

**MESSAGE FROM THE PRESIDENT OF THE UNITED STATES TRANSMITTING A RECOMMENDATION FOR
LEGISLATION ON THE SUBJECT OF ECONOMIC SECURITY**

The detailed report of the Committee sets forth a series of proposals that will appeal to the sound sense of the American people. It has not attempted the impossible, nor has it failed to exercise sound caution and consideration of all of the factors concerned: the national credit, the rights and responsibilities of States, the capacity of industry to assume financial responsibilities and the fundamental necessity of proceeding in a manner that will merit the enthusiastic support of citizens of all sorts...It is a sound idea - a sound ideal. Most of the other advanced countries of the world have already adopted it and their experience affords the knowledge that social insurance can be made a sound and workable project.

Three principles should be observed in legislation on this subject. First, the system adopted, except for the money necessary to initiate it, should be self-sustaining in the sense that funds for the payment of insurance benefits should not come from the proceeds of general taxation. Second, excepting in old-age insurance, actual management should be left to the States subject to standards established by the Federal Government. Third, sound financial management of the funds and the reserves, and protection of the credit structure of the Nation should be assured by retaining Federal control over all funds through trustees in the Treasury of the United States.

At this time, I recommend the following types of legislation looking to economic security:

1. Unemployment compensation.
2. Old-age benefits, including compulsory and voluntary annuities.
3. Federal aid to dependent children through grants to States for the support of existing mothers' pension systems and for services for the protection and care of homeless, neglected, dependent, and crippled children.
4. Additional Federal aid to State and local public-health agencies and the strengthening of the Federal Public Health Service. I am not at this time recommending the adoption of so-called "health insurance," although groups representing the medical profession are cooperating with the Federal Government in the further study of the subject and definite progress is being made.

... In the important field of security for our old people, it seems necessary to adopt three principles: First, noncontributory old-age pensions for those who are now too old to build up their own insurance. It is, of course, clear that for perhaps 30 years to come funds will have to be provided by the States and the Federal Government to meet these pensions. Second, compulsory contributory annuities which in time will establish a self-supporting system for those now young and for future generations. Third, voluntary contributory annuities by which individual initiative can increase the annual amounts received in old age. It is proposed that the Federal Government assume one-half of the cost of the old-age pension plan, which ought ultimately to be supplanted by self-supporting annuity plans.

STATEMENT OF GEORGE B. CHANDLER, REPRESENTING THE OHIO CHAMBER OF COMMERCE

Ohio business believes that legislation of this class will permanently weaken the fibre of the American people. Self-reliance has been the key to American success. It has been the initiative, thrift, and self-sacrificing foresight of the individual and the family which has brought this country to its proud position. And I say, "proud position" advisedly even in the midst of this depression. We are incomparably in a better position than any other nation in the world.

Only the other day when there was a blizzard in New York, it was impossible in this period of unemployment to get men to work. I live in a suburb of Columbus, where men used to apply at the door every day for work and we tried to give them work. No more apply any more; there is no application for work. Gentlemen of this committee, I want to say in all seriousness that this Nation can recover and will recover from the economic depression in which we are now floundering. We recovered in the panic of 1873, which ran for 6 years and was about as serious as this. We recovered under our own power; but, gentlemen, the loss to the morale of the people through this period and through the methods which have been adopted to alleviate it is something which I will not say is incurable, but whose result will persist for one or two generations; it is the most grave situation which this Nation is facing. And, to enter upon a broad policy whereby the individual is relieved of the responsibility for his unemployment, for his old age, for the care of his children, you are entering upon a pathway which has destroyed other nations.

...Beginning next January employers must, in addition, begin paying taxes on the payrolls out of which your wages are to come. This is the largest tax bill in history. And to call it "social security" is a fraud on the workingman. These taxes start at the rate of \$2 in taxes for every \$100 of wages. They increase until it is \$6 in taxes for every \$100 in wages.

We are told that this \$6 will be equally divided between the employer and the employee. But this is not so, and for a very simple reason. The actual fact will be, in almost every case, that the whole tax will be borne either by the employee or by the consumer through higher prices. That is the history of all such taxes.

The Republican party rejects any feature of any plan that hinders re-employment... One more sample of the injustice of this law is this: Some workers who come under this new Federal insurance plan are taxed more and get less than workers who come under the State laws already in force. For instance, under the new law many workers now 50 years old must pay burdensome taxes for the next fifteen years in order to receive a pension when they are 65; whereas those of the same age who come under some State laws- pay no taxes and yet actually get a larger pension when they reach the age of 65.

Transcript of minutes 11:20 to 14:50 of Francis Perkins' Speech

"The Social Security Act provides federal grants and aids for old age pensions provided for in the state, to those who are now both aged and indigent. The federal government will match the state, dollar for dollar, up to fifteen dollars per month by the federal government, and any amount more, which the state may seem fit to add in providing free pensions for all people who are without other means of support. The state must, however, comply with certain standards in order to get this federal grant and aid. Certain standards, in their old age pensions, administrations, and laws. Including an age limit of sixty five, although seventy is the usual rule today, and a residents requirement of not more than five years other than the nine years preceding application. Thirty nine states already have old age pensions, but most, many of the state laws have to be revised in order to meet these standards. The same sort of assistance is given by federal grants and aid to the needed blind and twenty eight states now make many of them inadequate provisions for assistance to the needed blind. The bill also provides federal grants and aid for mothers pensions where there is a dependent family without a bread winner. Forty six states have pension laws for mothers with dependent children, but the funds are so inadequate that about, only about one hundred and nine thousand families in the United States are receiving regular mother's aid allowances under state laws, although there are three times that numbers of fatherless families now on the relief role. The inadequacy of the state funds and irregularity of their administration, has been the cause of this anomaly. Under the present act, the state may secure federal aid of one third of their total expenditure on fatherless families up to eighteen dollars a month for one child and twelve dollars for each additional child in the household to enable mothers to take care of their own children at home. And this, of course, will be an extraordinary, a great expansion of a principle of taking care of dependent children in their own home. The act also provides grants and aid for child and maternal healthcare. It provides grants and aid for neglected and handicapped children. It provides grants and aid by the federal government to the state for health protection. The federal appropriation will be allotted to the states for strengthening their present public health services or developing public health services where they have none. This, of course, in the direction of preventing illness. The state also provides two other forms of social security which are in the insurance aspect rather than the relief aspect. The act provides for compulsory old age insurance under United States government supervision. The problem with the wage earner, to old to be hired is growing yearly in size. Today, six percent of our population is sixty five years of age and over, and by 1965 the percentage will be doubled. To prevent future old aged dependency as far as possible, now is the time to set up a compulsory old age insurance program."