent because of illness, bad weather, vacation, or labor-management dispute, or because they were taking time off for various other reasons. Prior to 1957, the statistics also included in the group "with a job but not at work" persons on layoff who had definite instructions to return to work within 30 days of the date of layoff—now classified as unemployed—and persons waiting to report to new wage and salary jobs scheduled to start within the following 30 days, now classified either as unemployed or (if in school during the survey week) as not in the labor force. Excluded from the employed group are persons whose only activity consisted of work around the house (such as own home housework, painting or repairing own home, etc.) or volunteer work for religious, charitable, and similar organizations.

*Unemployed.*—Unemployed persons include those who did not work at all during the survey week and were looking for work. Those who had made efforts to find jobs within the preceding 60-day period—such as by registering at a public or private employment agency, writing letters of application, canvassing for work, etc.—and who, during the survey week were awaiting the results of these efforts are also regarded as looking for work. Also included as unemployed are those who did not work at all during the survey week and—

(a) Were waiting to be called back to a job from which they had been laid off; or

(b) Were waiting to report to a new wage or salary job scheduled to start within the following 30 days (and were not in school during the survey week); or

(c) Would have been looking for work except that they were temporarily ill or believed no work was available in their line of work or in the community.

Prior to 1957, part of group (a) above—those whose layoffs were for definite periods of less than 30 days—were classified as employed (with a job but not at work) rather than as unemployed, as were all of the persons in group (b) above (waiting to start new jobs within 30 days).

*Labor force.*—The civilian labor force comprises the total of all civilians classified as employed or unemployed in accordance with the criteria described above. The total labor force also includes members of the Armed Forces stationed either in the United States or abroad. The monthly survey is con-

fined to the civilian population, with the information on the size of the Armed Forces obtained from official records. The data relate to persons 14 years old and over. In the United States most children under 14 do relatively little work because of laws which restrict child labor, laws regarding compulsory school attendance, and general social custom.

*Not in labor force.*—All persons 14 years of age, and over, who are not classified as employed, unemployed, or in the Armed Forces are defined as "not in labor force." These persons are further classified as "engaged in own home housework," "in school," "unable to work" because of long-term physical or mental illness, and "other." The "other" group includes, for the most part, retired persons, those reported as too old to work, the voluntarily idle, and seasonal workers for whom the survey week fell in an "off" season and who were not reported as unemployed. Persons doing only incidental unpaid family work (less than 15 hours) are also classified as not in labor force. Occasionally, usually annually, the institutional population is also sampled for purposes of special tabulations and comparisons with previous decennial census data. When covered, the inmate population is classified as not in labor force.

Since January 1957, the category "Not in labor force—in school" includes a small group formerly classified as employed (with a job but not at work), namely, persons attending school during the survey week who had new jobs to which they were scheduled to report within 30 days. Persons—whether or not attending school—who had new jobs not scheduled to begin until after 30 days (and not working or looking for work) are classified as not in labor force.

#### DATA COLLECTED AND PUBLISHED

The current population survey (CPS) provides a great deal of detail on the economic status and activities of the population of the United States not otherwise available. It is the only source of estimates of total employment—both farm and nonfarm; of nonfarm self-employed, domestics, and unpaid helpers in nonfarm family enterprises as well as wage and salaried employees; and of total unemployment, whether or not covered by unemployment insurance. It is the only comprehensive source of information on the personal characteristics of the total labor force and of the employed and unemployed, such as age and sex, race, marital and family status, veteran status, educational background, and various others. It provides the only available distributions of workers by the numbers of hours worked (as distinguished from aggregate or average hours for an industry), whereby it is possible to study separately part-time workers, workers on overtime, etc. The survey is also the only major current source of information on the occupations of workers (whether engineers, stenographers, carpenters, laborers, etc.). It also provides limited statistics on the industries in which they work.

Information is available in the survey not only for persons in the current labor force but also for those who are outside the labor force, the so-called labor reserve. The characteristics of such persons, whether married women with or without young children, disabled persons, students, older retired workers, etc., can be determined. Also, through special inquiries, it is possible to obtain information on their skills and past work experience, if any.

*Monthly data.*—Each month, certain basic information and selected details are published in the Monthly Report on the Labor Force, Current Population Reports, series P-57. The following major categories of data are provided:

1. Estimates of the total labor force, agricultural and nonagricultural employment, unemployment, and persons outside the labor force by age and sex, and by color and sex.

2. Percentage distributions of the population by employment status, by marital status and sex, and for major geographic regions.

3. Estimates for the employed by occupation (27 categories) and class of worker (private wage and salary employees, Government workers, self-employed workers, and unpaid family helpers).

4. Percentage distribution of persons at work in agriculture and nonagricultural industries by number of hours worked (with separate information for class-of-worker groups plus information on average hours worked). More limited hours distributions for nonagricultural workers are provided by age and sex, color, marital status, and major industry and occupation groups. In these distributions, part-time workers (those reporting less than 35 hours) are subdivided into those working limited hours because of slack work and other eco-

conomic factors and those on part time by choice or for other noneconomic reasons.

5. For employed persons with jobs but not at work, reasons for absence from work as well as percent receiving pay for the time off.

6. For the unemployed, duration of unemployment (distribution by number of weeks looking for work or on layoff from jobs).

7. Seasonally adjusted rate of unemployment (unemployment as percent of civilian labor force).

*Other data.*—The regular labor force survey is supplemented by a program of additional inquiries, coordinated with the monthly enumerations, designed to provide more detailed statistics on special aspects of economic activity. The results of these studies are usually published in Current Population Reports, series P-50. Some examples of these are given below:

1. Number and characteristics of persons who worked at all during the course of a calendar year, including number of weeks worked; time lost because of unemployment, illness, and other reasons; characteristics of longest job held during the year; and related facts.

2. Number and characteristics of persons who hold two or more jobs at the same time.

3. Educational level of workers and extent and type of employment of those currently enrolled in school.

4. Labor force trends among married women and the family characteristics of workers.

5. Annual personal and family income cross-classified by numerous personal and economic characteristics (series P-60).

6. Annual reports on the labor force summarizing the monthly statistics and major developments for the year.

7. Periodic special reports and tabulations summarizing data collected monthly—such as characteristics of nonwhite workers, detailed studies of hours worked or duration of unemployment, detailed characteristics of women workers, and the like.

8. Special technical reports on seasonal adjustments, concepts, and similar matters.

#### THE SURVEY DESIGN

The current population survey sample is spread over 330 sample areas comprising 638 counties and independent cities with coverage in every State and the District of Columbia. A total of 42,000 dwelling units and other living quarters are designated for the sample at any time, and completed interviews are obtained each month from about 35,000 households containing over 80,000 persons 14 years old and over. Of the remaining sample households, about 1,500 are those from which information should be collected but is not because the occupants are not found at home after repeated calls, are temporarily absent, or are unavailable for other reasons. The other 5,500 designated units represent those found to be vacant, occupied by persons with residences elsewhere, demolished units or those converted to nonresidential use, and the like.

The present sample size and distribution of areas have been in effect since May 1956. Prior to that date, during the period January 1954 through April 1956, the sample consisted of around 21,000 interviewed (25,000 total) households distributed over 230 areas. All of the areas in the 230-area sample were continued in the expanded 330-area sample in May 1956. The sample in effect prior to 1954 also consisted of around 21,000 interviewed households but was more restricted in geographic distribution, covering only 68 sample areas.

*Selection of sample areas.*—The entire area of the United States consisting of 3,103 counties and independent cities was divided into 1,891 primary sampling units. With some minor exceptions, a primary sampling unit (PSU) consists of a county or a number of contiguous counties. Each standard metropolitan area (SMA) constituted a separate PSU. In combining counties to form PSU's each PSU was defined so as to be as heterogeneous as possible. Greater heterogeneity could be accomplished by including more counties. However, another important consideration was to have the PSU sufficiently compact in area so that a small sample spread throughout it could be efficiently canvassed without undue travel cost. A typical primary sampling unit, for example, included both urban and rural residents of both high and low economic levels and provided, to the extent feasible, diverse occupations and industries.

The PSU's were then grouped into 330 strata. Among these PSU's, 88 of the largest standard metropolitan areas (including all over 300,000 inhabitants) and certain other areas were strata by themselves. In general, however, a stratum



consisted of a set of PSU's as much alike as possible in various characteristics such as geographic region, population density, rate of growth in the 1940-50 decade, percentage nonwhite, principal industry, type of agriculture, and so on. Except for the 88 SMA's mentioned above and the 4 other areas, each of which is a complete stratum, the strata were established so that their sizes in terms of 1950 population were approximately equal. Where a PSU was a stratum by itself, it automatically fell in the sample. From each of the other strata, one PSU was selected in a random manner for inclusion in the sample, the selection having been made in such a manner that the probability of the selection of any one unit was proportionate to its 1950 population. For example, within a stratum the chance that a PSU with a population of 50,000 would be selected was twice that for a unit with a population of 25,000.

The resulting 330 areas are those in which the survey is being conducted.

*Selection of sample households.*—For each stratum an overall sampling ratio of about 1 in 1,380 is used at the present time (1958). The sampling ratio used in each particular sample area (sample PSU) depends on the proportion that the sample area population, at the time of the 1950 census, was of the stratum population. Thus, in a sample area which was one-tenth of the stratum, the within-PSU sampling ratio which results is 1 in 138, achieving the desired ratio of 1 in 1,380 for the stratum.

Within each of the 330 PSU's, area sampling methods are used in the selection of specific households. In each PSU, the number of households to be enumerated each month is determined by the application of the within-PSU sampling ratio rather than through the assignment of a fixed quota. This procedure makes it possible for the sample to reflect any shifts in population. For example, if on the basis of the 1950 census a sample ratio of 1 in every 138 is used in a sample area, the number of households found in the sample will be larger than that obtained by a fixed quota in areas where the number of households has increased since the census. In areas where the number of households has declined, the number of sample households selected will be smaller. In this way the sample properly reflects the changing distribution of the population and avoids the distortion which would result from the application of fixed quotas of households, or persons, based on the population at an earlier date.

In the application of area sampling methods, several stages of sampling were used within each selected PSU. First, a sample of administrative units used for the 1950 censuses of population and housing (enumeration districts) was selected, with the probability of selection of any one of these proportionate to its 1950 population. These selected enumeration districts were then subdivided into segments, that is, small land areas with well-defined boundaries having in general an expected "size" of about six dwelling units or other living quarters. Where roads, streams, and other terrain features that could be used to subdivide an enumeration district were insufficient, some of the resultant segments were several times the desired average "size" of six households. For each subdivided enumeration district, one segment was designated for the sample, with the probability of selection proportionate to the estimated "size" of the segment. For the Nation as a whole, approximately 6,000 segments are in the sample in any given month. Where available advance information indicated that a selected segment contained about six households, all units within the segment boundaries were to be included in the sample. In cases where the advance information indicated a segment "size" of several times six units, a field listing was to be made of all living quarters in the segment and a systematic sample drawn so as to achieve the equivalent of a segment which is canvassed completely.

In subdividing enumeration districts into segments and in determining in advance the approximate "size" of each segment, use was made of various materials. In the larger urban places, information concerning the number of units in each block was obtained from block statistics bulletins published from results of the 1950 censuses of population and housing for 200 of the cities of 50,000 inhabitants or more. In conjunction with these bulletins, considerable use was made of large-scale Sanborn maps, which are available commercially, are relatively up to date for most medium-size and large urban centers, and show the general outline of each structure within blocks. Where such maps were not available, the location and number of dwelling units in small geographic areas bounded by roads, streams, etc., were obtained either from maps used by interviewers in the 1950 censuses of population and housing or from special field visits. Enumeration districts in urban centers—where mapping materials were generally more precise—were more readily subdivided into compact seg-

ments (averaging six units) than were those in rural areas; but a substantial proportion of the resultant rural segments were of this size also. Some variation in actual segment size arose also where the mapping materials, although sufficiently detailed, were out of date because of substantial new construction or because they contained errors.

*Rotation of sample.*—Part of the sample is changed each month. A primary reason for rotating the sample is to avoid the problems of lack of cooperation which arise when a constant panel is interviewed indefinitely. To accomplish this rotation of the sample on a gradual basis, mapping and other materials for several samples are prepared simultaneously. For each sample, eight systematic subsamples (rotation groups) of segments are identified. A given rotation group is interviewed for a total of 8 months, divided into two equal periods. It is in the sample for 4 consecutive months 1 year, leaves the sample during the following 8 months, and then returns for the same 4 calendar months of the next year. In any 1 month, one-eighth of the sample segments are in their first month of enumeration, another eighth are in their second month, and so on, with the last eighth in for the eighth time (the fourth month of the second period of enumeration). Under this system 75 percent of the sample segments are common from month to month and 50 percent from year to year. This procedure provides a substantial amount of month-to-month and year-to-year overlap in the panel (thus reducing discontinuities in the series of data) without burdening any specific group of households with an unduly long period of inquiry.

*Survey techniques.*—The field organization consists of 17 regional offices, each headed by a regional supervisor, and a staff of program assistants. During CPS enumeration week each month and all or part of the preceding and following weeks, most of the supervisory staff members devote their time to preparations for and control and supervision of this survey. During other periods, the staff is occupied with the collection of statistics concerning business and various other subjects. They supervise, in total, a staff of about 700 part-time interviewers, of whom about 550 are current population survey interviewers.

Each month, during the calendar week containing the 19th day, these interviewers contact some responsible person in each of the sample households in the current population survey. At the time of first enumeration of a household, the interviewer prepares a roster of the household members, including their personal characteristics (date of birth, sex, race, marital status, and veteran status) and their relationship to the household head. This roster is brought up to date at each subsequent interview to take account of new or departed residents, changes in marital status, and similar items. The information on personal characteristics is then available each month for identification purposes and for cross-classification with the economic characteristics of the sample population.

At each monthly visit, the interviewer asks a series of standard questions on economic activity during the preceding week (the calendar week containing the 12th day of the month, called the survey week) for each household member 14 years of age and over.<sup>2</sup> The primary purpose of these questions is to classify the sample population into three basic economic groups—the employed, the unemployed, and those not in the labor force.

Additional questions are asked each month to help clarify the information on employment status. For the employed, information is obtained on hours worked during the survey week, together with a description of the current job. If these persons worked less than 35 hours during the survey week, information is obtained on the reasons they were working part time, primarily to distinguish between those whose hours are restricted because of slack work conditions or other economic factors and those working part time by choice or for personal or noneconomic reasons. For those temporarily away from their jobs, the reason for not working during the survey week is obtained as well as information on whether or not they were paid for the time off. For the unemployed, information is obtained on the length of time they have been looking for work and a description of their last full-time civilian job. For those outside the labor force, their principal activity during the survey week—whether keeping house, going to school, or doing something else—is recorded.

<sup>2</sup> Prior to July 1955, the survey week was the one containing the 8th day of the month and the enumeration was taken in the week containing the 15th. The change in time reference was made primarily for greater consistency with the time reference of other data in the field.

The questionnaires used in the survey are of a special form known as document-sensing schedules. Instead of writing down the information, the interviewer, for most items, draws a mark through an oval representing the correct answer, using a special type of pencil. Forms prepared in this fashion can be converted into punchcards by a special document-sensing machine, thus avoiding manual punchcard preparation. The procedure also reduces coding of answers to a minimum, since the position of each oval on the form itself represents a code signal.

#### ESTIMATION PROCEDURE

The document-sensing schedules (questionnaire forms) containing the information obtained for each person in the sample are received in the Washington office by the end of the week after enumeration. The raw data are converted to punchcards by means of a mechanical document reproducer. Estimates could be prepared by tabulating these cards with a fixed weight (the reciprocal of the sample ratio—approximately 1,380 at present) after accounting for households that were not interviewed. However, to increase the reliability of the labor force statistics derived from the sample, two stages of ratio estimates and a composite estimate are used. It is possible to achieve this rather complicated procedure rapidly and automatically because of the availability of high-speed electronic digital computers. The principal steps involved are as given below.

*Adjustment for households not interviewed.*—The weights for all interviewed households are adjusted to the extent needed to account for occupied households for which no interview was obtained because of absence, impassable roads, refusals, or unavailability for other reasons. This adjustment is made separately by groups of PSU's and, within these, for each color (white, nonwhite)—residence (urban, rural nonfarm, rural farm) group of households. This adjustment is made separately within each pair of rotation groups (the incoming pair, the two continuing pairs, and the outgoing pair). The proportion of sample households not interviewed for the above stated reasons is usually about 3 to 5 percent.

*Ratio estimates.*—The distribution of the population selected for the sample may differ somewhat, by chance, from that of the Nation as a whole in such basic characteristics as age, color, sex, and farm-nonfarm residence, among other things. These particular population characteristics are closely correlated with labor force participation and other principal measurements made from the sample. Therefore, some of the sample estimates can be improved substantially when, by appropriate weighting of the original returns, the sample population is brought as closely into agreement as possible with the known distribution of the entire population with respect to these characteristics. Such weighting is accomplished through two stages of ratio estimates as follows:

1. *First stage.*—The first stage of ratio estimates takes into account differences at the time of the last census in the distribution by color and residence of the population estimated from the sample PSU's and that of the total population in each of the four major regions of the country. Independent distributions of the total population by residence cross-classified by color are not available on a current basis. Instead, using 1950 census data, estimated population totals by color and residence for a given region were computed by appropriately weighting the data for sample PSU's. Ratios were then computed between these estimates (based on sample PSU's) and the actual population totals for the region as compiled in the 1950 census. Such a ratio estimate does not imply that the ratio existing in 1950 would be unchanged at a current date. The estimates from sample PSU's were based on the total census counts, not on sample survey counts. In deriving these ratios, self-representing PSU's were excluded from the computations, since they represent only themselves in the CPS sample. In tabulations of the monthly results from the current population survey, the weights for all sample households from non-self-representing PSU's in a given region are multiplied by the population ratio for that region for the appropriate color-residence class.

2. *Second stage.*—The second stage of ratio estimates takes account of current differences between the population distributions of the sample and that of the Nation as a whole by age, color, and sex. Independent estimates of the entire population, by these characteristics, are prepared each month. They are calculated by carrying forward the most recent census data (1950) to take account of subsequent aging of the population, mortality, and migration between the

United States and other countries.\* The CPS sample returns (taking into account the weights determined after the first stage of ratio estimates) are, in effect, used to determine only the percentage distribution within a given age-color-sex group by employment status and various other characteristics. In developing statistics in absolute numbers, these percentage distributions are multiplied by the independent population estimate for the appropriate age-color-sex group.

*Composite estimate.*—The last stage in the preparation of estimates makes use of a composite estimate. In this procedure, a weighted average is obtained of two estimates for the current month for any particular item. The first estimate is the result of the two stages of ratio estimates noted above. The second estimate consists of the composite estimate for the preceding month to which has been added an estimate of the change in each item from the preceding month to the present month based upon that part of the sample which is common to the 2 months (75 percent). While the weights for the two components of such a composite estimate are not necessarily equal, in this instance the weights used for combining these two estimates are each one-half. Equal weights in this case satisfy the condition that for virtually all items there will be some gain in reliability over the estimation procedure after the first two stages of ratio estimates.

This composite estimate results in a reduction in the sampling error for most important statistics from the survey beyond that achieved after the two stages of ratio estimates described above, and for some items the reduction is substantial. The resultant gains in reliability are greatest in estimates of month-to-month change, although gains are also obtained for estimates of level in a given month or change from year to year or over other intervals of time.

#### ADEQUACY OF THE DATA

*Problems of concept.*—As discussed earlier, the basis of the labor force classification used in the current population survey is the activity of an individual during a particular calendar week each month. Obviously, a person could have engaged in more than one activity during the period. Thus, in classifying persons, it is necessary to assign a priority to the various activities for which information was obtained. In this way, an individual is classified in only one group and unduplicated totals of the employed, the unemployed, and persons outside the labor force can be obtained.

In this classification system, the highest priority is assigned to the activity "working." Thus, if a person did any work—as defined in the concepts—during the survey week (that is, one or more hours for pay or profit, or 15 or more hours without pay in a family-operated enterprise) he is classified as "at work" and is included with the employed, even though he may also have looked for work, gone to school, or done something else.

The activity "looking for work" is given second priority in the classification scheme. If a person did not work at all during the survey week but was looking for work, he is regarded as in the market for a job and is classified as unemployed. In defining the unemployed, a slight departure was made from a strict "activity" concept for some cases. It was recognized that, under certain circumstances, some persons, although unemployed in any realistic sense, might not be looking for work continuously. For example, in a one-plant town, if the plant is shut down most workers would have no alternative but to wait until the plant reopens and probably would not be actively looking for work. However, it would be difficult to justify not classifying these workers as unemployed. Thus, the definition of unemployed persons was expanded to include certain groups (frequently termed the "inactive unemployed") who, although not actively looking for work in the specified week, report that they would have been doing so except for such special circumstances.

Some modification of the "activity" concept was made also in the case of the employed. It was recognized that, if activity alone during a calendar week is considered, large numbers of persons who have definite job attachments but were temporarily absent from work in the survey week for reasons such as illness, vacation, or bad weather, would be excluded from the labor force count. Because, in most cases, their absence would not exceed a week or two, it was

\* See U.S. Bureau of the Census, "Current Population Reports," series P-25, No. 170, Dec. 18, 1957, for a description of the methods used in preparing these independent population estimates.

believed that their exclusion from the labor force would result in an unrealistic count of the economically active population. Moreover, unless looking for other jobs, they most logically belong with the employed because they had jobs reserved for them in the economy. Therefore, a third category was set up within the labor force. This category consists of persons who were neither working nor looking for work but who had jobs or businesses from which they were temporarily absent because of illness, vacation, bad weather or some other such reason during the survey week. This group, "persons with jobs but not at work," is measured separately but is added to the "at work" group to derive estimates of the total number of employed persons.

The classification as employed of persons working only a few hours in the survey week has been the subject of much discussion. It has been suggested that when hours of work fall below a certain level (less than 15 hours, for example) these persons are more properly classified as partially unemployed. Information is provided in the series P-57 report each month on hours worked by employed persons, so that the changes in the extent of full-time or part-time work can be readily observed. Furthermore, the questions asked each month of part-time workers show how many are working short hours because of economic factors and how many are doing so because they want, or are available for, only part-time employment.

The use of a fairly short period of reference (1 week each month) imposes certain limitations on the interpretation of the data, particularly in trend analysis. Although the effects of factors such as adverse weather conditions, strikes, holidays, etc., are less marked in a 1-week period than they would be if the time reference were shorter, say 1 day, they may nevertheless significantly influence the figures when they occur during the survey week. For example, unfavorable weather in some parts of the country may result in an apparent decline in farm employment in a given week as compared with the same period of the preceding year, although no significant economic change has actually taken place. Workers on strike may report themselves as looking for other employment, thereby increasing the unemployed total, although they will return to their old jobs when the dispute is settled. A legal holiday during the survey week is not likely to affect employment levels appreciably, but reported hours of work will decline. Such factors must, consequently, be taken into account in any interpretation and evaluation of the published figures.

In general, it is not possible to develop one or two overall figures, such as the number of unemployed, that will be adequate to describe the whole complex of labor market phenomena. Consequently, the current population survey is designed to provide a large amount of detailed and supplementary data which are available for use in interpreting and adjusting the broad totals to meet a wide variety of needs on the part of users of labor market information. The fact that this is a recurrent survey, however; operating under a tight time schedule, restricts the kinds of questions that may be asked. Many types of useful information, such as need for work, future jobseeking intentions, and reasons for present status, are less feasible in a recurrent than in a one-time survey.

*Sources of errors in the survey estimates.*—The estimates from the survey are subject to sampling errors, that is, errors arising from the fact that the estimates each month are based on information for a sample instead of for all persons in the population. In addition, as in any survey work, the results are subject to errors in the field and to errors that occur in the processes of compilation.

Classification errors in labor force surveys may be particularly large in the case of persons with marginal attachments to the labor force. These errors may be caused by interviewers, respondents, or both, or may arise from faulty questionnaire design. The interviewers on the current population survey are chiefly part-time workers. They are better trained than most field survey workers, having had repeated experience on this survey, and having received a period of either direct or home study training each month prior to the survey. Moreover, thorough editing of their completed questionnaires, repeated observation during enumeration, and a systematic recheck of part of their assignments by the field supervisory staff, the work of the interviewers is kept under control and errors or deficiencies are brought directly to their attention.

In spite of these controls, interviewers may not always ask the questions in the prescribed fashion. To the extent that varying the wording of the questions results in differences in response, this factor may result in some errors or lack of uniformity in the statistics.

Similarly, the data are limited by the adequacy of the information possessed by the respondent and the willingness to report accurately. Usually a single respondent, generally the housewife, reports for the entire family. The respondent may not know all the facts about family members or may be unable to report adequately on their attitudes or intentions. For example, the housewife will probably know that her husband is working, but she may not always know exactly how many hours he worked or the precise nature of his job.

The estimates from the survey are subject to various other types of errors beyond those already mentioned. Some of these are:

1. *Nonresponse*.—About 3 to 5 percent of occupied units are not interviewed in a typical month because of temporary absence of the occupants, refusals to cooperate, or various other reasons.<sup>4</sup> Although an adjustment is made in weights for interviewed households to account for noninterviews, they still represent a possible source of bias. Similarly, for a relatively few interviewed households, some of the information is omitted because of lack of knowledge on the part of the respondent or because the interviewer forgot to ask certain questions or record the answers. In processing the questionnaires, entries are usually supplied for omitted items on the basis of the distributions in these items for persons of similar characteristics.

2. *Independent population estimates*.—The independent population estimates used in the estimation procedure (see discussion under "Ratio estimates," p. 7) may also provide a source of error, although on balances their use substantially improves the statistical reliability of many of the important figures. Errors may arise in the independent population estimates because of underenumeration of certain population groups or errors in age reporting in the last census (which serves as the base for the estimates) or similar problems in the components of population change (mortality, immigration, etc.) since that date.

3. *Processing errors*.—Although there is a quality control program on coding and a close control on all other phases of processing and tabulation of the returns, some errors are almost inevitable in a substantial statistical operation of this type. It is likely, however, that the net error arising from processing is fairly negligible.

*Measuring the accuracy of results*.—Modern sampling theory provides methods for measuring the range of errors due to sampling where, as in the case of the current population survey sample, the probability of selection of each member of the population is known. Methods are also available for measuring the effect of response variability in the current population survey. A measure of sampling variability indicates the range of difference that may be expected because only a sample of the population is surveyed. A measure of response variability indicates the range of difference that may be expected as a result of compensating types of errors arising from practices of different interviewers and the replies of respondents; these would tend to cancel out in an enumeration of a large enough population. In practice, these two sources of error—sampling and response variability, as defined above—are estimated jointly from the results of the survey. The computations do not, however, incorporate the effect of response bias, that is, any systematic errors of response such as those that would occur, if, by and large, respondents tended to overstate hours worked. Response biases occur in the same way in a complete census as in a sample, and, in fact, they may be smaller in a well-conducted sample survey because there it is feasible to pay the price necessary to collect the information more skillfully.

Estimates of sampling and response variability combined are provided in "The Monthly Report on the Labor Force," Current Population Reports, series P-57, and in other reports based on the current population survey, and the interpretation of data in the text of these reports is made in the light of the possible variability in the figures. In general, smaller figures and small differences between figures are subject to relatively large variation and should be interpreted with caution. The availability of the high-speed electronic computer makes it possible to provide considerably more detail on this subject than was possible earlier.

The measurement of response bias is one of the most difficult aspects of survey and census work. Systematic studies on this subject are now an integral part of the current population survey, but in many instances available techniques are not sufficiently precise to provide satisfactory estimates of the errors from re-

<sup>4</sup> Although the survey is conducted on a voluntary basis, refusals to cooperate have averaged only a fraction of 1 percent since its inception.

sponse biases. A good deal of experimentation is in progress with the aim of developing more precise measurements and improving the overall accuracy of the series.

#### QUALITY CONTROL PROGRAM

Because of the crucial role of the interviewers in securing accurate and complete returns, a great deal of time and resources are devoted to maintaining the quality of their work. The major aspects of this program are described briefly below:

1. *Initial training.*—Now interviewers recruited for the survey are given special intensive training the first 3 months they are on the job. The program includes classroom lectures, discussions, and practice; on-the-job training and observation; and special home-study and review materials.

2. *Refresher training.*—Prior to each monthly enumeration, experienced interviewers are given 3 to 4 hours of home study, including review exercises and similar materials. At least four times a year the interviewers are convened for day-long group training and review sessions.

3. *Observation.*—On the average of twice a year, each interviewer is accompanied by a supervisor for about 1 day in the course of the actual survey, in order to determine how well he understands and applies the concepts and procedures. In addition to such corrective action and retraining as may be needed, a rating sheet is prepared in the course of observation which becomes part of the interviewer's record. Interviewers requiring additional attention are observed more frequently at the option of the regional office.

4. *Recheck.*—On the average of three times a year, a subsample of the work of each interviewer is reinterviewed (through a second interview with the household) by a supervisor in order to determine whether the correct information was obtained. Where the information differs between the reinterview and the initial interview, the supervisor seeks to determine which answers were correct and (where the original information was incorrect) the reasons for the discrepancies. Errors attributable to the interviewers are brought to their attention and—where the discrepancies exceed certain prescribed limits—special training, observation, and further checking, are provided. In addition to its value as a check on particular interviewers, this system provides some data on the quality of the survey in general.

5. *Inspection of returns.*—In addition to these other measures, the completed questionnaires are carefully inspected each month both in regional offices and in Washington. The results of this inspection, together with information from the observation and recheck programs, serve as a basis for orienting training materials to the indicated needs of the interviewers. The results of these various checks may also lead to the replacement of interviewers who—in spite of special attention and training—are unable to meet the prescribed standards of quality.

#### CHRONOLOGY OF MAJOR IMPROVEMENTS MADE IN THE CURRENT POPULATION SURVEY

The major changes made in the current population survey since 1942 are described briefly below:

1. *Sample revision, 1943.*—In late 1943, the sample as taken over from the Works Progress Administration (WPA) was modified to make it more representative of the Nation as a whole and converted entirely to a probability basis. The revised sample was spread over 68 sample areas, comprising 125 counties and independent cities. By middecade the effective sample consisted of about 21,000 interviewed households each month (25,000 total).

2. *Revision in current population survey schedule, July 1945.*—In July 1945, the questionnaire was modified to include the four basic employment status items still in effect. Before that time, the schedule did not contain specific question wording. Special studies showed that this and other defects resulted in the exclusion from the labor force statistics of large numbers of part-time and intermittent workers, particularly unpaid family workers. The question wording of these four items has been modified slightly on one or two occasions since 1945, but their basic content has been unchanged.

3. *Revision in sample selection method, August 1947.*—In August 1947, the method of selecting sample units within a sample area was changed so that each selected unit would have the same basic weight in the tabulations. This change simplified tabulation procedures and modified estimation methods.

4. *Introduction of special dwelling places, July 1949.*—In July 1949, the sample coverage was extended to special dwelling places—hotels, institutions, motels, trailer camps, etc. This led to improvements in the statistics since residents of these places have somewhat different characteristics from the remainder of the population.

5. *Introduction of document sensing, February 1952.*—In February 1952, the CPS schedule was converted to a document-sensing card. This change eliminated manual preparation of punchcards and substantially reduced the amount of coding and other processing required before tabulation.

6. *Shift to 1950 census population data for ratio estimates, January 1953.*—Starting in January 1953, population data from the 1950 census were introduced into the computation of the ratio estimates used in the current population survey estimation procedure. (See p. 7 for description of these ratio estimates.) Prior to that date, the ratio estimates had been based on 1940 census relationships for the first stage ratio estimate and 1940 census population data brought forward to take account of births, deaths, etc., for the second stage ratio estimate. In September of 1953, "color" was substituted for "veteran status" in the second stage ratio estimate, making it feasible to publish some separate absolute numbers for white and nonwhite persons, whereas only percentage distributions had previously been provided.

7. *Change to 4-8-4 rotation system, July 1953.*—In July 1953, the present sample rotation system was adopted, whereby households are interviewed for 4 consecutive months 1 year, leave the sample for 8 months, and return for the same period of 4 months the following year. Prior to that time, households were interviewed for 6 consecutive months and then replaced. The new system provided some year-to-year overlap in the sample, thus improving the measurement of the statistics over time. (See p. 6 for further detail.)

8. *Conversion of tabulations to high-speed electronic equipment, September 1953.*—In September 1953, the current population survey tabulations were transferred to high-speed electronic equipment, the Bureau's electronic computer. This change speeded up the tabulations considerably and made possible improvements in estimation methods and a substantial expansion in the scope and content of the tabulations for basic data and computation of sampling variability.

9. *Changeover to 230-area sample, February 1954.*—In February 1954, the current population survey sample was expanded from 68 to 230 sample areas, although retaining the overall sample size of 21,000 interviewed units. The 230 areas comprised 453 counties and independent cities. At the same time, a substantially improved estimation procedure (composite estimate) was introduced which took advantage of the large overlap in the sample from month to month. These two changes improved the reliability of most of the major statistics by an amount equivalent to that of doubling the sample size.

10. *Addition of monthly questions on part-time workers, May 1955.*—In May 1955, monthly questions on the reasons for part-time work (items 27 and 28) were added to the standard set of employment status items. This information had been collected quarterly or less frequently in the past and was found to be highly valuable in studying current labor market trends.

11. *Changes in survey week, July 1955.*—In July 1955, the current population survey week was changed to the calendar week containing the 12th day of the month (which is also the week ending nearest the 15th of the month) for greater consistency with the time reference of other statistics in the employment field. Previously, the survey week had been the calendar week containing the eighth day of the month.

12. *Expansion to 330-area sample, May 1956.*—In May 1956, the current population survey was expanded from a 230-area to a 330-area sample. The overall sample size was increased by roughly two-thirds from about 21,000 to 35,000 interviewed households. The expanded sample covers 638 counties and independent cities and there is at least some coverage in every State. All of the former 230 areas were continued in the expanded sample. The expansion increased the reliability of the major statistics by around 20 percent and made possible publication of greater detail, including more data for regions and other large geographic groupings. (See Series P-23, No. 3.)

13. *Change in employment status definition, January 1957.*—Starting in 1957, two relatively small groups of persons formerly classified as employed, under "with a job but not at work," were assigned to different classifications, as a result of a comprehensive interagency review of the Government's employment and unemployment data. These groups were persons on layoff with definite



instructions to return to work within 30 days of the layoff date and persons waiting to start new wage and salary jobs within 30 days of interview. Most of the persons in these two groups were shifted to the unemployed classification. The only exception was the small subgroup in school during survey week and waiting to start new jobs which was transferred to not in labor force. The changes in definition did not affect the basic questions on enumeration procedures; the new classifications for the groups affected are determined by coding in Washington. (See "The Monthly Report on the Labor Force: February 1957," Series P-57, No. 170, for further details.)

14. *Seasonal adjustment, June 1957.*—Limited seasonally adjusted data on unemployment were introduced in the Monthly Report on the Labor Force early in 1955. Some extension of the data—using more refined seasonal adjustment methods programed on the Bureau's electronic computers—was instituted in June 1957, including a seasonally adjusted rate of unemployment and charting of seasonally adjusted total employment and unemployment. A description of the method and presentation of seasonal adjustment factors in some detail may be found in "Seasonal Variations in the Labor Force, Employment, and Unemployment," Current Population Reports, series P-50, No. 82, April 1958.

#### COMPARABILITY WITH RELATED DATA

*Household and establishment employment statistics.*—Employment data published in the Monthly Report on the Labor Force are obtained by household interview and differ in some basic respects from related series based on reports from business establishments and farms. First, the household approach provides information on the work status of the entire population, without duplication, since each person is classified as employed, unemployed, or not in the labor force. Reports from nonagricultural establishments provide a payroll count, and consequently exclude persons who are not on a business payroll, such as proprietors, self-employed persons, unpaid family workers, and domestic servants. Persons who worked at more than one job during the survey week, however, are counted more than once in the establishment series but are classified in the job at which they worked the greatest number of hours in the Current Population Survey (CPS) series.

Second, only part of the "with a job but not at work" group, included in the CPS employment total, appears on payrolls and would be counted in establishment reports. Persons on paid vacation or sick leave are included in both types of series. Workers on strike during the survey week, however, are not on payrolls and would, therefore, not be counted in establishment statistics.

Finally, the CPS and the current establishment statistics series are each subject to sampling variability and response errors, which may result in differences in both trends and levels.

*Household unemployment series and unemployment insurance data.*—For a number of reasons, the unemployment estimates of the Bureau of the Census are not directly comparable with figures on unemployment compensation claims or claims for veterans' readjustment allowances, although both series tend to show similar general trends. In the first place, certain persons such as private household workers and State and local government workers are usually not eligible for unemployment compensation. Also, the qualifications for drawing unemployment compensation differ from the definition of unemployment used by the Bureau of the Census. For example, persons with a job but not at work and persons working only a few hours during the week are sometimes eligible for unemployment compensation, but are classified by the Bureau as employed. Furthermore, some persons may be reported as not looking for work even though they might consider themselves available for jobs and be eligible for unemployment compensation.

Senator HARTKE. May I ask a clarifying question of the Secretary? I understood, Mr. Chairman, and Mr. Secretary, as I understand your figures of 6.8 hitting the high point on unemployment currently, this is a seasonally adjusted figure?

Secretary GOLDBERG. That is correct.

Senator HARTKE. That the actual percentage is much higher than that at the moment?

Secretary GOLDBERG. This takes into consideration seasonal factors, that is correct.

Senator HARTKE. If you go to an accurate statement of unemployment, it is more nearly 8.8 percent or higher, of the actual working force?

Secretary GOLDBERG. If you did not adjust it for seasonal factors. Senator HARTKE. That is right?

Secretary GOLDBERG. That is correct, it is about 8 percent, Senator Hartke.

Senator HARTKE. Although the comparison is correct as far as comparing 1957-58 recession to the current recession, the seasonally adjusted figures were used in both instances?

Secretary GOLDBERG. Yes, the seasonally adjusted figures were used in both instances.

Senator HARTKE. One other point for the sake of the record. As I understand, not included in your group are the partially unemployed is that right? In your 6.8 percent?

Secretary GOLDBERG. Part time.

Senator HARTKE. Your part-time unemployed, which is estimated to be another 3 million people?

Secretary GOLDBERG. That is correct.

Senator HARTKE. Which, added to the list of 6.8, either on an adjusted basis, would show the correct percentage, probably over 10 percent of your working force?

Secretary GOLDBERG. If we accepted the concept that this should be included in the total unemployment. By weighting it out, this would bring the percentage up considerably more, that is correct, sir.

Senator HARTKE. The other statement of fact is that generally speaking, although we are dealing with unemployment compensation benefits, this is in no way to be confused with any other type of aid programs, either directed by State or local agencies or by the Federal Government through OASI?

Secretary GOLDBERG. This is an insurance program, for unemployment benefit relief.

Senator HARTKE. And at the moment, there are approximately 4 million individuals who are receiving the surplus food programs that are to sustain them in their life?

Secretary GOLDBERG. That is correct.

Senator HARTKE. As a Member of the Senate who accompanied you on the field trip, and as a member of Senator McCarthy's Committee on Unemployment Problems, I have studied this and it is covered in the reports, of the committee and the report of Senator Douglas' Joint Economic Committee.

Senator KERR. Did I understand the chairman to say he is recessing until tomorrow morning?

The CHAIRMAN. If it is satisfactory to the convenience of the Secretary.

Secretary GOLDBERG. I do not know if we are going to have a Cabinet meeting in the morning. The President has been calling Cabinet meetings on Thursday mornings. I do not know if one is going to be held this Thursday.

The CHAIRMAN. We shall leave it to your convenience. We shall have it the first morning you are available.

Secretary GOLDBERG. I shall be available tomorrow if we do not have a Cabinet meeting.

Senator DOUGLAS. Before the chairman recesses, I have a couple of questions I would like to ask.

Senator KERR. I have a couple of questions, also. If he is going to recess, I would hope we would have the next hearing tomorrow, or not before Monday. There is a lot in the bill I have been concerned about, Mr. Chairman, and that is that the bill provides for the reimbursement to States of considerable amounts of money, which, as I understand the bill would not go to workers at all. It is a phase of the bill that I know a number of the members of the committee are interested in. It would seem to me that the purpose of the bill should be to provide money to go to workers. I would want to know what part of the bill would be going to workers and what part of the proceeds of the bill would be going to States, with reference to which workers, even in those States, now unemployed would not received any of it.

Secretary GOLDBERG. Do you want me to answer that now?

Senator KERR. No, I do not want you to answer the question now. I propose that when we start, we go into it in some detail. But first, I would like to have settled the timetable.

The CHAIRMAN. That depends on the Secretary. The chairman would like to continue tomorrow morning.

Secretary GOLDBERG. I would like very much to have it tomorrow morning.

Senator KERR. If not tomorrow morning, I would like to have it postponed until Monday.

Secretary GOLDBERG. I would hope I can be here tomorrow morning; I would like to be here tomorrow morning because of what I regard to be the urgency of this measure.

Senator BUTLER. Is there anything in this bill, or is Senator Kerr referring to the excess over the ceiling of \$350 million?

Secretary GOLDBERG. There is nothing in this bill on this subject.

Senator BUTLER. No excess?

Secretary GOLDBERG. No, sir.

Senator BUTLER. That is taken care of, Mr. Secretary, by a deficiency appropriation?

Secretary GOLDBERG. I have written the chairman.

Senator DOUGLAS. Mr. Chairman?

The CHAIRMAN. Senator Douglas?

Senator DOUGLAS. Mr. Secretary, reading an article by Professor Lester of Princeton University a few days ago, as I remember, he pointed out that the system of unemployment compensation as it now exists only meets about 20 percent of the wage loss from lost time, i.e., involuntarily lost time. If your staff would prepare material as to whether they think this statement of Professor Lester is substantially correct, I would appreciate it.

Secretary GOLDBERG. We shall be glad to do so, sir. But I would say that in a general way, Professor Lester has great competence in this field, and he has reflected that the unemployment compensation program, as good as it is, does not nearly meet the loss in wages to people who are unemployed.

Senator DOUGLAS. As one who had a part, or a minor part in the original State social security laws, and, to some degree, in the Federal social security laws, may I say that it was our intention that the system would provide approximately 50 percent, meet approximately 50 percent of the lost wages, and by the various restrictions which have been imposed by the various State laws, both on duration and amount, and also tying the benefits to the employment record during the preceding year or 2 years, we have had a progressive whittling down of the proportion of the wage loss which is compensated for. To the degree that this has been a whittling down, the protection given to the unemployed has diminished.

Furthermore, the stabilizing effect of unemployment insurance has also been decreased at the same time, is that not true?

Secretary GOLDBERG. That is very correct, and the President stated, in his message to the Congress on dealing with this subject, that this was a temporary program designed to strip out, as I said, all controversy, to provide a consensus, but that he felt now, as he felt as a Senator in 1958, that what we need is a sounder permanent program, and he would send proposals to the Congress on this subject very shortly.

Senator DOUGLAS. Is it not also true that at the same time that some States have depleted reserves, there are other States with huge reserves?

Secretary GOLDBERG. That is correct.

Senator DOUGLAS. Would you have Federal loans made to these States with huge reserves to finance the payment of Federal benefits, when their own reserves would be ample to provide for this?

Secretary GOLDBERG. This bill, Senator Douglas, provides no loans to any State. We are departing from the 1958 bill, which we did not feel worked out well, on the basis of experience. This bill provides for Federal benefits given through the States as agents, financed by a Federal tax on all employers. We have felt that this is the correct way to handle Federal responsibility in this area.

Senator DOUGLAS. Even though the reserves in some States would be ample to provide these unemployment benefits?

Secretary GOLDBERG. Yes; we have done so because, unfortunately, we have found in our experience that only six States have made provision for what is a crying need at the present time, and we felt, therefore, that it had to be a national responsibility to act in this area.

Senator DOUGLAS. One further question. My State happens to be, I think, one of those. Do you propose to give to these States, the unemployed in these States, the benefits for 13 weeks in addition to the benefits already provided under State law, or only 13 weeks in addition to the 26 weeks?

Secretary GOLDBERG. We propose that we have a maximum limitation of 39 weeks on the benefit. There are varying types. I would like to illustrate it.

Some States have provided in their regular statute for, let us say, 20 weeks of benefits. Some of them have provided for extended benefits.

Senator DOUGLAS. Take my State; the provision is for 26 weeks,

which can go up to 39 weeks, triggered in by an unemployment ratio of  $4\frac{3}{8}$  percent.

Secretary GOLDBERG. In your State, no man would get more than 39 weeks. If the State paid more than 26 weeks after April 1, it would be reimbursed.

Senator DOUGLAS. Are you not penalizing the unemployed in those States which have already assumed the burden of going ahead?

Secretary GOLDBERG. No; we do not think so, for this reason. We provided a uniform method because it is a Federal law, financed by a Federal tax, and giving a Federal benefit. Now, nothing would prevent any State from using its reserves. We have not touched the amount of the benefit. Nothing would prevent any State from increasing the amount of the benefit, which is very inadequate, as you, yourself, have portrayed.

For example, of the total amount on a national average which will be paid here—it will be about \$31 for about 10 weeks; about \$300, which is for 10 weeks—\$31 will be the average amount paid. In some States that we have, that could be used to increase their benefits. We hope maybe it will.

Senator DOUGLAS. You know perfectly well the pressure put on the State legislatures to keep benefits down, because if benefits go up, reserves are reduced, and there is always the possibility, or the probability of increase in assessments. This puts the employers of the State in question at a competitive disadvantage with the employers in States which have lower benefit scales and shorter durations.

Secretary GOLDBERG. One of the reasons, Senator Douglas, why we designed the bill as we did was to minimize that impact by reimbursing the State, such as Illinois, which has extended its amount beyond 26 weeks. We have provided a mechanism by which it will not be at a competitive disadvantage.

Senator DOUGLAS. Yes; but you reimburse the State; what about the unemployed?

Secretary GOLDBERG. What we have done is look at the unemployed throughout the country, as we have had to. We tried to devise a method that would provide equity to the unemployed and equity to the States. We did not want to penalize a State and prevent it from providing a State system of extended benefits, as Illinois has done. We think that is a good device. But only six States have done so.

Now, what we have attempted to do, therefore, is the following. We have attempted to treat all States equally, and we have attempted to take care of the unemployed as best we could. They get the bulk of this.

Senator Kerr asked the figure. I have not the specific figure, but I can give you the general figure. Of the \$990 million which will be available under this program, a little over \$100 million will be used for reimbursement; \$890 million will go out to the unemployed. That is the figure. I shall give you the exact figure.

Senator WILLIAMS. Could you furnish at the same time a breakdown of the States to which that will be paid?

Secretary GOLDBERG. We shall give the figure as best we can.

(The requested information was subsequently submitted and appears on p. 185.)

But you see, the basic dilemma we had is this. By the way, the six I gave are States that have adopted programs with triggering devices. There are other States that provide more than 26 weeks. Some provide 30 weeks, and so on.

Now, what we have therefore had to do was conceive legislation which would say to the States, "The Federal Government is not going to penalize you for being progressive." I think that is a necessary part of this.

Senator DOUGLAS. It is not going to give added protection to the unemployment in the States for which the State legislatures previously acted.

Secretary GOLDBERG. But it is going to assure, I think—this is a national bill—that on a national basis, this State effort ought to be encouraged, which I think we all would agree to. Any other method would not do it. We had to balance one consideration against another.

Mr. Chairman, I said six States. I am advised that just within a short period, two other States have passed triggering programs, Delaware and New York, in addition to the six we listed here.

The CHAIRMAN. Thank you very much, Mr. Secretary.

Are there any further questions?

Unless we hear from you to the contrary, we shall meet at 10 o'clock tomorrow morning.

Secretary GOLDBERG. I shall call promptly, as soon as I check.

The CHAIRMAN. I submit for the record a letter from the Bureau of the Budget, signed by Mr. Phillip S. Hughes, Assistant Director for Legislative Reference, reporting on the pending bill.

(The report of the Bureau of the Budget follows:)

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
Washington, D.C., March 8, 1961.

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

MY DEAR MR. CHAIRMAN: This is in reply to your request of March 3, 1961, inviting the Bureau of the Budget to comment on H.R. 4806, a bill to provide for the establishment of a temporary program of extended unemployment compensation, to provide for a temporary increase in the rate of the Federal unemployment tax, and for other purposes.

On February 6, 1961, the President transmitted a bill to the Congress providing for a temporary program of additional unemployment compensation to workers who have exhausted their State benefits stating that "The need for prompt enactment of this legislation is clear." As revised this bill is now H.R. 4806.

I am authorized to advise you that the enactment of H.R. 4806 in its present form would be in accord with the program of the President.

Sincerely yours,

PHILLIP S. HUGHES,  
*Assistant Director for Legislative Reference.*

The CHAIRMAN. We have the honor to have Senator Clark from Pennsylvania, whom the Chair recognizes.  
Senator Clark.

**STATEMENT OF HON. JOSEPH S. CLARK, U.S. SENATOR FROM THE  
STATE OF PENNSYLVANIA**

Senator CLARK. Mr. Chairman, I appreciate very much the opportunity to appear before the committee. I shall be very brief, indeed. I have distributed copies of my testimony to members of the committee and the press, and I shall not read it.

Actually, I am here—I am sure the chairman will be happy to know—in support of the sacred principle of States rights. I think the rights of my State are being badly trodden upon by this legislation. I think the State should be given the option of using the money to be received under this bill, in any way the States determine as long as the uses conform with the basic purposes of the bill. The State of Pennsylvania, if it is given the option, will use this money to help the unemployed, and not to put 4 weeks of the money we get, as required by the present bill, into our unemployment compensation fund.

That, in essence, is my case. We have a progressive unemployment compensation system in Pennsylvania. I heard the Secretary say a minute ago that he does not want to penalize us for being progressive, but that is exactly what he is doing.

We provide for 30 weeks of unemployment benefits under our Pennsylvania system. I think we ought to be entitled to 15 additional weeks from the Federal Government, but I shall not quarrel about that; we will settle for 13. When we get the 13, we ought to be permitted to pay the full amount to the unemployed, of Pennsylvania, of whom there are presently 544,000, among the highest ratio of unemployed men and women in the whole United States of America. We have some 90,000 who have already exhausted their unemployment compensation benefits. We estimate 250,000 Pennsylvanians either are or will become eligible under this bill.

Practically every State in the Union is going to be able to get 13 weeks to pay the unemployed. We are told we can have only 9 weeks, and the other 4 weeks have to go, by Federal ukase, into the unemployment compensation fund. We do not think that is right. We ask the committee to amend the bill to let us use the full additional time provided to aid the unemployed.

The CHAIRMAN. Thank you very much. Your complete statement will be inserted into the record.

(The complete statement of Senator Clark follows:)

**STATEMENT OF SENATOR JOSEPH S. CLARK**

I appear today to urge that the bill before you be amended in two respects:

First, to remove what appears to be an inequity affecting the Commonwealth of Pennsylvania;

Second, to remove an arbitrary limitation on the freedom of a State to do as it wishes with its own money raised through its own taxes on its own employers. This second proposal I present is strictly a matter of States' rights.

But let me begin by heartily endorsing the objectives of the bill as a whole.

The Commonwealth of Pennsylvania is strongly in favor of the enactment of a bill for an emergency extension of unemployment compensation. Being a heavily industrialized State, we suffer more than our share of unemployment. Our latest figures indicate that 544,000 men and women in our Commonwealth cannot find jobs.

These are solid, reliable, self-respecting citizens who are unemployed through no fault of their own. Most of them have had long records of steady employment, until economic factors over which they have no control caused their temporary displacement. They are actively seeking work, and are willing and eager to work.

Pennsylvania employers have met our emergency unemployment conditions by substantially increasing their contributions. In 1960, the average contribution rate was 3 percent of taxable payroll, and in 1961 this rate will rise by almost 10 percent. These increases have kept our unemployment compensation fund solvent in the face of the severe demands placed upon it.

We provide benefits in Pennsylvania for 30 weeks, which is a longer period than in all but a few of the States. Nevertheless, 92,000 workers have exhausted their entitlement to unemployment compensation since June 30, 1960, under the State program.

We estimate that 250,000 Pennsylvanians either are or will become eligible for the extended benefits under this bill if it is passed.

The payments which Pennsylvanians will receive under this bill amount to \$55 million. But since most of this money will be spent immediately for necessities, such as food, clothing, and shelter, the rapid turnover of the funds will have an impact on our economy of many times the amount originally paid in unemployment benefits. If this is all translated into economic impact, our economists figure that these benefits will have the same stimulating effect on the Pennsylvania economy as the creation of 150,000 full-time jobs.

This brings me to my proposed amendments.

Under the bill, the Federal Government provides funds for payment of extended unemployment benefits, up to 50 percent of the number of weeks during which the employe receives compensation from State funds. However, an arbitrary cutoff of 13 weeks of benefits from Federal funds is provided.

In Pennsylvania, an unemployed worker receives benefits for a period of 30 weeks. Thus, instead of receiving Federal funds to the extent of 50 percent of what is paid from State funds, as in the case of other States, Pennsylvania receives only thirteen-thirtieths, or 43 percent.

It seems to me inequitable to establish a cutoff point which in effect penalizes the States which are doing the most to meet their own unemployment problem. We in Pennsylvania have imposed the taxes on our employers; we have strained our own resources; we have gone to extra effort to see to it that people out of work have grocery money. It seems to me only fair that we should receive Federal funds equal to 50 percent of our own effort, in the same proportion that States who are straining themselves to a lesser degree receive 50 percent additional from the Federal Government.

My second proposal would remove a second arbitrary cutoff provision in the bill, which is that no individual may receive benefits for more than 39 weeks. Because of this 39-week limitation, Pennsylvania unemployed receive 13 weeks of Federal benefits only on condition that the State, in effect, reduces its own effort, paying from our own funds for only 26 instead of 30 weeks.

To put it another way, a State which normally pays benefits for 26 weeks is given Federal funds to add 13 weeks of payments. But we are permitted to add only 9 weeks of payments. We get the money for 13 weeks, but we are required to put the difference into our unemployment compensation fund and keep it there.

What the Commonwealth of Pennsylvania desires, Mr. Chairman, is the option of continuing to pay the 30 weeks of State benefits in addition to the 13-week extension financed by the Federal Government. We have expected to pay 30 weeks of benefits, we have raised the money for the purpose, and we are prepared to pay it. It costs the Federal Government no more, and I cannot see why it makes any difference to the Federal Government what we in Pennsylvania do with our own money. Instead, it seems to us that the purpose of appropriating Federal funds at this time is to get money into the hands of people who are out of work at the time when they are in desperate need, rather than to build up unemployment compensation reserves that should be built up, instead, in more prosperous times.

I submit, Mr. Chairman, that this is strictly a matter of State's rights. All we ask is the right to do as we please with our own funds, raised by our own taxes over and beyond the aid which the Federal Government is planning to provide for all States.

I realize the urgency of speed in the enactment of this measure, but I do not believe that either of these amendments will occasion any significant delay. I



hope the committee will consider them favorably, in the interest of fairness to all of the States of the Union.

The CHAIRMAN. Our next witness is Senator Claiborne Pell. Senator Pell, please have a seat.

**STATEMENT OF SENATOR CLAIBORNE PELL, U.S. SENATOR FROM THE STATE OF RHODE ISLAND**

Senator PELL. Thank you, Mr. Chairman.

It is apparent to each of us that prompt action must be taken to provide extended unemployment compensation payments to those many thousands of our fellow Americans who have exhausted their unemployment compensation benefits, or who will do so in the very near future.

However, I would like to make a few comments concerning the financing provisions of this legislation as it was passed by the House of Representatives.

It is my very strong belief that the Congress should provide for an increased tax base to finance the extended unemployment compensation payments under this act rather than to provide an increased tax rate on the presently existing base.

An adjustment of the present tax base of \$3,000 to a more realistic figure is long overdue. The proposed method of financing this bill by an increase in the tax rate places an unfair burden on my State of Rhode Island as it does to other low average income States. It is my hope that when your committee has the opportunity to do so, it will take action to rectify this inequitable situation.

The CHAIRMAN. Thank you, Senator Pell.

The Chair recognizes Senator John A. Carroll. Senator Carroll will you proceed with your statement.

**STATEMENT OF SENATOR JOHN A. CARROLL BEFORE COMMITTEE ON FINANCE**

Senator CARROLL. Mr. Chairman, there is a real need—in my State of Colorado and in the country—for an immediate extension of our unemployment compensation program. I am pleased, therefore, to make a statement today in full support of H.R. 4806 which will extend additional benefits to those unemployed men who have exhausted their normal benefits and are still without work.

This recommendation of President Kennedy's received prompt and almost unanimous approval from the House and it is fitting that this should be so. For this measure, aside from its humanitarian importance, will serve to channel much needed high velocity dollars into the consumers market and will serve thereby to stimulate our lagging economy.

**WHY IS SUCH A PROGRAM NEEDED?**

Bare figures on unemployment and exaustees are cold and without meaning.

It is only when we realize that each figure is a man without work—a man, often with a family to support and without the means of doing so.

In my own State of Colorado, the unemployment figures over the last 3 months tell a grim story of mounting hardship.

In November, 30,800 claims were paid to those insured unemployed without work. In December, claims payments jumped to 48,504; in January to 61,627.

There are areas in my State of severe suffering. In Las Animas County with unemployment figures high for many months, there has been an alarming jump in the number of benefit claims—January's figure was double that of December. In Huerfano County unemployment is hovering around the 20 percent mark.

Pueblo, the third largest city in my State, has grown rapidly since World War II. A vigorous industrial city, its steel works are the largest in the Rocky Mountain area. Pueblo is also a major producer of gravel, cement, rock wool, and precision aluminum parts for the aircraft industry.

This active growing city has been hard hit by the economic slump:

In December 1959, with an employed working force of 40,425, Pueblo's insured unemployed was at 3.4 percent.

In January 1961, 12 months later, Pueblo's employed working force was down to 35,700 and unemployment was up to 11.3 percent.

In these 12 months, according to the Pueblo County office of the Colorado State Employment Service, the rate of applications for work doubled while the number of job openings dropped by a third.

The bill under the committee's attention provides for an extension of unemployment benefits to those who have exhausted their regular benefits. The figures I have quoted above do not in themselves indicate an important need for this legislation. However, the committee should consider that the number of men exhausting their benefits in Colorado is growing month by month. Without the assistance of additional unemployment compensation many of these men and their families will be thrown upon the meager handouts of a hard pressed welfare department, they will no longer be buyers in the consumer's market, they will no longer be providing for their families.

Such a situation in no way benefits the individual, the economy, or society.

The following figures point out the increase of exhaustees in Colorado:

*Colorado exhaustees (total UI, UCFE, UOX)*

July.....	483	November.....	469
August.....	529	December.....	631
September.....	436	January.....	539
October.....	352	February.....	652

HOW H.R. 4806 WILL HELP COLORADO

Under the terms of this bill, a Colorado exhaustee will receive half again as many weeks of benefits as he was eligible to receive under the State program—up to a maximum of 13 additional weeks. The only restriction being that in no case shall the duration of benefits exceed 39 weeks.

I have been informed that the average length of time benefit payments are paid in Colorado is 13 weeks; the average payment is \$37.

Under this bill, the average worker who has exhausted his payments

would receive 6.5 more weeks of payments at \$37 per week. This would total \$240.50 of additional benefits to each exhaustee.

Under the terms of this bill, as amended by the House of Representatives, all those who exhausted their payments after June 30, 1960, and who are still unable to find employment would receive these additional payments.

The action of the House in pushing back by 4 months the date of inclusion is, I believe, a simple act of justice.

With payments averaging an estimated \$240.50 per man and with a maximum of 4,091 eligible in the State as of the 1st of March—this measure could mean over \$900,000 of payments to exhaustees in Colorado during the first month and a half of the program's operation.

Participation in the benefits of this program is dependent upon the State's agreement; and the program in no way interferes with the State's operation of its unemployment compensation system. H.R. 4806 will supplement this system.

Of special interest to Colorado is the provision in this measure whereby the Federal Government returns to the State unemployment fund all that the State has paid out to any worker above and beyond the first 26 weeks of benefit payments.

The fiscal responsibility of this measure has been attested to by House Members on both sides of the aisle. The temporary 0.4 percent rise in the Federal share of the unemployment tax on employers will, it has been estimated, return to the Government the full costs of this program within the 2-year period over which the tax raise is to run.

In closing, I congratulate this committee for its prompt action on this measure of high importance.

The CHAIRMAN. Thank you, Senator Carroll.

The next witness is Mr. Cruikshank.

#### **STATEMENT OF NELSON H. CRUIKSHANK, DIRECTOR, DEPARTMENT OF SOCIAL SECURITY, AFL-CIO**

Mr. CRUIKSHANK. Mr. Chairman, I am very happy for the opportunity you have extended me, but I realize the pressure of time under which the committee is operating and the urgency of this measure. If it meets with the committee's acceptance, I should be very glad simply to file for the record the statement that has been prepared and distributed, and if you have a later session and any of the members, having seen the statement, wish to question me, I and my colleagues will be glad to come back.

The CHAIRMAN. You will be present at the other sessions, I assume?

Mr. CRUIKSHANK. I can be; yes sir.

The CHAIRMAN. Then if there are questions the members wish to ask, you will be here to answer them.

Thank you very much. Your statement will be in the record.

(The complete statement of Mr. Cruikshank follows:)

#### **STATEMENT OF NELSON H. CRUIKSHANK, DIRECTOR, DEPARTMENT OF SOCIAL SECURITY, AFL-CIO**

My name is Nelson H. Cruikshank, and I am director of the Department of Social Security of the American Federation of Labor and Congress of Industrial Organizations. I am accompanied by Mr. Andrew J. Blemiller, director of the

Department of Legislation of the AFL-CIO; by Mr. Raymond Munts, assistant director of the Department of Social Security, AFL-CIO; and by Mr. Leonard Lesser, director of social security activities of the Industrial Union Department of the AFL-CIO. Mr. Munts and Mr. Lesser are both members of the Federal Advisory Council on Employment Security of the U.S. Department of Labor.

I and my associates are appearing at the direction of President George Meany of the AFL-CIO to present the views of our organization and its affiliated national and international unions in support of H.R. 4806 to temporarily extend unemployment compensation benefits. We welcome the opportunity to present our views at this time in this manner and are glad to cooperate with the committee in its efforts to expedite the hearings so as not to delay the reporting of this bill. Each day that goes by another 7,000 families are told that their unemployment benefits are terminated.

#### THE COSTS OF EXTENDED BENEFITS SHOULD BE SHARED NATIONWIDE

The great superiority of H.R. 4806 over the Temporary Unemployment Compensation Act of 1958 is in its provisions for financing the additional benefits on a nationwide basis. The loan approach of 1958 suffered two severe shortcomings: First, it put the full cost on employers in States where the incidence of unemployment was high. Second, it tended further to undermine the sound financing of unemployment insurance by adding heavy unexpected liabilities to hard-pressed State funds.

Several of the States that borrowed under the Temporary Unemployment Compensation Act of 1958 are now in severe financial difficulties; none of them has yet paid back any of the funds advanced. The TUC obligations are not alone the causes of these States' difficulties, but they have contributed to darkening their financial picture. A succession of temporary extensions that would load the full cost onto each participating State will actually aggravate the interstate differences in cost and tax rates and discourage the establishment of industry in those States that need it most.

Fortunately, these shortcomings which had considerable effect in deterring most States from participation are not in H.R. 4806. This bill recognizes that recession conditions such as those now facing us are nationwide in their origin and causes and that no State economy can be said to be responsible for its own unemployment.

In the Temporary Unemployment Compensation Act of 1958 it was assumed that employers were responsible for that unemployment and should be made to pay for it. For example, the 1958 act required Pennsylvania employers to pay all the costs of extended benefits in that State, when actually it was the decline in demand for steel all over the country which was responsible for unemployment in the steel centers. No one can seriously contend that the cost of jobless pay for unemployed steelworkers should be borne only by employers in the steel-producing States.

Senators Douglas and Kerr, in their minority views on the Temporary Unemployment Compensation Act of 1958, stated the principle involved with crystal clarity:

"Economic recessions and depressions arise from general causes, as yet imperfectly understood, which sweep through industry \* \* \* the incidence of where cyclical unemployment strikes bears little relation to the causes of the recession or depression itself.

"The fact that the economic behavior of the sufferers may not always have been perfect in other matters is no more reason why they should be denied aid than it would be to bar cancer and tuberculosis patients from assistance because their previous health habits were faulty in some respects, or to prevent flood victims from getting relief because they had not previously erected high flood walls.

"We believe, therefore, that the citizens of all States and their Representatives in Congress should take steps to aid these victims of a national catastrophe. Just as the States which were not directly affected have shown concern for those who suffered from natural disasters, so should the States which are less affected by the present recession show concern for the citizens of other States who are suffering."

There seems now to be wide acceptance of this principle that the costs of extended benefits should be equalized and I suggest that this recognition marks an important milestone since it is so basic to the development of a sound unemployment insurance system.

## THE SHORTCOMINGS OF H.R. 4806

While we support the measure now before this committee, we would not be making our position clear if we did not point out certain areas in which it appears to us deficient.

The temporary unemployment insurance extensions recommended by the administration would have financed the extended benefits by increasing the taxable wage base. The House has voted instead that the tax rate be increased from 3.1 to 3.5 percent. We would greatly prefer to see an increase in the wage base. This base has become such a small portion of total payrolls that sound financing of unemployment insurance is being impaired. Obviously, as wage levels rise over the long run either the tax base or the tax rates must be increased to cover the higher dollar liabilities in absolute terms. The rate-versus-base fight has been going on in almost every State for a long time and in general the higher rate advocates are winning out. Sixteen States now have penalty rates higher than 2.7 percent—up to 4.5 percent in one State—on top of which they must pay the fixed Federal portion. These higher rates are paid by the employers with the highest unemployment experience. On the other hand, for the heavier higher wage industries the \$3,000 base means that a smaller and smaller portion of their payrolls are subject to tax. The effect of higher rates on a fixed tax base has been to shift the incidence of the tax toward low-wage industries, small businesses and new businesses, and enterprises which, in general, have a more tenuous place in the economy.

It was argued in the House, and not without merit, that increasing the wage base is too drastic a change for a temporary program. But in the interest of simplicity, the Congress is encouraging the drift to higher rates. This will be the third time in 4 years that the tax rate has been increased by Federal action: First, on the Temporary Unemployment Act of 1958 under which the rate goes up in participating States by 0.15 percent each year and could go to 0.6 percent if a State has not fully repaid by 1966. Second, there is the increase from 0.3 to 0.4 percent in the Federal portion of the unemployment tax enacted last year. These actions are in addition to the tax rate increases that apply for repayment to the Federal loan fund. The effect of continuously enacting Federal legislation in terms of tax rates only and continuously ignoring the tax base is adding to the shift in incidence of the cost that I have described.

But we are confronted with the practical situation that we have before us a bill which, while it falls far short, will, if enacted with the least possible delay, meet many of the human and economic problems incident to this recession. Any undue delay would upset the hoped for effective date of April 1. The problems of our unemployed members are such that we have to emphasize urgency and, hence, we are willing to accede to the financing provisions of the present bill.

There is another important shortcoming in H.R. 4806. When the legislation was before the House Ways and Means Committee, we raised objections to the principle that the extended benefits should equal only half of the State benefits. Since this meant as little as 3 weeks in some cases, it seemed to us that the extended benefit should be a flat 13 weeks for every person exhausting his State claim. We do not see any justification in recession conditions of drawing any relationship between base-year earnings and the length of entitlement to Federal benefits. The problem of finding a job now is just as difficult for those who worked 52 weeks last year as for those who worked only part of the year. The argument for uniform duration is especially strong under recession circumstances, but here again we are faced with the fact that any change in H.R. 4806 may delay the beginning of benefit payments. We cannot urge any improvements that will delay help to the 720,000 who are now waiting for this aid.

INHERENT SHORTCOMINGS OF ANY TEMPORARY EXTENSION AND THE NEED FOR  
PERMANENT IMPROVEMENTS

Before concluding, I would like to point out that any temporary program, no matter how well conceived as a stopgap program which does not include basic improvements suffers from certain inherent defects.

This temporary extension means a great deal to the three-quarters of a million people who have already exhausted their benefits and to 2½ million more who will exhaust their benefits within the next 12 months. (And I should also add that H.R. 5075, a companion extension for the railroad unemployed, which we support also but which is before the Labor and Public

Welfare Committee—I should also add that this bill will help 20,000 railroad workers who have already exhausted and another 60,000 who will exhaust in this benefit year.) For many, these temporary extensions in their benefits are so important that they may be the difference that will save them from dependency. Furthermore, the \$1 billion that will be paid out in benefits will be a much-needed stimulant to our economic life. However, we must also point out that temporary extensions provided on an emergency basis in each succeeding recession without permanent improvements have some serious disadvantages.

In some respects such action has something of the same effect that successive doses of morphine have on a patient for whom surgery is clearly indicated. Each dose kills the pain for the present but may well make the inevitable operation more severe.

Permit me to remind the committee of some of the inherent disadvantages of a succession of emergency extensions. They are enacted under emergency conditions of high unemployment; speed and urgency become paramount. They must be tailored to dovetail easily with the State plans. This means that the Federal Government, of necessity, becomes a party to a great many inequities which exist in State laws and which can be removed only by a permanent overhaul of the system. For example, there is a great variation between States in the weekly benefit amounts. Under this bill which pays whatever weekly benefit amount is paid by the State, a \$100-a-week wage earner who is unemployed will receive \$50 in some States and as little as \$28 or \$26 in others. In some States some claimants will get as few as 9 weeks in total benefits including the extensions and in others as many as 39 weeks. In some States a worker will be eligible but the same worker under identical conditions in other States will have been disqualified for the duration of his unemployment. Again, there are no two States with exactly the same measure of attachment to the labor force. Furthermore, some States cover establishments with one or more persons, others two or more, others three or more, and still others four or more. The point is that by accepting the differences in State definitions of who should receive benefits and how much, the Federal Government becomes a party to these unjustifiable and inequitable variations in amounts and in the conditions of eligibility. In our view the only justification for this is administrative simplicity, speed, and expediency which are necessarily characteristic of any temporary Federal enactment.

We recognize the practical fact that the Congress cannot enact for immediate implementation a temporary law with its own eligibility requirements and with equitable benefit amounts as between the unemployed in different States. But let us at least acknowledge the inequities into which the Federal Government is being drawn, and let us acknowledge that the only real solution is permanent Federal standards.

There is another limitation that characterizes any, even the best, temporary supplementation. It simply cannot compare with a good permanent unemployment program that provides help at exactly the right time, at exactly the right place, and to exactly the right people in the earliest stages of recession. Right now we have a backlog of nearly three-quarters of a million people who have used up all their benefits and have not yet found jobs. Some of these exhausted their State entitlement last summer and early last fall. Had our unemployment insurance been on a sound permanent basis last year, it would have been effective during the summer and fall when insured unemployment was rising and the number of those exhausting benefits was mounting.

In April 1959, President George Meany, of the AFL-CIO, while testifying on unemployment insurance improvements, summarized succinctly the problems involved—and I quote:

“Without dwelling here on the basic limitations of temporary emergency action of this kind, we should like to bring to your attention certain inherent dangers to the system that can result from sole reliance on it.

“First, there is the danger that the States will take it as an indication that there is no real need for them to take action, as the Federal Government stands ready to bail them out of any difficulties occasioned by the inadequacies of their State unemployment insurance laws which may arise in any future recession.

“Secondly, reliance on emergency action by the Federal Government can obviate one of the main advantages of an unemployment insurance system, namely,

its ability to get benefit payments into the hands of the unemployed quickly at the very onset of a downward move of the economy. \* \* \*

Had benefit standards been enacted in 1958 or 1959, all the States would be in conformity by now. The laidoff workers who have exhausted their benefits would already be receiving support and their purchasing power would have alleviated the severity of this downturn. Only permanent improvement can properly gear unemployment insurance into its economic role as an anticyclical stabilizer.

In conclusion, I would like to quote from the statement of the AFL-CIO executive council, adopted February 20, 1961. This resolution supported the temporary extension recommended by the administration and now before this committee. In addition, it concluded as follows:

"We recognize that any temporary measure has to be geared to existing State programs—inadequate as they are—and will necessarily have corresponding limitations and shortcomings. Under the circumstances, we support urgency. \* \* \*

"But with the least possible delay, we urge the Congress to shore up Federal-State unemployment insurance programs with permanent improvements to make unnecessary temporary programs every time a recession confronts the Nation. Had the improvements we urged in 1958, 1959, and 1960 been enacted, much of the sting would have been taken out of the present emergency. In fact, the downturn in the economy itself would have been substantially slowed down.

"Unemployment insurance cannot perform its economic role unless it functions automatically and immediately at the beginning of a recession, to aid workers laid off in the early stages of the downturn. A better program would help wage earners exactly when and as they need it—in the early as well as the deeper stages of the recession. \* \* \*

"Unemployment insurance is our first line of economic defense but that line needs some fast repair work and a thorough rebuilding as soon as the immediate needs are met.

"The President has assured the Nation that he will submit proposals for permanent improvements by April 1. The Congress should then enact permanent improvements in the coverage, benefit levels and in the financing of the program in order that the terrible lesson in human want that is our legacy from the last recession will not again plague our economic life."

The CHAIRMAN. The committee is recessed until 10 o'clock tomorrow morning.

(By direction of the chairman, the following is made a part of the record:)

U.S. SENATE,  
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,  
March 3, 1961.

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

DEAR SENATOR: This is in reference to the hearings your committee has scheduled today on H.R. 4806, the temporary unemployment compensation extension.

I would appreciate your including the attached statement by Senator Prouty and myself in this testimony.

Thank you for your consideration, and with best wishes, I am,  
Sincerely,

HUGH SCOTT.

Mr. Chairman, on behalf of Senator Prouty and myself I would like to thank you for giving me this opportunity to testify on the prepared extension of the unemployment compensation program.

Both Senator Prouty and I are deeply concerned about the millions of Americans who want to work and who cannot find a job. We must act—and act quickly—to alleviate the suffering and hardships which are now taking place. But, in acting quickly, we must be wary of a patchwork approach in our deliberations. Our Federal-State unemployment insurance system is one of the

most important weapons we have for fighting recessions. As President Kennedy has said, "Unemployment compensation provides unemployed workers with necessary working power. When this compensation is exhausted the purchasing power ceases. This has a serious impact not only on the worker and his family, but on the economic health of the entire economy."<sup>1</sup>

The system as good as it is today must be regeared because it fails to meet the human needs of many families whose breadwinner, through no fault of his own, has lost employment.

In 1958, the system paid some \$4 billion in benefits to almost 8 million jobless workers. During the same year, however, 2,600,000 persons exhausted their rights to benefits before they found other jobs, or returned to their former work. Unemployment insurance replaced only one-fifth to one-fourth of the wages lost because of unemployment, so the jobless workers had to adjust radically to lowered income by reducing their living standards, borrowing money, or becoming dependent upon other family members. Many States paid benefits for a maximum of 26 weeks to workers with good records of employment and earnings. But even if all States had paid benefits on a 26-week basis to all beneficiaries, the number who exhausted their benefit rights would have declined by only 600,000, from 2.6 million to 2 million.

During a quarter of a century of unemployment insurance experience, the recession of 1957-58 was the first time that the system was subjected to thorough review and reexamination.

The result was the Temporary Unemployment Compensation Act (TUC). In adopting this measure Congress clearly recognized the necessity of some Federal action in the unemployment insurance field during periods of recess.

When the TUC program took effect in June 1958, our unemployment insurance system was in such bad shape that only one-half of the 5.4 million unemployed at that time were receiving benefits. The financial state of the system led the Federal Government to lend money to the States under a temporary program to provide additional payments to the unemployed who had exhausted their benefits.

It will be argued, Mr. Chairman, that State reserves for unemployment insurance amount to about \$7 billion and, therefore, the States have enough money to take care of the present emergency. This argument must be examined. An article recently published by the American Enterprise Association brings to focus the fact that the total State reserves are not evenly distributed and some key States are in a difficult position. This is what the association has to say:

"As of December 1960, the following States had in their reserves less than would be required to meet 1 year's benefit costs in the year of highest unemployment experienced in the postwar period (1947-49): Alaska, Delaware, Michigan, Oregon, Pennsylvania, Rhode Island, and West Virginia. The reserves of the following States were sufficient to meet the costs of 1 but not 2 such "worst" years: Alabama, California, Connecticut, Illinois, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Nevada, New Hampshire, New York, New Jersey, North Dakota, Ohio, Tennessee, and Vermont.

"Among the large industrial States, Pennsylvania and Michigan are the leading examples of States in difficulty. Pennsylvania has about \$102 million in its reserves, but owes some to the Reed fund and another \$81 million to the Federal Treasury in repayment of advances made under the TUC program. Michigan has a fund of about \$220 million but it also is in debt to the Reed fund for \$113 million and to the Federal Treasury for TUC advances to the extent of about \$76 million. During the recent recession the cost of unemployment insurance benefits in both Pennsylvania and Michigan were greater than the cost of total State payrolls (wages and salaries of State employees)." For the country as a whole, the State reserves have declined substantially in relation to potential liabilities, falling from over 10 percent of total wages in 1945 to 3.9 percent by June 30, 1959.

Mr. Chairman, at this point in the record, I would like to have inserted a chart which indicates the constancy of the decline.

<sup>1</sup> President Kennedy's letter of transmittal on proposed legislation to Speaker, dated Feb. 6, 1961.



## TEMPORARY UNEMPLOYMENT COMPENSATION EXTENSION 91

TABLE 10.—National average tax rates, average cost rates, and reserve percentages, based on total and taxable wages, 1938–59

Year	In percent of taxable wages			In percent of total wages		
	Tax rate	Benefit payments (cost rate)	Reserves	Tax rate	Benefit payments (cost rate)	Reserves
1938.....	2.70	<sup>1</sup> 2.18	4.33	2.65	<sup>1</sup> 2.11	4.24
1939.....	2.72	<sup>1</sup> 1.59	5.41	2.66	<sup>1</sup> 1.55	5.29
1940.....	2.69	1.72	6.04	2.50	1.60	5.60
1941.....	2.58	.89	6.53	2.37	.82	5.99
1942.....	2.19	.69	6.81	1.99	.63	6.18
1943.....	<sup>2</sup> 2.09	.13	7.99	<sup>2</sup> 1.87	.12	7.13
1944.....	<sup>2</sup> 1.92	.10	10.01	<sup>2</sup> 1.68	.09	8.78
1945.....	<sup>2</sup> 1.71	.76	11.81	<sup>2</sup> 1.50	.67	10.37
1946.....	<sup>2</sup> 1.43	1.72	10.77	<sup>2</sup> 1.24	1.49	9.35
1947.....	1.41	1.06	10.01	1.19	.90	8.43
1948.....	1.24	1.01	9.68	1.01	.82	7.91
1949.....	1.31	2.28	9.19	1.07	1.85	7.47
1950.....	1.50	1.68	8.55	1.19	1.33	6.76
1951.....	1.58	.93	8.62	1.20	.71	6.56
1952.....	1.45	1.05	8.80	1.07	.78	6.52
1953.....	1.30	.97	8.95	.93	.69	6.41
1954.....	1.12	2.10	8.51	.79	1.48	6.00
1955.....	1.18	1.33	8.14	.81	.91	5.58
1956.....	1.32	1.26	7.81	.88	.84	5.21
1957.....	1.31	1.54	7.68	.85	1.00	4.99
1958.....	1.82	3.22	6.37	.84	2.05	4.05
1959 <sup>3</sup> .....	1.70	2.00	6.00	1.10	1.30	3.90

<sup>1</sup> Based on data for 23 States in 1938, and 49 States in 1939.

<sup>2</sup> Includes effect of war-risk contributions.

<sup>3</sup> Preliminary.

A study of the employment situation for January 1961 shows continuing job declines in manufacturing industries. Unemployment overall rose by 850,000 to 5.4 million. State insured unemployment rose by 800,000 over the month to 3.2 million. Both total and insured unemployment were more than a million higher than in January a year ago.

The Employment Act of 1946 makes the Federal Government responsible for maintaining the Nation's economic well-being, particularly with respect to maximizing employment. Given this responsibility, the Federal Government cannot ignore the need for taking the action to meet the problem of mass unemployment arising out of national recessions, the causes and effects of which clearly reach across States lines.

The question facing your committee, Mr. Chairman, is: What kind of action should Congress take?

The bill, H.R. 4806, reported by the House Ways and Means Committee and passed by the House is a step in the right direction, but it does not go far enough. The bill is temporary in nature and proposes additional benefits for individuals who have exhausted their benefit rights. Payments would be made to unemployed persons who have exhausted their benefit rights under State programs after June 30, 1960, and before April 1, 1962. Those individuals entitled to benefits would be eligible for a maximum of 13 weeks' extended compensation and in most cases far less. The program which is estimated to cost \$927 million (excluding extended benefits for Federal employees and ex-service-men—\$68 million) would be financed by advances from the Treasury.

The Treasury would be repaid out of funds collected by a temporary increase in the net Federal unemployment tax of 0.4 percent on the existing wage base of \$3,000, effective for calendar years 1962 and 1963. The total tax would then be 3.5 percent.

Mr. Chairman, Senator Prouty and I are pleased that both the administration and the other House recognize that the Federal Government must extend unemployment compensation benefits to those seeking work during this recession. But we are disappointed that the legislation before this Committee is only temporary in character and affords no protection to the unlucky individual who may find himself in serious economic difficulty during future recessions. The

House committee in its report expresses the desire that States who have not already done so, "will act to deal effectively with the special problems imposed on the Federal-State unemployment compensation program so that the need for Federal action during times of recession can be alleviated" (p. 3, line 19). Mr. Chairman, this is only a hope, a desire and unfortunately cannot be used to purchase necessities by the unemployed worker of the future who has exhausted his benefits.

A permanent standby program well considered in advance would be far better than the temporary system proposed by H.R. 4806.

By the time the TUC law came into play in 1958 half of the jobless people were without unemployment compensation benefits. That is what happened during the 1958 recession. What about the present problem? Secretary of Labor Goldberg has said that we have one-half a million insured unemployed who have no more rights to unemployment compensation under State laws. He also says that we will have at least another hundred thousand people in the same regrettable predicament by April 1.

The policy of trying to take care of critical situations after they arise is not only inhumane, it is bad economics. Economic recovery should be fostered when the first serious slowdown takes place. This would soften the blow and help to flatten out the economic sag.

Only 2 years have elapsed since the most recent recession. Is it realistic to enact a temporary program carrying a high tax increase on the assumption that there will be no other recession in the next 5 to 10 years? It is not realistic—and it is not fair—for Congress to say in effect to the unemployed breadwinner: "We know you have been out of a job for a long time and we know that you have no unemployment compensation money coming in under State law. We are going to see that you get some help and if, in the future, your cupboard gets bare, and you haven't any food for your family, we will think about your problem then. We hope after a few weeks or months we will figure out some solution for it." Mr. Chairman, by perpetuating the practice of handling each recession on a patchwork basis we deny to poor families the barest necessities while the gears of Government get unstuck.

As you know, Mr. Chairman, Senator Prouty introduced a bill (S. 5) which proposed a permanent program to provide standby benefits to supplement the regular unemployment insurance program. I am a cosponsor of this bill and firmly believe that the permanent approach is not only the most logical but the most humane.

The Republican members of the Senate Special Committee on Unemployment Problems of the previous Congress rejected the notion that new unemployment compensation legislation should be enacted to fight each recession. They endorsed wholeheartedly a permanent standby program that will pay jobless workers' benefits when they have exhausted compensation rights under the State laws during periods of recession. Senator Prouty and I were two of the Republican members of that committee. In the final report of the Special Committee on Unemployment Problems the minority had this to say on page 170:

"The minority believes that, in the light of this recent past experience, it is a matter of elementary prudence to deliberately design and permanently incorporate in the laws of a country a program to supplement the regular unemployment insurance program at any time in the future when unemployment nationally increases beyond the level for which the regular program should be responsible."

The principal advantage of such a program is clear. During times of high prosperity when comparatively few people are without jobs, the program would be inactive, but as soon as the Secretary of Labor finds that unemployment rates have passed a certain level for a reasonable period of time, then the standby program comes into operation and gives both the economy and the jobless worker a boost. The person who is out of work and has a family to support could immediately receive a check to help tide him over each week that he is seeking employment. He would not have to wait 3 months for Congress to convene and then about another 3 months for Congress, after committee deliberations and floor debate, to produce a law. Already 2 months of this session have gone by and there is as yet no action.

By citing the examples which took place in the 1958 recession and which are taking place now, I think I have demonstrated why a permanent program of standby benefits is needed.

Mr. Chairman, another basic weakness in H.R. 4806 is that some beneficiaries who may be in the greatest need will receive the minimum benefits. It is provided in H.R. 4806, the extended benefits would be 50 percent of the duration of the benefits which were exhausted and in no event may exceed 13 weeks.

Take the case of an individual who lives in one of the depressed areas. Jobs in his locale are hard to come by and he has been without work for many, many months. When he has been able to get unemployment it has usually been for a day or two at a time. The unlucky person wouldn't get much in the way of benefits under many State laws and when he exhausted his State benefits he would have to look to the Federal Government. What would H.R. 4806 do for him? Well, because of his sporadic work record in at least 15 to 20 States, he would be entitled to only the minimum period of benefits. This minimum could be as low as 10 weeks or perhaps lower. The individual exhausts his 10 weeks of State benefits and H.R. 4806 comes along and states that he is entitled to half of what he got under State law, or, in other words, 5 weeks more protection.

Mr. Chairman, an approach such as this does not seem to me to materially satisfy the reasons and need for such a program of extended benefits. It hardly provides the unemployed worker with the necessary purchasing power and surely does not to a satisfactory extent soften the impact of unemployment on the worker, his family, nor the economic health of the entire economy.

Let us now take the case of a progressive Commonwealth such as Pennsylvania, which provides 30 weeks of benefits to an individual who is unemployed. A recent release of the Ways and Means Committee indicates how little help H.R. 4806 provides for the unemployed worker in a progressive Commonwealth such as Pennsylvania. The committee release has this to say:

"In a case where a State has a duration of longer than 26 weeks, for example 30 weeks, the State is to be reimbursed for the number of weeks beyond 26 weeks (in this case, 4 weeks), and the unemployed worker would receive the remaining number of weeks up to 13 weeks, or 9 weeks in this case."

If a man in our Commonwealth is without work and exhausts his State benefits under the administration bill he would receive 9 weeks of Federal help.

We believe, Mr. Chairman, that this provision of the bill should be amended. We feel that extended benefits under this program should be paid as they are in the Prouty-Scott bill—under our bill extended benefits would be paid up to a maximum for each claimant of an amount equal to 50 percent of the total amount of regular benefits which were payable to him pursuant to the State unemployment law under which he last exhausted his rights, or 13 times the claimants weekly benefit amount, whichever is greater. Let me illustrate by example how our bill would work:

If a State law entitled a claimant to \$40 a week for 28 weeks and the claimant exhausted his benefits, our bill would extend to him 14 additional weeks protection at the same rate of pay. If, however, a State law had a regular benefit period of less than 26 weeks and a worker exhausted his benefits, he would (under our Republican-sponsored high-level unemployment compensation bill) be entitled to 13 additional weeks at the normal compensation rate. This is true because S. 5 guarantees the individual (in case of recessions) 50 percent of what he was getting under State law or 13 weeks' protection whichever is greater.

Let us now return to the case of the unemployed worker in the Commonwealth of Pennsylvania. Under H.R. 4806 we have seen that under the extended compensation provision the employed worker would receive 9 additional weeks of compensation.

Under the Prouty-Scott provision that same unemployed worker would be entitled to 15 weeks of supplementary benefits.

Since the normal State benefit period is 30 weeks in Pennsylvania, a jobless breadwinner having exhausted his rights would be entitled to protection for half as long as the duration to which he was entitled under our structure. In other words, 15 weeks of benefits, 6 weeks longer than under H.R. 4806.

Our proposal would encourage States to lengthen their periods of coverage. The better a State statute is, the more help the individual would get when his State benefits run out. I am afraid the same cannot be said of H.R. 4806.

Mr. Chairman, we of the Congress are deciding on a program that will hopefully alleviate the hardships imposed on many of our fellow Americans. Those hardships were cast upon them through no fault of their own. It is difficult for an unemployed worker to find work during a time such as this.

There is a serious impact on the economic health of the entire community. Let us consider and consider carefully how an individual worker would fare under a minimum program or under a maximum program such as proposed by Senator Prouty and myself.

Both Senator Prouty and I were pleased to see the House Ways and Means Committee reject the administration's method of financing this program. The amendment to the initial bill as reported from the committee, and passed by the House, provides for a temporary increase in the present Federal unemployment tax of 3.1 percent for calendar years 1962 and 1963 to 3.5 percent. The committee action is in line with the method of financing called for by the Prouty-Scott bill, but the tax jump the House group put in the administration bill is twice as high as the increase provided for in S. 5. Senator Prouty and I think the Ways and Means Committee has chosen the proper method of financing an extended unemployment compensation benefit program. However, we question seriously the advisability of adding a 0.4-percent tax on all taxable employers at this time.

In considering this legislation, we must not only consider the unemployed worker facing hardships, but we must consider the employer as well. It is the employer who has the jobs to offer; it is the employer in the depressed areas that is facing a hardship, as well as the worker. It is the employer who has to meet rising labor costs; the competition of imports, the lessening of demand. We must consider carefully the effect an additional two-tenths of 1 percent increase on the wage base will have on the business community, which in turn, we must depend on for continuing employment and reemployment of our unemployed.

Mr. Chairman, the Labor Department estimates that an annual rate of two-tenths of 1 percent of taxable wages per year would be adequate to finance the extended duration program provided for in S. 5. The Department points out that from past experience we can expect a year of sufficiently high unemployment to activate the triggering device in S. 5 about every 3 to 4 years. According to Robert C. Goodwin, Director of the Bureau of Employment Security, the annual cost of our permanent program of extended unemployment compensation benefits would be about \$225 million. The tax increase provided for in S. 5 will bring in at a very minimum \$230 million a year.

When Senator Prouty introduced S. 5 on January 5, it appeared that Congress would complete action on unemployment compensation legislation before the end of February. Since conditions in Congress did not make such action feasible, it will be necessary to modify the effective date of the extended benefits program provided for in S. 5 to adjust to changing circumstances. Senator Prouty and I would like to suggest that the bill be modified so that extended benefits will be payable in this recession for each week of unemployment after the 15th day on which S. 5 is enacted.

The Prouty-Scott bill would pay extended unemployment benefits during all recessions to workers who have exhausted their State benefits but whose benefit year has not expired.

In other words, if an individual has continuing unemployment and the individual exhausts his State benefits because of such unemployment, S. 5 will begin paying him compensation for an extended period provided not more than 1 year has elapsed since the individual filed for his first check under State law.

Mr. Chairman, we are all in agreement that there is need for an extension of unemployment benefits. Senator Prouty and I feel that we should now prepare for the future as well take care of present. We feel the individual unemployed is entitled to our consideration. The employer who plays such an important part in our entire economy should be considered. The economic welfare of our Nation must remain healthy.

If the committee reports the best bill possible, it will help materially in maintaining purchasing power within the local business community at the present time and in every future recession.

Of course, an unemployment compensation bill by and of itself will not end our present economic difficulties, but coupled with other measures it will lessen its duration and accelerate economic recovery. I urge my colleagues to examine S. 5 carefully. I think they will find it is one of the soundest and most humane items of legislation put forward at this session of Congress.

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

U.S. SENATE,  
Washington, D.C., March 8, 1961.

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

DEAR MR. CHAIRMAN: I am enclosing, for your consideration and for insertion in the record of the hearings of the Senate Finance Committee on H.R. 4806, which would provide for a temporary program of extended unemployment compensation, a letter from Gov. William A. Egan, of Alaska.

Governor Egan advances a proposal that recovery of advances to unemployment funds of States which were made under the temporary unemployment compensation program of 1958 be postponed under specified conditions. If such a provision could be incorporated into the pending legislation it would be of great assistance in relieving the burden on States which required assistance under the 1958 program and which will, upon enactment of H.R. 4806, face additional hardship as a result of the increased taxes on employers levied to pay for the presently proposed program.

Your sympathetic consideration of this proposal will be greatly appreciated.

With best wishes, I remain,

Cordially yours,

ERNEST GRUENING,  
U.S. Senator.

STATE OF ALASKA,  
OFFICE OF THE GOVERNOR,  
Juneau, February 27, 1961.

HON. ERNEST GRUENING,  
U.S. Senator,  
New Senate Office Building,  
Washington, D.C.

DEAR ERNEST: After discussing House bill 3864 with Merrill Weir and others in the State government, I believe the bill should provide for the postponement of recovery of Federal fund benefits granted under the TUC program passed in 1958.

Under provisions of that law, if the States do not repay to the Federal Government by December 1962 the total amount of funds expended, then effective with the calendar year 1963 the Federal tax on employers will in effect be increased 0.15 percent and will be further increased by that amount each year until the amount is recovered.

Seventeen States participated in that program and since the financial position of most States is now worse than it was in 1958, it is assumed that few States will be able to repay the amounts required from current balances and that these recovery provisions will become effective.

Since House bill 3864 provides an increased tax take starting with calendar year 1962 to pay for the proposed program of extended benefits, this would result in tax collections for both the old and new programs being applied during the same period. This would, of course, result in higher taxes on employers during a period in which they could least afford them.

The Benefit Financing Committee of the Interstate Conference of Employment Security Agencies has considered this problem and has recommended that consideration be given to legislation that would postpone the date of repayment on an individual State-by-State basis under certain qualifying conditions. These conditions are:

(1) That the contribution rate shall have been at least 2.7 percent of the taxable wages (as defined by the Federal Unemployment Compensation Act) for the 2-year period immediately preceding the prospective repayment date.

(2) That with respect to any unpaid TUC advance as of November 10, 1963, such equivalent funds in the given States trust fund would cease to draw interest.

(3) In no event would an extension be granted beyond November 10, 1969.

I believe that the conditions proposed for repayment are very equitable, with the possible exception of No. 3, and I would urge that these provisions or others aimed at a reasonable solution to the problem set forth in this letter, be included in House bill 3864 before its passage by Congress.

Sincerely,

WILLIAM A. EGAN, Governor.

CATERPILLAR TRACTOR CO.,  
Peoria, Ill., March 2, 1961.

Hon. HARRY F. BYRD,  
Old Senate Office Building,  
Washington, D.C.

DEAR SENATOR BYRD: It is the purpose of this letter to urge your opposition to H.R. 3864 and its newer version, H.R. 4806, which would provide a 50-percent Federal extension of unemployment compensation benefits. Your opposition is requested on the grounds that these bills are discriminatory and involve greater than necessary expense. Here are some of my reasons.

In the first place, this proposed legislation discriminates against the State of Illinois as well as some other States. As you know, Illinois employers can now be taxed on the basis of their unemployment experience up to 4 percent—a figure well above the federally prescribed 2.7 percent. Furthermore, Illinois as well as some other States, has already provided for an extension of benefits in those periods of unusually high unemployment. It would appear that in many cases, Illinois would not be reimbursed with Federal funds for those extended benefits paid from State funds.

Traditionally, unemployment compensation has been a State function in keeping with the provisions of the original Unemployment Compensation Act. Here at Caterpillar, we have actively supported State programs and many other proposals for increased benefits as required by the changing economic scene. It is our feeling that H.R. 4806 and other similar proposals can only lead toward federalization of unemployment compensation and eventual loss of State control.

It would seem that these bills confuse general relief and unemployment compensation. Unemployment compensation programs are designed to provide benefits to workers during temporary periods of unemployment with the entire cost paid by employers. When adverse business conditions are such that someone who has lost a job has exhausted normal unemployment benefits, it then becomes a matter of relief, and such relief should be the responsibility of State and local governments.

Let's consider the cost of these proposals to Caterpillar. As you know, we already have been faced with a 33.3-percent increase when the Federal tax went from 0.3 to 0.4 percent at the beginning of this year. With the new proposals, we will be faced with an increased Federal tax on a wage base of \$3,000 per employee of from 0.3 percent before the first of the year (\$9 per employee yearly) to 0.8 percent after the first of next year (\$24 per employee yearly)—almost a threefold increase in just 1 year. The increased tax cost contemplated in H.R. 4806 alone would cost Caterpillar about \$500,000 annually, and would come at a time when we are doing everything we can to keep down costs so we can continue to compete successfully in foreign markets.

The Kennedy administration has stated, and correctly, that the solution to the balance-of-payments problem lies in greater exports of U.S. goods. On the other hand, it's extremely difficult for us to stay competitive in foreign markets with the same administration promoting new taxes for unemployment compensation, social security, medical care, etc.

Because it represents (1) discriminatory legislation, (2) an intrusion of the Federal Government in State matters, (3) an intermixing of general relief with unemployment compensation, and (4) an excessive increase in the cost of doing business, we oppose H.R. 4806.

Please consider these viewpoints in your deliberation of this legislation.

Sincerely,

L. B. KING,  
Employee Relations Manager.

AMERICAN PAPER & PULP ASSOCIATION,  
New York, N.Y., March 2, 1961.

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

DEAR MR. BYRD: We are submitting this letter to the Senate Finance Committee in lieu of a personal appearance, to express our views on H.R. 4806 recently passed by the House of Representatives, and other related bills dealing with unemployment compensation.

The paper and pulp industry realizes full well that in certain areas of extremely high, long-term unemployment, there may be a need for temporary and immediate assistance by and through the Federal Government. However, it is our firm belief that while a temporary unemployment insurance bill, appropriately drawn and administered, could be supported, it should be on a voluntary basis, of temporary duration with a definite terminal date, and any moneys provided by the Federal Government to the various States be on a loan basis.

We strongly recommend that unemployment insurance remain primarily a State rather than a Federal function. We also recommend that any permanent Federal action in this matter be deferred until the unemployment problem can be thoroughly analyzed. Such an analysis should definitely determine, (a) a proper definition of an unemployed person; (b) the trends in unemployment; (c) the basic causes of unemployment; and (d) the degree of responsibility for unemployment at industry, government, public, and organized labor levels. Such an analysis to be conducted by a tripartite commission consisting of 18 members, 6 from industry, 6 from government, and 6 from organized labor, which has been previously suggested by our industry in our recommendations to both the Senate and House Banking and Currency Committees in connection with pending legislation dealing with so-called depressed areas.

We, therefore, respectfully request the Senate Finance Committee to incorporate in any bill which it may see fit to report the following provisions:

- (a) It be on a voluntary basis to the States.
- (b) It be of temporary duration.
- (c) It have a definite terminal date.
- (d) Any moneys provided to the States be on a loan basis.

Very truly yours,

ROBERT E. O'CONNOR, *Executive Secretary.*

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BROOKLYN CHAMBER OF COMMERCE,  
Brooklyn, N.Y., March 6, 1961.

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

DEAR SIR: The House of Representatives has passed H.R. 3864 providing a 13-week extension of unemployment insurance benefits to those persons who have exhausted jobless pay. The Senate will now consider this bill and we would like to present our views in the matter.

We urge that you not vote approval of this extension. It is our position that supplemental unemployment insurance benefits is a matter for State action because the administrations of the various States are in a better position to judge the degree of relief necessary in their own States. Since the financing of these benefits will be through an increase of tax upon employers, it is further reason why the matter should be referred to the State itself.

Very truly yours,

HOWARD A. SWAIN, *Executive Vice President.*

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STATEMENT OF COMMERCE AND INDUSTRY ASSOCIATION OF NEW YORK, INC.

Commerce and Industry Association of New York, Inc., the largest service chamber of commerce in the East, represents approximately 3,500 employers, large and small, in all branches of industrial and commercial activity, including many corporations headquartered in New York but engaged in multistate operations. Through its social security committee, which includes tax and personnel executives of leading national organizations, and its social insurance department, the association studies and actively represents management thinking on significant unemployment insurance issues at both the National and State levels. The Commerce and Industry Association appreciates this opportunity to present a statement in connection with the establishment of a temporary program of extended unemployment compensation.

The House of Representatives has passed the Mills bill (H.R. 4806) to extend unemployment insurance duration on election by the individual States for persons who have exhausted their benefits between July 1, 1960, and June 30, 1962. Federal funds to pay for such extended duration of benefits would be obtained

by increasing the Federal unemployment insurance tax by 0.4 percent for the taxable years 1962 and 1963. This method of financing differs from the Kennedy administration's proposal (H.R. 3864) which would provide for the extended duration benefits by permanently increasing the tax base from \$3,000 to \$4,800 and would necessitate individual State legislative action to conform its wage base with the Federal wage base.

If Congress determines to provide for the establishment of a temporary program of extended unemployment insurance, we strongly believe it would be sounder and more equitable to finance the cost by raising the tax rate, as provided in H.R. 4806, rather than raise the tax base. In support of this contention we submit that:

(1) All employers should bear their proper share of the cost to finance this program. Studies have indicated that the vast majority of claimants who exhaust their benefits do not earn \$3,000 in their base year. An increase in the tax base would require only those stable employers who are least responsible for benefit and administrative workloads to pay additional taxes.

(2) An increase in the tax base beyond \$3,000 would have no impact on low-wage industries or on seasonal high-wage industries, since they would not have to pay any additional taxes by reason of it. Yet these same industries, high and low wage, are responsible for benefit costs far in excess of their contributions to State funds. A wage base increase accordingly would result in substantial inequities by placing the added tax burden on the stable high-wage employer rather than on the seasonal low-wage employer.

(3) Proponents of an increase in the taxable wage base for unemployment insurance cite the discrepancy between the unemployment insurance wage base and the old-age survivors insurance wage base. They fail to take into account that the programs are entirely different. Unemployment insurance is a short-range program with no need for a connection between taxable wages and wages used for benefits. There is justification for a higher wage base under the old-age and survivors insurance program since (a) all taxable wages over a long-range period are used in determining benefits, (b) there is no experience rating, and (c) there are employee contributions on the wages used to determine the amount of benefits.

The cost of the temporary extended unemployment compensation program under H.R. 4806, would be paid within 2 years and thus would prevent any deficit when and if another recession occurs.

We submit that the soundest and most equitable way to finance this program is to retain, as in H.R. 4806, the present \$3,000 tax base and provide for a surtax that will insure its being on a self-supporting basis.

LOS ANGELES, CALIF., March 9, 1961.

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

Re H.R. 4806, our organization believes intervention of Federal Government in State unemployment insurance systems as proposed in this bill to be undesirable. Infiltration of Federal grants into the State systems will reduce discretion of States and weaken local controls. California has already extended its benefits and provided for meeting the costs. Other States could take similar action if they deemed it necessary or desirable.

Respectfully,

H. C. McCLELLAN,  
*President, Los Angeles Chamber of Commerce.*

(Whereupon, at 12:14 p.m., the hearing recessed until 10:40 a.m. Thursday, March 9, 1961.)



# TEMPORARY UNEMPLOYMENT COMPENSATION EXTENSION

THURSDAY, MARCH 9, 1961

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

The committee met, pursuant to notice, at 10:40 a.m., in room 2221, Senate Office Building, Senator Harry F. Byrd (chairman) presiding.

Present: Senators Byrd, Kerr, Long, Anderson, Douglas, Talmadge, McCarthy, Williams, Bennett, Butler, Curtis, and Morton.

Also present: Elizabeth Springer, chief clerk.

The CHAIRMAN. The committee will come to order.

Mr. Secretary, you may proceed.

**STATEMENT OF HON. ARTHUR J. GOLDBERG, SECRETARY OF LABOR;  
ACCOMPANIED BY SEYMOUR L. WOLFBEIN, DEPUTY ASSISTANT  
SECRETARY FOR EMPLOYMENT AND MANPOWER; ROBERT C.  
GOODWIN, DIRECTOR, BUREAU OF EMPLOYMENT SECURITY;  
MERRILL MURRAY, ASSISTANT TO THE DIRECTOR, BUREAU OF  
EMPLOYMENT SECURITY; MRS. LOUISE FREEMAN, CHIEF, UN-  
EMPLOYMENT INSURANCE BRANCH, OFFICE OF THE SOLICITOR;  
AND PHILIP BOOTH, ACTING CHIEF, OFFICE OF PROGRAM AND  
LEGISLATION, UNEMPLOYMENT INSURANCE SERVICE, BUREAU  
OF EMPLOYMENT SECURITY**

Senator KERR. Mr. Chairman, could I ask a question?

The CHAIRMAN. Senator Kerr.

Senator KERR. Mr. Secretary, do you have a chart showing what each of the States would contribute to the increased amount of money that is to be disbursed or granted under this bill, and how much each one of the States would get under the bill?

Secretary GOLDBERG. We cannot tell, since we do not know the unemployment in the future months. We can estimate in a general way what the total unemployment figures will be.

Senator KERR. Well, the bill is written so as to meet the estimated needs, is it not?

Secretary GOLDBERG. Yes, it is.

Senator KERR. In order to tabulate the estimated needs, you have to have an estimate for each State.

Secretary GOLDBERG. We have a total estimate, and we possibly can break it down.

Senator KERR. How can you arrive at a total without going through the process of each individual State?

Secretary GOLDBERG. We took the figures on a national basis, and the actuaries projected these figures, on the basis of the experience in 1958. I presume we can make an estimate on a State basis, based on the same general data.

Senator KERR. I know I am going to have to answer that question in Oklahoma; they have already been asking me what this is going to cost them.

Senator ANDERSON. That is exactly the same thing I have to have answered. When we brought this thing up, somebody pointed out that all we are doing is voting money to help our people in other States, and I found very little enthusiasm for that among the home folks.

Secretary GOLDBERG. I have figures that can show you that every State needs help.

Senator KERR. I do not doubt that. I am not questioning that. I am just trying to get the basis of the calculations on which the estimate of total need was made.

Secretary GOLDBERG. Yes.

Senator KERR. So I can apply that—I would not want anything said about it, but I would want it applied to Oklahoma.

Secretary GOLDBERG. I can do that. I have figures that will show every State will need this help.

The CHAIRMAN. Mr. Secretary, would you proceed, sir, in your explanation?

Secretary GOLDBERG. Mr. Chairman and gentlemen of the committee, I want as briefly as I can to conclude the presentation and again to be able to respond to questions as best I can. In doing so, I want to fill in a few gaps that remain from yesterday.

I was asked, I believe, by Senator Curtis what the unemployment rate was in 1941, since I made the statement to this committee that we now have the highest number of unemployed since 1941. I can give that figure.

(See p. 44 for prior discussion.)

Secretary GOLDBERG. The 1941 unemployment, the average for the year, was 5,560,000—

Senator KERR. That is the number of unemployed?

Secretary GOLDBERG. The number. I am going to give the percentage too, Senator Kerr.

The rate at that point—that was the average for the year—was 9.9 percent.

Senator KERR. And what was the number?

Secretary GOLDBERG. 5,560,000 average for the year 1941. The high point for the year was in July of 1941, when 6 million were unemployed, representing a rate of 10.3 percent. The labor force at that time was 57,530,000. It shows how we have grown since that time.

Senator KERR. And what is it now?

Secretary GOLDBERG. Now the labor force is 70 million—the civilian labor force—

Senator KERR. The labor force in 1941 was what?

Secretary GOLDBERG. 57,530,000.

In January 1961—I have the January figures—the labor force was 69,837,000. In February, the civilian labor force was 70,360,000.

Now, I want to give another statistic which I think will help enlighten us.

Senator ANDERSON. It grew a half million in 60 days?

Senator BENNETT. Thirty days.

Secretary GOLDBERG. No, not a half million.

Senator ANDERSON. What was your first figure? Your first date? I thought you said it was January.

Secretary GOLDBERG. January 1961. That is 69,837,000.

Senator ANDERSON. And what is your final date, February what?

Secretary GOLDBERG. In February, it grew to 70,630,000.

Senator ANDERSON. Did you use a February 1 date?

Secretary GOLDBERG. Mid-February.

Senator KERR. That is a half million.

Senator LONG. How do you arrive at that half million difference in the labor force in a single month like that?

Secretary GOLDBERG. This is arrived at by the application—I am going to talk in detail about how that is done—again of the sampling technique used by the Census Bureau as to the people who are actually at work.

Senator LONG. What was the principal factor? Did the wives put the children back in school and apply for jobs, or what? Why the difference of 500,000? What is the principal thing that accounts for the difference?

Secretary GOLDBERG. I would suppose that in this month, the graduations had a great deal to do with it, people leaving high school and going out and joining the labor force.

Senator LONG. Midterm graduations?

Secretary GOLDBERG. That is right.

There is another aspect we ought to look at to get the total picture between 1941 and now. For 1941, I gave you a figure, for example, of 10.3 percent, the high point of that year of unemployment. That was not an adjusted figure. The factor of seasonal adjustment was not used in that period.

Now, the figure I gave you of 6.8 percent unemployed is seasonally adjusted. If we do not adjust the current figure, our unemployment on the same basis as in 1941 would be 8.1 percent.

The CHAIRMAN. What year was that, Mr. Secretary?

Secretary GOLDBERG. I am comparing, Mr. Chairman, 1941 with right now.

Senator WILLIAMS. How could you get 8.1 out of it this year, when there has not been a single month which has been higher the past year than 6.2?

Senator ANDERSON. The answer is the seasonal adjustment.

Secretary GOLDBERG. The seasonal adjustment; right.

I am pointing out that now we have computed a seasonally adjusted figure, to compensate for changes in seasons.

Senator ANDERSON. 8.1 is the raw figure.

Secretary GOLDBERG. The raw figure. I am trying to give you the information, Senator Williams, so you can have it in your own mind.

In 1941, an unemployment rate of 10.3 percent existed, and at the present time, if you use the same basis, which we do not use now—we adjust for the seasonal variations—on an unadjusted basis, the figure is 8.1 percent.

Senator ANDERSON. What is the adjusted figure?

Secretary GOLDBERG. 6.8 percent.

Senator KERR. Do you have the figures of the total labor force of 1933?

Secretary GOLDBERG. Yes, sir.

Senator KERR. I have been trying to rationalize that 25-percent figure for 1933, and I had a recollection it was higher than that.

Secretary GOLDBERG. I have to get used to millions now, and billions too, I have discovered; 51,840,000.

Senator KERR. Now, 14 million is more than 25 percent of that.

The CHAIRMAN. Your report, Mr. Secretary, on that gives the labor force as 51,590,000 and the employed people as 38,760,000; the unemployed at 12,830,000.

Secretary GOLDBERG. That is right.

The CHAIRMAN. Which is 24.9 percent.

Secretary GOLDBERG. That is correct.

The CHAIRMAN. That is the average of the year.

Secretary GOLDBERG. That is correct.

The CHAIRMAN. All figures contained in the report of the Labor Department are annual averages except those of recent date?

Secretary GOLDBERG. The one I just announced was a monthly figure. I wanted to give you the latest month I had. That obviously was not annualized.

Senator LONG. To make this record a little more complete, insofar as you have charts there and compilations of figures for various purposes, would you make that available for the record of this hearing?

Secretary GOLDBERG. I certainly shall.

Senator WILLIAMS. Just insert pages 146 and 147 of the Economic Report of the President.

Secretary GOLDBERG. May I offer that for the record, Mr. Chairman, and I shall supply additional copies if they are necessary?

The CHAIRMAN. Yes.

Senator LONG. I should like to have that for the record.

(The information referred to follows:)

EMPLOYMENT AND WAGES

Noninstitutional population and the labor force, 1929-60

Period	Non-institutional population <sup>1</sup>	Total labor force (including armed forces) <sup>1</sup>	Armed forces <sup>1</sup>	Civilian labor force				Total labor force as percent of non-institutional population	Unemployment as percent of civilian labor force	
				Total	Employment <sup>2</sup>					Unemployment <sup>2</sup>
					Total	Agricultural	Non-agricultural			
Thousands of persons 14 years of age and over								Percent		
<b>Old definitions:<sup>3</sup></b>										
1929	(9)	49,440	260	49,180	47,630	10,450	37,180	1,550	(9)	3.2
1930	(9)	50,080	260	49,820	45,480	10,340	35,140	4,340	(9)	8.7
1931	(9)	50,580	260	50,420	42,400	10,290	32,110	8,020	(9)	15.9
1932	(9)	51,250	250	51,000	38,940	10,170	28,770	12,060	(9)	23.6
1933	(9)	51,840	250	51,590	38,760	10,090	28,670	12,830	(9)	24.9
1934	(9)	52,490	260	52,230	40,890	9,990	30,990	11,340	(9)	21.7
1935	(9)	53,140	270	52,870	42,260	10,110	32,150	10,610	(9)	20.1
1936	(9)	53,740	300	53,440	44,410	10,000	34,410	9,030	(9)	18.9
1937	(9)	54,320	340	54,000	46,300	9,820	36,480	7,770	(9)	14.3
1938	(9)	54,950	340	54,610	44,220	9,690	34,530	10,390	(9)	19.0
1939	(9)	55,600	370	55,230	45,760	9,610	36,140	9,490	(9)	17.2
1940	100,380	56,180	540	55,640	47,520	9,540	37,980	8,120	56.0	14.6
1941	101,520	57,530	1,620	55,910	50,350	9,100	41,250	5,560	58.7	9.9
1942	102,610	60,380	3,970	56,410	53,750	9,250	44,500	2,660	58.8	4.7
1943	103,660	64,560	9,020	55,540	54,470	9,080	45,390	1,070	62.3	1.9
1944	104,630	66,040	11,410	54,630	53,960	8,950	45,010	670	63.1	1.2
1945	105,520	65,290	11,430	53,860	52,820	8,580	44,240	1,040	61.9	1.9
1946	106,520	60,970	3,450	57,520	55,250	8,320	46,930	2,270	57.2	3.9
1947	107,608	61,758	1,590	60,168	58,027	8,268	49,761	2,142	57.4	3.1
<b>New definitions:<sup>3</sup></b>										
1947	107,608	61,758	1,590	60,168	57,812	8,256	49,557	2,356	57.4	3.9
1948	108,632	62,898	1,456	61,442	59,117	7,960	51,156	2,325	57.9	3.8
1949	109,773	63,721	1,616	62,105	58,423	8,017	50,406	3,682	58.0	5.9
1950	110,929	64,749	1,650	63,099	59,748	7,497	52,251	3,351	58.4	5.3
1951	112,075	65,983	3,097	62,884	60,784	7,048	53,736	2,099	58.9	3.3
1952	113,270	66,560	3,694	62,866	61,035	6,792	54,243	1,932	58.8	3.1
1953	115,694	67,362	3,847	63,515	61,945	6,555	55,390	1,870	58.5	2.9
1954	116,219	67,818	3,350	64,468	60,890	6,495	54,395	3,578	58.4	5.6
1955	117,388	68,896	3,048	65,848	62,944	6,718	56,225	2,904	58.7	4.4
1956	118,734	70,387	2,857	67,530	64,708	6,572	58,135	2,822	59.3	4.2
1957	120,445	70,744	2,797	67,946	65,011	6,222	58,789	2,936	58.7	4.3
1958	121,950	71,284	2,337	68,947	63,966	5,844	58,122	4,681	58.5	6.8
1959	123,366	71,946	2,552	69,394	65,681	5,836	59,745	3,813	58.3	5.5
1960	124,878	72,820	2,514	70,306	66,392	5,696	60,697	3,913	58.3	5.6
1960 (including Alaska and Hawaii) <sup>4</sup>	125,368	73,126	2,514	70,612	66,681	5,723	60,958	3,931	58.3	5.6
1959: January	122,724	70,027	2,597	67,430	62,706	4,693	58,013	4,724	57.1	7.0
February	122,832	70,062	2,591	67,471	62,722	4,692	58,030	4,749	57.0	7.0
March	122,945	70,768	2,679	68,089	63,828	5,203	58,625	4,362	57.6	6.4
April	123,059	71,210	2,671	68,539	65,012	5,848	59,163	3,627	57.9	5.3
May	123,186	71,955	2,550	69,405	66,016	6,408	59,608	3,389	58.4	4.9
June	123,296	73,862	2,638	71,224	67,342	7,231	60,111	3,982	59.9	5.6
July	123,422	73,876	2,537	71,338	67,594	6,825	60,769	3,744	59.9	5.2
August	123,549	73,204	2,537	70,667	67,241	6,357	60,884	3,426	59.3	4.8
September	123,669	72,109	2,532	69,577	66,347	6,242	60,103	3,230	58.3	4.6
October	123,785	72,629	2,526	70,103	66,831	6,124	60,707	3,272	58.7	4.7
November	123,908	71,839	2,529	69,310	65,640	5,601	60,040	3,670	58.0	5.3
December	124,034	71,808	2,532	69,276	65,699	4,811	60,888	3,577	57.9	5.2

See footnotes at end of table.

# 104 TEMPORARY UNEMPLOYMENT COMPENSATION EXTENSION

## Noninstitutional population and the labor force, 1929-60—Continued

Period	Noninstitutional population <sup>1</sup>	Total labor force (including armed forces) <sup>1</sup>	Armed forces <sup>1</sup>	Civilian labor force					Total labor force as percent of noninstitutional population	Unemployment as percent of civilian labor force
				Total	Employment <sup>2</sup>			Unemployment <sup>3</sup>		
					Total	Agricultural	Non-agricultural			
Thousands of persons 14 years of age and over										
Percent										
<b>New definitions:<sup>4</sup></b>										
1960: January <sup>4</sup> .....	124,606	70,689	2,521	68,168	64,020	4,611	59,409	4,149	56.7	6.1
February.....	124,716	70,970	2,521	68,449	64,520	4,619	59,901	3,031	56.9	5.7
March.....	124,839	70,993	2,520	68,473	64,267	4,565	59,702	4,206	56.9	6.1
April.....	124,917	72,331	2,512	69,819	66,159	5,393	60,765	3,660	57.9	5.2
May.....	125,033	73,171	2,504	70,667	67,208	5,837	61,371	3,459	58.5	4.9
June.....	125,162	75,499	2,497	73,002	68,579	6,856	61,722	4,423	60.3	6.1
July.....	125,288	75,215	2,509	72,706	68,689	6,885	61,805	4,017	60.0	5.5
August.....	125,499	74,551	2,481	72,070	68,282	6,454	61,828	3,788	59.4	5.3
September.....	125,717	73,672	2,517	71,155	67,767	6,588	61,179	3,388	58.6	4.8
October.....	125,936	73,592	2,523	71,069	67,490	6,247	61,244	3,579	58.4	5.0
November.....	126,222	73,746	2,533	71,213	67,182	5,666	61,516	4,031	58.4	5.7
December.....	126,482	73,079	2,530	70,549	66,009	4,950	61,059	4,540	57.8	6.4
<b>Seasonally adjusted<sup>5</sup></b>										
1959: January.....				69,000	64,700	5,600	58,800	4,100	-----	6.0
February.....				68,800	64,700	5,700	58,800	4,100	-----	5.9
March.....				69,300	65,300	6,000	59,200	3,900	-----	5.7
April.....				69,300	65,900	6,200	59,600	3,600	-----	5.1
May.....				69,300	66,000	6,000	59,900	3,400	-----	4.9
June.....				69,700	66,200	6,100	60,100	3,500	-----	5.1
July.....				69,500	66,000	5,800	60,300	3,600	-----	5.1
August.....				69,400	65,700	5,700	60,100	3,800	-----	5.4
September.....				69,300	65,600	5,700	60,000	3,800	-----	5.6
October.....				69,700	65,000	5,500	60,300	4,200	-----	6.0
November.....				69,300	65,300	5,800	59,500	4,100	-----	5.9
December.....				69,900	66,100	5,700	60,300	3,800	-----	5.5
1960: January <sup>4</sup> .....				69,800	66,100	5,700	60,300	3,600	-----	5.2
February.....				69,800	66,500	5,600	60,700	3,400	-----	4.8
March.....				69,600	65,800	5,300	60,300	3,500	-----	5.4
April.....				70,500	67,100	5,800	61,300	3,600	-----	5.0
May.....				70,600	67,100	5,500	61,700	3,500	-----	4.9
June.....				71,300	67,400	5,800	61,700	3,900	-----	5.5
July.....				70,800	67,100	5,800	61,400	3,800	-----	5.4
August.....				70,800	68,700	5,800	61,000	4,200	-----	5.9
September.....				70,900	67,000	6,000	61,100	4,000	-----	5.7
October.....				70,000	66,300	5,600	60,800	4,500	-----	6.4
November.....				71,200	66,800	5,800	61,000	4,500	-----	6.3
December.....				71,200	66,400	5,800	60,500	4,900	-----	6.8

<sup>1</sup> Data for 1940-52 revised to include about 150,000 members of the Armed Forces who were outside the United States in 1940 and who were, therefore, not enumerated in the 1940 census and were excluded from the 1940-52 estimates.

<sup>2</sup> See Note.

<sup>3</sup> Not available.

<sup>4</sup> Beginning January 1960, monthly figures include data for Alaska and Hawaii.

<sup>5</sup> Seasonally adjusted totals may differ from the sum of components because totals and components have been seasonally adjusted separately.

NOTE.—Civilian labor force data beginning with May 1956 are based on a 330-area sample. For January 1954-April 1956 they are based on a 230-area sample; for 1946-53 on a 68-area sample; for 1940-45 on a smaller sample; and for 1929-39 on sources other than direct enumeration.

Effective January 1957, persons on layoff with definite instructions to return to work within 30 days of layoff and persons waiting to start new wage and salary jobs within the following 30 days are classified as unemployed. Such persons had previously been classified as employed (with a job but not at work). The combined total of the groups changing classification has averaged about 200,000 to 300,000 a month in recent years. The small number of persons in school during the survey week and waiting to start new jobs are classified as not in the labor force instead of employed, as formerly. Persons waiting to open new businesses or start new farms within 30 days continue to be classified as employed.

Beginning July 1955, monthly data are for the calendar week ending nearest the 15th of the month; previously, for week containing the 8th. Annual data are averages of monthly figures.

For the years 1940-52, estimating procedures made use of 1940 Census data; for subsequent years, 1950 Census data were used. For the effects of this change on the historical comparability of the data, see "Annual Report on the Labor Force, 1954," Series P-50, No. 59, April 1955, p. 12.

Detail will not necessarily add to totals because of rounding.

Source: Department of Labor.

Secretary GOLDBERG. The chairman of the committee stated yesterday that he would send over to me some questions he would like to have for the record of this committee as to the methods used to determine the labor force, the changes that were made at any time, and certain other data which he described yesterday. We have, Mr. Chairman, prepared this material and I would like to present it to you. We are having copies made for every member of the committee. Time did not permit us to do it this morning. Copies are in the process of preparation. I would like to offer it to you and for the record.

(The material referred to appears on p. 60.)

Secretary GOLDBERG. In this connection, there is attached to the material a description from the Bureau of the Census of how they do this sampling, which we discussed. I would like to make that available as part of your record.

Senator LONG. Is that kind of like the Gallup poll has done?

Secretary GOLDBERG. Well, it has done much better than the Gallup poll.

(The document referred to appears at p. 63.)

Secretary GOLDBERG. I have tried to make myself a little more expert on the matter of this study, and I want to say a word in behalf of my colleagues in the Commerce Department.

They make this study at our request. I want to say that you can have great confidence in this study. Not only is it based on the best statistical methods that anybody has been able to develop, but it is regarded to be a model by all countries of the world. No country has as adequate a study as we have. It is regarded in professional and statistical circles to be the finest method of making a study which is available, short of making a complete census of the population every month, which obviously would be impossible.

Senator ANDERSON. Did not Dr. Renses Likert do a great deal with these before he went to the University of Michigan?

Secretary GOLDBERG. Yes, and consultants of the highest professional and academic standards were used. I would not want to say to you, and the Bureau of the Census does not say to you, that there is not a small margin of error, one way or the other. But they feel very strongly, and I must say that I agree, after studying the material and after conferring with my colleagues who are here, who have had long expertise in the matter, that this is a scientific compilation, done with the best scientific methods that are available, and carefully looked at throughout the years. It is based on experience that dates back to the forties and even before that. And we are fortunate, for example, to have in the Department, as one of my colleagues, a distinguished civil servant, Doctor Wolfbein, who has often appeared before you, who was one of the originators of this study and who made the first beginnings, back in 1940, I believe, when a scientific approach was made. In that connection, I want to say—this is in response to you, Senator Kerr—that our 1930 figures are our best estimates. The figures for the 1930 period were not prepared as scientifically as those developed now.

I further want to say—

Senator KERR. At that point, Mr. Secretary, those of us who were here—and I see men in the room old enough to have been here; I do not see many women that could have been around then—many of us had our own method of making those estimates. But I think in—for instance, giving the information here that, according to your chart, there was 24.9 percent of the labor force unemployed. Attention should be called to the fact that few, if any of them, were receiving any benefits such as unemployment compensation or retirement benefits—social security and so forth—and that when we talk about the relation between 24.9 percent, or even higher, which I think it was in 1933, in relation to—what did you say for February, 6.8?

Secretary GOLDBERG. 6.8 percent, sir.

Senator KERR. 6.8, there is a far greater discrepancy there, for the reason that, as with reference to those in that 6.8, I believe you said a very substantial portion of them were receiving either unemployment compensation or social security or retirement benefits.

Secretary GOLDBERG. Yes, sir.

Senator KERR. So that of the 6.8, probably not over a fourth of them received no benefits whatever, and, actually, the relationship between the unemployment situation now and in 1933, when we talk about whether or not it is as bad or better or worse, we must bear in mind that of the 24.9 percent, probably there was not 5 percent—there was not 10 percent of them that were getting any kind of benefit.

Secretary GOLDBERG. Senator Kerr, you are 1000 percent correct. In addition to what you have said, which is very pertinent, there is another figure which is also pertinent. The people at work during that period—their average earnings—take the factory worker, who is supposed to be the highest paid of the group among workers—

Senator KERR. And was.

Secretary GOLDBERG. His earnings during that period of 1929 to 1933 went down from an average of \$25 a week to \$16.73 a week. It was down by 33 percent during that period. That is another figure, because that has not been characteristic of the current period. There has been a decline in weekly earnings during the current period because of shorter hours, but as I remember, the decline in weekly earnings is over \$2 a week. But that is a far cry from a 33 percent decline in weekly earnings.

Senator KERR. From the low base that existed.

Secretary GOLDBERG. From the low base that existed. So that the point you make is absolutely correct. And just to make the record clear on that, from 1937, when some of the programs you have adverted to were adopted, through the third quarter of 1960, social security payments have totaled \$59½ billion, and unemployment compensation payments for the same period have totaled \$26 billion. This illustrates the difference between that period and the present period.

Senator KERR. Do you happen to have the current total rate of social security payments, retirement payments of all kinds, assistance payments, and unemployment compensation benefit payments?

Secretary GOLDBERG. I can give you, offhand, the total annual figure on unemployment benefit payments. They are running now at an annual rate of close to \$5 billion a year. The unemployment compensation payments right now, that is.



Senator KERR. \$5 billion a year?

Secretary GOLDBERG. They are running at that annual rate, \$5 billion, if we take January as an illustrative month, which hit about \$400 million in 1 month. Annualizing that, we come close to \$5 billion.

Senator KERR. Now, do you have an estimate of the social security?

Secretary GOLDBERG. On an annual basis? Mr. Murray can perhaps supply us with that figure.

(The material referred to follows:

Payment of social security benefits (that is, for old-age survivors, and disability insurance) were \$982,063,000 for January 1961 or at an annual rate of about \$11.8 billion.

Senator KERR. I would be surprised if the figure we are talking about does not exceed the total wage income in 1933, of all the employed in the Nation.

Secretary GOLDBERG. That may very well be.

By the way, it is also interesting to note that, to round out the picture in this terrible period, which I remember as vividly as you do, that we went through, the corporate profits in the same period were—

Senator KERR. They were a net loss.

Secretary GOLDBERG. That is right, they were a billion dollar net loss in 1933, and they went up to a gain of \$6 billion in 1939.

Now, of course, if I remember correctly, with even our bad period, corporate profits are running at a net rate of \$24 billion now; they are down a couple of billion dollars over last year in net, but they are running at a \$24 billion rate. That would round out the economic picture.

Mr. Chairman, I would like, with that, having lodged with you the material you requested, I would like to go on as I was requested to do.

Senator BENNETT. Mr. Chairman, before we leave this particular area, there are a couple of questions I would like to ask, if I may.

The CHAIRMAN. Senator Bennett.

Senator BENNETT. Senator Curtis has had to leave to attend a funeral, and he has asked me to go through a series of questions which he had prepared to ask. I am not going through the whole series, but there are two or three questions that I think are very pertinent at this point.

Is it true, Mr. Secretary, that this scientific sampling is done in the same week of every month, and that it is the week nearest the 15th of the month?

Secretary GOLDBERG. It is done, Dr. Wolfbein tells me—you do not mind if I resort to him? He is far more expert than I am in this.

Senator BENNETT. Of course not.

Secretary GOLDBERG. In the week including the 12th of the month.

Senator BENNETT. Is this fact known particularly to the labor unions, that are anxious to have a high unemployment record show up at the present time?

Secretary GOLDBERG. I want to make a statement about that. The facts that we have are known to nobody, including the Secretary of Labor, and I want to emphasize that. I feel—at least, this Secretary

of Labor, feels very strongly about that. I want to make that statement, that the facts that are coming into the Department—

Senator BENNETT. That is not my question. My question is, is the fact that there is a standard pattern, a standard week, a standard part of the month at which statistics are collected; is that fact known generally? It is known now, because you have testified to it.

Secretary GOLDBERG. I would assume so. I think the Bureau publishes its methods, and I think we distributed to you the methods.

Senator KERR. It publishes the data every month, and that is about the time it publishes it.

Secretary GOLDBERG. That is a public fact. But the details—this is what I want to emphasize.

Senator BENNETT. I am not asking about the details.

Secretary GOLDBERG. But I would like to make a statement about it.

The details, if I may, Mr. Chairman, the results, so long as I am Secretary, will be known to no one until they are published publicly.

Senator BENNETT. That is not the question I am raising. Senator Curtis' question says, Mr. Secretary, are the reports in the papers true that Mr. Walter Reuther requested the automobile industry to make layoffs in the middle of last month, which could be covered in this count week? Do you have any information on that subject?

Secretary GOLDBERG. Mr. Reuther's activities are a matter of which I, like you, am apprised of now only by what I read in the newspapers. I have had a chance to see him, I think, only once since I have been appointed. But I would think that the automobile companies do not respond very enthusiastically to whatever Mr. Reuther requested.

Senator BENNETT. Well, Senator Curtis whispered to me that it is his information that the request was made, it was responded to, which would have the effect of beefing up the unemployment figures in Detroit, and that he has made a similar request with respect to the current month, the month of March. This is interesting, because under this proposal—and again, I am drawing on figures given me by Senator Curtis—Michigan would pay in \$47 million, and receive \$80 million.

Secretary GOLDBERG. It is inconceivable to me—I do not know what information Senator Curtis has—but it is simply inconceivable to me that the automobile manufacturers of the country—I shall put Mr. Reuther aside at the moment. I do not know whether he made such a request. It seems to me extremely unlikely that he would ask for layoffs at any time. But it is inconceivable to me that the automobile manufacturers of this country would make layoffs to enlarge the figures that we publish. That is simply inconceivable. I have high regard, even though I have had differences in the past with General Motors, with Ford Motor Co., with Chrysler—I cannot, for the life of me, believe that they would make layoffs to influence the posture of unemployment statistics. That just cannot be.

Senator DOUGLAS. Mr. Chairman, may I make a point?

Senator BENNETT. May I finish?

Senator DOUGLAS. Just a minute, please.

Senator BENNETT. I would like to develop this thing.

Senator DOUGLAS. I want to ask you what your source is for this information.

Senator BENNETT. I have given my source, unfortunately. Senator Curtis asked me to ask these questions.

Senator DOUGLAS. What is his source?

Senator BENNETT. I am not prepared to answer, because he is not here. I am about to ask the Secretary if, with his statistics gathering information, he can find out for this committee whether there was in fact a greater layoff in the automobile industry during the so-called count week than there was before or since?

Secretary GOLDBERG. I would be glad to do it, because my impression, also as a newspaper reader, is that there was a greater layoff after that time. But that is just an impression. I would be glad to report it. But it is just inconceivable to me that, first of all, Mr. Reuther would make such a request, and secondly, that the automobile manufacturers would honor such a request. ●

I was in Detroit, and I met with both groups, the automobile manufacturers and the union and the public officials of that State. The one thing they do not want—and the mayor was here yesterday testifying before a congressional committee—the one thing they do not want is layoffs in any period.

Senator BENNETT. I am in the automobile business at the retail level. They are not selling as many automobiles as they expected. They have had a series of layoffs.

Secretary GOLDBERG. Oh, yes; unfortunately.

Senator BENNETT. Now the question is, and the question that interests me, and again, this is Senator Curtis' question, has this layoff pattern been adjusted for the benefit—so that Michigan could get a higher percentage of this possible unemployment business, or has it been adjusted to justify the charge that we are now in a deep period of unemployment?

Secretary GOLDBERG. The layoff, under the bill we have, the layoff itself would not give Michigan a higher percentage, because the bill proposes only to take care of workers who have exhausted their benefits, or who will exhaust their benefits. If they are called back to work, they will not be exhaustees under the bill. Therefore, I do not see the relevance of this to the matter we have at hand.

Senator BENNETT. The effect of this, if the pattern of layoffs is adjusted so that they fall in the so-called count week, and therefore multiply or add to rather—that would be more accurate—add to the volume of unemployment, this, of course, could be used to argue for the bill and for certain other bills that are based on the idea that unemployment is unusually high.

Secretary GOLDBERG. This would be the first time I would see in recent years or months that the automobile manufacturers would conspire in an attempt to further the program of a Democratic administration. That would surprise me very much.

Senator BENNETT. Will you supply the committee with the information if you can get it?

Secretary GOLDBERG. I shall be glad to.

(The material referred to follows:)

#### TIMING OF LAYOFFS IN THE AUTO INDUSTRY

There is no evidence to indicate that layoffs of auto workers have been timed in any way to influence the count of total unemployment. An analysis of data available on unemployment in the State of Michigan, where nearly half of the employment in the automobile industry is concentrated, shows no pattern that can be given such an interpretation.

Each month, the Bureau of the Census conducts a sample survey of households throughout the Nation obtaining information relating to employment and unemployment during the midweek of the month, the week including the 12th. In order to determine whether there is evidence to indicate that layoffs of auto workers were deliberately being concentrated in the census survey week, an examination was made of the reports made over the past 3 months by Michigan to the Bureau of Employment Security on the weekly volume of insured unemployment. Nearly half of all auto workers are located in Michigan and, during the period examined, much of the weekly variation in insured unemployment in that State can be attributed to unemployment among auto workers.

The data are presented below. They show throughout this period a fairly steady rise in the volume of insured unemployment. In fact, beginning with the week ending December 3, 1960, up to the week ending February 18, insured unemployment increased week by week with the exception of the week ending January 14, which was the census survey week. In that week, insured unemployment in Michigan declined by 13,000. In the most recent week for which data are available, the week ended February 25, insured unemployment in Michigan declined.

The State agency has reported that an increasing number of auto plants have been following the practice of "alternate week" layoffs. Indications of this practice are evident in the data reported on initial claims for unemployment insurance, also presented below for the past 3 months in Michigan. Initial claims are filed by workers in their first week of a period of layoff. If a worker returns to work and is later again laid off, he again files an initial claim. These data give evidence since mid-January of a regular pattern of layoffs 1 week followed by recalls the following week. In keeping with this pattern, initial claims during the week ending February 18, a census survey week, show an increase, followed by a decline during the following week. The fact that the rise occurred during the census week may be regarded as coincidental. The timing of the census survey simply appears to have coincided with this regular pattern of alternating weeks of layoffs and recalls.

*Michigan—Initial claims for unemployment benefits and insured unemployment, December 1960–February 1961*

Week ended—	Initial claims	Insured unemployment	Week ended—	Initial claims	Insured unemployment
Dec. 3.....	25,354	124,104	Jan. 21.....	46,000	182,191
Dec. 10 <sup>1</sup> .....	24,906	123,309	Jan. 28.....	29,874	195,186
Dec. 17.....	21,227	135,994	Feb. 4.....	34,348	200,417
Dec. 24.....	22,666	141,438	Feb. 11.....	30,673	201,686
Dec. 31.....	44,441	164,273	Feb. 18 <sup>1</sup> .....	73,367	244,768
Jan. 7.....	29,300	189,043	Feb. 25.....	34,279	210,300
Jan. 14 <sup>1</sup> .....	27,426	175,979			

<sup>1</sup> Census survey week.

Senator DOUGLAS. Mr. Chairman, has the Senator from Utah completed?

Senator BENNETT. Yes.

Senator DOUGLAS. May I say, Mr. Chairman, I think it is extremely undesirable to indulge in unidentified insinuations disguised as questions. I only wish Senator Curtis had been here to assume responsibility for these questions, himself. Everyone knows that these statements go out over the wires and that they have an effect on public opinion. In my judgment, Senator Curtis should have given the source for this statement, instead of indulging in a general fishing expedition on the matter. Mr. Chairman, I must also say, I have been puzzled by the fact that we have been in session now all of yesterday morning and half of this session, half of this morning. We apparently have never gotten down to the subject matter of the bill itself. I hope we may speedily do so and remove any suspicion that a sitdown or slowdown is being indulged in to delay the passage of this bill.

Senator BENNETT. I would just like to make the point, Mr. Chairman, and that is that Senator Curtis was here and waited 45 minutes, while we waited for the Senator from Illinois so that we could begin.

Senator DOUGLAS. Was the session delayed because of my absence?

The CHAIRMAN. What was your question?

Senator DOUGLAS. Was the session delayed because of my absence?

The CHAIRMAN. You were one of those who delayed it. We waited for a quorum.

Senator DOUGLAS. I am sorry. I had a conference this morning with the Secretary of the Treasury and could not arrive immediately at 10 o'clock.

The CHAIRMAN. The committee waited a half hour for a quorum. I do not think that the Senator from Illinois should be—

Senator DOUGLAS. May I ask that my last statement about the delay this morning be withdrawn, stricken from the record?

The CHAIRMAN. This was scheduled promptly when it passed the House. We were half an hour late getting started yesterday, waiting for a quorum. Today we waited more than a half hour. The information being brought out now is, to my judgment, pertinent on the question of how much unemployment is. I do not think we should be restricted from its consideration.

Senator LONG. Mr. Chairman, do I understand that the rules of this committee require a majority of Senators present in order to take testimony? In some committees, I know, I have conducted hearings for days, with this committee also, when I was the only Senator here.

The CHAIRMAN. Certain Senators wanted to be heard. One was Senator Anderson. I thought that Senator Douglas was greatly interested, and we usually proceed on the basis of having seven Senators. Of course, we can, by unanimous consent, proceed when we only have one.

Senator LONG. I have sat here until midnight on occasions, as the chairman knows.

The CHAIRMAN. I remember that occasion and the circumstances.

Senator LONG. That was just the reciprocal trade bill.

Secretary GOLDBERG. Mr. Chairman—excuse me.

Senator LONG. I would have been just as satisfied to go home at 10 o'clock or 5 o'clock.

The CHAIRMAN. In view of the circumstances at the time we appreciate very much the fact that the Senator was willing to stay here until 12 o'clock that night.

Secretary GOLDBERG. Mr. Chairman, if I may resume, whatever the views may be with respect to the economic situation of the country at large, whatever the views may be with respect to one item or another in the compilation of our overall statistics, in which I have indicated great confidence, confidence shared by my colleague, Governor Hodges, in the Commerce Department, confidence shared by prior administrations, who relied on the same figures and released them, there is an overwhelming and incontrovertible fact on which there can be no difference of opinion and should be no difference of opinion on any of our parts. That relates to the insured unemployment figures which bear directly upon the question which is before the committee.

I agree with the chairman, all of the employment figures are pertinent. But in this figure I would hope that there can be no disagreement, because this is a nose count census, based upon what we get from the States.

Here I would like to point up and emphasize why I think the bill we have before us is a bill which should command, and I hope it will, the bipartisan support of the Congress and the unanimous support of this committee, I hope, and of everybody who considers the matter.

I speak here with great concern, which I am sure you share, and with a great sense of urgency, that we ought to do something about this very promptly, just as we did in 1958 when a bill differing in detail passed the Congress.

Senator KERR. Could I interrupt there, Mr. Secretary?

One of the things I am keenly interested in is the difference between this and the 1958 bill.

Secretary GOLDBERG. I want to point it out.

Senator KERR. I have tried to familiarize myself with it, and I must say, I think before we finish our hearings, you were going to tell us what is in the bill.

Secretary GOLDBERG. I will.

Senator KERR. I think that there are differences in principle between this bill—

Secretary GOLDBERG. There are, and I want to point them out. I am just going to give two or three more facts, and then proceed to a discussion of the bill and point out the differences between the 1958 act and the present bill.

The insured unemployment, the nose count unemployment, as of February 18, stood at 3,422,272, which represented an insured unemployment rate of 8.4 percent.

Now, this was an increase of about 160,000 over the January average of insured unemployed.

Now, another thing which is quite clear, about which there cannot be any doubt; that is, that more than 600,000 of the currently unemployed people have exhausted their benefits throughout the country, and there are some of those exhaustees in every State. I do not want to burden the record here by my repeating them; they are in the charts here, and the actuaries of our Department, who have carefully analyzed this, say that as of April 1, there will be 720,000 people who will have exhausted their unemployment benefits under State laws.

And during the year that this bill will take effect—we pose it only as a temporary measure for 1 year's time, with a "phaseout" provision of a few months to take in people who will be receiving benefits when the year expires, we close it out finally on June 30, 1962—during that year, 2,400,000 in all parts of the country will exhaust their State benefits. Consequently, a total of more than 3 million people—3,100,000 people—will be eligible for and will receive benefits under this measure if it is adopted.

I emphasize that because these facts are incontrovertible. Whatever anybody's view may be about sampling techniques, et cetera, these views do not apply to this particular situation. The number of unemployed, therefore, that we have to deal with is greater than in 1958; while in 1958 we had, percentagewise in relation to our popu-

lation, a more severe recession, the fact of the matter is that in human terms—and this is what I think we are all concerned about—the statistics average out—in human terms, there is more need now than there was in 1958.

The CHAIRMAN. Mr. Secretary, could I ask a question at that point?

Secretary GOLDBERG. Yes, sir.

The CHAIRMAN. The condition you describe is not entirely due to the recession; it is due to other conditions which will continue, such as automation and things of that kind. Do you agree?

Secretary GOLDBERG. The condition I describe is a part of the recession. We add it up—

The CHAIRMAN. I know. But can you make a division as to the number of unemployed due to automation and the number due to other conditions?

Secretary GOLDBERG. Part of it that we have is due to automation.

The CHAIRMAN. That is a permanent situation.

Secretary GOLDBERG. It may be permanent, but it is here.

The CHAIRMAN. You are asking for an emergency bill, are you not?

Secretary GOLDBERG. That is correct. And I want to make my position clear on this. We do not think that this bill will solve the unemployment problem. We think that there will be a continuing unemployment problem. There are other measures being proposed to the Congress and taken by the administration to stimulate the economy and create more jobs.

However, the unemployed due to this, due to the decline of business activity, just as in 1958—we had an automation problem in 1958—the unemployed are here with us and they are part of our current recession.

The CHAIRMAN. Could you give a percentage figure as to the number of unemployed, due to the recession, and the number of unemployed due to other conditions not related to the recession?

Secretary GOLDBERG. I do not think that is possible because the recession is a composite of the situation.

The CHAIRMAN. Do you think the unemployed situation now is affected by the recession as much as the unemployment situation in 1958?

Secretary GOLDBERG. Yes, I think in terms of totals, not percentages, certainly so; more so.

The CHAIRMAN. I think you said the recession in 1958 was considerably worse than the recession now.

Secretary GOLDBERG. The recession in percentage terms was worse. But in total terms, we have exceeded the number of people who were in the same situation during the 1958 recession.

The CHAIRMAN. Have you given thought, Mr. Secretary, to having the same character of bill that was enacted in 1958 to meet this situation?

Secretary GOLDBERG. I would think it would not be advisable, and when I explain the bill, I shall give the reasons why.

The CHAIRMAN. It seems to have met the situation, and to have preserved the rights of the States to a greater extent than would this bill.

Secretary GOLDBERG. I shall explain that.

Senator BENNETT. Before we leave this area, may I ask a question?

The CHAIRMAN. Senator Bennett.

Senator BENNETT. As I understand it, the figures you have given us say that there are now 600,000 people who have exhausted their benefits, and before the benefits under the bill are exhausted, this will rise to 3,100,000.

Secretary GOLDBERG. I say during the total period of the operation of the bill, the actuaries estimate, on the basis of the experience in 1958, and the growing number of unemployed, that 3 million people—a little more than 3 million—will receive benefits under this bill.

Senator BENNETT. Does this take into consideration the fact that it is hopeful that the recession will be over in a few weeks, and that many of these people will go—

Secretary GOLDBERG. In a few weeks? That will not happen in a few weeks. I wish I could say so.

Senator BENNETT. Then let us say in a month or two.

Secretary GOLDBERG. Or in a month or two. I am sorry to have to say that, but I must interrupt you.

Senator BENNETT. This is the middle of March. In a couple of months it will be the middle of May. Do you think it is going to run past the middle of July?

Secretary GOLDBERG. I explained yesterday, and I would like to repeat what I said. I said I hoped for an upturn in April. However, I pointed out that the history of all other recessions, including 1958, was that unemployment lags behind the upturn. We shall have more unemployed people if we follow normal patterns.

That is because our step-up in production takes place without an equivalent number of people going back to work. This is what Senator Byrd has been pointing out. Fewer factory workers will be called back to do the job. That has been the traditional history. So we have unemployment rising while the economy rises.

Senator BENNETT. Do you expect there will be more people unemployed at the end of the period covered by this bill than there are now?

Secretary GOLDBERG. At the end? Oh, certainly not. It would be disastrous if that happened.

Senator BENNETT. Then you expect that most of those unemployed, or a much higher percentage of those unemployed, then, will have exhausted their benefits? You are talking about an increase from 600,000 to 3.1 million at the end of this period who will have exhausted their benefits.

Secretary GOLDBERG. I am talking about an accumulated figure over the year. That is natural; we have accumulated 600,000 exhaustees over the given period since June 30, 1960. Naturally, more people will exhaust as we go along. This is a cumulative, total figure.

Senator BENNETT. Then what you are saying is that over the next year there will be 3 million people who, for a period of time, will have exhausted their benefits?

Secretary GOLDBERG. That is correct.

Senator BENNETT. That may be only a day or a week, but that becomes a statistical figure? You are not telling us that at the end of the period there will be 3,100,000 people who have exhausted their benefits?



Secretary GOLDBERG. Certainly not.

Senator KERR. Who are in the status of being exhausted; you do not say that.

Senator BENNETT. I wanted to get that clear.

Secretary GOLDBERG. As a matter of fact, Senator, more than 3 million will exhaust their benefits.

Senator BENNETT. But some of those will go back to work?

Secretary GOLDBERG. That is correct. In the neighborhood of 4,300,000 will exhaust. But a number of those will go back to work. The figure, actuarially, is this: A little over 3 million will exhaust, and they will get, on an average, \$31 or \$32 for about 10 weeks. In other words, just think of it in a very simple term. On the average, 3 million people will receive about \$300 each. That is where we come to our \$900 million figure, roughly.

Senator BENNETT. Have your actuaries attempted to estimate how many people there will be at the end of the period covered by this bill who will actually be in the exhausted status at that time?

In other words, are we going to have to have another bill of approximately this size because—the word “only” may be misinterpreted. There are 600,000 people now. Do you think there will be more or less than 600,000 people at the end of the period who will still have no unemployment compensation potential?

Secretary GOLDBERG. Well, I want to say this, and my actuaries can correct me if I am wrong: I am very worried about what our situation may be in the future, because of the factors that Senator Byrd has been talking about, and because of what the history has been after every recession.

With a growing working force, we have to find new jobs for 1,300,000 people every year, without automation being a factor; without automation. This is just the normal growth of our population, and the normal group of people going into the working force.

We emerged from 1958—after you enacted the 1958 TUC bill; this is one of the reasons I might describe the bill. I want to talk about the necessity for the changes we recommend.

When we emerged from the 1958 recession, we emerged with an unemployment rate of 5 percent. We had thought previously that even 3 percent was a high unemployment rate. We know that there is always an area where you will have to have some unemployment of casual people who move about and change jobs.

But we emerged with 5 percent. Now, if we emerge from this one—and I hope our policies will do something about this on the long-term basis—if we emerge from this one just as we emerged from 1958, without doing any better, we shall emerge with an unemployment rate that may be close to 6 percent, not far from where we are right now. And this would be very bad for the country.

Senator KERR. Right there, Mr. Secretary, you have told us that there are so many million people who are now part-time workers.

Secretary GOLDBERG. Yes sir.

Senator KERR. As you go out of this recession, is not the first manifestation in the area of the part-time worker assuming the status of the full-time worker?

Secretary GOLDBERG. That is correct, sir.

Senator KERR. And, actually, the number that is carried as unemployed will not begin to diminish until a very large percentage of the part-time workers have become full-time workers? Is that not the pattern you expect?

Secretary GOLDBERG. That is correct. That is the first thing that will happen; we do not include these part-time workers in the unemployed.

Senator KERR. So that you will have been in the recovery period maybe a considerable time, and it will have taken its course to a considerable extent before the ranks of the unemployed will begin to be diminished by their being returned to work because of the fact that in the meantime its effects have been reflected mostly in part-time workers becoming full time?

Secretary GOLDBERG. That is exactly correct.

Senator BENNETT. Mr. Chairman, may I go back to this question of exhaustion of benefits.

The CHAIRMAN. Senator Bennett.

Senator BENNETT. Do you have any record of the number of people who were unemployed but who had exhausted their benefits at the end of the 1958 recession?

Secretary GOLDBERG. Yes, sir; we have a record of the exhaustions at that time. It is given in table 14 attached to my testimony. (See p. 25.) We have estimates of the number of exhaustions all during the projected period about which you have asked.

Senator BENNETT. Would you like to submit it for the record? Does that go back as well as forward, that figure?

Secretary GOLDBERG. That goes back to July 1960, and projects it through 1961 and through June of 1962.

Senator BENNETT. Could you add to that the history which would show us the exhaustions, so we could see what our experience was in the 1958 recession?

Secretary GOLDBERG. Yes; I shall be glad to.

(The material referred to follows:)

*Number of unemployment insurance exhaustions, July 1960-June 1962*

Month and year:	Number of exhaustions	Month and year—Continued	Number of exhaustions
1960-----	1, 597, 000	July-----	300, 000
July-----	123, 000	August-----	275, 000
August-----	127, 000	September-----	255, 000
September-----	121, 000	October-----	245, 000
October-----	120, 000	November-----	200, 000
November-----	130, 000	December-----	235, 000
December-----	157, 000		
1961 <sup>1</sup> -----	3, 036, 000	1962 <sup>1</sup> -----	<sup>2</sup> 1, 165, 000
January-----	193, 000	January-----	235, 000
February-----	193, 000	February-----	200, 000
March-----	240, 000	March-----	210, 000
April-----	290, 000	April-----	200, 000
May-----	300, 000	May-----	170, 000
June-----	310, 000	June-----	150, 000

<sup>1</sup> Estimated except for January and February 1961.

<sup>2</sup> 6-month total.

I would like now to turn right to the subject, what does this bill do; what did the 1958 bill do; why did we propose a change over 1958?

The CHAIRMAN. Mr. Secretary, just one question I want to ask.

Is not the normal unemployment of people that either do not want to work or are ill or incapacitated to work, does not that run between 2 and 3 million?

Secretary GOLDBERG. This is also a statistical amount.. Some people argue, and here, too, I am pressed from all sides—some people argue that we ought not to accept any concept of a normal unemployment. If people register and are willing to work, therefore, we ought not to say that anything is normal.

But I will say this, and this is, I think, responsive to your question: There is bound to be, even under conditions of what we would normally regard to be maximum employment in the country, a number of people—

Senator KERR. Full employment.

Secretary GOLDBERG. Full employment—there will be a number of people changing jobs, unavailable for one reason or another. Yes, sir, there is.

The CHAIRMAN. Then in other words, your civilian labor force of 71,481,000, out of that there must be a considerable number of those who are either changing jobs or they are incapacitated, or getting old, and so on.

Secretary GOLDBERG. But less now than at any other point. In a normal period, this would be so.

The CHAIRMAN. What figure would you estimate would be in that category?

Secretary GOLDBERG. I can only make a very broad estimate, but I would believe that of the 5,700,000 now, we are down to a very low level of that. Maybe Dr. Wolfbein can be more accurate than I.

Senator KERR. I thought your figures of unemployed were people not working who wanted to work.

Secretary GOLDBERG. That is correct.

Senator KERR. I did not think the figure of unemployed that you statistically used included people who did not want to work.

Secretary GOLDBERG. That is correct. But what the chairman is referring to is that in normal times, there are people who leave their work and are looking around for other jobs. I have said that I think this is at a minimum now, because job opportunities are not available.

The CHAIRMAN. That is not in accordance with your statement here. You give first a civilian labor force. That is 71,481,000. Then you give those that are actually employed, 66,533,000.

Secretary GOLDBERG. That is correct.

The CHAIRMAN. Then you take the difference, which is 4,736,000—

Secretary GOLDBERG. Which are you referring to, Mr. Chairman, so I may follow you?

The CHAIRMAN. January 1961.

Secretary GOLDBERG. Is it a chart you are looking at?

The CHAIRMAN. So it does include these people who were originally in the civilian labor force, because you deduct from that those that actually have employment.

Secretary GOLDBERG. I must look at the chart to follow you.

Senator DOUGLAS. What is the chart from, Mr. Chairman?

The CHAIRMAN. It is a table of figures used by the Labor Department.

Secretary GOLDBERG. I want to refer to the same document, if I may.

The CHAIRMAN. Senator Kerr said there are people who want to work.

Senator KERR. It may be that the total labor force is the total number that indicate they want to work.

The CHAIRMAN. You have the total labor force here, including people on active duty in the armed services of the United States, 8 million I think.

Secretary GOLDBERG. Well, I still do not have the chart. I would want to look at it.

Senator KERR. I would say that if there is any group who, as a group, are entitled to be included in the total labor force, it is the group in the Armed Forces. That would not change the assumption that I indulged in, and I would like to be corrected if I am wrong, that that figure of the total labor force does not include everybody in this country over 21 years of age.

Secretary GOLDBERG. No. This is what I think I ought to make clear, Senator Byrd. I have the chart now in front of me.

The figures—that is, the January 1961 figure—nobody like that is included in that figure, as Senator Kerr points out—we have a number, a large number of people in the country who are not working or seeking work, and they are not included in the labor force. For example, housewives. We have millions of those. They are not included in the working force. Students at school who are not seeking work are not included in the labor force.

Let me illustrate what I mean. Everybody on this list whom we include is a person at work or who is actively seeking work; such people are in the figures we have given, everybody. Now, labor force includes—let me give the total breakdown of the labor force.

I have brought it up to date to February 1961.

We have about 182 million people in the country—actually 182,464,000. Those less than 14 years of age we do not include in the labor force, because legally they are not employable. So we exclude 54,100,000 people.

Then we have some people who are incarcerated in institutions, 1,444,000. We do not include them in the labor force.

Senator KERR. There are a lot of them that are at hard work.

Secretary GOLDBERG. Some are; yes.

But we do not include them in the labor force. So we have a non-institutional, civilian population, 14 years and over, of 126,918,000. Now, then, we have a total labor force, and Senator Kerr is correct, in this we include the Armed Forces. That is 72,894,000.

Then we deduct the Armed Forces to get the civilian labor force. That is the term we were talking about. So we deduct 2,534,000 and we have 70,360,000 who are in the civilian labor force.

Now, we have employed, and we include there anybody who does 1 hour of work a week—this is what I am being criticized in other sources for not including—we include in the employed all of those, and we have 64,655,000 employed.

Now, not all of those are at work in any week. 62,482,000 were at work in February. What do we include in the employed that are not at work? We include people on strike; we include them as employed. We do not include them as unemployed, as I said yesterday.

By the way, I am happy to report that in February this was at a very low level, less than 50,000 people.

On vacation—if a man is on vacation, we include him as an employed man. That is 480,000. Bad weather—if a man is working on a construction job, but just laid off for that immediate period, but has a job in process, we do not include him as an unemployed man. That is 260,000.

Now, there are people who are temporarily ill; they are at home with the flu, they have viruses, et cetera, but they have a job. We include them in the employed, not in the unemployed. That is 997,000.

Then we have miscellaneous categories; in this, 474,000.

Now, all of those are in the employed.

In the unemployed, we only include those actively seeking work. That is the 5,700,000 figure I gave. Now, whom do we include as not in the labor force at all?

Housewives—

Senator DOUGLAS. You mean to exclude?

Senator KERR. They are included among the excluded.

Senator DOUGLAS. Thank you, Senator.

Secretary GOLDBERG. As Mr. Goldwyn said, included out.

Housewives, 34,438,000; students, 11,326,000. We have retired and so on who are not seeking work, 8,260,000. That is the total breakdown.

The CHAIRMAN. All of that intricate information involving 70-odd million people is ascertained by sampling 35,000 families, is that right?

Secretary GOLDBERG. I again repeat; yes, sir.

The CHAIRMAN. And you think it is exactly accurate?

Secretary GOLDBERG. Senator Byrd, I did not say it was exactly accurate. I will say once more what I said, and then I hope you will allow me to explain the bill.

I will say that I have studied the problem—

The CHAIRMAN. You have been explaining up to this time why there should be a bill.

Secretary GOLDBERG. Right. But I just said that, if you do not mind.

The CHAIRMAN. How you can get all this information in all those categories by sampling 35,000 families is a mystery to me.

Secretary GOLDBERG. I have reviewed the committee's understandable inquiry. I did a lot of homework last night. I want to say this, that in reviewing it with the people in the Commerce Department, in the Labor Department, and experts in statistics and job determination, this figure is not accurate to the last decimal. This figure, however, is substantially accurate. It is better than any employment figures ever offered in any other part of the world. It is regarded to be a model. It is a sampling which all statisticians say is an excellent sampling. It has been tested over a long period of time. It is

done objectively by the Bureau of the Census. It is the same figure which was used in 1958 for the 1958 determination. It was used by the last administration and relied upon, and is being used by this administration and relied upon.

I want to say another thing. We are making a constant review of this. If I can persuade the Appropriations Committee and the Budget Bureau to give us more money, we shall do more in this area.

It is our desire to be as accurate as we can. But I have complete confidence in these figures as being substantially accurate.

Senator KERR. I think the record ought to show what the facts are. Now, the administration has changed. We have a different administration than the one that used this same method for 8 years, but have the people who actually did the work changed?

Secretary GOLDBERG. No.

Senator KERR. You have the same personnel?

Secretary GOLDBERG. The same people. And illustrative of that, in my own Department, is the fact that everyone who flanks me here is a career civil servant who served the last administration, and who will serve my administration.

Senator LONG. You have 50 labor departments, I assume. Every State probably has a labor department?

Secretary GOLDBERG. That is correct.

Senator LONG. Do any of these 50 labor departments have reason to question the accuracy of the figures you have given here as applied to those States?

Secretary GOLDBERG. I have never heard a question about them.

The CHAIRMAN. Those figures are prepared by the Census Bureau.

Senator LONG. What I mean is, the labor department of my State has a pretty good idea of any unemployed people in Louisiana. I want to know if they are in accord with your figures.

Secretary GOLDBERG. The only criticism we have heard is that we understate the figure. I have had to explain, when I went out on tour—I can explain it better now under the tutelage I have had here—but when I went out on tour, I was constantly told by public officials when I gave the figures in the State, I was constantly told that I was understating the unemployment figures.

The CHAIRMAN. I want to make it clear; I am not contending that every effort is not being made. We know the figures on those actually drawing unemployment insurance are accurate. But it is difficult to understand how you can deal with these categories and some 70 million people and ascertain whether they are employed or not employed, et cetera, by sampling 35,000 families.

That may be all right. It is not your job. That is done by the Census Bureau.

Secretary GOLDBERG. I understood it was in no sense a criticism.

The CHAIRMAN. It is the system you have to work with. I am not questioning the effort to get accurate figures.

Senator KERR. Does the chairman know the technical name of many of those personnel of the Census Bureau who get the information?

The CHAIRMAN. I may not.

Senator KERR. They are demographers. That is the name of the expert or technical person, as I understand it, in the Census Bureau, who works at the matter of compiling data with reference to populations and trends of population, and where they are going to live, and so forth.

I ran into it when I saw some figures published to the effect of while the country's population is going to increase a certain amount in the next decade, it named four or five States—it infuriated me—Mississippi, Arkansas, Oklahoma, and Vermont were going to lose population. I went down to find out the source of what I regarded as that inaccurate and unjustified, and I was not quite sure but what premeditated and malicious, brand of information that had been put out.

I asked the Census Bureau who was doing it, and they said, "Our demographers."

And I said, "Well, no wonder you get that kind of information. Is it dem or dam?"

I looked it up and I found that that is the designation given to a certain group. I do not know whether it is for the sake of anonymity or dignity, but at any rate, is that not the name that that certain group has who works on these statistics?

The CHAIRMAN. Will you spell the word?

Senator KERR. I think it is d-e-m-o-g-r-a-p-h-e-r.

Senator DOUGLAS. I am glad the Senator from Oklahoma has reported the name of the persons who deal with the enumeration of people, to remove any possible implication that they were either an immoral or seditious group.

Senator KERR. I did not say that. Those were the conclusions of the Senator from Illinois. I said it may have served a malicious purpose.

Senator DOUGLAS. I am very glad the Senator removed any possible adverse connotation attached to his words.

Do I understand that the "Kerr Dictionary" says that a demographer is a person who deals with enumeration of people?

Senator KERR. Well, almost. I would say that is nearly as close as either Douglas or I get to the ordinary answer.

Senator DOUGLAS. I would say that Kerr agrees with Webster.

The CHAIRMAN. Go ahead, Mr. Secretary.

Secretary GOLDBERG. We can explain the present program best, I think, by contrasting it with the 1958 program. The present proposal made to the Congress, which has passed the House—

Senator KERR. In that regard, do we have a chart showing the two bills and the differences between them?

Secretary GOLDBERG. I do not believe you do, sir.

Senator KERR. Would it not be possible for your technicians to get us something?

Secretary GOLDBERG. Very simple. We can get it right over this afternoon. I can outline it briefly.

Senator KERR. All right.

# 122 TEMPORARY UNEMPLOYMENT COMPENSATION EXTENSION

(The material referred to follows:)

*Comparison of the substantive provisions of the Temporary Unemployment Act of 1958 (Public Law 85-441) with H.R. 4806 (TEUC), 87th Cong., 1st sess.*

1. Eligible persons.....	Individuals who exhausted all rights under the State law or under title XV of the Social Security Act or the Veterans' Readjustment Assistance Act of 1952 after June 30, 1957.	Similar provision but exhaustion date is June 30, 1960.
2. Maximum compensation payable.	50 percent of the total amount (including dependents' allowances) which was payable to the individual under the above laws but reduced by the amount of any temporary additional unemployment compensation payable to him under the law of any State.	Whichever of the following is smaller: (1) 50 percent of the total amount payable under above laws (including dependents' allowances), or (2) 13 times the individual's weekly benefit amount. Also States to be reimbursed for payments after 26 weeks of benefits under State law but not after 39 weeks have been paid. Maximum Federal liability for both not to exceed 13 times weekly benefit amount.
3. Weekly benefit amount....	The same amount (including dependents' allowances) payable for a week of total unemployment under the State law.	Similar provision.
4. Financing.....	Financed from general revenues. Moneys made available to States unless otherwise restored to U.S. Treasury, to be restored by increased tax on employers only in participating States, through reduction of tax credits for taxable years beginning in 1963. <sup>1</sup>	Financed from general revenues. Federal Treasury to be repaid by increasing the Federal unemployment tax by 0.4 percent of taxable payroll during calendar years 1962 and 1963.
5. Duration of program.....	Weeks of unemployment beginning on and after 15th day after date of enactment and before July 1, 1959, for individuals filing 1st TUC claim before Apr. 1, 1959.	Provision is same except as to dates: July 1, 1962, and April 1, 1962, respectively.
6. Implementation.....	Agreement entered into between the Secretary of Labor and the agency administering the State unemployment compensation law. <sup>1</sup>	Similar provision. <sup>1</sup>

<sup>1</sup> A number of State agencies believed that the terms of the Temporary Unemployment Compensation Act of 1958, since participation involved an additional tax on State employers, prevented their entering agreement with the Secretary of Labor in the absence of specific legislative authority. Since, under H.R. 4806, the tax is applied to employers in all States, State legislation would not be necessary.

**Secretary GOLDBERG.** The present proposal contemplates that during this temporary period of from 2 weeks after the effective date of the enactment of the statute until the expiration, June 30, 1962, there will be paid a benefit to the unemployed through the State agencies involved who will act as the agent for the Federal Government, equivalent to 50 percent of the benefits provided by the State with a limitation that no more than 13 weeks of benefit can be provided under the Federal benefit.

**Senator KERR.** At no more than what amount of money?

**Secretary GOLDBERG.** At whatever the rate is at the State level.

Now, that works out this way, to illustrate what we are talking about. If a State has a 26-week benefit duration for an individual—it is all done on an individual basis. In other words, if an individual under a State law derives benefits for 26 weeks and exhausts his benefits—he must exhaust.

**Senator KERR.** If he has received the 26 weeks' benefit?

**Secretary GOLDBERG.** He will get, at the same rate—

**Senator KERR.** He will be eligible to receive.



Secretary GOLDBERG. And he will receive, if this bill is passed, 13 weeks.

Senator KERR. That is unless he is employed. He will be eligible for a maximum?

Secretary GOLDBERG. That is correct, he will be eligible for 13 weeks of additional benefits.

Senator KERR. At the same rate?

Secretary GOLDBERG. At the same rate and under the same rules of eligibility provided by the State.

Secretary KERR. Where does that money come from?

Secretary GOLDBERG. If I could just state one other feature, and then explain where it all comes from, and do it by an illustration, because I do not want the understanding to be created that everyone in a State gets a uniform 13 weeks. It is done on an individual basis, and this depends on a wage earner's qualifications. Some men may not qualify, under a State law even one which permits a maximum of 26 weeks of benefits. Because of his wage credits for a base period, he may only qualify for 20 weeks. He would receive, not 13 weeks, but 10 weeks additional. He may only qualify for 8 weeks because of the eligibility rules of the State; in that case he would only receive 4 weeks under this bill. I want to make that clear.

Senator WILLIAMS. What is the maximum he could receive in any State?

Secretary GOLDBERG. The maximum he could receive between the State benefit and Federal benefit is 39 weeks under this proposal.

Senator KERR. But the maximum he could receive from the Federal is 13.

Secretary GOLDBERG. That is correct, sir, 13.

Senator WILLIAMS. That is the question I wanted answered.

Secretary GOLDBERG. We have one other feature of this that I went into yesterday. But if I could explain the whole thing—

Senator WILLIAMS. Calendar years are not taken into consideration?

Secretary GOLDBERG. These are benefit years. This is the way the State laws operate, and we are following the State laws. There is one other feature which is present in this bill which was not present last time. There are some States, either as part of their temporary program or under their permanent program which pay for more than 26 weeks. Let us take a State in that category which gives, say, 30 weeks. A man has received 30 weeks of benefits. What is he eligible for under this proposal? He is only eligible for 9 weeks. This is what Senator Douglas pointed out yesterday.

The State will receive reimbursement for 4 weeks that they paid him. The man will receive 9 weeks.

Senator KERR. Why do you do that, Mr. Secretary?

Secretary GOLDBERG. I will explain that. May I just give the whole picture, and then give the reasons? I think perhaps you will get a better insight into the whole program.

Senator KERR. Yes.

Secretary GOLDBERG. In other words, there will be 4 weeks' reimbursement to the State, 9 weeks to the individual. The total Federal payment would be for 13 weeks.

Senator KERR. Not reimbursement to the individual, eligibility.

Secretary GOLDBERG. No payment—you correct me, and again, you are correct. Nine weeks' eligibility. Assuming he did not get reemployed, he would then receive 9 weeks. There is no accumulation. In other words, there is no 13 weeks for the individual and an additional 4 weeks to the State. The total amount by way of benefit or reimbursement is 13 weeks.

Now, how is this to be paid for—and then I will compare the 1958 program. It has been proposed that this be paid for—this will cost \$990 million for all workers who are covered, which includes Federal workers and ex-servicemen. If I may break it down for you, the amount, \$990 million is the cost of this program. That is estimated. The amount which it is estimated will be paid out during the year and the few months of the operation of this program. The Federal benefits that will be paid through the States to unemployed people, exclusive of Federal employees and ex-servicemen, will cost \$827 million.

Senator KERR. Is that exclusive of the amount that will be paid out and used for reimbursement?

Secretary GOLDBERG. Yes, sir. The estimated amount to be reimbursed to the States for benefits in excess of 26 weeks is \$100 million.

Senator KERR. In addition to the \$827 million?

Secretary GOLDBERG. That will total \$927 million.

Now, the amount estimated to be paid out to Federal employees and ex-servicemen is \$63 million.

Senator KERR. In addition, or included in the other items?

Secretary GOLDBERG. That is in addition, and that makes a grand total of \$990 million.

Now, it is proposed to raise and recoup from a special tax on employers the \$927 million; not the amount that is paid to Federal employees and ex-servicemen. That \$63 million is to be paid out of the Federal Treasury. But the \$927 million, it is proposed to recoup that amount, which will be advanced in the first instance out of the Federal Treasury—

Senator KERR. Well, now, right there, this amount that you are reimbursing to the States has been paid out of their regular funds, has it not?

Secretary GOLDBERG. That has been paid out of the tax funds they collect.

Senator KERR. Did not they get this fund by taxing the employers?

Secretary GOLDBERG. The State, not the Federal.

Senator KERR. I understand.

Secretary GOLDBERG. The State tax on employers.

Senator KERR. So those employers will be taxed twice for that amount of money which will have been paid to the unemployed only once.

Secretary GOLDBERG. But in most of the States, as I understand it, the reimbursement will become part of the State fund and will affect the employer tax under experience rating.

Senator WILLIAMS. Would it not have this effect? The employers in the States which have not expanded would be taxed to reimburse the fund, and therefore relieve the employers in the other States.

Secretary GOLDBERG. All employers will be taxed equally. The rate will be on these employers and those in other States.

Senator KERR. Let us say that an employer in Oklahoma, now, the only money in the Oklahoma fund has been put in there by a tax on employers, has it not?

Secretary GOLDBERG. That is correct.

Senator KERR. Let us say, now, that the State of Oklahoma has paid out 30 weeks. The money that they have paid out, they either got from borrowing it from the Federal Government, or collecting it from their employers through that tax.

Secretary GOLDBERG. And if they get a reimbursement—of course, I do not believe—I shall have to check it—that Oklahoma is one of the States.

Senator KERR. I was just using it as an illustration, rather than referring to one of the States I know that is.

Secretary GOLDBERG. You may be correct. There may be payments in Oklahoma under the law that exceed 26 weeks. The State has a tax. The State will get a reimbursement, and that, as I understand it, will be applied to the credit of the employers.

Senator KERR. But the point about it is that those employers will be taxed again to raise that amount of money in the Nation; they would have to be.

Secretary GOLDBERG. Yes, but Oklahoma will get the benefit of a reimbursement.

Senator KERR. To the extent that they do get a reimbursement, then those employers—

Secretary GOLDBERG. The State will get benefit of it.

Senator KERR. But the employer in the State that does not get a reimbursement, he is being taxed to pay proportionately to pay the unemployed in his own State, plus the reimbursement of employers in the other States who did pay for the 30 weeks, but who have been reimbursed.

Secretary GOLDBERG. That is correct, and I will explain why. I think it is very fair that it should be done, and I shall explain in a minute why, after I have contrasted it. That is correct. You have summarized quite correctly what will happen.

Senator KERR. I was not criticizing. I was trying to find out.

Secretary GOLDBERG. I realize that; you were trying to bring out the facts, and I shall explain why in a minute when I contrast this with the method that was used in 1958. We shall come back to this point in just a minute.

Now, I ought to tell you what the total tax will be to complete the financial—

Senator KERR. You said \$927 million.

Secretary GOLDBERG. I said the benefits paid out will be \$927 million.

Senator WILLIAMS. \$990 million benefits, you said.

Secretary GOLDBERG. I am now talking about the amounts that will be paid to the States for the Federal benefits.

The CHAIRMAN. The Federal employees—

Secretary GOLDBERG. Those and the veterans I am excluding for a minute, because that is coming out of the Treasury. That is \$63 million.

There will be derived from the increase in the employers' tax which is proposed by the bill passed by the House, which we have endorsed, an increase in the tax rate on employers for 2 years, of four-tenths of 1 percent.

The CHAIRMAN. In other words, double?

Secretary GOLDBERG. No. The present tax is 3.1; it goes up to 3.5. There is, however, a 2.7 offset.

The CHAIRMAN. It is actually increased from four-tenths to eight-tenths; it is double.

Secretary GOLDBERG. That is correct; you are right.

Now, the increase is for 2 years, and then it comes to an end. Now, the increase will raise, it is estimated, \$984 million. If these projections are accurate, there will be a surplus remaining which will be distributed to the States, prorated in accordance with the taxable wages in each State as compared with taxable wages of all States.

Senator WILLIAMS. May I ask a question at that point?

Secretary GOLDBERG. Yes, sir.

Senator WILLIAMS. Why is the delayed date for effective rate of the tax until January 1962? Why do you not put the tax effective when you put the benefits effective?

Secretary GOLDBERG. Well, of course, I think it is first of all a practical way to do it; the taxes here are collected normally on an annual basis, and I think it would lead to a lot of bookkeeping and other complications and create another tax payment date. This is the way the normal tax is collected.

Senator WILLIAMS. Are these taxes not sent in on a quarterly basis?

Secretary GOLDBERG. Not this tax.

Senator WILLIAMS. None of it?

Secretary GOLDBERG. No, sir; the Federal unemployment tax is on an annual basis.

The CHAIRMAN. What amount is derived from the four-tenths of 1 percent tax that is in existence now? How much does that bring in?

Secretary GOLDBERG. Will Mr. Murray answer that?

Mr. MURRAY. We estimate that for this year, at four-tenths, it will be about \$472 million.

The CHAIRMAN. Now, when you double that tax, you expect to get what?

Mr. MURRAY. In 1962, it will go up a little bit to \$484 million.

The CHAIRMAN. Say that again?

Mr. MURRAY. In 1962, which is the first year that the increased tax will be paid, the total income will go up to \$484 million, because of a slight increase in overall wages. In 1963, it will go to \$500 million. That is our estimate.

The CHAIRMAN. Then the additional cost will be \$990 million.

Mr. MURRAY. That will be met from the additional tax.

The CHAIRMAN. I am speaking of the cost. Did you not say it was \$990 million, a moment ago?

Secretary GOLDBERG. I said that we would—

The CHAIRMAN. Exclusive of the Federal employees.

Secretary GOLDBERG. That includes the Federal employees. Exclusive, it is \$927 million. We ought to exclude it for this comparison, because the \$63 million is not coming out of this tax; it is coming out of the General Treasury.

The CHAIRMAN. Then the extra tax, which you estimate at \$484 million, is about one-half what it will cost to operate your new plan?

Secretary GOLDBERG. This is for 2 years though, sir.

The CHAIRMAN. The \$924 million is—

Secretary GOLDBERG. Two years.

The CHAIRMAN. In other words, practically self-sustaining?

Secretary GOLDBERG. Yes, sir. We expect this to be self-supporting. If our estimates are right, we expect to have enough margin to refund some to the States.

Senator WILLIAMS. Would it not be practical to put this effective on wages earned in 1961 and 1962, rather than delay it a year?

Secretary GOLDBERG. This could be done that way, but it was felt better to do it in 1962 and 1963, for a reason I am going to explain in a minute—when I talk about the 1958 program, because there are some liabilities remaining from that program.

Senator WILLIAMS. It seems more practical, if you are going to put these benefits out, to, at the same time, put the cost tag on it and start paying it.

Secretary GOLDBERG. We put the cost tag on it, but there is a benefit to be derived from doing it the way it is proposed.

Senator WILLIAMS. This bill is not being projected to us as a pump-priming bill, is it? This is to help the unemployed?

Secretary GOLDBERG. This is to help the unemployed.

Senator WILLIAMS. If it is not a pump-priming project, why not put it on a sound basis and start paying for it?

Secretary GOLDBERG. It is an absolutely sound bill. This is as sound as sound can be. If you impose a tax on the employers as part of the bill, you are bound to get the tax. The fiscal soundness cannot be assailed.

Senator WILLIAMS. Where are you going to get the money to finance this in the interval?

Secretary GOLDBERG. I discussed this with my colleague, Mr. Dillon, Secretary of the Treasury, and he says there is no problem, the Treasury will be able to handle it.

Senator WILLIAMS. That is all right. But you are going to have to appropriate the money or borrow it, because you do not have the revenue. You are going to have to borrow the money for which you are paying. Why not put your tax on it at the same time?

Secretary GOLDBERG. This is done in business every day, and the Federal Government can follow good business practice here. Here you have an amount that you are paying out, and you are setting up against it a very sound, as we have demonstrated, account receivable.

Senator WILLIAMS. But suppose in 1962 or 1963 you do have another recession. You will still be paying for the past one.

Secretary GOLDBERG. We hope we will not have it.

Senator KERR. Are we still paying for the 1958 bill?

Secretary GOLDBERG. I want to talk about that.

Senator KERR. Are we?

Secretary GOLDBERG. Yes, and that is one of the considerations involved.

Senator KERR. Is the proposal you are making one that would start the tax for the 1961 bill at the time that the payment of the cost of the 1958 bill will come to an end?

Is that it?

Secretary GOLDBERG. No, but we are trying to do this. If I could explain the 1958 bill for a minute, you will see it meshes in.

Senator KERR. I think this is pertinent, in line with the Senator's question.

Secretary GOLDBERG. The payments on the 1958 bill, for funds made available to the States, are due right now.

Senator WILLIAMS. How many States are delinquent?

Secretary GOLDBERG. None of them has paid it. That is one of the reasons why we propose a different approach.

The CHAIRMAN. What is the reason they have not paid it?

Secretary GOLDBERG. Well, some of them are not able to repay it. Two of the States have indicated—Nevada and the District of Columbia—have indicated readiness to repay.

Now, the reason I want to go to the 1958 bill is not to evade the question; I want to explain it, and then mesh it in together to see the total picture.

Senator LONG. Before we get on that 1958 bill, Mr. Secretary, would you make it clear in my mind, if the tax starts in January 1962, when does the first payment on the part of the employer fall due? When does he make his first payment of this increased tax?

Secretary GOLDBERG. 1963. It is on calendar 1962 wages, payable in 1963.

Senator LONG. As an employer, what date do I make the payment?

Secretary GOLDBERG. January 1963, and for the coming year, January 1964.

Now, I shall come back, I faithfully promise, to these unresolved problems. I want to talk about the 1958 bill.

In 1958, what was done was to provide 50 percent total State benefits as we now propose. There was no limitation in that bill of 13 weeks which we now impose. But at that time, under the laws then in existence, only one State would have been involved in that 13-week limitation. Now, there have been other States that have changed their laws to increase duration.

Senator KERR. What do you mean by that, Mr. Secretary, only one State? There was only one State that had 26 weeks?

Secretary GOLDBERG. That provided more than 26 weeks.

Senator KERR. And there is only one State that would have been beneficiary of a reimbursement beyond 26 weeks?

Secretary GOLDBERG. That is correct. So that actually, in practice, there was a 13-week limitation. In essence, what I am saying is that the 13-week limitation represents what actually happened in 1958.

Now, the method of financing in 1958 was different. In 1958, the Treasury did not at that point provide, as we do now, a tax that financed the measure, except in this way. It said to the States, any State that wants to, can come in and get this money. And if it does, the money would be marked up, in effect, as a loan to the State, which had to be repaid, and I shall explain how it is to be repaid.

I want to tell you what happened. Only 17 States took advantage of that program.

Senator KERR. Do you have a list of those States?

Secretary GOLDBERG. Yes, we do have a list of those States.

Senator KERR. Would you read them into the record?

Mr. MURRAY. Do you want to hear the names?

Senator KERR. The names of the 17 States that got benefits under that bill.

Secretary GOLDBERG. Alabama, Alaska, Arkansas, California, Delaware, the District of Columbia, Indiana, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New York, Pennsylvania, Rhode Island, West Virginia.

The CHAIRMAN. What is the total amount that they owe to the fund?

Secretary GOLDBERG. I shall give that, too, Senator Byrd. They owe to the Federal Government, as I recall, \$445 million.

The CHAIRMAN. That is not payable yet, is it?

Secretary GOLDBERG. No, I shall explain how—

The CHAIRMAN. Are any of the States delinquent on the payments?

Secretary GOLDBERG. None of them has paid, but we have a mechanism of assuring payment which I am going to describe in a minute.

The CHAIRMAN. I understood they had 4 years to pay it back. In other words, they are not delinquent, any States, yet, are they?

Secretary GOLDBERG. No, but there is a problem involved, and that is what I am coming to in just a minute. But I want you to have the whole picture.

Five states provided their own programs.

Senator KERR. In addition to the 17?

Secretary GOLDBERG. Yes.

Senator KERR. Do you have the names of the States?

Secretary GOLDBERG. Colorado, Connecticut, Illinois, Ohio, and Wisconsin.

I think the amount involved there was a couple of hundred million dollars, so that the total was in the neighborhood of \$700 million.

Now, what about repayments under the 1958 program? The money is not delinquent in a technical sense. Nobody can be called on the carpet. The money is payable in the sense that any State that has funds can repay the Federal Government.

As I have said, no State has done so. If they do not repay the Federal Government then, commencing with the taxable year 1963—we have been much more diligent. This is the point that I want to make to Senator Williams. We have been much more diligent in this bill in collecting than in the 1958 measure. Commencing in 1963—

Senator WILLIAMS. It shows that if you keep moving, some day you might get on the right track.

Secretary GOLDBERG. I think we are on the right track. We have been diligent. Here is the problem.

Under the 1958 bill, commencing in 1963—

Senator Byrd is right: after a period of 4 years, the tax credit of their employers, if the State does not pay back the money, will be reduced. In effect, an additional tax will be imposed on the employers in those States for this money which is owing the Federal Treasury.

Senator WILLIAMS. That means that in the calendar year 1963, if this goes through, they will be paying both for the 1958 bill and for this 1961 bill, and if you run into trouble and do not clear up this recession, as I hope you will, they will be paying for that one also.

Secretary GOLDBERG. I have something to say to the committee on that that illustrates why we are making the proposal we are making.

Senator WILLIAMS. But is that not true?

Secretary GOLDBERG. Yes, it is, and I want to say to the committee that in these particular States where the problem arises that would be very unfortunate. These States are not in a position to pay. In many of these States their reserves are lower than they should be already. Many of these States have a higher tax burden than they should have. They are the States where the employers are paying high taxes.

I was asked by the Ways and Means Committee, and I consulted with the administration—the administration, at an appropriate time, will come in and make some proposals to take care of what would otherwise be an unwarranted hardship on these States.

Senator WILLIAMS. Is not that the basic reason they have not paid it? They have been thinking there would be a deferral, and I am thinking as a representative of one of the States involved.

Secretary GOLDBERG. The basic reason is what you said earlier, that we never really recovered from the recession in 1958.

Senator WILLIAMS. Would you put in the record what each owes, as well as the balance each State had in its funds as of that date?

Secretary GOLDBERG. It is in the material before you.

Senator KERR. Is not that on page 23?

Mr. MURRAY. Table 25, sir.

Senator KERR. What page of the—

Secretary GOLDBERG. Attached to the testimony, sir.

Senator KERR. Oh, your testimony?

Secretary GOLDBERG. That is correct.

Well, now, why do we not follow the 1958 pattern? I would like to say that we do not recommend it because we do not think it is a sound pattern to follow. In the first place, in 1958 it became evident that in order to take advantage of the 1958 proposal Congress made it was necessary to amend the State laws to do so. This explains why many States could not participate in the program. We think all States need help; the people in the States need help. The arrangement we are talking about and proposing does not require any State to amend its law—any State. We shall be able to apply this recommended measure within 2 weeks after enactment, with the cooperation of my colleagues, who are already working on the preliminary steps in the hope that this measure will be enacted. We shall be able to put this in effect with agreements with the States, along the lines of the agree-



ments with the States which now administer our Federal employee benefits program. A simple agency agreement will make the Federal program available to all States. That is a very important consideration.

Secondly—

Senator LONG. Mr. Secretary, I want to just underline what you are saying there. We passed a social security law that the Kerr-Mills amendment relating to assistance of aged people for medical care in the last year. It became operative in October. There has not been a single aged person in my State who has had 5 cents benefit of that \$300,000 made available, to this day. Only a minor amendment of our State law is necessary, and it will be 9 months after the effective date of that law before the first little technical amendment is passed by our State legislature.

Secretary GOLDBERG. I have reviewed the legislative meetings of the States. Many of them are already expiring. Almost all States, except Virginia, are meeting this year—but many States, as you know better than I, operate under tight limitations of time. They are expiring. So that they would not be in a position to take advantage of this measure. What you say is absolutely correct.

Now, secondly, as a result of the experience we had in 1958—the thing I was talking to Senator Williams about—it is apparent, and the facts are very clear, that in a period where we have long-term unemployment, as we are having—the number of exhaustions show that, the figures show that—the State machinery is not geared to handle this problem.

Some States have manfully attempted to shoulder it, with grave consequences to their employers and to the solvency of their reserve funds. Pennsylvania is one; Michigan is another. Their reserve funds are below the one-and-a-half times the highest annual cost experience which we believe is desirable. Some of the States are in debt to us not only for the amounts, Senator Williams, that we have indicated here on the \$400-some million, but they are in debt to us for advances that they have received from the Federal unemployment account, in addition to that.

Senator WILLIAMS. That gets back to my original question, gives part of the information. Would you reduce down all on one report for the record the amount which the States owe under the various programs, whatever it may be, along with the reserves of each State, as of December 31 last year, and put them all on one chart?

Secretary GOLDBERG. If you would like a combined chart, we shall be glad to do that.

Senator WILLIAMS. And put in that the reserves which the State had prior to 1958.

(The material referred to follows:)

*Data on TUC costs, title XII advances and funds available for benefits, 17 States fully participating in Temporary Unemployment Compensation Act of 1958*

[Amounts in thousands]

State	Total estimated UI-TUC costs to be repaid by participating States <sup>1</sup>	Advances from Federal unemployment account <sup>2</sup>	State reserves <sup>3</sup>				Estimated minimum adequate reserve <sup>4</sup>	Average employer tax rate, 1960
			June 30, 1957	June 30, 1959	June 30, 1960	Dec. 31, 1960		
<b>Total, 17 States</b> .....	<b>\$445,677</b>	<b>\$231,165</b>	<b>\$4,457,603</b>	<b>\$3,376,663</b>	<b>\$3,346,143</b>	<b>\$3,309,499</b>		
Alabama.....	9,437		85,321	63,326	57,345	53,975	\$59,700	1.2
Alaska.....	928	8,765	787	1,540	1,531	4,960	16,300	2.9
Arkansas.....	2,795		43,826	34,466	36,888	36,762	22,500	1.4
California.....	54,706		974,814	834,204	839,803	801,581	584,800	2.0
Delaware.....	1,579		15,623	6,252	9,551	11,954	15,700	2.5
District of Columbia.....	1,481		57,394	58,597	60,879	62,434	12,500	0.9
Indiana.....	21,334		209,903	164,975	170,216	168,220	140,500	1.2
Maryland.....	12,429		118,283	66,128	64,109	67,709	96,800	2.8
Massachusetts.....	24,868		311,731	243,546	229,454	221,288	211,300	1.9
Michigan.....	76,219	113,000	301,122	200,973	222,258	230,114	563,100	2.9
Minnesota.....	8,337		112,085	76,003	66,727	63,761	83,400	1.1
Nevada.....	907		19,127	15,988	16,805	17,706	16,200	2.2
New Jersey.....	45,371		442,662	336,721	332,282	337,183	317,200	2.1
New York.....	89,136		1,308,284	1,034,825	991,553	979,028	880,300	2.3
Pennsylvania.....	80,971	109,400	361,379	175,327	181,985	174,708	625,000	3.1
Rhode Island.....	5,736		29,658	24,666	30,014	32,988	45,800	2.7
West Virginia.....	9,442		65,704	35,046	34,253	35,441	68,900	2.7

<sup>1</sup> Automatic repayment through reduced credit under section 3302(e) of the Federal Unemployment Tax Act begins taxable year 1963 unless TUC advances are restored by other means prior to that time.

<sup>2</sup> Automatic repayment of title XII advances begins taxable year 1961 for Alaska, 1962 for Michigan, and 1963 for Pennsylvania.

<sup>3</sup> Reserves include advances from Federal unemployment account except for \$7.4 million credited to Pennsylvania during February 1961.

<sup>4</sup> Based on 1.5 times highest 12 months' cost rate experienced during 1951-6 applied to current aggregate wages in covered employment.

<sup>5</sup> Excludes employee taxes: Alaska, 0.6 percent; New Jersey, 0.25 percent; Alabama, 0.1 percent.

Source: Actuarial and Financial Services Division, Unemployment Insurance Service, Bureau of Employment Security, U.S. Department of Labor, Washington, D.C., Mar. 10, 1961.

Secretary **GOLDBERG**. And we shall put in that chart what is regarded to be the desirable minimum adequate reserve; that is, reserve which is  $1\frac{1}{2}$  times the actual highest cost experience.

Now, so this bill has the concept that in abnormal, prolonged unemployment there is a Federal responsibility. And it attempts to meet the Federal responsibility in cooperation with the States in a sound way, so that everybody will get a benefit from this, and all will be helped throughout the country. It is very reassuring to me that when I met with the State unemployment directors and with the labor commissioners, because I am anxious not to federalize the unemployment compensation system, but rather to work out a good, sensible, relationship with the States—when I met with them, the indication given to me quite informally—they cannot, of course, commit their States—was that if this bill passed, all States would participate in this program—all States.

Senator **WILLIAMS**. They would participate, and if they do not participate, they will pay anyway.

Secretary **GOLDBERG**. The employers, yes; that is correct.

On the other hand, it is also interesting to me to know that—

The **CHAIRMAN**. Mr. Secretary, will you suspend for a few moments?

Senator **Douglas**?

Senator **DOUGLAS**. I have been called to the floor to help start the debate on the area redevelopment bill. Before I leave, I think I should try to—I shall not say correct, but amplify the record on one point.

Earlier in the session, the Senator from Utah, Mr. Bennett, read a question which has been prepared by the Senator from Nebraska, Mr. Curtis, asking whether it was true that Mr. Walter Reuther had urged the automobile manufacturers to put into effect heavy layoffs in order to pad the unemployment figures. I am informed that a telegram is on its way, addressed to the chairman, from Mr. Reuther, approximately as follows:

The allegation of Senator Curtis is downright false.

This is said to be signed, "Walter Reuther."

I ask, Mr. Chairman, that if and when this telegram is received, it may be made a part of the record at the same point in the hearing that the question was asked, or perhaps better, following my protest against unidentified insinuations in the form of questions.

The **CHAIRMAN**. Is there objection?

Senator **CURTIS**. Mr. Chairman, I want the record to show clearly that while I was called from the room, I had a number of questions and some of them have not been reached. Senator Bennett kindly offered to look after them for me. Whatever error committed here certainly is not Senator Bennett's. I would not want him to carry the burden on that.

That is all I have to say.

Senator **KERR**. I would like to ask a question. What led you to understand?

Senator **DOUGLAS**. I understand the telegram is approximately as follows:

The allegation of Senator Curtis is downright false.

Senator CURTIS. What is the allegation?

Senator KERR. Mr. Chairman, I do not believe the Senator from Illinois wants to put that telegram in the record. The Senator from Nebraska made no allegation. I do not believe Mr. Reuther would want to put that telegram in the record. If Mr. Reuther wants a telegram in the record that any indication or insinuation or allegation—there was no allegation—it was a certain thing—that it was inaccurate or false, that is certainly his privilege, and I want him to have that right.

I do not believe the Senator from Illinois wants to sponsor the introduction of a telegram that accuses a member of this committee of falsehood in connection with an allegation being made, when there was no allegation made.

Senator DOUGLAS. I am anxious that the record should show that Mr. Reuther has denied that he requested the automobile manufacturers to carry out heavy layoffs in order to pad the figures.

Senator KERR. I think he should have that right, and I will say I personally agree with the Secretary. I do not believe the automobile companies would agree to it; I do not feel Mr. Reuther would have asked it.

But that is entirely aside from the introduction into this record of a statement that a member of this committee made a false allegation, when he did not even make the allegation.

Senator DOUGLAS. Mr. Chairman, I do not wish to prolong this discussion. If the committee does not wish to give Mr. Reuther an opportunity to answer this question, they, of course, have the right to do so. We all know, as practical men, that questions which are asked in the absence of a person being referred to go out over the wires, get into the press, and go around the world before a correction can be made.

Mark Twain once said that a lie can be heard around the world before the truth has time to put on its boots. And insinuations can go around the world before truth has time to answer. If there is any doubt on Mr. Reuther's part, I am sure he will be glad to testify before the committee.

Senator KERR. I move that Mr. Reuther have the opportunity to be heard Monday morning, Mr. Chairman.

Senator WILLIAMS. Second it.

Senator CURTIS. Mr. Chairman, I have no objection to the telegram—

Senator KERR. I made a motion.

The CHAIRMAN. Any objection to the motion?

Senator LONG. I am going to object to our doing anything about the matter. I do not think it was suggested in the first instance that there was any charge made. It was somewhat confusing, but my impression about the matter was that the question was in the nature of a question: "Do you have any information to substantiate a rumor to the following effect?" And the Secretary's answer, in effect was: "No information whatever do I have to that effect; I would be glad to check and see if there is something to it, but I know nothing about it." I did not feel, myself, that Senator Bennett, was alleging on behalf of Senator Curtis or anyone else that this was correct.

Now, it was, I believe, more or less in the nature of an inquiry.

Mr. Reuther says there is nothing whatever to it; it is not confirmed, and I do not know that it should be a part of the record at all. Maybe by the time we all get a chance to look at it, we would all want to strike it from the record. There is nothing to it; it is unconfirmed. I do not think any of it belongs in the record. It cannot do a thing but mislead the person reading it.

Senator CURTIS. Mr. Chairman, whatever responsibility should be assumed for the question, or two questions, I want to assume. I do not want to stand in Mr. Reuther's way of inserting any answer to it that he wants to. I think maybe he ought to see the question before he makes an answer. It was recorded by the stenographer. But I will not insist on that.

But I think Mr. Reuther should be permitted to make an answer on it. I certainly want to be fair.

Secretary GOLDBERG. Mr. Chairman, may I make an observation in this area?

The CHAIRMAN. Mr. Secretary?

Secretary GOLDBERG. I was asked a question which I answered. I would urge the committee very much, because I think this legislation is highly important and time is of the essence—there are millions of Americans involved, and I would urge the committee very much—I certainly am bound, of course, to respect the committee's own judgment as to how they want to proceed—not to delay consideration of this matter over this collateral issue.

I have tried as best I can to give an emphatic answer to the question that was asked of me, and I certainly do not want to deny anybody else an opportunity to answer. But I think I responded to the question.

Senator BENNETT. Mr. Chairman, since I asked the question, I would like to make two comments.

First, I think the Secretary responded to the question as he felt, and I think Senator Douglas is exaggerating the words in which I asked the question. I do not think I referred to heavy layoffs. But I asked the Secretary if he and his staff could supply us with information that indicated the pattern of layoffs in the automobile industry, and I think they have notes, and the agreement was made that they would supply that information if they could get it. I think on that basis the matter could be closed.

Now, I have personally no objection to Mr. Reuther's making whatever statement he pleases.

Senator WILLIAMS. We have a motion.

The CHAIRMAN. Any objection?

Senator KERR. The Senator from Illinois indicated that he thought Mr. Reuther ought to be heard. I made a motion that Mr. Reuther come here and be heard. I only did it to abide by what seemed to be the desire of the Senator from Illinois.

Senator DOUGLAS. I would suggest that Mrs. Springer communicate with Mr. Reuther, repeating the question which was asked of Secretary Goldberg by the Senator from Utah in behalf of the Senator from Nebraska, and invite him to make a reply by telegram.

Senator WILLIAMS. Or be heard, if he so wishes.

Senator DOUGLAS. And that it be inserted in the record following the colloquy.

Furthermore, I move that this last colloquy be inserted immediately following the question.

Senator KERR. Well, Mr. Chairman, there is a motion before the committee.

As far as I am concerned, I could not vote for a motion to put into this record a statement by anybody attacking the personal integrity of any member of this committee. I could not vote for that motion and if a motion is going to be made on that basis, I am going to have to vote against it.

Senator CURRIS. I want to say to the Senator, I would raise no point on that. If he has indicated he wants this raised, I am willing that he make any answer he wishes.

Senator LONO. Mr. Chairman, I am willing for Mr. Reuther to have any opportunity to see this record and make any answer he wants to. I am personally unwilling to have this committee spend any time on this important bill running down a rumor.

My feeling is that, at the end, it will remain what it was when it started out.

Senator DOUGLAS. I want to get on with the bill, too, Mr. Chairman, but let me say that in the course of its consideration, frequently reputations are injured by questions which are asked which, if they are not replied to, may speedily be damaging in character. I have always believed that one who is adversely reflected on has not only the right of reply, but of speedy reply, so that a correction may go out over the wires at approximately the same time that either the charge or the insinuation is made.

Therefore, I simply want the reply of Mr. Reuther to be inserted in the record.

Senator KERR. If the Senator—

Senator DOUGLAS. Would the Senator from Oklahoma permit me to finish?

Senator KERR. Will the Senator from Illinois yield for a question?

Senator DOUGLAS. Let me finish first, and then I shall yield.

I would say that in a verbal description of what the question was—and I did not take part in that relay and did not know about it—it may be that what was a question may have been stated to have been outright allegation. For that reason I have not asked that Mrs. Springer or some official of the committee be permitted to read the question over the phone to Mr. Reuther so that he could make a reply and address his reply to the question rather than to an alleged allegation.

Senator WILLIAMS. I did not enter into this colloquy before, but I did not think that there was any more allegation involved in that question than there was if I had asked the Secretary if there was a delinquency on the part of any of the States. I was not casting a reflection on the States when I asked that question, if they were delinquent. I think we have a right to ask these questions.

Senator DOUGLAS. I am not questioning his right to ask these questions, except that I think questions of this type, which cannot be immediately answered and which are reported over the wire services, do have an adverse effect upon the reputation and the character of the people referred to.

Since Mr. Reuther was not present, I think he has the right to reply to the question by telegram.

Senator KERR. Now does the Senator yield for a question?

Senator DOUGLAS. Yes, sir.

Senator KERR. Do you withdraw the suggestion you made, that he be permitted to come and testify?

Senator DOUGLAS. I modify that. I throw out several suggestions, all at once.

Senator KERR. I addressed my motion to the suggestion you made. If you withdraw the suggestion, I withdraw the motion. If you do not, I want the motion voted on.

Senator DOUGLAS. Mr. Chairman, may I propose an alternative suggestion, which I think may get us out of the difficulty?

I suggest that some official of the committee read the question which was asked on this point, and that Mr. Reuther be allowed to reply.

Senator KERR. I shall address myself to that question after the motion is acted on.

Senator DOUGLAS. If the Senator is trying to get me to say do I withdraw my suggestion that Mr. Reuther be asked to appear in person, I am perfectly willing to withdraw that.

Senator KERR. Then I withdraw the motion.

Senator DOUGLAS. I simply request that the question be answered by telephone or telegraph.

Senator KERR. I would amend that, Mr. Chairman, by limiting the qualification that Mr. Reuther's statement with reference to the answering of the question be inserted in the record, provided it does not contain any accusation against the integrity of any member of this committee.

Senator DOUGLAS. I would agree to that.

Senator KERR. All right.

The CHAIRMAN. The matter is settled.

Secretary GOLDBERG. Now, finally, I think I have come to the end of my testimony.

Finally, I say that in addition to all the reasons I have advanced why this program should be, I hope, favorably reported, we have this.

I found, as I say, dealing with the State employment security people, and I have found a large consensus of opinion in all groups in our population, that relief in this area is highly desirable.

I found when I advanced the first administration proposal that by and large, and the testimony before the Ways and Means Committee shows this, the only objection that was made to the proposal was objection to the method of financing we then proposed.

The method of financing the administration proposed in the original measure was to raise the wage base from \$3,000 to \$4,800. I found quite a bit of objection to that, mostly by employers, who said that they did not regard that to be sound.

I found a considerable consensus in support of what the Ways and Means Committee did, which was to recommend that this tax be increased.

Senator KERR. On the same base?

Secretary GOLDBERG. On the same base.

The administration then, in response to the questioning of the Ways and Means Committee in considering the problem, and in its desire—even though it felt its original proposal was sound—in its desire that this bill should be eliminated from the area of controversy as much as

possible, acceded to the views of the Ways and Means Committee and stated that if, in the judgment of the committee, this method of financing was a sound method of financing, the administration would concur.

The method of financing which has been discussed was one developed by the Ways and Means Committee, by an overwhelming majority of that committee—I think only two members of the committee disagreed—on both sides of the aisle of that committee. We have concurred in the recommendation of the Ways and Means Committee. We have done so despite our own views that the other method was preferable, in the interest of expedition of this legislation, in the interests of getting this legislation enacted as rapidly as possible, because the need is so great in this area.

Mr. Chairman, I want to tell you that in addition to the statistical need, what I observed in making the trip indicates to me that we have a very urgent need, indeed.

Now, that urgent need is everywhere—not in the same degree, to be true, but everywhere throughout the country, and the Federal Congress is the only one who realistically can meet the need. The proof of the pudding is that it is not being met in the country except in a very small number of States.

Finally, it is true that you never collect exactly what you receive in a Federal tax. This is true of all Federal taxes. You may receive more or less in a particular State. Many of the States with severe unemployment are the heaviest contributors to income taxes which are distributed throughout the country. What we have tried to do—you can never achieve exact equity in the Federal system—what we have tried to do is to be equitable to everybody. But mostly, what we have tried to do is to be equitable to people who are in dire difficulty. This is what we tried to do. This is what the Ways and Means Committee tried to do. I commend to you their excellent report, even though they disagreed with me on the method of financing.

I think the Ways and Means Committee has written a terrifically persuasive report on their own bill. It is a fine document, which reflects the work of the distinguished chairman and members of that committee, as well as its staff. It deals with the problem of taxation even better than I have discussed it.

I urge, Mr. Chairman—you have been very kind to me to give me this long period of time—I urge, with all the force at my command and with the approval of the President, prompt consideration of this measure, and I again wish to commend the chairman for acting as promptly as he constitutionally could. He had a bill with revenue attached to it which had to be acted on in the House of Representatives. The administration is very grateful for the promptness with which you have proceeded. I am personally very grateful for the courtesy you have extended to me.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. Mr. Chairman, if this bill becomes law, as it now appears before us, how many individuals presently classified by the Census Bureau as unemployed persons could receive no benefits under the bill?

Secretary GOLDBERG. The only people who can receive benefits under the bill are the people whom the States make eligible for the benefits. The Census Bureau has nothing to do with this. Eligibility is deter-



mined by the States. The only people who will get benefits are people eligible under State law, and I do not propose to change this, nor does the administration. It has nothing to do with the Census Bureau.

Senator WILLIAMS. That does not answer his question.

Senator CURTIS. My question is this. This is imposed as a Federal responsibility toward unemployed people.

Secretary GOLDBERG. Toward unemployed people covered by our unemployment compensation system set up with the States.

Senator CURTIS. I am not asking anything about the State system. Of the total people that are classified as unemployed by the Government of the United States, and that is the Census Bureau, how many of those unemployed persons would receive no benefits under this bill?

Secretary GOLDBERG. The figures there are very obvious. Generally, three-fifths of the unemployed are covered by our unemployment compensation statute.

Senator CURTIS. Roughly, what would that be?

Secretary GOLDBERG. There are 5,700,000 unemployed, 3,400,000 who are insured unemployed, and 2,300,000 are not covered because they do not qualify. We would not want to qualify some of them.

Senator CURTIS. I understand that, but we are proposing here to amend or change State systems.

Secretary GOLDBERG. We do not propose any amendment of a State system.

Senator CURTIS. But you have asked here for a tax on employers all over the Nation for the unemployed.

Secretary GOLDBERG. For the insured unemployed under the State systems.

Senator CURTIS, I do not mean to be controversial, but I do not think, in a million years, you would want to make a proposal to the Congress that we pick up people who do not qualify now for unemployment compensation under this measure.

Senator CURTIS. I have never said that. You have come here.

Secretary GOLDBERG. That is the implication of your question to me.

Senator CURTIS. No, now listen; there are no implications in any of my questions. All I want is the facts.

Secretary GOLDBERG. The facts are as I have stated them.

Senator CURTIS. Yes; that a tax will be levied on every employer.

Secretary GOLDBERG. No; only employers covered by the system.

Senator CURTIS. That is how many?

Secretary GOLDBERG. There are many employers not covered by the system.

Senator CURTIS. But it is employers covered by the system?

Secretary GOLDBERG. Yes; the system operates in every State.

Senator CURTIS. The number that will get no benefits is how much?

Secretary GOLDBERG. I said there were 5,700,000 currently unemployed. Presently, there are drawing these benefits 3,400,000; 2,300,000 therefore, were not included in the insured unemployed at the present time.

Now, some of them have exhausted their benefits. They will be covered. Some of them may qualify for benefits after they serve waiting periods. They may be covered. I cannot tell you exactly what the final figure will be, because the final figure will change depending on the eligibility rules of the various States.

Senator CURTIS. How many of the individuals who could get benefits under this bill are heads of families?

Secretary GOLDBERG. The great bulk of them. We have some tables which are in the record, but the national average shows that 70 percent of the insured unemployed, who are the people we are talking about, are men—70.4 percent.

Senator CURTIS. Some women are heads of families, so far as being the support?

Secretary GOLDBERG. Yes; 29.6 percent, so the great majority are heads of families.

Not only that, but in a period like this, where earnings have gone down, it is logical to assume, and every study of the 1958 experience shows, that almost all the people involved here are people who need help in terms of family income.

Senator CURTIS. That leads me to my next question. What figures do you have as to the other income of persons who would be covered who could benefit under this bill?

Secretary GOLDBERG. We do not have those figures, because this is an insurance statute we are administering. We are not administering a relief statute.

Senator CURTIS. Now, just a minute. Is this new bill an insurance bill?

Secretary GOLDBERG. Yes; it is part of the unemployment insurance statute. It is not a relief statute.

Senator CURTIS. It is not part of the State system?

Secretary GOLDBERG. It is supplemental to the State system.

Senator CURTIS. It is a Federal program—

Secretary GOLDBERG. Governed by the rules—

Senator CURTIS (continuing). Superimposed on top of the State system?

Secretary GOLDBERG. Yes; it extends the State system, but governed by the rules of the State system.

Senator CURTIS. Yes; but under our State systems, an employer in State A does not pay so-called insurance, unemployment insurance, taxes for employees, in State B.

Secretary GOLDBERG. He pays a Federal tax of four-tenths of 1 percent.

Senator CURTIS. Yes; but that is not the fund from which benefits are paid.

Secretary GOLDBERG. That is the fund used for administrative purposes, for the loan account, et cetera.

Senator CURTIS. Now, in this new Federal program, do you have any figures—and here again I think the committee is entitled to some facts, without any implications that we are sinister about something?

Secretary GOLDBERG. I am not assuming that you are.

Senator CURTIS. We are entitled to know what facts there are supporting the need.

Secretary GOLDBERG. Correct, sir. We are glad to supply them.

Senator CURTIS. What I want to know is what figures do you have as to the other income of persons who could benefit under this bill.

Secretary GOLDBERG. The other? I do not follow your question.

Senator CURTIS. Other income.

Secretary GOLDBERG. The other income of the people involved?

Senator CURTIS. Who could benefit under this bill. Do you have any facts?

Secretary GOLDBERG. We do not have statistics on that, but I can tell you what the facts are.

Senator CURTIS. All right, what are they?

Secretary GOLDBERG. The facts are that the overwhelming majority, and this you can verify in your own State, in light of the previous recession we have gone through, the overwhelming majority are drawing upon this money to maintain their families. That is proved very simply. I can give you some very simple facts based on my own experience.

The great bulk of employment is in the manufacturing industry. I happen to have had long experience with steelworkers, for example. Steelworkers are high-paid workers. They have been out of work now twice during the past couple of years, and they have no income to draw upon or reserves to draw upon. This is true of most of the American workers.

Senator CURTIS. Now, are these funds going to Federal employees?

Secretary GOLDBERG. Yes, sir.

Senator CURTIS. Are those largely blue collar Federal employees?

Secretary GOLDBERG. Largely blue collar; yes, sir.

Senator CURTIS. Who are not paid on an annual basis?

Secretary GOLDBERG. That is correct, sir.

Senator CURTIS. But of course, in all of this there are some who would qualify for benefits under this proposal who may be drawing OASI benefits, or may be drawing company benefits, or may have other sources of income of their own?

Secretary GOLDBERG. Yes, we went into that yesterday. There is a very small percentage who may be retired, who will draw benefits, and, as I pointed out yesterday, this percentage is less than 5 percent, on a national average. Of that 5 percent, 65 and over, who would be eligible for other benefits, of that 5 percent not all are drawing pensions. So the number of people you are talking about is insignificant.

Senator CURTIS. Well, those people who could benefit under this bill in the past are those who have already or are at the present time receiving some unemployment benefits under State systems?

Secretary GOLDBERG. In this bill?

Senator CURTIS. Yes.

Secretary GOLDBERG. In order to qualify, they would have to receive benefits under the State system, but they would have had to exhaust their benefits.

Senator CURTIS. And those people who are unemployed, have never been eligible for benefits under the State system, and get nothing under this.

Secretary GOLDBERG. That is correct. We are not changing the State systems. We do not propose to do that. I would think it highly improper for me to make a recommendation to that effect.

Senator CURTIS. I am not suggesting that. What I am pointing out here is, we are talking about a national unemployment problem. You opened your statement yesterday stating that it is the highest, or whatever the record does say, since 1941, and that there was a Federal obligation.

Well, I am not arguing that we should change the systems, because I do not want to. But the fact remains that we are dealing with about three out of five of the unemployed in the country, am I right, in this bill?

Secretary GOLDBERG. In one bill. But we are making other proposals to the Congress to help in these other areas, and I would enthusiastically welcome your support of those proposals.

Senator CURTIS. Now, if this bill is passed, what is your estimate of the amount of tax that would be collected in Nebraska on an annual basis?

Secretary GOLDBERG. In the State itself?

I have given the national figures. You would like to know the State tax?

Senator CURTIS. For the State of Nebraska.

Secretary GOLDBERG. I do not have that at hand. Perhaps my colleagues would.

Mr. MURRAY. The amount of tax collected, the additional tax?

Senator CURTIS. Yes.

Mr. MURRAY. It would amount in 1962, taxable year 1962, to \$2,570,000.

Senator CURTIS. That is the estimated tax?

Mr. MURRAY. Yes.

Senator CURTIS. Now, based upon the current unemployment, we are not projecting that into 1962, but based upon current unemployment, how much would be paid out in Nebraska?

Secretary GOLDBERG. While this is being looked at, I have a few Nebraska figures which I think are interesting which you, I think, Senator Curtis, probably know.

Insured unemployment in Nebraska is up 20 percent over last year, from February 1960 to February 1961. Your current rate of insured unemployment is, through the week ending February 18, 1961, 5.7 percent, which is approaching a pretty good rate—good in reverse. It is very interesting to see the facts: 76.4 percent of those are men, 23.6 percent of those are women. It is ranging over all industries, skilled and unskilled, following pretty much the national pattern; semiskilled, 27 percent.

It shows how this hits throughout the whole working force.

Senator CURTIS. Do you have those figures?

Mr. MURRAY. We do not have an estimate of how much will be paid out under this bill. I can tell you how much was paid out in Nebraska last year.

Senator CURTIS. No, no; what I want to know and I would like to have you submit it for the record is your estimate of what this bill will cost each of the 50 States on an annual basis, and then I would like to have in an adjoining column the estimates of payments, grants, under this bill, if it becomes law, based on an annual basis, based upon the current rate of unemployment.

Secretary GOLDBERG. I assume you mean current and anticipated rate, do you not? We hope it will not continue, because if you do it at the current rate, you may get—we shall give you the information you want with some explanatory material. Is that what you would like, Senator.

(The requested information was subsequently submitted and appears on p. 185.)

The CHAIRMAN. The Chair would like to suggest that it will be impossible to conclude with the Secretary today, and we propose to have a meeting in the morning, Mr. Secretary, if that suits you. Then there are two other witnesses. We hope to close the hearing tomorrow, and then, on Monday, take the bill up in executive session.

Is that satisfactory with you, Senator Curtis? You can finish your questioning tomorrow.

Senator TALMADGE. Mr. Chairman. I have one or two questions.

The CHAIRMAN. Senator Talmadge.

Secretary GOLDBERG. Yes, sir.

Senator TALMADGE. As I understand this tax, it is predicated only on covered employers, to which employees do not contribute; is that right, Mr. Secretary?

Secretary GOLDBERG. That is correct, sir.

Senator TALMADGE. A Federal tax is a prescribed maximum and minimum, and then the State levies the tax within those prescribed maximums and minimums; is that right?

Secretary GOLDBERG. Governor, the State is free to impose its own tax. Tax rates vary in the various States; some high and some low.

Senator TALMADGE. Some high and some low?

Secretary GOLDBERG. That is correct.

Senator TALMADGE. So the States actually collect and forward it to the Federal Government, and it is set up as a trust fund for the benefit of the State that collects it?

Secretary GOLDBERG. The taxes are deposited in the Federal Treasury in a trust fund and are drawn upon by the States as the States require it for their payments.

Senator TALMADGE. My question is motivated by a question by the Senator from Louisiana, and your reply that the first tax that can be collected under this program is January 1962. Is that the time the States will make their remittance to the Government or do these States collect this tax quarterly?

Secretary GOLDBERG. Now we are talking about this bill which proposes an increase in the Federal tax, not the State tax. This amount will be collected as a Federal tax and put in the Treasury, to reimburse the Treasury advance which will have been made for this purpose.

Senator TALMADGE. Then this does not go through the normal State channels that ordinary unemployment State taxes go through?

Secretary GOLDBERG. This goes in the same way that the present Federal tax does. We have a four-tenths of 1 percent tax right now, a Federal tax. This bill, as Senator Byrd has pointed out, for the 2 years, increases that tax to eight-tenths of 1 percent. We shall follow the same channels we always have with reference to that tax.

Senator TALMADGE. The State will make the collection and make a remittance to the Federal Treasury?

Secretary GOLDBERG. Of the State tax.

Senator TALMADGE. I am afraid I am not clear on this. As I understand it now, the tax is collected by the State.

Secretary GOLDBERG. Not this tax, Governor, if I may interrupt. Here we are talking about the Federal tax and the Federal part—there are two taxes involved. There is a State unemployment compensation tax which is, as you know from your own experience as a Governor, handled in the manner which you suggest.

There always has been a Federal tax. It originally was 3 percent. It was recently raised to 3.1 percent. That has an offset of 2.7 percent, so it is four-tenths of 1 percent. We are increasing that tax only. We are not touching the State taxes.

Senator TALMADGE. Is this tax collected by the District Collector of Internal Revenue then?

Secretary GOLDBERG. Yes, by the Federal Government.

Senator TALMADGE. At the same time he files his return for the income tax?

Secretary GOLDBERG. It is a special time.

Senator TALMADGE. Which becomes due on January 31 for the preceding year?

Secretary GOLDBERG. That is correct.

Senator TALMADGE. On the return of the employer which is made payable to the Federal Government?

Secretary GOLDBERG. That is exactly right.

Senator TALMADGE. That is the point I was trying to get, because I did not get the distinction. I was thinking about the State collecting the tax and remitting to the Federal Government.

Secretary GOLDBERG. That is correct.

Senator TALMADGE. Now, you made a response to a question by some other members of the committee earlier today that some of the States were possibly in trouble on repaying some of the advances made to them in 1958, and that you would have some recommendations at the appropriate time for the extension of that. What plans do you have for that?

Secretary GOLDBERG. I have not developed them, but in the light of the situation we have been in—and I do not know that they will necessarily be approved by the administration; I do not want my remarks to create false hopes. I want to indicate that personally, and I will follow through in a personal sense and take it up through proper administration channels—I would feel, in the light of the situation we have been in, that the State problems in this area ought to be looked at sympathetically.

Senator TALMADGE. I thank the Chair and the Secretary.

That is all the questions I have.

The CHAIRMAN. The Senator from Georgia is welcome.

Do I understand, in answer to a question from the Senator from Georgia, that this additional tax is subject to exactly the same distribution to the States as the present tax is? Why is it, then, that certain States will pay more in by these additional taxes than they will get out?

Secretary GOLDBERG. That is quite possible.

The CHAIRMAN. I would like to clear memorandum as to why that is. Is there some adjustment relating to the length of employment?

Secretary GOLDBERG. There may be varying degrees of employment and unemployment in the various States.

The CHAIRMAN. Actually, some of this tax will be taken from the State that pays it and go to helping those States out that have a longer duration, is that it?

Secretary GOLDBERG. No, this equalizes the duration by the 13-week device, but what happens is that there may be a greater or lesser impact in unemployment in some States.

The CHAIRMAN. That is a very important point in my mind, Mr. Secretary, as to whether you are changing in any way the paying back to the States of the money that those States pay.

Secretary GOLDBERG. We are not changing in any way. We are providing this program, which is a new program, of course.

The CHAIRMAN. Actually, you are taking money from one State on this additional tax and paying it to other States under certain conditions, are you not?

Secretary GOLDBERG. As I said earlier, this is true of all Federal taxation. We take income taxes from one State and distribute benefits to other States. That is unavoidable. We are trying to deal, Mr. Chairman, with a national unemployment problem.

The CHAIRMAN. I understand what you are trying to do. I just want to know to what extent you affect the right of the States to control the collections made in that State for their own—

Secretary GOLDBERG. We do not affect the State program at all; not at all.

The CHAIRMAN. I have great confidence in you and what you say, but I would like to get a very clear memorandum as to how in this list of States that has been presented here, some States get more than they pay in and some States get less. That is not true under the present law is it?

Secretary GOLDBERG. No, under the present law, except for the four-tenths of 1 percent which we collect as a Federal tax, and which we distribute in accordance with the need for administrative expenses—this is the established pattern—some States get more than they put in right now under that tax. We are not changing that.

The CHAIRMAN. What are you changing?

Secretary GOLDBERG. We are not changing anything, sir. I am not making myself very clear. We are leaving the State system exactly where it is. We are trying to provide some Federal benefits. We now have a Federal tax which is not distributed in the same relation as the contribution. Some States may have more administrative expenses than others, and we distribute the Federal tax in accordance with the requirements. We are going to follow the same pattern, sir, that we followed there. We are not changing that one bit.

The CHAIRMAN. I would like a very clear, written memorandum on this subject.

Secretary GOLDBERG. I would be glad to provide it.

(The memorandum subsequently submitted follows:)

**EXPLANATION OF DISTRIBUTION, BY STATE, OF INCOME UNDER FEDERAL UNEMPLOYMENT TAX AND BENEFIT EXPENDITURES UNDER H.R. 4806**

Federal taxes, such as the Federal unemployment tax, have varying impact among the several States. The impact varies with the distribution among the States of the basis upon which the tax is levied, whether personal or corporate income, sales of gasoline or other fuels, or payrolls—as in the case of the tax on employers assessed under the FUTA and FICA. Likewise, the distribution among the several States of the benefits or other expenditures made by the Federal Government also varies with the objective of and the relative need among the States for the expenditures, whether grants for highway construction, soil bank payments, payments for defense "hardware," OASI benefits or, as in the case of the benefits to be provided under H.R. 4806, extended unemployment benefits to individuals exhausting their rights under State law.

The receipts under the proposed increase in the nonoffset portion of the Federal unemployment tax from 0.4 to 0.8 percent of payrolls will be collected within the several States in proportion to the wages taxable under the law. Funds for administrative costs of the employment security program are allocated to States from the receipts of the present tax in accordance with their requirements for employment service and unemployment insurance operations within the State, as approved by the Department of Labor. While for some States, the tax income is approximately equivalent to the allocation for administration, this is not always the case since the amount allocated depends on the size of the unemployment load, the number and size of local offices, the level and nature of unemployment service operations, State salary levels, and many other factors affecting State expenditures for employment security purposes.

For example, during fiscal year 1960, when 94 percent of all receipts were allocated for administration, 26 States received allocations for administration amounting to more than 100 percent of their collections and 25 States for less than 100 percent. In one State the amount allocated for administration was more than 3.5 times the receipts in two others it was more than double the receipts; and in eight additional States the allocations for administration were 1½ times the receipts. By contrast, in seven States the allocations for administrative expenditures were less than 75 percent of the tax receipts.

The situation with respect to the income and expenditures under H.R. 4806 also will follow varying patterns. The receipts from employers subject to the Federal tax will vary among the States in proportion to taxable payrolls in such States. The outlay on extended benefits to individuals who exhaust their regular State benefit rights will vary among the States in accordance with the number of such individuals, their weekly benefit amount, and the duration of their unemployment up to the maximum limits provided under the bill.

A major reason for the variation of the extended benefit costs among the States under H.R. 4806 is the variation among them in the impact of long-duration unemployment. Clearly, States in which the heavy unemployment arising from manufacturing industries, those hard hit by the present recession, is concentrated, will be the ones likely to receive more in extended benefits under the proposed program than is paid out in taxes. This effect is not considered inequitable when account is taken of the fact that the causes of recession unemployment clearly extend beyond State lines. Demand for autos, steel, and other hard goods is broadly distributed around the Nation, while production of these products is concentrated in a limited number of States. When the national demand for these products declines, as has occurred in recent months, causing heavy and prolonged unemployment in producing States, it is only fair that the cost burden of this unemployment be spread more broadly. H.R. 4806 takes this consideration into account, as it should during the present national emergency. To attempt to equate benefit costs with tax receipts, State by State, would completely ignore the national character of the current problem.

The CHAIRMAN. As you know, I am opposed to federalizing this system.

Secretary GOLDBERG. There is no intention to do this.

The CHAIRMAN. We had a fight on the floor in 1958, as you know. The President, then as a Senator, led the fight to attain uniformity among the States as to durations and the rate of payment, and I am very much opposed to that. I do not want to vote for anything here that is going to open the door to a situation such as that.

Secretary GOLDBERG. May I make this very clear, unequivocal statement? This temporary bill is not designed in any way to influence anybody's position or attitude about the subject you have discussed.

Now, I have to be candid. We are later going to offer proposals for a permanent bill. That problem, of course, will come up at that time, and I shall have some proposal to make on behalf of the administration at that time in this area. But this bill is not designed to do that, sir.

The CHAIRMAN. When do you think this other bill will come?



Secretary GOLDBERG. As soon as we can get to where we can draft it, and we would like to consult with your staff, sir, about it, and with others.

The CHAIRMAN. Is it coming in this session?

Secretary GOLDBERG. Oh, yes; it will be in this session.

The CHAIRMAN. And you have in your mind the matter of uniformity?

Secretary GOLDBERG. My mind is open. I have not formulated, finally, the proposals.

The CHAIRMAN. I do not intend to embarrass you by what will be in the bill, because, of course, I realize you have to submit it to the administration.

Secretary GOLDBERG. That is correct.

The CHAIRMAN. Will it be in the next 2 or 3 months?

Secretary GOLDBERG. I think it will be.

The CHAIRMAN. Do you think we should pass two bills in 1 year on this?

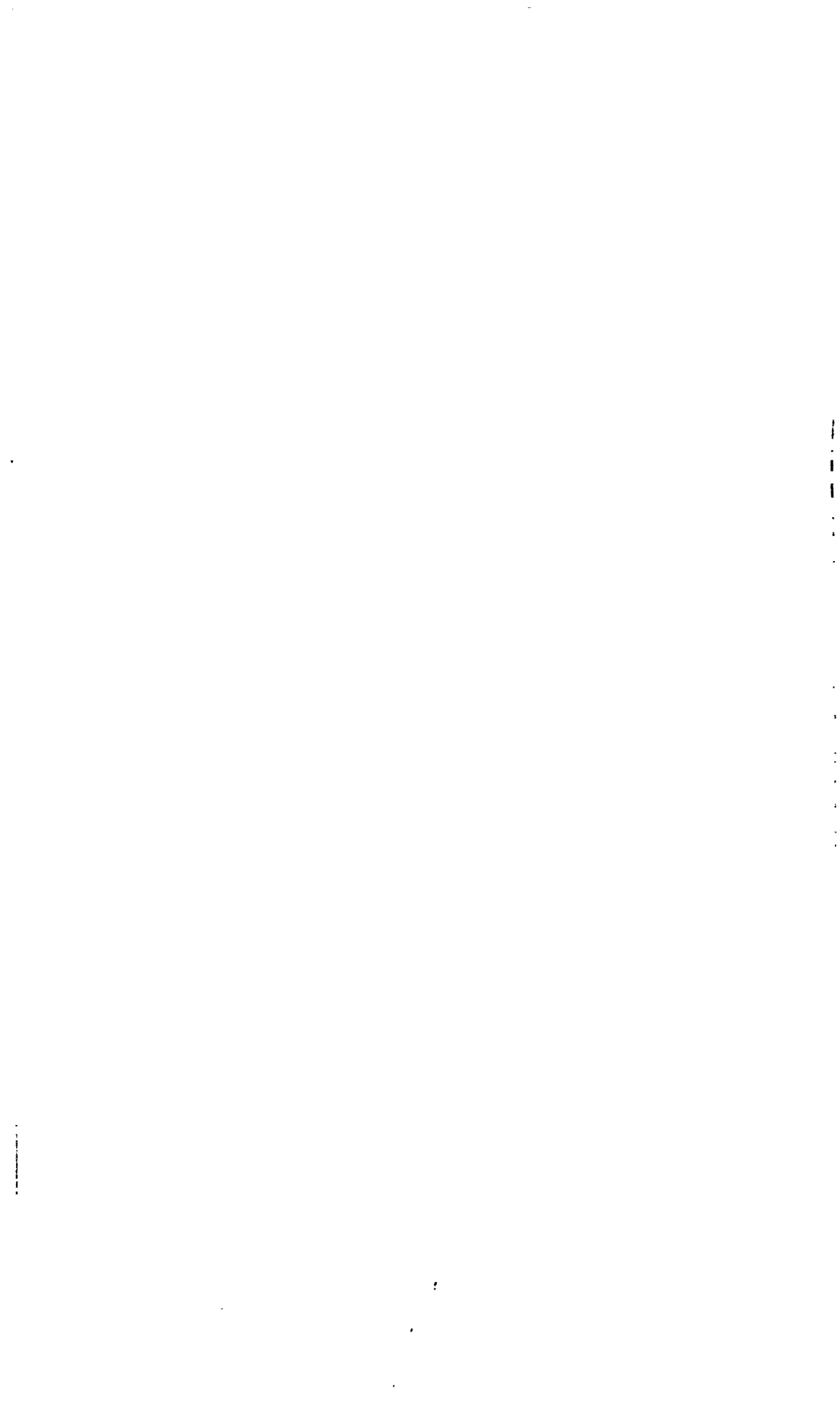
Secretary GOLDBERG. I shall tell you why this decision was made, Senator, and I suppose the same situation developed in 1958. That is, the need here is so immediate and so urgent, we felt this ought to be considered as an emergency matter and not brought into the realm of controversy which you have properly indicated exists in the other matter. That was frankly the basis for the decision.

The CHAIRMAN. All right; thank you very much, Mr. Secretary. You have made a very frank witness.

We shall recess until 10 o'clock tomorrow morning.

You will be the first witness, but we shall have two others, and we shall try to complete the hearing tomorrow.

(Whereupon, at 1:10 p.m., the committee recessed, to reconvene tomorrow, Friday, March 10, 1961, at 10:10 a.m.)



# TEMPORARY UNEMPLOYMENT COMPENSATION EXTENSION

FRIDAY, MARCH 10, 1961

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

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

Present: Senators Byrd (chairman), Douglas, Talmadge, Williams, Carlson, Bennett, Butler, and Curtis.

Also present: Elizabeth Springer, chief clerk.

The CHAIRMAN. The committee will come to order.

Mr. Secretary, have you got any further statement to make?

**STATEMENT OF HON. ARTHUR J. GOLDBERG, SECRETARY OF LABOR; ACCOMPANIED BY SEYMOUR L. WOLFBEIN, DEPUTY ASSISTANT SECRETARY FOR EMPLOYMENT AND MANPOWER; ROBERT C. GOODWIN, DIRECTOR, BUREAU OF EMPLOYMENT SECURITY; MERRILL G. MURRAY, ASSISTANT TO THE DIRECTOR, BUREAU OF EMPLOYMENT SECURITY; MRS. LOUISE FREEMAN, CHIEF, UNEMPLOYMENT INSURANCE BRANCH, OFFICE OF THE SOLICITOR; AND PHILIP BOOTH, ACTING CHIEF, OFFICE OF PROGRAM AND LEGISLATION, UNEMPLOYMENT INSURANCE BRANCH, BUREAU OF EMPLOYMENT SECURITY**

Secretary GOLDBERG. No, sir.

I am ready to respond, however, to any further questions.

The CHAIRMAN. Senator Douglas, do you have any questions to ask?

Senator DOUGLAS. No questions.

The CHAIRMAN. Senator Williams.

Senator WILLIAMS. Mr. Secretary, first, I would like to ask you just what would be your objections to an advancement in the effective date of the taxation wherein we would put the effective date of the tax to begin simultaneously with the enactment of the bill?

Secretary GOLDBERG. Senator Williams, the method of taxation which is now before you was developed by the House Ways and Means Committee.

As I explained yesterday, we had proposed a different method of taxation. The House Ways and Means Committee carefully considered this in consultation with and after hearing the opinion of

various groups. It is my feeling that they came to the conclusion about the taxable years 1962, 1963, which, as you explained, would mean payments in 1963, 1964 on the basis that this would be an orderly way to do it and to accommodate the taxpayers, the employers who have to make reports and pay the taxes.

We are now almost in the middle of the year. The important consideration, as far as the administration is concerned, as I said throughout, is that this be a self-supporting measure. That is our important consideration.

I have frankly deferred to what I think is the experience and superior judgment of the House committee, who canvassed this among the employers and other groups and that is why the administration supported the recommendation of the House Ways and Means Committee.

Senator WILLIAMS. Then, would it be fair to infer from that statement if the Finance Committee decides to advance this effective date, from the administration point of view you would have no objection?

Secretary GOLDBERG. I cannot say that from an administration point, but I can say to you that we are very anxious to get this bill enacted into law, and we are anxious to do it with due consideration for the interests involved. We understand, and certainly have always felt, that in this area the Congress has great expert opinion, and we want to cooperate with the Congress.

I cannot say this has administration support. I will say, however, that the date on which a tax takes effect is a matter certainly on which Congress has as good an opinion as ourselves.

Senator WILLIAMS. I appreciate that statement. I might say that I am asking these questions as one who is not antagonistic to what we are trying to achieve in this bill.

I do feel very strongly that not only on this but on any other measures which we enact, we should put the revenue-producing features in the bill, and be willing to make them effective as we pass out the benefits, and I would be one who would be suggesting later that we do advance this effective date.

Now, one other point that I would like to raise. Before raising this point, I would like to make clear that I, as a member of this committee, would oppose any attempt by the Congress to impose standards on the States on their unemployment insurance, as such, because it is a program in which the tax is collected from the employers of a State, and it is allocated back to the State, and I do feel that each State should have the responsibility and the authority to make its own rules.

However, in this bill for this 13-week extension period, we are departing from the past practice wherein on this 13-week extension this will be paid for entirely by a tax levied at the Federal level, and the funds, the amount spent in the respective States by the unemployment board on this 13-week period will be paid for entirely by Federal funds; is that not correct?

Secretary GOLDBERG. That is correct, sir.

Senator WILLIAMS. And, therefore, on this 13-week extension period which we are talking about Congress, since they are furnishing all of the money, would have a right to impose standards on that if we saw fit; it would be a different category than it would be in the other field.

Without asking do you agree on standards—but there is a difference, would you not agree, on that point?

Secretary GOLDBERG. There is not any question in my mind since this is a Federal tax and, in essence, a Federal program, Congress could impose standards. I do not think they should however.

Senator WILLIAMS. Well now, one point which I wanted to raise in connection with this 13-week period is something which, personally, I think, should be corrected at the State level as far as their own program is concerned. But, again, I recognize the rights of the States to consider it. But on this 13-week period I do think we have a right and a responsibility to consider it, and that is the manner in which retired officials, both in industry and government, after retiring from the labor force are drawing unemployment compensation, and I think you are familiar with this situation and recognize the problem.

Would you care to comment on it at that point?

Secretary GOLDBERG. This problem, of course, we have discussed in the last few days, and I got additional figures on it which I want to cite now.

The up-to-date figures show that of the insured unemployment, the percent of people 65 and over is 4.1 percent; of the total unemployment it is 3.2 percent.

Now, these are the figures, and I mention this to see to it that the record contains this information.

Now, Senator Williams, this is my thinking about this subject. Because this was a temporary bill, and in the desire to avoid the area of controversy as much as possible, and after consultation with the States unemployment commissioners, and following the precedent of 1958, the administration felt that we ought totally to accept State standards of eligibility.

We were very fearful that if we injected any Federal standards more liberal or more conservative than the States, this would arouse tremendous opposition, that we were proposing standards from the back door in this area, and it is this consideration that led me to make my recommendations to the President of the United States, and the President in making his recommendations to the Congress not to do so and, frankly, that is our approach.

Also I would say that this is a matter which certainly we ought to consider, and certainly we will consider, and we will have some proposals for permanent legislation, and have something to say about that at the time we make these proposals.

I would be very fearful—I understand the Senator's concern certainly, and I appreciate the spirit in which he manifests it—but I would be very fearful if we moved into the area of creating a Federal standard in this, that various groups would come before you and say, "we have our own conception of what the Federal standard ought to be," and try to write it into this law, and delay the effective date of this law.

Senator WILLIAMS. I recognize your concern, and I appreciate it. But I do not think you would find quite that objection in this instance or the argument because in this instance the Federal Government will be paying 100 percent of the funds. Mr. Secretary, as you know, I have corresponded and discussed this problem with you several times recently, and I want to say I appreciate your cooperation in furnishing reports.

Secretary GOLDBERG. Yes, sir.

Senator WILLIAMS. I have also discussed this with the Comptroller General, as you know, and the report which he has made likewise has been made available to you. I was somewhat concerned over the result of a survey which he has just completed this week, a copy of which has been furnished to your office. Even though there is a small percentage of this abuse, I think it goes to discredit what should be recognized as a good program.

I was very much concerned to notice, for instance, that he points out one case of a retired official here in the District of Columbia who is drawing in that family five Government checks simultaneously, including his unemployment insurance.

These are listed by case numbers, the names are not involved because they should not be. There is no violation of any law involved on that. I use them by case numbers for the record. The Comptroller General can supply you with the full statistics, as you know.

But I notice that in case No. 449, the age of the individual when retired was 71.

This individual was drawing \$188 per month civil service retirement benefits; both he and his wife had qualified in the labor force under social security, they were drawing \$33 and \$13, respectively, social security checks; he was also drawing \$78.75 per month veteran's pension; he was drawing all of those, and in addition to that he drew—I do not have the amount, but he drew—his lump-sum annual leave payment upon separation.

Then, in addition to that, he drew 55 weeks of unemployment insurance. Now, this was through the period when we had the last extension, as you know, but he drew 55 weeks of unemployment insurance; and the Comptroller General cited in just 1 month's examination which he picked up, that there were 45 cases right here in the District of Columbia, and he found that to a lesser degree it is true throughout each of the States, except as we go into the States this would be affected more by the retirees from private industry than proportionately from the Government.

But out of these cases he found there were 298 voluntary retirees, men who had voluntarily quit and went on retirement, and who were drawing two or more Government checks.

There were 45 of these numbers or 15 percent of these 298 that were receiving three or more types of Federal benefits concurrently.

There were five claimants or 2 percent of them who were receiving four or more types of Federal benefits concurrently; and one was receiving five types of Federal benefits, all running concurrently.

While this may be small in proportion to the overall, I do think that such instances as this go to discrediting the compensation program, and I would very much like to see you join us in supporting an amendment affecting the 13 weeks only, and I want to emphasize I would think that what they do on the respective State plans is a State problem, and I will defend that throughout, but on this 13 weeks only, I would like for you to go along with us in correcting it where a man who is applying for a pension could elect—I would not go to the needs test, I do not like that at all, but I think that a man who is leaving the work force should have an election that he would take his unemployment compensation or his retirement benefits, whichever is larger.

or if he wants to delay his retirement and his unemployment more, I will not enter into an argument on that, but I do not think he should be able to retire as an executive or a Government employee and draw unemployment compensation when, to all intents and purposes he has no intent, no intention, ever to reenter the labor force.

Secretary GOLDBERG. Senator, just let me make an observation on that. I would like to do anything to cooperate with this committee to get a bill. I think I have said that repeatedly.

However, I have an obligation to protect the overall program and the relationships that we have with the States, which I am very anxious to do.

There has been a great fear expressed that this administration is out to federalize the program of unemployment compensation benefits.

I want to state here that this is not my intention either in the temporary program or in the permanent program which we will submit to you. I want to preserve a good, cooperative relationship with the States in working out our joint responsibilities in this area.

Now, you have put these cases, and you and I have corresponded, as you have said, and I appreciate your concern in calling this to my attention.

I have done a little surveying of the situation as a result of your interest in the matter, and I found this: That a recent survey of civil service retirees that we have, made in 1958—the situation has not changed appreciably since that time—shows that of the retirees claiming unemployment compensation, 24 percent received an annuity of less than \$20 a week; 44 percent less than \$30 a week; and 52 percent less than \$35 per week.

Now, also a more recent survey, 1959, shows that only 16 percent of all civil service retirees filed for unemployment compensation, and 13.5 percent actually received such benefits, a very small number, as you yourself have said.

Now, there is this question, and also there are two aspects of it: First of all, a retiree who is not in the work force is not eligible for compensation. If he does not apply for work he is not eligible.

Senator WILLIAMS. If you will pardon me—

Secretary GOLDBERG. If he applies, the States apply the rules again, not Federal rules, but apply State rules in this area, and that is, if the States say that if he seeks work he can get compensation, those are the rules applied.

May I just observe—

Senator WILLIAMS. But that has worked pretty much in a comparable manner, and the laxity of the rules is such that he can say, "I voluntarily retired, accepting my retirement. I thought I would get a more healthy job, somewhere I could get a more healthy job, or I wanted to change residence," and they are rather lenient, and again I will go with you in protecting the rights of the States to make those rules on that portion of the program which the States financed.

Secretary GOLDBERG. But may I say this, that 22 of the States—I had said that 39 had various provisions of disqualification—I have checked that figure, and that includes not only disqualification in this area but disqualification, as I read it, in other areas, too—22 States, correct me now, Mr. Murray, provide blanket disqualifications or reduction of unemployment benefits such as you are suggesting.

But there is another consideration which I commend to you, sir, and that is this: Since retirement benefits are not always as generous as the case you put, the figures that I have given overall indicate this, that, perhaps, what we are doing, if we move in this area without studying it adequately—and I think we have to study it, and I propose to give a further report on the permanent program—is just to transfer this liability from this area to the relief program or to some other program, and we achieve nothing by this, because a retiree whose income is of the category I have described, very often cannot support his family.

Now, that is why I really feel that we ought not to move here, understanding your interest and the concern that you have manifested not only in this but in many areas, to see that abuses do not exist. I think that the figures we have demonstrate the problem as not being great.

I think the figures we have demonstrate that it would lead to great controversy. I know what the request would be on the other side. The request on the other side would be, in the Federal program, to do what most of the States do, and that is not disqualify a man—this would be the argument on the other side—and I think we would be entering into an area of a Federal standard which would delay the passage of this particular, much-needed legislation, with which you have indicated general support.

Senator, I would like to agree with you, but I must state, frankly, what the considerations are that impelled us to this view.

Senator WILLIAMS. I am one who believes the time to correct something which he believes is wrong is when he sees it, and while he is dealing with legislation.

While I have great respect for the figures which you cite as to the low amount of the pensions, any Government employee whose pension is around \$20 per month, it is only—

Secretary GOLDBERG. A week, sir.

Senator WILLIAMS. A week.

Secretary GOLDBERG. A week.

Senator WILLIAMS (continuing). Is, by virtue of the fact that he would have a small amount of Government service or it would have been in many years older than this, prior to this, at the time when wages were level, and that man would not even be affected by it.

I was interested—and this is a spot check by the Comptroller General. I do not even know what month he selected. He said he picked a particular month. I expect he told me the month, but I don't recall it. But in that there were only six whose pensions were less than \$100 per month. The lowest was \$72, the highest here, I am looking at another one, who was drawing, he retired at the age of 62, he was drawing \$437 per month pension civil service retirement; he was drawing \$226 monthly benefits from the Veterans' Administration, which gave a monthly income of \$653 per month; and in addition to that he applied for and was granted the 34 weeks of unemployment insurance.

I do not think that was so intended under the law, and there are many of these cases. Whether this gentleman, when he reaches 65, would be eligible or not for social security benefits in addition, I do not know.

I might say for the record that that was case No. 178, in case you decide later that you want to check it.



Secretary GOLDBERG. Yes.

Senator WILLIAMS. A copy of all this has been furnished to you.

Secretary GOLDBERG. Yes.

Senator WILLIAMS. But there are many cases here where there are pensions running from \$400 on down to \$175 to \$200 a month, and those people are obviously not in the labor force, and I know of cases in private industry—I had one gentleman who frankly told me his case, his pension was approximately \$9,000 a year. He had a very high job, yet he was approved for eligibility for unemployment benefits.

Now, it seems to me that we should not in the name of trying to do something for the man who is, through no fault of his own, unemployed, extend benefits to men in that category, and I think that, in principle, we are in agreement.

I agree with you that we do not want to create any fear on the part of the States that we are going to move in and lay down Federal standards, and I can assure you I appreciate the fact, of course, that you, as Secretary, have indicated that you would oppose such an effort nationally, and I can assure you that I will be one of your strongest backers or strongest opponents of your successor should that sometime someone else decides to lay it down, because I recognize and would defend the rights of States to lay down their own rules on that portion of the program which they are paying for.

But I do think it is different when we move in on these weeks, on these 13 weeks, and I very much am concerned to find these large payments going into homes for people who are obviously with no intention, who obviously have no intention, of ever entering the labor force and, as you know, under this, what they call the double dip provision, they can come back after this 13-week period and utilize their same prior earning record and get another round of the 20 weeks or 26 weeks, whatever it is the States give.

For that reason many of these men who were checked get, I will just read the list of the weeks, 60, 84, 33, 26, 52, 33, 60 weeks, 64 weeks, they get what they call this double dip, and it is the retirees that get this double dip because they are not entering the labor force again.

Secretary GOLDBERG. Now, Senator, and I again want to repeat this, I do not want this committee to believe that I would be inconsistent when I come back on a permanent bill. I have not yet arrived at our own recommendations in this area. I do not know what the permanent bill will provide.

I am against Federal standards of any kind in this bill.

Senator WILLIAMS. On that point we are in agreement.

Secretary GOLDBERG. Yes.

Senator WILLIAMS. Except on that 13 weeks.

Secretary GOLDBERG. On the permanent bill I do not know what I will recommend, and we will have an opportunity to discuss that later.

Senator WILLIAMS. Does—

Senator DOUGLAS. Mr. Secretary, I hope you will not let the very formidable Senator from Delaware frighten you off from advocating Federal standards.

Secretary GOLDBERG. At this point I want to keep an open mind, since I have not completed the study that I think has to be made, I want to keep an open mind, and come in and discuss it with this committee. I just want to make this final observation.

The CHAIRMAN. Mr. Secretary, have you ever taken a position prior to this time on Federal standards?

Secretary GOLDBERG. Personally?

The CHAIRMAN. Yes.

Secretary GOLDBERG. In the Government or out of the Government?

The CHAIRMAN. In or out.

Secretary GOLDBERG. In or out?

The CHAIRMAN. Yes.

Secretary GOLDBERG. In the Government I have not taken a position. Out of the Government I do not recall that I personally have taken a position, but the labor movement with which I have been associated has been in support of Federal standards.

Senator DOUGLAS. Mr. Secretary, I am sorry to have stirred up a sleeping lion.

The CHAIRMAN. Then prior to this, out of the Government you have taken a position for Federal standards?

Secretary GOLDBERG. Not personally. I have never appeared to testify on this type of extension.

The CHAIRMAN. But your associates have done it?

Secretary GOLDBERG. Oh, yes.

The CHAIRMAN. At this time you are uncertain as to whether when you recommend the permanent legislation you will recommend Federal standards or not?

Secretary GOLDBERG. That is correct, sir. We have not completed our work in this area.

Finally, I just want to say the final thing. I think the Senator has given this rundown of the cases he has. The figures we show, just to place it in perspective, and I am sure he would agree with this, is that 4 out of 5 retirees in the District of Columbia, and 83 percent of the retirees in the total United States, do not file for unemployment compensation.

Senator WILLIAMS. I appreciate that fact.

Secretary GOLDBERG. I just want to put that in the record.

Senator WILLIAMS. Oh, yes; that is right.

I said in the beginning that this is a small factor in the overall program. It may be small as to the number of retirees in industry, but the fact that it is small, if it is not right, does not remove us from the responsibility of correcting it.

Secretary GOLDBERG. Well, as I said, I think we ought to look at this in the permanent thing.

There is another complicating factor—it gets more complicated all the time when we deal with it in a temporary bill. For example, we have this reimbursement provision which we are recommending in this bill which, I think, is equitable for the States that now provide more than 26 weeks.

Well, 17 of the States that provide more than 26 weeks, subject to reimbursement, wouldn't be affected by a change in the pension requirement, and we would have difficulty in that area.

So I really believe that we would get into a lot of difficulties in dealing with this in a temporary bill.

Senator WILLIAMS. Could we boil it down that that would be the only objection, because I think I could suggest a way around that very easily?

Secretary GOLDBERG. No, sir. I would have to say that I have to stand on the position I have taken.

Senator BUTLER. Mr. Chairman, may I ask a question?

The CHAIRMAN. Yes.

Senator BUTLER. I would like to know how far the Department is prepared to go in payment in the future for States who pay in excess of the average of the country or one or two other States.

Secretary GOLDBERG. Senator, this means in the permanent program?

Senator BUTLER. Yes.

Secretary GOLDBERG. We have not formulated, finished, our recommendation in this area.

Senator BUTLER. What is your present thinking on it or how far are you prepared to go?

Secretary GOLDBERG. My present thinking, Senator, is pretty much confined to this bill.

Senator BUTLER. You are prepared to go 39 months? You will take that now, but when will you take 52 or when will you take 60 or when will you take 70 or whatever you are going to make it in the end? What is your figure? What are you thinking about?

Secretary GOLDBERG. Well, at the moment I am thinking, as I said, about this bill, and I have been pretty well occupied in this area. I would share—

Senator BUTLER. But you have been thinking about maybe extending it forward?

Secretary GOLDBERG. More than 39 weeks?

Senator BUTLER. Yes.

Secretary GOLDBERG. Personally? Are you asking me personally?

Senator BUTLER. I am not asking you personally; I am asking you what the Department is doing.

Secretary GOLDBERG. I cannot answer for the Department, because I have not had time, frankly, Senator, to canvass the opinion of the Department. I have some personal views about this.

Senator BUTLER. But you are personally prepared not to go more than 39 weeks even in a permanent bill?

Secretary GOLDBERG. I am personally thinking in the 39-week area, but I want to consult with my associates who have had longer experience than I. But my personal views run in this direction.

Senator DOUGLAS. Mr. Chairman, I wonder if my good friend from Maryland would share his thinking with me on this question. Would he tell me what his future designs are in this field of unemployment compensation?

Senator WILLIAMS. Could I ask the Senator from Illinois if he wants to try to finish this bill today, that he leave the future alone, and handle this bill, because the Senate goes into session at 11?

Senator DOUGLAS. But from time to time some of the gentlemen on the other side stir me up, and I am not always able to restrain my tongue.

Senator BUTLER. I am very sorry to be the stirrer-upper.

Senator DOUGLAS. That is all right.

Senator BUTLER. I do not like to ruffle your composure.

Senator DOUGLAS. It does not ruffle my composure in the slightest, but it excites my risibilities. [Laughter.]

Senator WILLIAMS. We would like to pursue this just a moment on these retirees, although I will, in passing, say that I welcome the support of the Senator from Illinois in laying down standards in this bill. I appreciate your willingness to join me in laying down standards on this 13-week item, and although I am not—I will be frank to say that I doubt very much that you would persuade me to lay down standards in future legislation.

Senator DOUGLAS. I thought the Senator from Delaware was laying an excellent basis for standards in future bills.

Senator WILLIAMS. I will say this: I reserve the right to lay down standards on this or any bill which is financed by the Federal Government. I have said many times when States turn to the Federal Government to get the money to finance a program they can expect with those funds some elements of Federal standards and control.

I will be with you on that, but I cite, Mr. Secretary, as an example of the need of this, one further reference here to which the Comptroller General called your attention. This was a married couple in which both were in the labor force. They both retired. They both filed for and were given unemployment insurance simultaneously.

Their combined pay (after taxes) before retirement, was \$6,403 per year.

Their combined take-home pay after retirement, including their retirement benefits, their unemployment insurance, taking into consideration the tax exemption which would be extended to the unemployment compensation and to the social security payments, their net take-home pay after retirement was \$7,410 per year, or, that is, they made \$1,007 per year more on retirement on unemployment than they did when they were working.

Now, another case here, which he pointed out, was one of a single man. His take-home pay before retirement, and after his taxes, was \$3,451 per year. After retirement, and he was drawing, including his unemployment compensation and also retirement benefits, and taking into consideration his tax exemption, which went with certain of those payments, his take-home pay was \$4,416, or \$965 more take-home pay not working than there was working.

I think you will agree with me that when we established a principle such as that, and extend it, we are discrediting what should be recognized as a bona fide and a good program, one which I am wholeheartedly in favor of in principle here, and I think you will agree with me that the way to keep this program good is to eliminate those factors which we think may be inequitable.

Secretary GOLDBERG. Again let me just make a final observation on this, if I may. Of course, there are always situations which arise which are exceptional in character, and which can lead to the results you indicate.

But I want to say this, Senator Williams, and I think you will recognize the validity of this position. I was pressed to recommend to the Congress by experts in the field on the same premise that you have advanced, that this is a Federal grant, paid for by Federal taxes, not only to extend the duration but to increase the weekly amount to what traditionally the unemployment compensation system was supposed to serve, 50 percent of the base pay, and do that as a Federal matter. Since they were Federal funds, we would have a right to do that on

the principle you have advanced, and there was great pressure to do that.

This would change the amount that the States are paying now; many of the recipients are receiving less.

I resisted that because I did not feel it would do anything, I thought, but add to the area of difference.

It is on the same principle that I am resisting your very persuasive attempt to change the attitude which I have expressed.

Senator WILLIAMS. I might say that I am in complete agreement with you on your earlier decisions. I recognize your position in taking—in giving us an endorsement on this proposal at this time.

I would like to put it this way: Aside from your tentative commitments, looking at it from the standpoint of merit alone, do you think there is merit in the argument advanced here this morning that this is a field which should be corrected?

Secretary GOLDBERG. I would like to study the field, and I would like to, frankly, know a little more about it than I do.

I promise to do so and promise, too, when I appear before you here on a permanent program, to give you a much more considered view.

I would like to study some of the matters you have called to my attention, and I will.

Senator WILLIAMS. I would appreciate that, and my only point is, I will not belabor this further, because these are typical cases of the survey, as they were taken from a total of 1,601 claimants, all of whom had voluntarily retired, and they were taken as a sample during a particular month. I just do not have the month. I have a complete copy of all of this survey with the claimants reduced to numbers, which is the way it should be, they should be kept by numbers, I think we are in agreement on that, because there are no violations of laws. But all of that is available, and I am merely going to ask that you do study this over the weekend because I think Monday such an amendment will be offered to this bill when we go into executive session.

I would like to ask what, with your endorsement or without it, and I appreciate your position about endorsing it, would you have your Department cooperate with us in preparing the necessary language for an amendment to this bill which would be appropriate and workable wherein we could give to these people who are applying for unemployment compensation an election whether they take their unemployment compensation and defer their pensions or take whichever is higher, and fix up such an amendment which you could recommend that would be workable, even though the amendment may not have your endorsement, and I appreciate that point?

Secretary GOLDBERG. We, of course, would be glad to be of service to the committee, to serve it in any way the committee desires.

Senator WILLIAMS. I will close with this, because I personally feel this is a field in which that should be corrected, I do not think that we can very well justify our position in going back home and voting an extension of benefits to these people who are drawing either as former Government employees or as former employees of industry sizable retirement checks.

Secretary **GOLDBERG**. You see, part of my problem is that we have in the Department, in addition to the communication you have received, many communications from people in States that deny benefits to retirees, of great hardship, and that is why I want to present a total picture when I appear on the permanent bill.

Senator **WILLIAMS**. Mr. Chairman, I would like to suggest, that we incorporate in the record, this report as furnished to us by the Comptroller General in which he breaks down these 45 cases, and the various types of pensions which they are receiving, along with his accompanying letter. At the same time, I would like to include his letter of March 8 in which he outlines the mechanics wherein the so-called double dip works. It is a complete explanation of the law as he has found it existing in this particular field, and I would like to incorporate this material in the record.

The **CHAIRMAN**. Without objection, it will be incorporated.

Secretary **GOLDBERG**. May I have incorporated in the record a memorandum which summarizes our discussion of this?

Senator **WILLIAMS**. Yes.

Secretary **GOLDBERG**. I will ask leave to send that over to Mrs. Springer and have it incorporated in the record.

The **CHAIRMAN**. Thank you, Mr. Secretary.

(The material submitted by Senator Williams and the memorandum subsequently filed by the Secretary follow:)

U.S. GENERAL ACCOUNTING OFFICE,  
CIVIL ACCOUNTING AND AUDITING DIVISION,  
Washington, D.C., March 8, 1960.

To: Associate director Lloyd A. Nelson.

Subject: Labor, BES, congressional information requested by Senator Williams of Delaware, regarding the maximum number of weeks that unemployment benefits are paid (20201).

In our February 28 meeting with Senator Williams, there was some discussion on the number of weeks that unemployment compensation could be drawn by a claimant without earning additional wage credits. The Senator asked whether we would submit a memorandum to further explain this phase. That is the purpose of this memorandum.

There are 40 States and the District of Columbia<sup>1</sup> that pay 20 or more weeks benefits in a benefit year. In the 1958 recession, additional benefits were paid for 50 percent of the claimants' previous benefit entitlements, under the Temporary Unemployment Compensation Act of 1958.

Claimants in the District of Columbia could then receive compensation during 30 weeks in a benefit year. However, this does not mean that they had to be reemployed to obtain additional wage credits before being eligible to exceed the 30 weeks of benefits. They merely had to wait 13 weeks (after drawing 30 weeks of benefits) until the end of their benefit year (1 year from the date of their initial claim) when most of them were again eligible for up to 20 weeks additional benefits.

This phenomenon is referred to in unemployment circles as the "double dip."<sup>2</sup> It is particularly beneficial to persons on pensions or annuities who do not have to be concerned about earning a livelihood during their 13-week wait before they are eligible for the second round of benefits.

The "double dip" arises because of the method of operation of the law—not through any intent or objective expressed in the law. The amount of a claimant's weekly benefit in most States is based on the amount of his wages for a prior period of four calendar quarters. Since it is impractical for the unemployment compensation agencies to have wage information on hand from each employer, up to

<sup>1</sup> See p. 76 of Labor Department Publication BES No. U-141 regarding comparison of State unemployment insurance laws as of Jan. 1, 1960.

<sup>2</sup> See p. 116 of April 1959 House hearings on unemployment compensation printed for use of the Committee on Ways and Means.

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the date of the claimant's separation, the wages already reported for a prior period are used as the base for determining benefits.

In 31 States, and the District of Columbia, the first four of the last five complete quarters are used as the base for benefits. In most States, after his initial claim, and without additional employment, the claimant still has two quarters of wages, including any terminal leave payments, to use as a basis for determining his second round of benefits. The weekly benefits in the second benefit year might be lower than in the first benefit year if the creditable wages were lower. However, in our test of unemployment payments to 1,000 Federal claimants in the District of Columbia for the first week of February 1950, we noted very few cases where weekly benefit amounts were any lower in the second benefit year.

The maximum number of weeks of potential benefits mentioned in most State laws is misleading to the legislative bodies, and to the general public. It implies that the number of weeks' benefits from one job termination would be limited to the number expressed in the State law—which is not true in actual practice. For example, we found numerous cases in the District of Columbia where benefits were paid for 60 weeks or more, on the basis of a single job termination.

L. M. EICHORN,  
Supervisory Accountant.

### Comparison of take-home pay of 5 employees discussed in our report on unemployment compensation to retirees—After retirement and before retirement

	Single	1st couple			2d couple		
		Mr.	Mrs.	Total	Mr.	Mrs.	Total
<b>Take-home pay after retirement:</b>							
Years service.....	39	40	36	-----	25	14	-----
Average high 5-year salary before retirement.....	\$4,721	\$4,626	\$3,594	-----	\$7,962	\$3,974	-----
Percent of high 5-year salary paid as retirement annuity.....	72	73	67	-----	44	25	-----
Monthly annuity per report.....	\$283	\$280	\$200	\$480	\$289	\$82	\$371
Annual retirement annuity (monthly annuity per report X 12 months).....	\$3,396	\$3,360	\$2,500	\$5,760	\$3,468	\$984	\$4,452
<b>Unemployment compensation:</b>							
Permanent program (1st benefit year) <sup>1</sup> .....	630	630	630	1,260	630	780	1,410
Temporary program.....	390	390	-----	390	390	390	780
<b>Net take-home pay after retirement.</b>	<b>4,416</b>	<b>4,350</b>	<b>3,030</b>	<b>7,410</b>	<b>4,488</b>	<b>2,154</b>	<b>6,642</b>
<b>Take-home pay before retirement:</b>							
Gross pay immediately before retirement.....	4,890	5,175	3,931	9,106	9,290	4,790	14,080
<b>Expenses connected with employment:</b>							
Federal income tax <sup>2</sup> .....	793	846	639	1,485	1,672	861	2,533
State income tax <sup>3</sup> .....	102	106	80	186	209	103	317
Retirement contributions (6½ percent).....	324	336	256	592	604	311	915
Carfare and lunch (220 days per year X \$1).....	220	220	220	440	220	220	440
<b>Total expenses connected with employment.....</b>	<b>1,439</b>	<b>1,108</b>	<b>1,195</b>	<b>2,703</b>	<b>2,705</b>	<b>1,500</b>	<b>4,203</b>
<b>Net take-home pay before retirement.....</b>	<b>3,451</b>	<b>3,667</b>	<b>2,736</b>	<b>6,403</b>	<b>6,585</b>	<b>3,290</b>	<b>9,875</b>
<b>Increase (reduction) of take-home pay upon retiring.....</b>	<b>\$965</b>	<b>\$713</b>	<b>\$294</b>	<b>\$1,007</b>	<b>(\$2,097)</b>	<b>(\$1,136)</b>	<b>(\$3,233)</b>
<b>Percent of former take-home pay, upon retiring (percent).....</b>	<b>130</b>	<b>119</b>	<b>111</b>	<b>118</b>	<b>(68)</b>	<b>(65)</b>	<b>(68)</b>

<sup>1</sup> In most States the benefit year starts with the week of the claimant's 1st valid claim and continues for a 1 year period. A claimant may qualify for benefits in a 2d benefit year without intervening employment.

<sup>2</sup> State income tax calculated on following basis, using 3-percent rate:

Single: \$1,000 exemption, standard 10-percent deduction.

1st couple: \$2,000 exemption, standard 10-percent deduction. Total tax distributed to husband and wife in proportion to salary.

2d couple: \$2,500 exemption, standard 10-percent deduction. Total tax distributed to husband and wife in proportion to salary.

<sup>3</sup> Federal income tax calculated on following basis:

Single: Treated as a single taxpayer, optional tax schedule (she is married).

1st couple: Joint return with 2 exemptions and standard 10-percent deduction. Total tax distributed to husband and wife in proportion to salary.

2d couple: Joint return with 3 exemptions and standard deduction. Total tax distributed to husband and wife in proportion to salary.

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MARCH 8, 1961.

Subject: Labor Department, BES, test of unemployment compensation payments to voluntary Federal retirees who are receiving retirement annuities and other Federal benefits concurrently.

The attached schedule shows the results of a test of unemployment payments to individuals in the District of Columbia who had voluntarily retired from Federal employment and were receiving retirement annuities, and who were also receiving other Federal benefits.

The test involved the 1,610 former Federal employees who received unemployment compensation in the District of Columbia during the week ended February 7, 1959. As already reported to the Congress in a report of April 26, 1960 (B-183285), 298 of the 1,610 claimants were voluntarily retired Federal employees who were receiving retirement annuities. Further tests were made to ascertain whether these 298 voluntary retiree claimants were also receiving any other Federal benefits. The number of cases checked and the results of the test are summarized below:

Type of benefit Feb. 7, 1959	Number of cases checked	Number of claimants receiving benefits	
		Number	Percent
Unemployment compensation.....	298	298	100
Civil service retirement.....	298	298	100
Social security <sup>1</sup> .....	240	27	11
Railroad retirement.....	298	2	1
Veterans compensation <sup>1</sup> .....	171	9	5
Veterans pension <sup>1</sup> .....	171	13	8
Military retirement.....	171	1	1

<sup>1</sup> Several claimants have been awarded benefits after Feb. 7, 1959, but these were excluded from the results shown.

<sup>2</sup> Checked males only.

The review of the 298 voluntary retiree cases shows that 45 claimants, or 15 percent, were receiving 3 or more types of Federal benefits concurrently. Five claimants, or 2 percent, were receiving four or more types of Federal benefits concurrently, and one was receiving five types of Federal benefits concurrently.



*Federal unemployment compensation paid to voluntarily retired Federal employees who were receiving a Federal retirement annuity and also receiving other Federal benefits*

Case No.	Age on January 1959	Unemployment compensation received after retirement		Other Federal benefits received concurrently									
				Civil service retirement monthly benefit	Social security and railroad retirement			Veterans compensation or pension			Military retirement		
		Number of weeks	Total received		SS, R	Monthly benefit	Date benefit began	C, P	Monthly benefit	Date benefit began	Monthly benefit	Date benefit began	
3	68	60	\$1,800	\$141					P	\$78.75	May 1957		
13	66	21	630	37	SS	\$105.00	October 1956						
14	65	34	1,021	79	SS	49.00	September 1956						
15	68	34	1,020	119	SS	33.00	July 1958						
33	62	13	390	281									
39	65	25	750	141								\$57.20	December 1956.
49	57	38	1,140	213					P	78.75	June 1956		
54	66	34	1,020	200					C	67.00	August 1952		
74	67	34	1,020	114	SS	33.00	December 1957		P	78.75	April 1956		
75	65	34	1,020	142									
76	68	43	1,290	76	SS	54.00	December 1957		P	78.75	May 1956		
93	67	60	1,800	145									
100	62	34	1,020	103	SS	41.40	June 1958		P	78.75	May 1956		
102	70	22	660	137	SS	52.00	August 1958						
103	64	39	1,170	83.00	SS	38.90	January 1958						
104	66	60	1,800	78.00					P	78.75	September 1917		
112	62	25	750	159.00					C	30.00	July 1916		
127	65	60	1,800	173.00					P	78.75	June 1958		
138	66	21	630	139.00	SS	61.00	December 1957						
142	63	60	1,800	223.00	SS	67.50	July 1958						
149	71	55	1,384	188.00	SS	33.00	January 1959						
						{ 13.00(W)	do		P	78.75	July 1957		

**Federal unemployment compensation paid to voluntarily retired Federal employees who were receiving a Federal retirement annuity and also receiving other Federal benefits—Continued**

Case No.	Age on January 1959	Unemployment compensation received after retirement		Other Federal benefits received concurrently									
				Civil service retirement monthly benefit	Social security and railroad retirement			Veterans compensation or pension			Military retirement		
		Number of weeks	Total received		SS, R	Monthly benefit	Date benefit began	C, P	Monthly benefit	Date benefit began	Monthly benefit	Date benefit began	
150	61	58	\$1,740	\$234.00					C	\$55.00	March 1928		
153	67	47	1,404	210.00					C	29.00	October 1919		
154	71	62	1,833	256.00					P	78.75	October 1957		
175	66	60	1,800	164.00	SS	\$45.00	January 1957						
177	71	29	870	99.00	SS	33.00	September 1954						
178	60	26	780	320.00					C	28.00	September 1931		
179	62	43	1,273	86.00	SS	27.70	November 1958						
182	67	60	1,800	136.00					P	78.75	September 1957		
183	69	34	1,020	72.00	SS	55.00	February 1954						
184	63	33	983	113.00	SS	33.00	January 1958						
192	63	26	779	268.00	SS	33.00	May 1960						
193	66	52	1,552	110.00	SS	16.50(W)	do		C	20.00	January 1932		
190	63	33	794	110.00	SS	33.00	April 1958		P	78.75	August 1958		
202	66	60	1,750	245.00	SS	39.60	July 1958						
203	65	64	1,892	172.00	SS	33.00	November 1957		P	78.75	October 1957		
207	65	34	1,020	244.00	SS	33.00	October 1958						
215	65	34	1,020	141.00	SS	46.00	December 1958						
259	65	21	630	148.00					P	78.75	September 1958		
260	64	34	1,020	119.00	SS	72.00	December 1958						
268	66	57	1,710	R	86.90	do	do		C	25.00	March 1932		
271	69	57	1,697	278.00	R	64.60	March 1959						
278	62	34	1,020	98.00	SS	62.00	April 1957						
287	67	65	1,950	122.00	SS	33.00	May 1954						
289	66	34	1,013	437.00					C	226.00	March 1958		
				215.00					C	123.80	July 1919		
				333.00	SS	33.00	January 1958						

STATEMENT OF SECRETARY OF LABOR REGARDING AMENDMENT TO H.R. 4806 DENYING COMPENSATION TO PERSONS RECEIVING RETIREMENT PAYMENTS

The Department of Labor is opposed to amending H.R. 4806 to deny temporary extended unemployment compensation to all individuals who are receiving retirement payments. For the reasons indicated in my testimony, H.R. 4806 is designed to cause the least possible disruption to the State unemployment insurance systems, and accordingly I am opposed to any Federal standards in this temporary program. I would not like to complicate and delay the urgently needed emergency program by a provision substituting uniform Federal treatment of all persons receiving retirement pay for the present approach based on State practice. Furthermore, in principle I believe that the rights of this small group of claimants, like those of all other claimants regardless of age, should be based on their own individual earnings and employment and labor force attachment.

Even though these payments will be made entirely from Federal funds, I believe that the State policy should prevail with respect to retirement payments as it does with respect to other eligibility and disqualification provisions. I should like to include in the record the attached letter of August 9, 1960, from Secretary of Labor Mitchell to the Comptroller General, disagreeing with the latter's recommendation to amend title XV of the Social Security Act to prohibit the payment of unemployment compensation for Federal employees to voluntary Federal retirees. I agree with the views of my predecessor on this matter. Since unemployment compensation for Federal employees is also paid entirely from Federal funds, the arguments against a Federal standard on retirement payments under that program are appropriate for this program.

Individuals receiving retirement pay do present the unemployment insurance program with a difficult problem. Before proceeding, I wish to point out that it does represent a violation of the unemployment insurance law when benefits are paid to an individual who has retired from the labor force, since under all State laws, benefits may be paid only to individuals who are in the labor force. The difficulty faced by unemployment insurance agencies is to separate those individuals who have retired from the labor force and are claiming benefits fraudulently from those individuals who, despite their receipt of retirement pay, are genuinely in the labor force and eager to work. Such separation is complicated by the reluctance of many employers to hire older workers. The difficulties increase in periods when unemployment is high, and frequently of long duration.

In this difficult area, States are still experimenting with various approaches. No State, however, denies benefits to everyone receiving any retirement pay. I believe that the States should be allowed to determine the eligibility of older workers claiming extended benefits, just as they determine their rights to State benefits. There are many difficult questions in determining a claimant's availability for work. The States are accustomed to making such determinations, and I believe should continue to have the responsibility for them.

The Comptroller General, in reviewing the program of unemployment compensation for Federal employees, has presented some examples of individuals receiving both unemployment compensation for Federal employees and civil service retirement pensions, pointing out that some of the individuals are also receiving other Government checks, such as old-age survivors insurance payments, veterans' compensation or pensions or military retirement. These cases are not typical of the great bulk of unemployment compensation for Federal employees claimants, or of Federal retirees. To complete the information given in part in my testimony, I should like to include the following excerpt from a complete survey of 1959 experience with the unemployment compensation Federal employees program. "Only 16 percent of all civil service retirees filed for unemployment insurance; 13.5 percent actually received such benefits. Only 0.3 percent of all unemployment compensation for Federal employee claimants were retirees, but only 7.4 percent of all unemployment compensation for Federal employee claimants were retirees who actually received one or more payments.

"Of the 7,458 retirees who received unemployment benefits:

- 1,276 (1.2 percent of all UCFE load) retired mandatorily;
- 3,467 (3.5 percent of all UCFE load) retired voluntarily;
- 2,715 (2.7 percent of all UCFE load) retired for disability.

"Of the \$60 million paid to UCFE claimants in the year, \$2,630,000 was paid to voluntary retirees, \$1,970,000 was paid to disability retirees, and \$950,000 was paid to mandatory retirees."

The relatively small overlap between UCFE and Federal retirement is, I believe, an indication that the overlap is made up of those retirees who have not withdrawn from the labor force. This belief is strengthened by cases, such as the following, in which UCFE claimants who had voluntarily retired from their Federal jobs found other work before they had exhausted their UCFE benefits.

(1) Male, age 61. Voluntarily retired from the Post Office in October 1957. He went to work in private industry three quarters in 1958. In January 1959 he filed a claim for unemployment insurance, using Federal wages plus his wages in industry and was eligible to receive benefits. However, since filing his claim he has secured employment and thus has not been entitled to any unemployment insurance benefits.

(2) Male, age 61. Voluntarily retired from Post Office in April 1958. He served a 10-week disqualification for voluntary quit, then drew several weeks of benefits, after which he obtained employment with Wilson-Tolchester Steamship Line. He was still entitled to more than 10 weeks of benefits at \$35 per week at the time he took the job in private industry. He has not been paid unemployment compensation since that time.

(3) Male, age 67. Voluntary retiree from Department of Agriculture. Filed UCFE claim December 24, 1958. Entitled to \$30 per week for 26 weeks in UCFE. Drew five checks. On April 20, 1959, he went into self-employment and terminated his UCFE claim.

(4) Male, age 64. Voluntary retiree from General Services Administration. Filed UCFE claim on February 2, 1959. Disqualified five weeks. Entitled to \$30 per week for 26 weeks. Drew four checks. Went to work March 23, 1959, for Guses Driving Range. Hasn't claimed benefits since that date.

(5) Female, age 66. Voluntary retiree Central Intelligence Agency. Filed UCFE claim December 9, 1958. Entitled to \$30 per week for 26 weeks. Has been partially employed at Manpower, Inc. Has not exhausted her benefits. Some weeks she earns more than weekly benefit amount (and therefore draws no UCFE check). Other weeks she receives partial benefit.

(6) Male, age 61. Voluntary retiree from Government Printing Office. Filed UCFE claim January 21, 1959. Entitled to \$30 a week for 26 weeks. Disqualified 5 weeks. Drew 10 checks, then went to work for Adams Investment Co. on June 15, 1959.

As I have pointed out in my testimony the overall group of persons 65 and over constitutes only about 4.1 percent of the insured unemployed. Moreover, not all of these persons receive pensions. Thus, the number receiving both pensions and unemployment compensation is so small that I do not believe it warrants abandoning the principle that unemployment compensation is an insurance benefit, paid as a matter of right to insured individuals who are in the labor force, but are currently unable to find jobs, without regard to other income.

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U.S. DEPARTMENT OF LABOR,  
OFFICE OF THE SECRETARY,  
Washington, August 9, 1960.

Hon. JOSEPH CAMPBELL,  
*Comptroller General of the United States,*  
Washington, D.C.

DEAR MR. CAMPBELL: I have reviewed your letter of April 20, 1960, together with the report to the Speaker of the House of Representatives on the program of unemployment compensation for former Federal employees.

Your recommendation that a Federal standard be established to prohibit by Federal law the payment of unemployment insurance to voluntary Federal retirees is contrary to the basic design of the Congress in establishing this program. That design, as you know, is to treat former Federal employees in the same manner as former employees of private industry are treated under State unemployment insurance laws. While this permits great variation from State to State in benefit payments to unemployed Federal workers, it has the desirable result of treating such workers the same as other unemployed workers in the State.

That the Congress has not changed its views in this regard is evidenced by its recent action (Apr. 22, 1960) in passing H.R. 3472 (Public Law 86-442). This act repealed a provision in title XV of the Social Security Act requiring lump sum terminal leave payments to Federal civilian workers to be treated according

to Federal law. House Report No. 80 stated the purpose of H.R. 3472 to be "to repeal section 1505 of the Social Security Act so that in determining eligibility of Federal civilian employees for unemployment compensation their accrued annual leave shall be treated in accordance with State laws."

In view of congressional intent that the same conditions be applied to Federal workers as are applied to State-covered workers, I believe that retired Federal workers should not be regarded as presenting any special problem and that they should be treated in the same way as are other retired workers under State unemployment insurance laws. Thus, the voluntarily retired worker from private industry and the voluntarily retired Federal employee in the same State should be treated alike.

As a prerequisite to receiving benefits, the unemployment insurance laws of all States require that a claimant must be physically and mentally able, willing, and ready to accept suitable work. In addition, all State laws include a provision disqualifying individuals who quit work voluntarily without good cause, and this provision is applicable to persons who voluntarily retire without good cause. The determination of eligibility for benefits should be based on the application of the provisions of State law to the facts in each individual case. The responsibility for making determination in individual cases should be left to the State employment security agencies. A broad legislative denial of benefits to all voluntary Federal retirees should not be substituted for this determination.

In supporting your recommendation your report makes statements that I believe may be misleading. The statement (pps. 4 and 7 of the report) that "in 47 States a Federal employee who voluntarily retires and receives a retirement annuity can immediately claim and, after a waiting period, receive unemployment compensation" ignores the availability and disqualification provisions of State laws. As pointed out above, all State laws provide for disqualifying claimants. The consequences of such a disqualification differ among the several States, but in no State would an individual who has been disqualified receive unemployment compensation immediately upon filing a claim and serving the usual waiting period. For example, in 16 States (of the 47 cited), a person who voluntarily quits may not draw benefits until he has been subsequently employed for a specified period; in 13 additional States, the amount of benefits to which a claimant is entitled is reduced by the number of weeks of disqualification; and in 18 States, benefits are postponed for a varying number of weeks, depending upon State law. In 18 States, whether or not a disqualification is imposed, the amount of unemployment benefits is reduced by the amount of the retirement annuity.

The report (p. 4) states that during the week of February 7, 1959, in the District of Columbia, 36 percent of the Federal claimants were civil service retirees. Presumably, the inference to be drawn from this statement is that this is representative of the proportion of Federal claimants that are annuitants nationwide. A single week's sample is not representative of the composition of the claimant group over a year's period of time, nor is the District of Columbia representative of the national pattern. The Bureau of Employment Security's survey, which covers a 12-month period (1958), shows that 23.8 percent of the Federal claimants in the District were retirees while countrywide only 7.4 percent of the Federal claimants were retirees, and, moreover, only 3.4 percent of the Federal claimants receiving benefits were voluntary retirees.

The report (pp. 15, 16, and 17) states "The individual who voluntarily retires from Federal service and obtains a lifetime annuity indicates by this action that he no longer wants employment." This statement is not supported by experience. Many persons voluntarily retire from a particular job with no intention of leaving the labor force. They retired (1) to accept another job, (2) because the agency is undergoing a reduction in force and brings pressure on older workers to make way for younger employees, (3) because of need to do less strenuous or less hazardous work, (4) because the agency moves to another city, or (5) because personal or family circumstances require moving to another city.

The report contains illustrations of persons receiving benefits under the District of Columbia law for a large number of weeks, presumably for the purpose of supporting your view that voluntary retirees are not genuinely interested in obtaining employment. In each of the illustrations, however, the Federal claimant was paid in the same amount and under the same conditions as a similarly situated individual retired from private industry would have been paid. Furthermore, had they refused an offer of suitable work, they would have been dis-

qualified. The fact that some retirees who claim benefits are unemployed for a long time does not necessarily reflect their unwillingness to work; it is more apt to reflect their difficulty in finding employment in the face of employer resistance to hiring older workers. Federal claimants as well as all other claimants are required to be available for work. This does not mean, however, that jobs must be available for all claimants or that an otherwise available claimant is rendered unavailable by the reluctance of employers to hire him.

Your second recommendation is that "the Department maintain closer surveillance over interpretation of State unemployment compensation laws where they affect payments to Federal employees and other individual awards of Federal unemployment compensation."

I believe that the Department has from the beginning of the program exercised effective and adequate supervision over the operation of the program. We have for example (1) conducted annual evaluations of the operations in all States, (2) reviewed all appeals decisions, (3) with the aid of the States, trained over 3,500 Federal personnel and payroll officers in their Federal program responsibilities, (4) with the aid of the States, visited yearly over 800 local personnel and payroll offices of Federal agencies and evaluated their handling of Federal unemployment compensation and obtained correction of errors, (5) required States to notify Federal agencies when former employees are about to receive benefits, thus providing an opportunity for appeal, (6) issued detailed instructions to Federal and State agencies covering their responsibilities under the Federal program, and (7) arranged for the General Accounting Office auditors to review payroll office operations and for Civil Service Commission examiners to review personnel office operations in the course of their audits and examinations of records. Where a State or Federal agency through misinterpretation, or for any other reason, failed to carry out its responsibilities adequately under the program, the Department has taken immediate steps to obtain correction of the deficiency.

Your report states that you believe that failure of the Federal agencies to appeal cases to the same extent that private employers do, indicates that Federal agencies are not fully discharging their responsibilities under the program and that possible "unjustified payments" are being made. The number of appeals does not reflect the extent of surveillance over individual awards. Moreover, there is a very significant reason for the lack of Federal appeals. Section 1507(a) of the Social Security Act provides that the findings of the Federal agency with respect to reasons for separation are final and conclusive. Thus, since the State agencies are required to accept as final the Federal agencies' findings as to reasons for separation, the Federal agencies have no basis for appealing any factual issue related thereto. Such factual issues, however, are the primary basis for private employer appeals. For example, during 1959 there were 112 private employer appeal decisions on unemployment compensation claims in the District of Columbia, of which 95.5 percent involved reasons for separation.

The report does not cite a single case in which there has been an "abuse" or an "unjustified payment" because Federal agencies have failed to appeal. Typical in this respect is the action of your own agency. During the past 5 years about 600 of your agency's former employees have filed claims for benefits, but during this entire period, your staff has not found it necessary to appeal a State agency determination.

To maintain the kind of surveillance the report recommends—that a Federal representative should supervise individual awards of benefits—would require substantially more staff than I believe to be justified and would moreover be unsound. In accordance with the law, I have entered into agreements with the States delegating to them the day-to-day responsibility for administration. Your recommendation would result not only in a duplication of effort and in lessening the authority and responsibility of the State agency but, in addition, would place the Federal representative in the anomalous position of second-guessing the State agency as to the interpretation of its State law.

In determining the extent to which the Department should supervise State agencies' administration of the unemployment compensation for Federal employees program, I have been strongly influenced by the fact that the Federal program is part of a larger Federal-State unemployment insurance system, and that the interpretation of State law is primarily the responsibility of State authorities. Accordingly, I believe that the Department's supervision of State agencies as herein described, is adequate.

I appreciate the effort that your staff has devoted to the preparation of this report. I regret that I cannot concur in your recommendations.

Sincerely yours,

JAMES P. MITCHELL,  
*Secretary of Labor.*

The CHAIRMAN. Any further questions?

Senator CARLSON. Mr. Chairman, I have some questions.

Mr. Secretary, I regret that I have been unavoidably absent during your testimony on H.R. 4806, but I want to assure you that I am going to read your testimony before we go into executive session and, therefore, it is with some hesitancy that I ask you any questions, because I assume you have answered questions in every field, but I do want to ask you this one question.

Has there been any discussion of the additional costs of the administration of this program on the State agencies, and have any plans been considered for giving them additional help or additional funds, if needed?

Secretary GOLDBERG. Yes, sir. There has been no discussion, Senator Carlson, but I have talked to the chairman about this, and he has a letter from me to deal with this problem.

There will be additional costs to the State agencies, and I have proposed to the chairman—who, I understand, will discuss it in executive session—a method of coping with this problem.

Senator CARLSON. The reason I bring it up, having served as a Governor of a State, I know some of the problems that we get in States when the Federal Government establishes new programs and sends them out to the States unless some provision is made.

Now I am not too familiar with the funds that are available for States. It seems to me it is limited by the Federal Government in the total amount.

Secretary GOLDBERG. That is correct, sir. Additional funds will be needed, and we are proposing to the chairman and the committee by a letter I have addressed to the chairman, a method of supplying those additional funds.

The States will need additional funds and should be provided with them, and must be provided with those funds. I have made a proposal to the chairman in this regard.

Senator CARLSON. I appreciate that.

The CHAIRMAN. It will be called to your attention in executive session.

Senator CARLSON. I shall, of course, be anxious to continue to see that the States do have the funds that are needed to take care of this initial program.

Secretary GOLDBERG. I am fully in agreement with that.

Senator CARLSON. I believe that is all, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Carlson.

Are there any further questions?

(No response.)

The CHAIRMAN. Well, Mr. Secretary, we thank you very much, sir.

Secretary GOLDBERG. Thank you very much, Mr. Chairman. I appreciate very much the courtesy you and members of the committee have extended to me.

The CHAIRMAN. The next witness is Mr. Reinhart Gutmann, National Federation of Settlements and Neighborhood Centers.

**STATEMENT OF REINHART GUTMANN, NATIONAL FEDERATION OF SETTLEMENTS AND NEIGHBORHOOD CENTERS**

Mr. GUTMANN. I am Reinhart Gutmann, chairman of social education and action and board member of the National Federation of Settlements and Neighborhood Centers, 226 West 47th Street, New York, N. Y. I am here to testify today on behalf of that organization.

For your information, the National Federation of Settlements and Neighborhood Centers has 243 member agencies in 87 cities across the United States.

One of our staff has just returned from a visit to several cities in the southeastern section of the country where she witnessed daily breadlines  $3\frac{1}{2}$  blocks long and four persons abreast waiting to be certified for surplus food through the President's new program. Our agencies are not normally relief-giving agencies but people without money for food, clothes, or rent come seeking assistance because of unemployment. In one city an executive who has long worked there says that every week she sees on the street furniture of families who are being evicted for nonpayment of rent, and that she has witnessed more evictions this past winter than in her whole career to date.

Within the past 3 weeks we have had reports from more than half of the cities in which we have member agencies, all telling the same story. This situation is serious. It calls for quick and drastic action. I am including, herewith, for your information excerpts from the many reports that have come to our national office (refer to the attachments). These tell their own story.

We wish, therefore, to support the President's recommendation for the temporary program to extend unemployment compensation (H. R. 4806). Our organization has long favored improvements in this program. (Official action submitted for the record.)

We view extension of unemployment insurance as a speedy method to meet the urgent needs of the people. We do believe, however, that this is only a stopgap measure and ask Congress to provide the kind of far-reaching programs that will stimulate the economy, such as improving the minimum wage, including migrant workers and others under the Fair Labor Standards Act, housing and urban renewal, aid to education, improved health and welfare programs. These are all programs needed for their own sake.

In addition, there must be new programs to meet the needs of youth for employment. A broad retraining program is necessary for great segments of the population affected by automation and other new inventions. However, retraining will be valueless unless jobs are available.

For large numbers of families in many States, as the accompanying illustrations so clearly show, there is no place to turn for help.

We therefore feel that immediate enactment of this bill is urgently needed now.



(The attachments referred to follow:)

AMENDMENTS TO EXISTING RESOLUTIONS ADOPTED AT THE ANNUAL MEETING,  
JUNE 4, 1960, BOSTON, MASS.

UNEMPLOYMENT

Since 1915 the National Federation of Settlements and Neighborhood Centers has been concerned with the tragic problem of unemployment. The problem is: unemployed youth who cannot find entrance into the labor market; older workers whose skills are lost to the economy and who are often desperately unhappy; workers in industry displaced by the technical evolution; migrant workers whose exploitation has an adverse effect on the total wage structure; members of minority groups whose talents often go unused. These people are the deep concern of neighborhood centers over the country (1959).

The National Federation of Settlements and Neighborhood Centers therefore urges that government, industry, and unions give special attention to the unemployment problems of these people and their integration into the economy in accordance with the intent of the Employment Act of 1946. The National Federation of Settlements recommends to local houses and federations cooperation with local government, industry, and unions on suitable solutions (1959).

The National Federation of Settlements and Neighborhood Centers particularly recommends the following:

1. Federal standards should be adopted to assure unemployment compensation equal to at least 50 percent of average weekly income.
2. Provision for a minimum duration of benefits in normal times and appropriate extension of the duration during any period of long-term unemployment.
3. Federal and State aid in retraining of workers who have become unemployed or are in danger of unemployment because of automation (1959).
4. The extension of unemployment insurance to cover workers in government, nonprofit organizations, and those agricultural and domestic workers, as well as employees of State and local governments not now covered. Coverage should be extended also to individuals in firms employing one or more workers. It should also include the men and women serving in the Armed Forces (1955).

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SELECTED REPLIES OF RECENT QUESTIONS SENT TO MEMBER HOUSES IN VARIOUS CITIES BY NATIONAL FEDERATION OF SETTLEMENTS AND NEIGHBORHOOD CENTERS, NEW YORK, N.Y.

Question. What are the noticeable effects of unemployment as you observe it?

*Detroit, Mich.*

(a) Greater mobility as people hunt jobs, whether Tennessee, Grand Rapids, or at home.

(b) Those in their fifties and sixties seem to be permanently laid off when their employer's plant moves out of the city.

(c) People buy only the bare necessities (bread and milk), certainly not cars. One family of nine on \$42 per week unemployment compensation believes they do well when the children manage two meals a day, one of them hot cereal. The schools do not serve free lunches to elementary school children. Malnutrition increases.

(d) People are not getting needed medical care. The heart patient stops going to the doctor. A local dentist one year ago had two and a half assistants, he now has only a half-time assistant, as many of his patients are unemployed. These people avoid the city physicians. The mother in the family of nine cited above has severe health problems requiring a special diet, but how on \$42 per week and surplus commodities of corn meal, beans, etc?

(e) Children and parents do without clothing, boots, shoes and coats.

(f) More women are going to work.

(g) Some people get their hair cut every 3 weeks instead of 2; some start barbering at home. And so the small businessman is affected.

(h) People do not go out for entertainment, and there is less partying at home. Therefore, fewer babysitting jobs are available.

(i) Rents do not go down, nor food costs. Phones are disconnected; one family has had the gas turned off, and the only heated room is the kitchen, via the

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electric stove oven. Families pay \$5 or \$10 a month on the gas bill, and month by month the bill mounts to \$50 and \$60.

(j) Not everyone is covered by unemployment compensation. One woman who was hurt in the Plymouth plant cannot get social security because she is not totally disabled. The company on the other hand won't place her in an easier job, and the doctor says she cannot work on the job on which she was injured.

(k) More people are using their full employment compensation than ever before.

(l) There is increasing demoralization, with some people saying there is no steady work unless there is another way.

(m) People are losing their homes.

Families will do anything to stay off welfare. Many depend on families, parents, etc., to keep them off welfare. One family of seven is buying milk and bread on credit. In another family the youngsters come to school without lunch.

Some fathers desert the family so the mother can qualify for ADC. More people are turning to door-to-door peddling, as well as scouring up part-time work. The feeling is one of despair, of never getting out of debt. Welfare is the last resort of the desperate. The waiting time for acceptance is sometimes a week or longer and most people have exhausted their resources before going to welfare. Emergency help is not available except during specified hours, and sometimes the doors of welfare intake are closed at 1 p.m. instead of 3 p.m. (if there have been many coming that day). Mrs. X says, "Those of whom I'm familiar with are losing things which have been purchased on time payments at better times and generally are becoming panic stricken about their future."

### *Youngstown, Ohio*

The crime rate has increased. We are in one of the highest crime rate areas in the country. Unemployment compensation payments have reached a new high. The county relief rolls have taken on many new cases. There is a large labor surplus which will not be taken up until employment increases. We must have additional job opportunities or move some laborers to an area with a surplus of jobs. New machinery and automation have created a surplus of labor.

Mr. A, a veteran of 5 years, mostly spent in Germany, is discharged. He returns to the States and is unable to obtain employment. He uses up his veterans' unemployment help and then applies for direct relief. He is told that he is not eligible because he has lived only 7 months in Ohio. He, however, was born in Youngstown, graduated from the local high school and worked a time in Illinois before going into service. His parents and relatives live here. The relief office tries in the giving of Government surplus to those who have established residence. Mr. A was married while in service to a German girl and they have two children. The local relief office would make Illinois responsible for this case and feels that Mr. A should return to Illinois. This is a true, typical case. Mr. A would be glad to testify regarding this case. It is deplorable.

### *Syracuse, N.Y.*

Children participate less in those program activities where small fees have to be charged, i.e., cooking, crafts, certain types of outings where busfare is needed, and parents are cutting down on food and clothing and are borrowing money. Many people try to get jobs but are forced on welfare. This is especially true in cases of large families.

### *Sioux City, Iowa*

Unemployment cases are quite similar and there are many of them. The following is typical:

A husband is unemployed. The eventual need for food, heat, and rent money. The county refuses to help because wage earner is physically able to work. Temporary aid is finally received from church group.

### *Atlanta, Ga.*

1. Inability to pay rent, buy food or clothing.
2. More evictions in the neighborhood.
3. More people seeking assistance (particularly those not eligible for public assistance).
4. More referrals from other agencies who are having more calls than they can handle.
5. Increase in the number of children receiving free school lunches. (This is reported by teachers in neighborhood schools.)

The breadwinner of a family of nine without regular work since October: His unemployment compensation has been used up. Family is living in housing project where tenant must pay water bill. When family came to our attention, water had been cut off because of nonpayment. Family had no food, was in arrears with rent, feared eviction notice any day. They are not eligible for categorical relief. Find other agency help limited due to increased demands on funds and commodities. School age children must request free lunches on which there is already a heavy demand.

*San Pedro, Calif.*

There is no money for food, rent, clothing, or medical care. Families are given eviction notices for nonpayment of rent. Lights and gas are cut off. Furniture and cars are repossessed.

There is no money for transportation. The general hospital, where there is a free clinic, is a long distance from our town. The families do not have busfare. The men become depressed and discouraged. Marital discord increases.

One young mother with three small children, ages 1, 2, and 3, who has had several cancer operations, said: "My husband and I just don't get along any more. He is out of work. We have hospital bills unpaid. There is no food for the children, nor shoes for them, and there aren't even any towels in the house now. I dry the children with rags. It is my fault we are in such bad shape because I've been sick so much. I'm so tired and worried. I don't mean to be cross, but it seems as if we quarrel all the time now."

*Peoria, Ill.*

The three housing projects in Peoria are now almost without any vacancies because persons laid off at the Caterpillar plant and by other industries in the city have been moving into the projects.

To my best knowledge, there have been 5,000 persons laid off at the Caterpillar tractor plant and this, of course, has shown up in the slacking off of business in department stores, supermarkets, laundries, and other service trades.

*Auburn, N.Y.*

Largely more family problems. The apathy of the people is not good. The mental attitude is worse. Young people especially are greatly affected.

One family in particular: The father is out of work. He has marital and teenage problems in addition. Children are unable to work. Children need special attention in health (one has a speech defect and dropped out of school). They have become a multiple-problem family. Mother has refused to see social worker because, "What is the use, no one cares, what can they do?"

*Louisville, Ky.*

The relief situation in Louisville has been in a sad state for over a year because of a lack of adequate funds and the fact that the county cannot or will not make their funds available.

*Chicago, Ill.*

(a) Workers laid off temporarily are out for longer periods than usual and are called back in fewer numbers when work in a factory begins to pick up.

(b) More workers whose unemployment compensation is exhausted, who cannot find work, who have to seek public assistance. Also more families living on unemployment compensation.

(c) More workers who have had experience, have some skills and are of an age where the outlook for finding work should be good, are unable to find work.

(d) Increased difficulty for young men recently out of school and for men over 40 or 45 in locating jobs.

(e) Although the labor market for the unskilled and those lacking an educational background has been consistently declining in the past 5 years and has been expected to continue to do so, there has been a most serious shortage this fall and winter. Men who made a very marginal living on "spot jobs" find long lines in employment offices who specialize in such employment and secure very few jobs.

(f) More workers on short hours and, therefore, lower incomes.

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### *Boston, Mass.*

The Massachusetts Unemployment Commission people are worried because of the rapid increase in new claims in recent weeks. Latest figures indicated about 150,000 last week of new claims. Claims running out because of end of allowable weeks was only about 1,700. This is for the State as a whole.

### *Syracuse, N.Y.*

A large number of men are roaming the streets and hanging on corners. There is also an increase in the number of burglaries.

### *Detroit, Mich.*

1. The men are frantically seeking employment, no matter how small or how little they are paid for the performance of same.

2. Wives, mothers of children, are trying to find employment to substitute as heads of the family, while the husbands are out of work.

3. Teenagers are seeking either part-time or full-time employment to help their parents out.

4. Families are using up emergency reserve funds. If this is gone they apply for welfare. Many are losing their homes.

5. The liquidation of business places. In the area of 3 blocks, eight stores closed permanently due to lack of business.

### *Chicago, Ill.*

Too many of our people have been caught in a snare of installment buying. They have listened to the "no recession" talk because they wanted to. The next effect (almost simultaneously) is evictions and no food. We have a large percentage of people in our area now from the rural South. A few are "going home" but not many. We are getting calls to help in cases of evictions and are giving out food in ever-increasing amounts (only to our own families and to referrals—many of these are from the Community Referral Service). General Assistance is having to set interviews 6 weeks in advance. Interim provisions are very inadequate and sometimes don't seem to exist at all. We have very good cooperation from both private and public agencies, but we are all getting swamped and at times a bit confused, I fear. Our staff is not adequate to handle this, and we are having to shift some of our "emphasis" temporarily, we hope!

We could give many illustrations. One that is outstanding is that of a young man with graduate training. He is the president of our adult council. His family lives in this area, and he would like to stay here, but he has a wife and 5-year-old son and has been out of work for 3 months. He works diligently and intelligently at trying to find any kind of job. His last job was as salesman for a brewery—so he isn't fussy. He hasn't been able to find anything and his morale is going downhill fast. His father helps but he has been seriously ill. We have tried to help him but have been unsuccessful so far.

### *New Orleans, La.*

The Louisiana Division of Employment Security covers the metropolitan area as a whole. They report a steady increase in unemployment during 1960, with a greater rate of increase since September. During January 1961 this trend continued even more rapidly. Further the only expansion area has been in suburban shopping centers, but even here expansion of employment has not reached what might have been expected.

Mrs. L. is a comptometer operator. She has been looking for a job for 2 weeks unsuccessfully. Her husband is an alcoholic who has gone home to his mother in another State. They have three children, ages 4, 8, and 11. They live in a public housing project. Only support is \$10 a week from her mother. The Louisiana Department of Welfare can give no help until her husband has been separated from her for 90 days or she secures a legal separation, which she cannot do because of lack of necessary funds.

Hardship affects on mother and children are maximum.

### *Minneapolis, Minn.*

1. Increased requests from residents for help from the agency for food, clothes, carfare, etc.

2. Minimal diets in the home, poorer clothing.

3. Children are unable to take part in afterschool activities (sponsored by the school) where there is a fee involved. :

4. Lack of lunch money for school lunches.

5. Many of our local merchants complain of poor conditions.

People whose unemployment insurance has run out are in a bind. Debts increase and they are forced to cut down on their general financial expenditures. If they are residents of less than a year, they are not eligible for public assistance and are forced to turn to other sources—e.g., social service agencies and churches—for help.

In spite of what seems to be a significant amount of construction going on, things are quite bad in this area. I have learned that in the building trades, 60 percent of union members have been unemployed since November 15. Although this time of year is generally a time of less work in the building trades, the 60 percent figure is much higher than is normally the case.

It would appear, then, that the casual laborer, the "last to be hired, first to be fired," is having an especially difficult time and this would affect particularly such minority groups as the American Indian and the low-income, unskilled Negro.

*St. Louis, Mo.*

Increase in clinic load due to lack of income to pay for medical care, which is also stimulated by lack of adequate food, clothing, and shelter.

Many more requests for emergency relief money, clothing, food, etc. Increased mobility caused by inability to pay rent and attempts to find cheaper housing. People are moving in with relatives, returning to farming communities and there are grocery orders from various private agencies. Free lunch programs in schools.

Mother, father, and seven children; father unemployed truckdriver for 3 months. Unemployment compensation is about to run out. They live in a three-room apartment. One child needs an operation, but this has been postponed because of lack of funds.

*Detroit, Mich.*

The following are typical examples of the effects of unemployment:

There is a family with five children, father is laid off. Children range in age from 5 months to 6 years. One week the mother had \$5 for food, another week, \$10. She does not have the skills for work of a skilled nature. Her wages as kitchen helper would be about \$1 per hour, babysitter fees would be 35 cents an hour.

In another family the husband is 40 years old, too old to work in the factories and does not have enough seniority in plants where the seniority might range from 1945 or from 1946 to 1935. The family is now trying for ADO supplemental aid.

The Joneses, with five children, are on the verge of losing their home, their car (father does construction work when employed and needs it for job hunting), life insurance. They have made drastic cutbacks in food, medical care, etc.

In the words of one of our clients: "I was laid off in the factory, was unable to find a job. I was forced to draw unemployment compensation. After drawing all compensation and veterans' compensation that was due me, I was still unable to find work. The last alternative was for myself and my family to apply for welfare aid in order for us to have shelter, food, and clothing."

A family of nine, mother and father and seven children, aged 8 to 13. The family owns three blankets, clothing is ragged, and the children do not have boots. Unemployment compensation is \$42 per week. Rent in the public housing project this week was reduced from \$58 to \$25 per month. The children eat hot cereal for lunch, no breakfast. They are listless in school and on the playground. One girl complains of headaches. Mother has a severe case of high blood pressure and should be on a special diet, which she cannot afford. A little is paid each month on utility bills, but the gas bill is now \$58. The local school provides free hot lunches for junior high pupils from low income families. There is no similar program for elementary school youngsters.

Another client stated: "I'm alone with four small children. Having been recently laid off after having had a sick leave, I find myself behind in my utilities, rent, and two small monthly installments. This is very frustrating as there seems to be no way out."

Many times marriages begin to disintegrate under the strain.

In one family, the mother put off going to the doctor because the family attempted to stave off welfare. She became tubercular and underwent a lung operation.

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### *Cleveland, Ohio*

Heads of household are unemployed—most are on unemployment compensation. Shortened workweeks and no overtime. Men are holding one job rather than two.

### *Riverside, Calif.*

For lack of work some have failed to pay their bills and several have lost their belongings, such as cars and homes. In some cases their utilities have not been paid and have been turned off.

People have been borrowing money, and many have been doing any kind of job they can find. Many are receiving emergency welfare aid.

### *Los Angeles, Calif.*

Some families whose unemployment insurance benefits have run out apply for general relief. The Los Angeles County Board of Supervisors plan to overstaff public assistance offices to cope with the applicant load. Even so some families will continue to go lacking for assistance until such help is available.

Just today (February 10, 1961) it was announced that county employees from other departments of the county would be working overtime (Saturdays and Sundays) with regular staff to meet the acute situation caused by unemployment.

Unemployment benefits give out and families find it very difficult to qualify for public assistance; children are kept out of school due to lack of shoes and clothing and due to lack of food for school lunches. In addition since we are under the Catholic Charities we used to refer our clients to the Catholic Welfare Bureau but now the bureau is so overloaded with Catholic clients they are no longer able to serve persons of other faiths.

A father forged check to buy groceries for his family was caught and at present awaiting to be sentenced.

Father unemployed for 6 months; drew unemployment benefits but these have run out; person not eligible for public assistance since residence not established; has received a few emergency grocery orders; lights have been turned off; is waiting to be evicted. Were referred to the Mormon church for assistance.

Laws are such that sometimes unemployed fathers are forced to desert families so that their families may qualify for public assistance.

### *Chicago, Ill.*

The increasing number of individuals on the street reflects a growing rate of unemployment. Milton Carter, local YMCA director, remarked that the kids no longer buy cokes from the vending machine. When this happens it is a sure indication that their parents are without funds.

### *Detroit, Mich.*

Increase in number of families receiving public welfare, ADC, and old-age assistance grants.

Adult and juvenile crime rates are the highest in Detroit. The health situation is poor.

Families are extremely mobile due to economic situation. Turnover in neighborhood public schools is usually 100 percent each year.

Many unattached males drift through the neighborhood. (Not all of them are residents of this area.)

Most of the people whose unemployment insurance has run out seek public or private assistance; the women supplement family income by daywork, the men by doing odd jobs.

### *Seattle, Wash.*

This family's father has been out of work for 6 months, and the mother is the one who, through janitorial work at night, maintains limited income. The son has no incentive for school; however, the mother does not want the son to hang around the home like the husband. At least by going to school the son would be away from home. Being a Negro, he does not feel the high-school education helps, because jobs are too hard to find, and the value has not been taught. Although job discrimination is outlawed, without knowledge and skill and support the Negro has some definite disadvantages. :

### *Philadelphia, Pa.*

We notice among the considerable number of persons in emergency situations coming in for counseling and referral that a large proportion are receiving unemployment compensation benefits and that the relief roll is extremely high.

Another less tangible result is the effect on the persons involved, with parents who have hitherto kept their families independent being quite depressed and the children for their part reflecting restlessness.

The U. family came to Philadelphia from Puerto Rico 3 years ago. There are five children ranging in age from 8 years old down, and Mrs. U. has been able to earn only low wages polishing silver at the Sheraton Hotel, so that it was necessary to secure a supplement to this through a relief grant from the county board of assistance. Fluctuations in the amount of his paycheck have necessitated adjustments in the size of the welfare payment, with the result that the family is barely able to keep abreast of paying for expenses, and all savings have long since disappeared.

Last week Mr. U. was laid off his job and is applying for unemployment-compensation benefits, but it will take 3 weeks before his first check is received. They have requested the welfare worker to increase the relief grant in the interim, but this is also a lengthy process. Because Mr. U. has limited vision and is not skilled in any particular type of work, it is difficult for him to find employment. Because of lack of English, Mr. U. has found it difficult to communicate his feelings to the worker, but it is certainly apparent that he and his wife are quite discouraged.

#### *Chicago, Ill.*

People are trying to get on public assistance, but we have had trouble with those programs for some time. Their workers are under orders to delay and deny as much as possible, even told one applicant she couldn't see "that lady" (our staff member) any more re her assistance. (Of course, we bucked that one hard, to the top.) Money is now about to run out for public assistance programs, too, and those we work with get on the rolls when claims are legitimate.

#### *Philadelphia, Pa.*

The O. family of 900 block Montrose Street, a husband, wife, four children. Mr. O. is a construction worker, and has always struggled with a marginal income, but did own a car and rented a single-family house. This fall and winter he has been unemployed and has lost his car. The excessive heating bills of this very severe winter made it necessary for him to get fuel through the local parish church, and last month the family finally applied for public assistance.

#### *Tacoma, Wash.*

As soon as unemployment occurs it is noticed that tension mounts in the families. There is more quarrelling in the large families, more unrest and a great fear that the families will lose both status and many appliances, cars, and luxury items that have been purchased on the installment plan.

Scandinavian families are tightening their belts and anticipating the layoffs. We have a large population of retired Scandinavian people who have substantial incomes and who are not very much affected since their dollar is going farther than it did a few months ago. Installment buying is down in the neighborhood for the more stable families, but the Negro is still attempting to get credit for appliances, etc. The more stable white families are objecting more strenuously to the influx of the Negro population than they did formerly. They base their objections upon very realistic happenings. They see Negro men leaving their families as soon as they are unemployed and either seeking employment elsewhere or abandoning their families. This leaves the women eligible to apply for ADC (aid to dependent children) for the family providing they do not have any income and they meet the resident requirements of Washington.

In the case of large Negro families these same neighbors have noticed that many of the Negro men of these large families move to other parts of the city leaving the wife free to apply for ADC but they actually do not cut off their relationship with the family. It is not uncommon to see their cars driving up at night so that dad can stay the night and be unknown to the "welfare worker."

#### SUPPLEMENTARY MATERIAL FILED BY NATIONAL FEDERATION OF SETTLEMENTS AND NEIGHBORHOOD CENTERS, NEW YORK, N.Y.

#### A REPORT ON THE UNEMPLOYMENT PROBLEM IN THE HULL HOUSE NEIGHBORHOOD, BY HULL HOUSE ASSOCIATION

Unemployment is a major problem in the Hull House neighborhood. It is a problem that has many serious consequences for both the unemployed person and his family. Prolonged unemployment which is the situation at the present

time means worried and discouraged men and women, physical and mental deterioration, health needs neglected, family breakdown, desertion of wage earner, exhausted savings, evictions, creditors repossessing household furniture and cars, and inadequate diets and clothing.

The problem here is complicated by the kind of people who make up the employable group. They are for the most part unskilled labor with little education, often a language handicap and limited work experience. When there is a layoff they are the first to go because they cannot be transferred or promoted; automation concerns them.

This study comprises 120 heads of families and single persons who sought our help between August 1, 1960 and January 31, 1961, because they were unable to find work. As they talked they brought out their concern about many other problems, the majority of which may be directly related to lack of employment. For example, inability to pay the rent, hence an eviction notice, gas and electric service shut off, no money for glasses for a schoolchild, no money for doctor bills for a sick wife, the need of warm coats for the family, creditors threatening to take action, life insurance dropped, and friction at home.

Many persons were seen over and over again; planning was often made difficult because the person was unable to face the prospect of long unemployment.

All of the 120 persons chosen for this study were able bodied, between the ages of 20 and 60 and had had work experience. They were also employable. None of them were receiving assistance from either a public or a private social agency at the time they came to us asking help in securing work. We had known many of them before the study.

We tried to help each person as best we could. We found work for 18, and 20 reported that they had found jobs themselves. Hence 38 persons or 31 percent went to work in this 6-month period. Unfortunately some of the work lasted only a short time. By a short time we mean a few months. Not a single person was called back to work at his former place of employment.

Large numbers of Spanish-speaking people live in this neighborhood. Two-thirds of all the persons seeking help with their problems belong to this group. The greater number were men, 88 or 83 percent; 32 or 27 percent were women.

Of the 30 nonresidents 20 were heads of families; they had their families with them. They said that they came to Chicago to find work and higher wages. The same reasons were given by the 16 single persons.

Nonresidents, especially families, posed a difficult problem. Relatives and friends helped, and we gave some assistance to meet emergencies. A few got jobs.

Only two of the nonresident families decided to apply to the public welfare agency for transportation back to their former place of residence. They applied and later withdrew their applications. These families continue to live with overburdened relatives. They have not found employment.

Of the 120 persons in this study 25 or 20 percent had filed for unemployment compensation benefits and were waiting the results; 11 or 10 percent were receiving their benefits, they were also looking for work. Some were heads of families others were single persons; 84 or 70 percent were ineligible for payments in most cases because their benefits were exhausted, some because they had not been working in covered employment, others had been overpaid when they were receiving their benefits, and a considerable number had their claims denied due to the reason for termination of employment. The person has a right to appeal the decision but it must be done within a limited period of time. When we talked to these persons about an appeal we found that in most instances the time to enter an appeal had lapsed. A very few appealed the decision.

The persons and families seen, with few exceptions, were in real need. We referred 27 who were residents of Illinois to the public welfare agency for assistance; 122 were heads of families and 5 were single persons; 12 of the 27 referred received assistance, 11 applications are pending, and 4 were rejected. One was rejected for lack of what the agency felt was proof of residence. This man later found his own job. We gave him \$5 for busfare to look for work, since he felt that he could not expect his brother to support his family and also provide busfare for him. Another was rejected because he would receive his first weekly unemployment compensation check of \$51 within a week. He has a wife and six small children. We gave food in the interim. A third man was refused assistance because he had not proven to the agency's satisfaction that he had looked for work strenuously enough. This man has a language difficulty and he can neither read nor write. The fourth, a single man, was unable to prove that he



was in need. Mr. T had been depending on small handouts from friends and a little money earned by selling scrap iron and other junk since he was laid off 6 months ago.

Those who applied for relief usually had a long waiting period of 2 to 3 weeks and several return appointments before the application was accepted. Knowing this we tried to help them prepare for the first interview in order to avoid return appointments. We looked over their papers and the other evidence required. We also wrote letters giving the agency our experience with the family, the family makeup, length of time we had known them, their last place of employment and amount of last paycheck, the families needs and the emergency help we had given them to tide them over until they could receive assistance.

We are not a relief agency. We do not even have an allowance in our budget for relief purposes, yet there are times when we have to give help to people in need because no other resource is available.

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ADDITIONAL SUPPORTING MATERIAL FROM WASHINGTON FILED BY NATIONAL FEDERATION OF SETTLEMENTS AND NEIGHBORHOOD CENTERS, NEW YORK, N.Y.

(Prepared by Friendship House, 610 D Street SE.)

The notion that certain categories of people, particularly low-income families, are not bothered by their lack of income and their failure to find employment gets little support, either from workers who have extended contracts with these families or from the reactions of those affected. On the contrary, the evidence suggests that in most instances the cold facts of unemployment and loss of income (no matter how small) involve great shock and anxiety among lower income families. The need for some adjustment to this situation is often recognized by the families, but the means of solving the problem are frequently beyond the resources of the families affected.

In the neighborhood served by Friendship House the unemployment problem is a serious one. A very high percentage of males living in this area are employed in seasonal, unskilled jobs, i.e., in construction work and in service occupations. Many of these workers have been unemployed for many weeks, partly because of the weather and partly because of a scarcity of job openings in these fields. Although these unskilled workers in construction jobs remain on the payrolls of the companies which employ them they are paid only for the work which they actually do. By being kept on the payrolls they are ineligible for unemployment compensation. Ineligible for compensation and unpaid because they are not actually working this group has come to be known to social workers as unemployable employables. Employment in other categories of jobs is virtually impossible for them because of their lack of skills and training in any other field.

Conditions in these families are desperate. The family, which is usually a large one, has no income. With an employable male in the family public assistance is not available. The family must resort to private agencies with extremely limited funds for temporary relief. They suffer from nutritional deficiencies since they are wholly dependent on surplus foods. If they are residents of public housing they usually require frequent reductions in rents, thereby increasing the cost to the public of this type of housing. Eviction from private housing is a constant threat. In desperation, and despite the presence of preschool children in the home, the mother accepts employment outside the home. In most instances, the mother resorts to job placement through private employment agencies which require registration fees which these mothers are unable to pay. If the agency provides work she must in turn pay the agency some percentage of her salary for their services. Thus, this small income decreases and is often inadequate to supply even the minimum necessities for the family. The family is unable to afford adequate child care, which now becomes the responsibility of older children who are often expected to absent themselves from school in order to assume the role of babysitter. Voluntary day care agencies are unable to meet the needs thus created because of a lack of funds. Family disorganization becomes an accepted pattern within the family with family roles confused and blurred.

There is a steep increase in applications for participation in the free lunch program in area schools. In almost all cases, need was established on the basis of unemployment of one or both parents. Neighborhood foodstores report that their business has fallen off as much as 20 to 25 percent and that requests for credit (which are usually refused) are increasing.

Finally, the strains placed on these families by their "below subsistence incomes" and by the day-to-day fight to exist create physical and mental health problems for both adults and children which make their social and emotional development extremely difficult.

## ILLUSTRATIVE CASE MATERIALS

*Case 1.*—Client (female) separated from an alcoholic husband a little over 2 years ago. Whereabouts of husband of client are not known to client. The family group consists of eight children (aged 4 to 13 years of age), the mother of the client, and a 6-year-old nephew. Latter was abandoned by client's sister when he was 2 years old. Mother of client is partially blind. Family lives in private housing in neighborhood. Rent for five-room apartment is \$75 per month, which does not include utilities.

Client was employed as waitress, supporting total family on income of \$22.50 per week plus tips. Expenses included rent (mentioned above), \$45 per month for gas heat, \$7 for electricity, plus food for family of 11. Blind grandmother receives a disability pension of \$50 per month. Client was laid off from work after a prolonged illness. Has used up compensation. Rent was paid to February, 1961 but client was unable to accumulate enough to meet next month's rent. Two months gas bill has also been unpaid. Client's mother has been feeding family on disability pension. No money available to pay rent or other bills. Family faced eviction from apartment because landlord would not extend time knowing that client was unemployed. No success in job hunting. Client was referred to Salvation Army for emergency funds. Client was encouraged to make application to free lunch program for children in school, and to apply for public assistance.

*Case 2.*—Client (male, 54 years old). Family consists of father, three children. Mother is dead. Family lives in public housing. Father's occupation in painter and paperhanger. He has also done some construction work. Father's income averages \$25 to \$35 per week. However, work record is spotty. In addition, client receives additional income of \$30 from a VA pension. Father pays \$33 per month rent for two-bedroom apartment in housing project. One child has been hospitalized for tuberculosis.

Client was referred by neighbor to agency for financial help. Client was employed as painter when employment was terminated. Had requested cut in rent in housing project but request had not been granted. Family had no savings and total income was that from VA pension. Because of age client was turned down on several times when he found job openings. Father requested financial aid from agency, but was referred to Salvation Army for temporary financial help. Children applied for free lunch in school attended. Father continues to seek employment but to date had not found same. Rent decrease is pending. Continued financial support is needed from private agencies.

The CHAIRMAN. Thank you, Mr. Gutmann.

The next witness is the Right Reverend Monsignor John O'Grady, National Conference of Catholic Charities.

Senator CURTIS. Mr. Chairman, may I say a word of introduction with reference to Monsignor O'Grady. He is a distinguished citizen of Nebraska of whom we are all proud. He has spent many years giving attention to various aspects of social security and social legislation. His heart is in his work, and I am happy that he is here, and I commend him to the committee.

Senator DOUGLAS. Mr. Chairman, may I say to Monsignor O'Grady that he is not only a distinguished native of Nebraska, but a distinguished citizen of the United States.

The CHAIRMAN. Monsignor O'Grady, you may proceed, sir.

#### STATEMENT OF RT. REV. MSGR. JOHN O'GRADY, REPRESENTING THE NATIONAL CONFERENCE OF CATHOLIC CHARITIES

Mr. O'GRADY. I am very glad to be here. I have been somewhat confused by this whole program, and this combination of so many different concepts, and I have been somewhat confused by the dis-

ussion this morning about benefits and the variety of benefits which are received by the older people.

That confusion arises from the fact that I have made in the past 4 years studies, detailed studies, of four large areas in American cities.

I have studied a larger area with the best technical advice available in the city of Buffalo, N.Y. I studied a large area in Cleveland, and a very large area in St. Louis, and a very large area which was finished only last year in Milwaukee, Wis.

Now, of course, the reason I am somewhat confused is this: I notice that these older folks on whom I have worked have considerable savings, and there is no Federal research in this field, and I make that statement without fear of contradiction, and I think that is one of the greatest difficulties we have in approaching these problems, that we do not know very much about what is happening in the local communities.

I find that, of course, in working over these communities for long periods, I was able to get a picture of the varieties of incomes that these folks have, and they are from a great variety of sources.

You have, of course, OASI, which they do not lean on too heavily, I am glad to say. They say that it is a help.

But then we have other resources besides. I would, therefore, hate to see somebody from the top, from the Federal Government, from a department that has not done any local social research—I mean assembling is one thing, but getting into a community and studying the whole community with all the people and all the families and all the neighborhoods and what has happened in those communities, what is actually happening to the people—I think that is one of the things for which I have criticized the welfare group nationally. They want to take over whole fields, but many times they are based, their statements about these new programs are based, on very limited experience because there is no research to tell us what they are.

We have had experience in dealing with these groups now that want a complete program of that assistance covering everybody, not only giving them relief but even getting into their families.

They want to take over all the family problems, and sometimes it is based on the assumption, unfounded assumption, they have not been there, they have not studied the situations, and I think that is one of the great weaknesses in this entire program.

We have studied this thing locally. We have these four studies, and we are launching out into a study of a larger area in Chicago now, and they have been telling us that we are taking the groups that are higher up in the economic levels; in order to assure them now we have decided to go ahead and study all sorts of communities thoroughly so that we would know what we are talking about.

Now I have noticed this because we have not only approached it from the standpoint of studying the individual cases but we have developed in the community of Lackawanna, we have taken the steel-workers, and we have gone over it and worked on it for 3½ years in the city of Lackawanna, and we have studied it and, as a matter of fact, we have practically taken over the complete social program of the community, and we are keeping at it all the time, and we have all the citizens involved in it. We call that the Lackawanna Citizens' Federation.

We have all the church groups interested in them, and just like we have had in our aging study, we have the whole community, all the churches of the community involved in it.

So we are not just getting a few specialists to study these problems for us.

Now, even on this other area in which Senator Douglas, whom I have known and worshiped through the years, they have this depressed areas situation, and we are taking over some depressed areas ourselves. We have western Montana, which we have worked on now for 3 years; we are building up some new industries there, and we are having all the people together.

You do not find any Federal agency making studies of that type. I have not found them yet. Maybe they are around somewhere, but I cannot find them. I have been complaining about that in the Government departments.

We have had, of course, I think, in the thirties, some very interesting things which were done in these various States. I happened to work in many places in the Old South, and we had gathered the people together to do things for themselves. In other words, we have developed a whole program of self-help which, by the way, it is very interesting to note, we are trying to promote in other countries.

I have spent 5 years in developing a program in Ghana, and some self-help, bringing all the groups together, and involving all the missionaries, because I do not want to just isolate my own group. I want to bring them all together, and we have the same thing, of course, in California now.

We get a great deal of talk around here, and the former Secretary of Labor tells us about the wonderful things he was doing for the migratory workers.

Well, we could not find much, and he tried to bear down on us as much as he could, but now we have the whole State pretty well organized.

We have brought all the groups together, you see, to work together. We brought all the various Protestant churches together. We want to get them in with us, too. We do not want to isolate ourselves.

Now, I think that is the tragedy about so many of these programs nationally.

I have followed unemployment compensation very carefully, and I have watched it in the States; I have been in the offices, and I think that it has a good many things that I would be inclined to raise a good many questions about, about the question of standards maybe, too. But again I do not want to get into this question of regimentation and bring them all together into one program.

But I see more and more of a broader approach to the whole American community, because I see it, for instance, in this bill.

I have complained you know, when I asked to appear before your committee, that you cannot separate this from what this other group on assistance is promoting. They are proposing everything, just everything.

I have not seen anything on which they are promoting which is more comprehensive. We have been debating with them for several years but, of course, they do not like to give other people a chance of debating these things with them because they know everything already, and

that is, of course, one of the tragedies of American social welfare, as I have seen it and as I have seen it in other countries, too, you know.

I have seen it in Ghana. I have worked with our ICA, and I have seen them in Nigeria, and I have seen them in Tanganyika and, of course, I see some of them in Latin America this year because I have been there also, and I am thinking about our approach to those communities.

I have had the privilege, of course, also of working with some of the Rockefeller staff in South America.

Now, that was my question and I wanted to plead with the committee just not to let this go as one thing, because you cannot separate them, you see, as I see it. In this whole program of social security, you cannot separate it into so many different parts, because I think there is a basic philosophy running through the entire program.

I remember very well in our early debates, you see, on social security, I was in on some of these debates, and we always had the questionnaire about this approach of social insurance in which a person had a partnership already, in other words, that is—of course, that is true for unemployment compensation. You have a partnership there, and there is a feeling on the part of the man, the individual, that that is his own.

Now, we had, of course, quite a long debate, you see, and I remember it very well because I was in it, as to how we should not have a general assistance program, you see, and I remember Mr. Landon's famous speech, you know, after the former President had said, "We shall and must get rid of this business of relief and the need test," because not that he wanted people to suffer, that was not the point, but he wanted to find some other substitute besides a need test, and relief, and something that took you into the whole family.

Remember that this group is not simply concerned about giving assistance, they want to take care of everybody. They want to take over the care of the children and then they do not want, as I have had many debates with them in the States, and we have had fair debates, because we kept right on them, we were able to retain a share of the work.

We wanted to get our own group, but we did not want our own group to get something that the other church groups—they probably stood out for this broader approach, which is my philosophy.

I think that these things need to be studied as one unit, and I did not have a chance of talking with Mr. Ribicoff about it. I have been discussing other things with him, but we did not have any chance of discussing any of these problems with him, you see.

Now, these are some of my thoughts about your program, and I have learned a good deal from sitting here with you, and the questions you are raising, these are the things that appeal to me possibly more than anything else.

I noticed the questions that Senator Douglas has been raising right through, and I can understand him, because I have known him for many, many years, and I followed him, and we, of course—I owe a great deal in my work to the University of Chicago. I have learned a good deal from them. I could not have carried on the programs that I have carried on through the years were it not for the assistance that I received and the good answers that I received from their faculty.

So my attitude toward him is based on long years of contact and admiration and observation of the kind of things that he is doing.

I did not want to say, except that I do not feel that these two programs can be separated—I think they are a part of one thing, and you cannot separate the social programs.

Then, as I see it again, I was greatly depressed yesterday when I heard a sample of—the discussion of these very small samplings; I do not think they are of very great value to us, and I found the same thing in our deal with the Census people, off the record, I find they have a good many questions about them myself, so I wish that we could have more of these studies of these communities and of the people.

I have noticed this other question about which I would have a good many questions. I have noticed in my study, and it stands out now in the St. Louis area very clearly, that the aging people today have a great many resources, and I think that is one of the tragedies that I noticed in the whole Townsend approach which I have studied and watched in the States, and I think that there are some problems in there, but I noticed that there is a good deal of—in other words, the family, the American family, is still very strong, and I have noticed that all through, their great strength, and then the relationships, and even in the communities, the relation of one to the other, and how they help one another, the spirit of mutual aid, and I noticed all through my studies of the American community, and I have noticed it in my studies of the African community, too, and the same spirit we are trying to cultivate.

I think we are failing to do it in our own areas, in our own communities in the United States. I think we are having a beginning here and there, but I noticed that it is so difficult.

These pensions that people get from a great variety of sources, I think it is very hard to pass on it. I do not see how anybody in the present Labor Department that I have known from the very beginning, I have known that the Department since it was first started, but I cannot see what they can do to study this problem without being guilty of grave injustices.

It has to be studied locally. We have to have research on it. We ought to study where all these new incomes come from nowadays to the aging.

It is there undoubtedly and, of course, I can see the problem that was raised by the members of the committee that if they are receiving, if they have so many sources of income already, it is hard to see how they should be dealt with in regard to unemployment compensation. That is really a problem.

It is true of all benefits. But I think there is—until we get some real local studies you cannot pass on it, you see. I think it is something we have tried in many cities and we are trying to keep it up and, of course, in Chicago we have an enormous number of projects, of course, we are getting into with some troubles because we are running into other people's sheds, because they want to tear down these houses in a certain area, and we say, just like we did in Milwaukee, the city wanted to tear down a whole community, and we had the people study it themselves.

Finally, they rose up in arms, you see, and the city had to get up another plan.

Now, that whole section of the city has been remade by the people themselves, and I am very anxious to call these things to the attention of the committee, to your attention and to the attention of your committee because we respect your leadership. I want to be, and maybe I should ask for some representation, because I have read all that has been written about this assistance on the desire to pull this thing in. I think it will set our whole social security program backward.

We have been dealing with that crowd for a good long time, and we find they set up all these programs without any study and without any research, you see, and they assume the American family is broken, cannot do anything with them any more except give them assistance, and that is running throughout the whole of life.

I find in regard to the aged the same thing from our own studies. We are learning more and more about the great strengths of the aging and how they have saved, this whole question of savings, which needs to be studied, too, more and more carefully.

It has to be done not just by a sampling method of taking 25,000 cases out of millions: I do not think that tells us very much.

Well, that is my story, Mr. Chairman, and I would like to be in touch with you about this thing as it develops. I know you are always agreeable to getting some additional information, and that is the way that I have, of course, known many of you, especially Senator Douglas and this friend of mine from Nebraska, I have known him for a long, long time, because Nebraska is still my adopted State.

The CHAIRMAN. Any questions?

Senator DOUGLAS. No questions, except I want to thank Monsignor O'Grady for sharing his thoughts with us.

The CHAIRMAN. Monsignor, we thank you very much for your contribution, sir.

The hearings are concluded on H.R. 4806.