

LOW-INCOME FAMILIES

HEARINGS

BEFORE THE

SUBCOMMITTEE ON LOW-INCOME FAMILIES

OF THE

JOINT COMMITTEE ON THE ECONOMIC REPORT

CONGRESS OF THE UNITED STATES

EIGHTY-FIRST CONGRESS

FIRST SESSION

PURSUANT TO

Sec. 5 (A) of Public Law 304

(79th Congress)

DECEMBER 12, 13, 14, 15, 16, 17, 19, 20, 21, 22, 1949

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LOW-INCOME FAMILIES

MONDAY, DECEMBER 12, 1949

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON LOW-INCOME FAMILIES,
JOINT COMMITTEE ON THE ECONOMIC REPORT,
Washington, D. C.

The subcommittee met, pursuant to call, at 10:20 a. m. in room 224, Senate Office Building, Senator John Sparkman (chairman) presiding.

Present: Senators Sparkman (chairman) and Flanders; and Representatives Huber and Rich.

Also present: Grover W. Ensley, associate staff director, Joint Committee on the Economic Report; Samuel L. Brown, economist, Subcommittee on Low-Income Families; and Mrs. Elizabeth G. Magill, research assistant, Subcommittee on Low-Income Families.

Senator SPARKMAN. Let the committee come to order, please.

A few days ago this statement was issued. I think it is just about as concise a statement as we could have regarding these hearings, and I will just read it:

Public hearings on the problem of low-income families will begin on Monday, December 12, and will continue through December 22. Materials assembled by the staff of the subcommittee and published as a joint committee print entitled "Low-Income Families and Economic Stability," indicate that 10,000,000 American families received less than \$2,000 during the highly prosperous year of 1948. The members of the subcommittee will hear expert testimony from Government and private witnesses on the circumstances of these families, and on the effect of their low production and low purchasing power on the economy as a whole. Some of the broad questions of fact and policy on which information is sought are:

1. Will the low production and low purchasing power of this large group of families hinder or prevent the stabilization of the economy at levels of maximum production and employment? Does the prosperity and progress of all depend upon raising their standards of living?

2. What can be done, in the form of long-run constructive policies, to increase the production and earning capacity of these families, thus making for a more prosperous national economy?

3. What conditions deprive these families of the opportunity to make a larger productive contribution and thus increase their purchasing power? What is the relation between low income and lack of educational opportunity? How successful are the children of low-income families in "pulling out" of that status?

Witnesses have been invited from Federal and local governmental agencies, as well as private research and other groups concerned with these problems. Hearings during the first week will be held in room 224, Senate Office Building, and in room 318, Senate Office Building, during the second week.

I may say that this particular hearing was authorized along with the other hearings that are being held by two other subcommittees of the Joint Committee on the Economic Report, under the terms of Senate Concurrent Resolution 26 adopted last summer by the Eighty-

first Congress. I have seen some comment in certain columns indicating that this particular subcommittee hearing was for political purposes.

Now for my part I want to say that it is just as nonpolitical, as nonpartisan as it can possibly be, and I certainly hope that we proceed along those lines. We are trying to get information relating to the economy of the country, and not for the purpose of building up political propoganda or political ammunition for either party. If I thought so, I might be a little afraid because this particular investigation was suggested by a Republican, Senator Flanders of Vermont. I certainly absolve him of any political purposes or motives in calling it, and I can assure you that I have none, and I believe that no one, no member of this subcommittee or of the committee as a whole has any political motive in these hearings.

I do not know whether I should have made those remarks or not, but I do make them because I have seen reference made to the political implications of the hearings of this subcommittee a time or two, and I know that every member of the subcommittee understands it fully, and I want everybody else to understand it.

We are trying to get some facts that will be helpful to us in Congress and in Government and in private life, and we are not seeking political ammunition. Senator Flanders, do you have anything to add?

Senator FLANDERS. I want to just add my word about its nonpolitical nature. I have perfect confidence that there is not a trace of political purpose back of this thing so far as the members of the committee are concerned. I do not know what may happen to the stuff dug out, but our purposes are not in any degree political. My own interest in the subject was aroused by the fact that we had so many appearances before committees of which I was a member, referring to the low income groups and the necessity of doing this or that for them. No one apparently seemed to be interested in trying to do something fundamental in the way of seeing whether it was not possible to get people out of the low-income groups. It seemed to me, and it seemed to the rest of us I think, that it was a worthy subject of investigation, finding out more about them, who they are, where they are, how they got that way and what can be done about it, instead of bending our attention exclusively year after year on palliatives. I hope that we will get some useful information, Mr. Chairman, out of this which will lead us not to abandon the palliatives, but to make their use a little less necessary than its seems to be at the present time.

Senator SPARKMAN. Congressman Huber.

Mr. HUBER. Mr. Chairman, I was somewhat shocked to learn that anyone in any way had attempted to impugn the motives of the committee, because if there has been any mention of anything political, I had never heard of it. I have not even read the columns mentioned, but I know that everybody on this committee sincerely wants to do a job and bring out any facts that can be developed for the committee.

Senator SPARKMAN. Congressman Rich.

Mr. RICH. Mr. Chairman, if I thought for a minute that I was coming down here to play politics, I would not be here. I came here because I have the greatest and utmost confidence in you as chairman, and I know when you make that statement that you mean it, and I hope that we might be able to accomplish something that will help not only the low income group, but that it will be beneficial to the welfare of

our country, and I hope that this committee takes that attitude from the top down at all times.

Senator SPARKMAN. I did not intend to suggest that the motives of the committee had been impugned. As a matter of fact I do not believe I saw any reference to the fact that we ourselves were doing it for political purposes, but they mentioned that there were political implications in it, and I just wanted to make certain that such was not our purpose. I want it to be clearly understood.

I am glad that all of you are here this morning. We regret that Congressman Buchanan, the other member of the subcommittee, is not able to be with us today, or at least at the opening of this hearing. I do hope that he may be able to be here for at least a part of the hearings.

Now our first witness is Mr. John L. Thurston, Acting Administrator of the Federal Security Agency. Mr. Thurston, we are glad to have you with us this morning. You have a prepared statement to offer, I believe?

Mr. THURSTON. Yes, I have, Mr. Chairman.

Senator SPARKMAN. Just proceed in your own way.

STATEMENT OF JOHN L. THURSTON, ACTING ADMINISTRATOR, FEDERAL SECURITY AGENCY, ACCOMPANIED BY CLARK TIBBITTS, ASSISTANT CHIEF, PUBLIC HEALTH METHODS DIVISION OF THE PUBLIC HEALTH SERVICE; HERBERT S. CONRAD, CHIEF, RESEARCH AND STATISTICS SERVICE, OFFICE OF EDUCATION; RALL I. GRIGSBY, DEPUTY COMMISSIONER OF EDUCATION; WILBUR J. COHEN, TECHNICAL ADVISER TO THE COMMISSIONER FOR SOCIAL SECURITY; AND IDA MERRIAM, ASSISTANT DIRECTOR, DIVISION OF RESEARCH AND STATISTICS, SOCIAL SECURITY ADMINISTRATION

Mr. THURSTON. It is a privilege to appear before you here today. I have arrived with one fairly detailed statement which I understand you would like for the record. This is that statement.

(The document above referred to follows:)

STATEMENT ON PROBLEMS OF LOW-INCOME FAMILIES

(By John L. Thurston, Acting Federal Security Administrator)

INTRODUCTION

The Joint Committee on the Economic Report is performing an outstanding public service in exploring ways of improving the status of low-income families. By the Employment Act of 1946, the Nation is committed to the promotion of maximum employment, production, and purchasing power. These goals cannot be achieved as long as a significant proportion of the country's families lack the income to sustain more than the barest minimum of existence. Moreover, our country can be fully prosperous and strong only if each American has a fair chance to realize his potentialities. History has made it clear that a nation may possess tremendous natural resources and yet not achieve true greatness if it neglects or abuses its human resources.

Low-income families are faced with difficulties which are shared by all groups of the community, though in lesser degree. Conversely, the programs which are necessary so as to overcome or alleviate those difficulties have economic and social values which are not confined to any one income category. Disease, for example, is the enemy of all; and we can improve the Nation's health only by combating poor health on every front. Likewise, the whole economy suffers from low productivity and weak purchasing power wherever they occur. My remarks,

therefore, are intended to be in the context of general economic and social policy although addressed to the specific subject of the inquiry.

For the purpose of committee consideration, low-income families fall roughly into two groups, although there is some overlap between the two: Families whose low income is due to low levels of earnings, and families whose low income reflects the absence of an earner, or of a full-time adult earner.

I think it is important that the committee see these two as distinct groups, presenting separate problems and suggesting separate remedies, although, as I shall indicate as I go along, there are many interrelationships between the two, both with respect to problems and remedies.

Families with low earnings present a range of problems, some of them related to limited economic opportunities in certain parts of our economy (subsistence farming, for instance), some to depressed wage patterns (such as those in chronically distressed industries), and still others to problems affecting persons in all parts of the economy, such as ill health, disability, and educational lacks. I shall leave the problems of limited economic opportunities and depressed wages to representatives of agencies more directly concerned with them and confine my remarks, insofar as low earnings are concerned, to the undesirable effects of low income on children and on educational opportunities and to the impact of poor health and handicaps on earning capacity.

The problem of low income presented by families with no earners, or with earners whose participation in the labor force is necessarily intermittent or on a part-time basis will then be taken up in the second part of this statement.

PART I. LOW INCOMES ASSOCIATED WITH LOW EARNING CAPACITY

A. TOMORROW'S ADULTS

I strongly recommend that the subcommittee give special attention to the problems of children and youth in low-income families. It is an unfortunate fact, filled with grave significance for the future, that children and income do not go together and that the families contributing most to the human resources of the country have the least with which to give their children a good start in life. Over half of the children in the country are to be found in fewer than one-sixth of the Nation's families and these tend to be by and large in the low-income classes. In 1947 one-fourth of the families with one child had incomes below \$2,000; among families with four or more children this ratio rose to one-third. The same disparity between children and income exists geographically. In general, the regions which are rich in children are poor in income. The South has the largest ratio of children to adults in the population and the lowest per capita income in the country. For example, in 1947, New York had 170 children of school age per 1,000 population while Arkansas had 263. This should be contrasted with the fact that per capita income in New York was twice as high as in Arkansas. The same contrast exists between rural and urban regions—a matter of as much concern to the cities as to the country in view of the fact that the majority of the next generations will come from farming areas.

Among the groups which can give the least in economic and educational advantages to their children are the migrant agricultural laborers, farm tenants, Negroes, Indians, and Latin-Americans. These groups suffer disadvantages of different kinds, but common to all of them is low income and inadequate local facilities for education, health, and welfare.

1. Their education

(a) *Low incomes and poor education.*—The wide extent of the association between low incomes and inadequate education is shown by the report of the staff of the subcommittee that only 38 percent of the heads of families with incomes of less than \$2,000 had gone beyond elementary school and only 6 percent had gone beyond high school. The large number of future adults who may be thus affected by their fathers' poverty and scanty education is indicated by the estimate that in 1948, 22 percent of the children of the country were in homes which had less than \$2,000 income and which contained two or more children.

The fact that opportunity for schooling beyond the eighth grade depends to a large extent on economic status will be a shock to many Americans. Yet the proof is so clear in the studies cited in the section "The relation between low income and lack of educational opportunity" of the committee print, *Materials on the Problem of Low-Income Families*, that I shall not pause to recapitulate it here, but shall cite one typical example: Surveys of small New England, midwestern, and southern cities revealed: (a) From the high-income groups, nearly all

the children go through high school and 90 percent go to college; (b) from the middle-income group, 60 percent go through high school and about 15 percent to higher institutions; (c) only 30 percent of the lower-income group finish high school and about 5 percent reach college.

A number of other surveys have shown that whereas 72 percent of the upper economic classes attend college, the middle-income groups are represented by 58 percent, the lower middle by only 16 percent, and the lower-income families by less than 1 percent of their children. The implications with regard to the undemocratic nature of opportunity for higher education and the discrimination against the low-income group seem obvious.

Within this general picture, the inequity falls with peculiar force upon the nonwhite population. As of October 1948, for every 100 college-age young men of Negro parentage who were enrolled in college, in proportion to their numbers in the total population, there were 150 young men of white parentage.

The situation is well illustrated in terms of a single State and its State university, typical of the general picture. A study just completed at the University of Indiana shows that for unskilled workers' daughters the representation in the student body is only 17 percent of their proportion to the population. In contrast the daughters of professional families are represented by 377 percent of their proportion to the population, and the number of State university women from families of "proprietors, managers, and officials" is 462 percent of their population proportion. These facts are true of a State university with its recognized stronger attraction for youth of the lower-income families.

(b) *Wasted human resources.*—These young people represent a great reservoir of talent which will be in large part unused unless corrective measures are taken. Although a great deal more research is needed on the question of why children drop out of high school, evidence indicates that nearly all are at least high-school material. Even among those who have flunked out there are many who did not fail the schools. Rather it was the schools which failed them because of inadequate facilities; teachers who were underpaid, undertrained, and overworked; out-of-date curricula; and orientation which did not prepare young people for real life and work. Even among children of superior ability who seem to be progressing satisfactorily in school, those from lower-income families drop out at a much higher rate. As of October 1948, over 1½ million children from 14 through 17, inclusive, were not in school. Most of these were from lower-income families.

The failure to develop our human resources at the college level is even more striking. The President's Commission on Higher Education came to the considered conclusion that one-half of the youth aged 18 to 20 have the mental abilities to complete the first 2 years of college with profit to themselves and to society, but in October 1948 only 27 percent of these youth were in colleges or universities. Nearly 1,000,000 men and women in this age group, who had college abilities; were not enrolled. The President's Commission also concluded that 32 percent of the age group 18 to 22 have the abilities to complete at least 4 years of post-high-school studies profitably. In contrast, even under the extraordinary stimulus of veterans' aid only 20 percent of them were enrolled in institutions of higher learning in October 1948. Previous to the veterans' program not more than 7 percent of this age group had successfully completed a college or university education. In general terms, we can say that for every person who now manages to get to college, there is at least one more, equally able, equally ambitious, equally earnest, who does not get to college, chiefly for financial reasons.

Such conditions are a challenge to the American ideal that every young man or woman should be free to rise as far as his abilities warrant. As long as there was a frontier and this was primarily an agricultural country, a simple elementary education was sufficient formal training. As our civilization has become more industrialized and complex the minimum threshold of entrance to effective living rises. An ever-increasing proportion of our young people must have a good general education supplemented by vocational or professional training before they can have a fair chance to get ahead in industry, business, the professions, or modern farming. As the preliminary report of the subcommittee has acutely observed, "The economic progress of America has greatly reduced the proportions of common-labor jobs." In view of the low incomes of unskilled laborers, this is a development we all welcome. As for the semiskilled jobs, they are becoming more specialized. To an increasing extent the road to better earnings is open only to those individuals who have had a high-school education or more. Moreover, we are faced with serious shortages in key occupations

and professions at the same time that talent from those fields is not being developed. We should proceed, therefore, to offer equal opportunities to our youth to prepare for the jobs for which they are best fitted. Conversely, continued technological progress of America, and its industrial strength in case of war, will depend in large measure on the supply of trained personnel for its laboratories, factories, farms, and offices. Good business as well as the principles of democracy require that we do not leave undeveloped the resources of any American citizen simply because his parents are poor. Neither a healthy political system nor widespread prosperity are compatible with a heritage of poverty and ignorance among millions of families.

(c) *Equalization of educational opportunities.*—The answers to the challenge are clear.

Within the special context of this inquiry into low incomes, it is appropriate to mention first the fact that there is already in existence, and has been for a long time, a program of Federal aid to vocational education. Federal, State, and local governments now appropriate about \$78,000,000 annually for the salaries of vocational teachers. Of this, the Federal share is approximately \$26,000,000. Approximately a quarter of a million youth who are working part time are enrolled in vocational courses and 1,000,000 adults are enrolled in vocational extension classes. The confidence thus expressed in the value of vocational education is impressive. Agricultural education is helping the farm families to increase their production, raise their incomes, and improve their standards of living; distributive education is enabling ambitious salespeople to prepare themselves for promotion; trade and industrial courses are aiding capable unskilled and semiskilled workers to fit themselves for jobs which pay more and in which their productivity will be greater; and home economics courses and extension work is helping low-income families to use nutritious diets and to stabilize their purchasing power through wise budgeting.

However, in spite of the gains which have been made, about half of the high schools of the Nation still do not offer federally aided vocational courses. The immediate expansion of vocational education, therefore, is a step which could be directly effective in aiding the children in low-income families to get a fair start. The situation in the field of general education, however, is much more fundamental and serious. Two million youth and children from 6 to 17 are not in school at all and millions of others are receiving a substandard education. The rural schools are being especially overstrained because in the rural areas are found the most acute shortage of well-qualified teachers, the lowest salaries, the most restrictive living conditions, and the most unsatisfactory buildings. Such conditions exist in spite of the strenuous effort which is being made by many predominantly rural States to support adequate schools. New Mexico, for example, appropriates for its schools amounts equivalent to 3.6 percent of the total personal income of its residents—a sacrifice which is imposed by the fact that it contains 383 children per thousand of population. As for the ability of the individual States to open the doors of higher learning to all who could profit thereby, the average income per college-age person in New York is five times what it is in South Carolina.

Federal aid is necessary, therefore, in order to afford equal opportunities for education at all levels throughout the Nation and for the children from all income groups. Such aid must include the stimulation of construction of adequate schools in order to relieve the current congestion and to avert future bottlenecks. It should recognize the variations between States in student load, financial capacity, and tax effort. With regard to the differences among income groups, Federal aid should make it possible for each youth to climb the educational ladder in accordance with his capacities rather than the income of his family. Although there should be safeguards in order to assure that Federal funds are used for the purposes for which granted, there should be no Federal assumption of the responsibilities and freedom of the State, local governmental, and nongovernmental educational authorities.

I have confined the discussion of education primarily to the relationship between it and income, since that is the immediate concern of this subcommittee. I cannot, however, leave the subject without emphasizing that the economic values, important as they are, do not supply the primary justification of democratic educational opportunity. To unlock the meanings of the cultural heritage, to widen the horizons of youths and adults, to instill the habits and attitudes of constructive citizenship, to build the patterns of mutual concern for the common welfare, to develop self-reliant human beings whose satisfactions come from being constructive citizens of our great democracy—these are the real purposes

of education. The justification for Federal action to correct the inequities rests in the final analysis on whether or not America needs and wants citizens equipped with the qualities I have just named. The contribution to an expanding economy is an important byproduct of good education, but the fundamental reason for democratizing educational opportunity lies in our belief that it is morally wrong and pragmatically indefensible to deny any person his birthright as an American citizen.

2. *Child health and welfare*

More than education is needed, however, if the millions of children in low-income families are to grow up to be healthy, productive, well-adjusted adults and good citizens. The general health and social-security programs which are described elsewhere in this statement will be of major benefit to children directly, through improving the health and economic status of those on whom they depend, and through giving them a better environment. Special programs are necessary, however, in order to meet the problems of children. In recognition of this fact, under title V of the Social Security Act, Congress appropriates each year \$11,000,000 to extend and improve maternal and child health services, \$7,500,000 to extend and improve crippled children's services, and \$3,500,000 for child-welfare services.

These grants have been of great value in establishing programs in areas lacking them and in strengthening programs in areas where they have been insufficiently financed. Such services are nowhere adequate, however, and additional Federal funds are necessary. For the promotion of good health, additional maternity clinics, child health and pediatric clinics and other facilities are essential. There is urgent need for expansion and improvement of health services and medical care for children of school age. Community resources for medical care of school children are insufficient to meet the requirements. To cite one example, in December 1948 the States advised the Children's Bureau of the Social Security Administration, Federal Security Agency, that more than 30,000 children were awaiting care under crippled children's programs because of lack of State and Federal funds. These children must not become the handicapped, dependent adults of tomorrow.

Extreme shortages exist in the supply of social workers who are able to deal helpfully with the problems of children in broken families, other disorganized homes, and institutions. Approximately four out of five counties in the United States do not have the full-time services of a child-welfare worker. No Federal funds are available for the care of children in foster-family homes, except for a few temporary projects.

Other community services essential for the best development of children and young people should be expanded, both in facilities and personnel. If children are to have creative and desirable outlets for their energy after school hours, enlarged and enriched programs of recreation and leisure-time activities under the leadership of qualified workers should be available. Employment counseling and placement services for youth should be multiplied and strengthened. At the same time, there should be a tightening up of Federal and State child-labor laws. Such legislation protects the children and also the adult earners whose standards would be threatened by a supply of cheap labor.

This brings me to a final remark on the subject of children and their needs. There is a great need, to which I hope Congress will give appropriate recognition, for basic research in child life. The White House Conference of 1950 will focus the Nation's attention on the problems of children and on the areas in which there should be more knowledge about children. Besides studying families as consuming and producing units in our economy, we should examine in detail the effects of our economy on the welfare of families and children. The outlines are clear of the major steps to be taken immediately but from a long range standpoint our educational, health, and welfare programs can grow in effectiveness only if there is much more research in all of these fields and in the basic problems of child development.

B. THOSE IN POOR HEALTH

1. *Prevalence of illness in low-income families*

Low family income in the majority of cases reflects low productivity and earning power of the family breadwinners. Such low productivity and earning power are often associated with frequent or prolonged illness and depleted energy which make it difficult, if not impossible, to get and hold a full-time job. At the same

time low income makes it difficult for a family to pay for a nutritious diet, decent housing, adequate medical care, and the other living conditions which are necessary for good health. The high incidence, frequency, and severity of illness and impairments among persons in low-income families in the United States lead to the inescapable conclusion that ill health is a major handicap to adequate earning power and that low-earning power is a handicap to health.

Surveys that have been conducted and analyzed over the past twenty-odd years substantiate the fact that low productivity and earning power are both the result and cause of illness. Furthermore, experience under the public-assistance programs of the Social Security Act indicates that illness of a family breadwinner is a major reason for requesting and receiving public aid. Low-income families have more frequent, longer, and more serious attacks of illness than do families in more comfortable circumstances.

A special analysis has been made of data by income status from the National Health Survey of 1935-36. The following results are based on information which pertains to urban families for the most part, although some rural residents were included. Both white and nonwhite were covered. In terms of today's prices the nonrelief families who then had an income of less than \$1,000 may be regarded as roughly equivalent to those under \$2,000 today. The frequency of illness disabling for a week or longer among these families was 21 percent higher than for the families with \$5,000 or more per year. Among the relief families the rate was 59 percent higher. Although there have been general improvements in health during the past 15 years we may be sure that several million people in low-income families are unable to work for several days at least once during each year.

Equal in importance to the higher frequency of disability is the fact that disability lasts longer in low-income families. Other studies support the findings of the National Health Survey on this point. That survey showed that the number of days of disability in groups with family incomes over \$1,000 was 7.3 per person while in nonrelief families under \$1,000 it was 11.6. Among those on relief, the number of days of disability from all causes was about twice the figure for the higher income groups.

The same study shows the proportion of workers who were not employed and not seeking work because of some chronically disabling disease or impairment. The percentage of such chronically disabled persons among those on relief was 13 times the percentage among families with incomes of \$5,000 and over; while among nonrelief families with incomes of less than \$1,000 the percentage was six and one-half times the percentage for the \$5,000-and-over group. Although the chronic diseases strike most heavily in the oldest age groups, 54 percent of all of the chronic cases occurred in the ages 25 to 54.

The Nation-wide pattern confirmed the results of earlier, intensive spot studies in Birmingham, Ala.; Pittsburgh, Pa.; Detroit, Mich.; and other localities and the information obtained by observation of several generations of families in Hagerstown, Md.

2. *Where low-income families live*

Low-income families tend to live in areas with poor environmental sanitation and housing conditions, factors that introduce additional health hazards. Control of the infectious diseases that are spread by insects, filth, contaminated water, and the like, is by no means Nation-wide. Some rural areas and city slums still serve as breeding and transmitting foci of many of the infectious diseases that are rare or almost unknown in wealthier parts of the United States that have adequately staffed, equipped, and financed local public-health services. Many of the diseases that take serious toll of health and working capacity are related to the population density, overcrowding, inadequate housing, and the low economic status that perpetuates these living conditions. As the Surgeon General has pointed out in a recent address before the National Association of Housing Officials, "The slums and blighted areas are not only the homes of the poor—they are the homes of preventable disease, preventable death, and untold human suffering."

The National Health Survey revealed that the percentage of persons disabled for a week or longer in a year was higher in households with more than 1½ persons per room than in less crowded houses, and the congested households had relatively more persons with acute illness. Specific examples of the correlation are furnished by several studies of individual cities. In Cincinnati, Ohio, a study of cases of rheumatic fever admitted to hospitals in 1930-40 found definite relation between the incidence of the disease and very low rentals, overcrowd-

ing, and proportion of Negroes in the census tract. Birmingham, Ala., found that the rate of communicable diseases per 1,000 population was 65 percent higher in the slum areas of the city than elsewhere.

There are also strong indications that health varies according to economic conditions as between cities as well as within cities. In a study of the 92 cities of 100,000 population or more in 1940 it was shown that low-income cities tended to have higher death rates. The results follow:

Per capita income	Annual deaths from all causes per 1,000 population	Annual infant deaths per 1,000 live births	Annual maternal deaths per 1,000 live births
Lowest one-third	12.1	47.9	4.3
Middle one-third	11.0	41.1	3.1
Highest one-third	10.9	37.5	3.2

3. *Illness and disability as major causes of dependency*

Illness or disablement of the applicant for public assistance or of some other person in the applicant's home is a major cause of the dependency which makes persons eligible for public assistance. For the 6-month period, January-June 1949, State reports indicate that about one-third of the assistance cases added to the rolls for old-age assistance, aid to dependent children, aid to the blind, and general assistance were accepted for public aid because of the recipient's loss of employment or decreased earnings resulting from illness or disablement.

In the same period, illness or disablement of the applicant or a member of his household, occurring within 6 months of the date assistance was granted and causing loss of employment or decreased earnings, was the reason for adding nearly 70,000 cases of old-age assistance to the rolls in 42 States. These cases represented 31 cases per 1,000 on the old-age assistance rolls in these States. Of the half-million families on the aid-to-dependent-children rolls, 160,000 are dependent because of the incapacity of one or both parents. Rehabilitation, adequate medical care, or preventive measures to forestall illness or disability might have enabled many of these families to maintain their economic independence. When that independence is lost, the Nation's productive capacity is reduced and the costs of public assistance rise to progressively higher levels.

4. *Significance of public-health programs*

Few communities, States, or Nations could boast a healthy citizenry, high average life expectancy, and highly productive labor force if each individual family had to finance through its own efforts the facilities and services needed to assure a sanitary environment, safe water supply, and protection against communicable and insect-borne diseases. Instead of relying on individual effort and resources to provide these services, public funds have been used to spread the costs among taxpayers, so that rich and poor alike may have equal defense against certain health hazards that threaten all members of the community if any families remain unprotected. Although it is clear that the incidence of illness is more severe among low-income families, we all realize that disease germs know no class lines and that the most effective protection against disease is secured through the advancement of the health of all.

Some States and localities have established and maintained, with Federal aid, programs for maternal and child health, control of communicable diseases, industrial hygiene, and environmental sanitation that have paid enormous dividends in the reduction of mortality and prolongation of life expectancy. Other communities and other States have lagged behind in these health achievements. Because of these variations within and among States, health indexes of the United States as a whole are below the records set by some more homogeneous but less wealthy nations.

Communities and States have also undertaken to finance through public funds certain other health services which are too costly for the majority of individuals and families to bear but which are essential to the health and safety of all members of the community. These services are the long-term institutional care of persons suffering from tuberculosis and severe mental disorders. Public provision for the treatment and cure of venereal diseases is a similar measure to protect the health of the population as a whole.

With the rapid extension of medical knowledge and techniques, health facilities such as hospitals and their out-patient departments have become institutions that are expensive to construct and maintain and hence have been concentrated in the wealthier communities. These institutions serve not only as facilities to provide medical care for the residents of a single community and its environs but also as training centers for nurses, interns, doctors seeking intensive instruction in some special branch of medicine, and many other members of the health professions, who, after their training, in many instances settle and work in other communities. Through the Hill-Burton Act, the Federal Security Agency distributes grants to States for the construction of hospitals and related facilities in areas that need them most, thereby helping to raise the health resources throughout the Nation to the standards established as necessary for adequate medical care.

Now that impressive victories have been won in the war against typhoid fever, malaria, and the communicable diseases of childhood, public attention has centered on the chronic diseases that, as more and more people reach maturity and middle and old age, constitute the major threats to health, productivity, and life itself. Recognizing the importance of these diseases to the national economy, the Congress has given the Public Health Service, Federal Security Agency, funds to conduct and support research in cancer, heart diseases, mental hygiene, and dental health. Federal funds are also made available for Federal and State programs for training personnel, case-finding, demonstrations, and control measures in the diseases which now rank high as causes of disability and death. Through grants to States administered by the Children's Bureau and the Public Health Service, Federal Security Agency, the Federal Government is thus stimulating greater and more uniform State and community efforts to reduce health hazards and to improve the physical and mental health of the American people.

As has been previously noted, the States vary greatly in their fiscal capacity to support needed public services. The variation is also extreme within States. In Pennsylvania, for example, a 1948 study indicated that the average spendable income per person per year in the richest county was over four times that in the two poorest counties, while in Alabama the ratio was 5 to 1. The low-income areas tend to have the most serious health burdens and at the same time that is where the shortages are most acute of facilities, of personnel, and of services.

The existing public-health grants are allocated as between States on a basis which gives partial weight to varying fiscal capacity. I believe that in future programs the variable matching principle should be strengthened and extended and that it should be supplemented by requirements which would result in greater equalization of federally aided public-health services within States. Administration would, of course, remain in State and local hands.

The administration's recommendations for a major expansion of public-health services, therefore, are designed to stimulate the building up of adequate, standard public-health services in every community as rapidly as possible. Both private medical care and public-health services are severely handicapped by shortages of doctors, nurses, and other key personnel—and again the shortages in rural and other low-income areas are especially acute. The administration's recommendations for aid to medical education, therefore, are supplemented by provisions for encouraging the location of adequate personnel in such areas. Per capita grants to training institutions would also help to overcome the disadvantages of schools located in low-income regions.

A considerable part of the success in controlling and nearly eradicating infectious diseases and preventing their drain on the productive capacity of the Nation can be ascribed to the knowledge gained of the environmental and family factors which caused their spread. To gain similar control over chronic diseases, laboratory and clinical investigations must be supplemented by further studies of the relation of these diseases to living conditions, occupations, health habits, and hereditary or other familial factors. The Agency endorses current recommendations for intensive and extensive study of the factors which cause illness. There should be an expansion of the work of research centers which would concentrate on family health problems in various parts of the country. Periodic health inventories paralleling the National Health Survey of 1935-36, or based on smaller samples of the population, are also needed to provide current information on the health status of the Nation.

5. *Significance of health insurance*

The foregoing proposals should go far to equalize the ability of States and localities to deal with the common hazards to health and to create the conditions and the facilities which encourage good health and good medical practice.

They leave untouched, however, the economic problem facing every family in paying for its medical-care costs. Most illness in this country is paid for as it occurs, by the individual or family affected. This is a satisfactory arrangement for the very few persons whose means are sufficient to meet the most expensive illness. It is not satisfactory, however, for the great majority of persons, who are reluctant to seek medical advice if heavy costs may be involved, and often delay obtaining medical attention when it can be most effective, and for whom serious illness generally means a severe strain on family finances, if not exhaustion of savings and heavy debts. Except in the very lowest income groups, which are relieved of this burden to some extent by free or part-pay medical care, the effort to pay for necessary medical care out of their own pockets places a significantly heavier burden on the low-income families than on the middle- or high-income groups. This situation has been revealed repeatedly in family expenditure studies in every part of the country.

The fact that the problem is especially acute for low-income families has led some people to propose that governmental action in the field of medical-care costs be confined to such families, who would be identified by a means test. I do not believe that this is a solution, first because it is undesirable to subject people to a means test when they can pay for medical care on an insurance basis, secondly, because the eligibility test will be extremely difficult to administer in view of the large variations throughout the country in the definition of need; and thirdly and primarily, because medical-care costs are a problem for the population as a whole rather than for low-income families only.

Medical-care costs represent a risk to income in the same way that disability does or the death of the family earner. As with these risks, the individual incidence cannot be predicted in advance, but the incidence in the population as a whole can. That is to say, no individual knows when he will fall ill and how severe and how costly his illness will be. On the other hand, we do know approximately how many people will fall ill during the course of a year, how much medical care they will receive, and how much it will cost. These two characteristics of illness and its costs—the impossibility of predicting its individual incidence and the availability of information on its total incidence—make it an appropriate problem for solution through social insurance.

Voluntary insurance plans—the Blue Cross, Blue Shield, etc.—it is true, have been useful in enabling many people to purchase medical care on a planned pre-paid basis. They have been useful in demonstrating the feasibility of the insurance approach to medical-care costs. They have developed a body of experience in the administration of such plans. They have accustomed millions of Americans to the idea of meeting medical-care costs not on an emergency basis but through periodic budgeting. They have acquainted large numbers of persons with the value of having access to medical service as needed, without the barrier interposed by cost.

Such plans cannot, however, meet the full needs of the country. They cover fewer than half the population, reaching least effectively those who need it most. They have done little to raise the medical purchasing power of people in low-income areas, where medical facilities and personnel are sparsest. To persons who have enrolled, most of the plans offer at best only a partial protection against medical-care costs, confined in most cases to a maximum number of days of hospital care and to surgical and obstetrical treatment for hospitalized cases. The lack of voluntary plans which offer truly comprehensive protection is indeed striking.

A national health-insurance plan, financed by contributions by employers and employees and decentralized in administration, would bring comprehensive medical care within the reach of virtually all workers and their dependents, encourage increases in medical personnel and facilities and their availability in areas now inadequately served, and provide continuity of protection to persons moving from job to job or from one area to another. Through appropriate arrangements with social-insurance and public-assistance agencies, these same services could be extended to the millions of persons outside the labor market and dependent upon these programs for income. Health insurance would thus ease the burden of medical costs and at the same time assure adequate medical care for low-income

families. By bringing medical care to patients in the early stages of illness, it should reduce the incidence of those disabling conditions arising largely out of neglect and inadequate care. In conjunction with the rehabilitative services, described in the next section, it should cut down the incidence of disability and, therefore, the number of families whose low income is due to disability.

C. THE HANDICAPPED WHO CAN BE EARNERS

A survey made by the Bureau of the Census in February of this year suggests that the number of persons under 65 who are not now considered in the labor force because of disability may be about 3,500,000. Perhaps a million or more are family heads, and we may surmise that most of these families were included among the more than 6,000,000 families with a male head who was between the ages of 21 and 64 who had incomes under \$2,000 in 1948.

Additions to the ranks of the disabled will be reduced by the spread of better health conditions and medical care, but there still will be pressing needs for special programs for the disabled, both in and out of the labor force. Although a great deal more research is needed into the causes of disability, its incidence, the conditions of the disabled, and the details of techniques for dealing with their problems, the fundamental steps which must be taken are clear.

Basically, each disabled person desires an opportunity to support himself through productive work, seeks independence in personal action and living, the opportunity for self-determination and for achieving status, self-esteem and the respect of others. He wants the knowledge and satisfaction of having made a social and economic contribution for the welfare of society. Fortunately, the Federal-State rehabilitation services now being aided by the Federal Security Agency provide a means by which the problems and total needs of the disabled persons are diagnosed and evaluated. He is then enabled to draw upon, or have provided through special facilities, all of the medical, educational, welfare, vocational, and other services needed for his maximum participation in family and community life. The coordination of resources from these interrelated fields is one of the major reasons why it is now possible to successfully rehabilitate 9 out of every 10 persons receiving services. Under the proposed disability-insurance program, described in part II, it is intended that that coordination be extended further.

The economic effectiveness of vocational rehabilitation is well indicated by the information already contained in the joint committee print, Selected Government Programs Which Aid the Unemployed and Low-Income Families (pp. 30-31). It is particularly impressive that for the group rehabilitated during 1948 earnings before rehabilitation totaled only \$17,000,000 annually while the earnings reported subsequently were at an annual rate of \$86,000,000. Such a gain is not surprising, however, in view of the fact that three-fourths of the clients of Federal-State vocational rehabilitation services are unemployed or are farm hands or farmers at the time they are accepted.

In addition to being a sound investment for the national economy, the program is also a profitable fiscal transaction for the Treasury. On the average, for every dollar of cost to the Federal Government, \$10 is returned in the form of income taxes paid by rehabilitees. Conversely, many of those who are not given the opportunity to become rehabilitated must be supported out of taxes, as has been shown in the section of this statement devoted to illness and disability as causes of dependency.

And yet, in spite of the humanitarian and the dollars-and-cents arguments on behalf of the program, we are reaching only a little over one-fifth of the 250,000 persons whom we should be restoring to active duty each year. This fact points up the lack of sufficient funds and sufficient facilities to do the job properly. Expanded Federal aid is necessary to match the growing State-by-State awareness of rehabilitation values and willingness to appropriate funds for case services on a matching basis. Additional research is called for in the prevention and cure of what would otherwise be chronic and crippling diseases. More attention should be devoted to the removal of environmental causes of disablement. There is great need for community rehabilitation centers, where, under one roof, comprehensive services such as medical and psychological diagnosis, physical, occupational, and other types of therapeutic treatment, personal adjustment training, and vocational training are provided and combined into an integrated program of services for the disabled individual. More severely disabled persons who are home-bound must be assisted in the development of small-business enterprises which can provide a livelihood. Finally, additional sheltered workshops

are needed. The present facilities can absorb only 10 percent of the nonblind and about 20 percent of the blind.

PART II. LOW INCOMES IN FAMILIES WITHOUT FULL-TIME EARNERS

A. FAMILIES WHOSE INCOMES CAN BE SUPPORTED BY SOCIAL INSURANCE

As the committee print indicates, of the total of 6.3 million nonfarm families with incomes below \$2,000 in 1948, more than one-fourth or 1.7 million were headed by persons aged 65 or over and 1.5 million were headed by women. Altogether there were in April 1949 5.5 million families with heads who were nonworkers. In addition, there were 2.9 million individuals not in families who were not in the labor force. Some of the family heads, it is true, had worked during 1948 and some were currently receiving income from the earnings of the wife or of younger members, but such income is ordinarily not large.

Fortunately, we already have in our social-insurance programs a tested method of meeting the needs of such families and individuals for a minimum stable income. An economy which is producing at a high level can afford to provide a reasonably adequate living standard for its members out of the labor force as well as for those who are employed. In preindustrial societies the aged, the handicapped, the widowed mother and her children, were cared for by the family, contributing to the family economy their part-time labor insofar as they were able to do so. In our money economy, with its smaller families and smaller houses, these resources are either too meager to meet the need or lacking altogether. The remedy, which has been given in all industrial countries in one form or another, is social insurance, supplemented by public assistance and by welfare services.

1. Broken families and the aged

The Federal old-age and survivors insurance system at present covers most workers in commerce and industry against the risks of old age and death of the family earner. About 80,000,000 living persons have earned some credits toward benefits under this program, the largest of its kind in the world, since it went into operation in 1937; about 50,000,000 persons earned such credits in 1948. The system, as you know, is financed by contributions from employees and employers. Beneficiaries currently receiving monthly benefit payments number about 2,700,000, including 1,300,000 retired workers, about 400,000 aged wives and dependent children of retired workers and about 1,000,000 widows, children, and parents of deceased workers. Benefit payments to such individuals amounted to \$600,000,000 in the last fiscal year. These disbursements are steadily rising and will continue to do so for many years ahead. At the present time the balance in the fund is about 11½ billion dollars.

Railroad employees and Government workers have their own social security programs, which include protection against the risk of permanent and total disability as well as the risks of old age and death of the family earner. Beneficiaries under these programs include about 370,000 under the railroad retirement system, about 240,000 under Federal Government programs, and about 270,000 under State and local government plans. Total payments in 1948 to beneficiaries of these programs came to roughly \$800,000,000.

In a somewhat separate category, but of a related character, is the pension and compensation program for veterans and their survivors. At the present time about 3,300,000 individuals are receiving payments from the Veterans' Administration either as disabled veterans or the survivors of deceased veterans. Benefits to such persons amounted to a little over \$2,000,000,000 in 1948.

Allowing for some duplication, there are perhaps somewhere between 6½ and 6¾ million persons in the country currently in receipt of benefits from the programs I have mentioned. Many of them, perhaps most, are to be found in families with incomes under \$2,000, which is the group your subcommittee has selected for intensive study.

With regard to those under old-age and survivors insurance, the information indicates that 95 percent of the aged family groups receiving old-age and survivors insurance in December 1948 fell into the under-\$2,000 classification (estimate of Federal Security Agency, p. 11 of the committee print). Since a substantial proportion of the income of such families comes from the social insurance programs, in many cases representing the entire income of the family, the size of the benefit and the kind of living standard it can sustain should be of primary concern to a committee of Congress which is considering ways of raising

the purchasing power of low-income families. Studies made by the Bureau of Old-Age and Survivors Insurance indicate, for instance, that 19 percent of the beneficiary groups included in the Bureau's field surveys had less than \$150 in annual income in addition to the benefit, while another 10 percent were entirely dependent on the insurance benefits. For most of the rest the income which they receive from other sources is meager. What kind of living standard the larger part of our 2.7 million beneficiaries have can be indicated briefly, I think, by the size of the average benefit in June 1949:

	<i>Per month</i>
Retired worker only.....	\$25. 00
Retired worker and beneficiary wife.....	41. 00
Aged widow only.....	20. 70
Widow and one child.....	36. 30
Widow and two children.....	50. 20
Widow and three or more children.....	53. 30
One aged parent.....	13. 70
Two aged parents.....	27. 00

These figures speak for themselves. They reflect the continuation throughout the war and postwar years of a benefit formula which was established in 1939 and has remained unchanged since, although the cost of living has gone up since then about 70 percent. Even in 1939 the formula did not provide adequate benefits. Little wonder that 10 percent of the aged beneficiaries have had to turn to old-age assistance to supplement their benefit income. It is one of the gravest commentaries on the equities of our economic system that we permit such payments to aged persons, the widows and the orphans in our midst.

Occasional employment or part-time employment suited to the limited physical capacity of our aged beneficiaries or to the household responsibilities of widowed mother beneficiaries, would provide a desirable source of additional income, as well as making possible the full utilization of the productive capacity of the Nation. Unfortunately the law penalizes too severely beneficiaries who are able to find some work after their retirement from regular employment. Beneficiaries with earnings of \$15 or more in covered employment during the month lose the right to benefit that month. This works a great hardship on many beneficiary families.

At present, however, even this modest protection against the risks of old-age and death of the family earner does not reach millions of those who need such protection.

In the first half of 1949, about 58,000,000 persons were employed in an average week, among whom only 34,000,000, or 59 percent, were in employments covered by old-age and survivors insurance. Of the other 24,000,000, about 7,000,000 are railroad and Government workers covered by separate systems, leaving about 17,000,000 workers, 29 percent of the total number of workers, outside any public retirement or insurance system. These included such low-income groups as 1,500,000 farm wage workers and almost 2,000,000 domestic service workers.

It is true that some of the 24,000,000 employed in an average week in non-covered employment move into covered employment at some time during the year. People who move in and out of covered employment, however, find it difficult to earn enough wages in covered employment to acquire benefit rights. As of January 1, 1949, there were as many as 41,000,000 persons who had earned some wage credits under old-age and survivors' insurance since 1937 but who lacked fully insured status.

The administration's recommendations in the field of old-age and survivors insurance, as embodied in H. R. 2893, have as their objectives the remedy of the deficiencies of inadequate benefits, too strict a retirement test, and incomplete coverage.

The first recommendation is that the present minimum of \$10 should be raised to \$25 and the present maximum of \$85 to \$150. Recommendations have also been made for changes in the benefit formula, in the taxable wage base and in the calculation of the average monthly wage. Even these increases will by no means result in an adequate benefit for all beneficiaries. Some beneficiaries with no other income or with special needs may still require public assistance supplementation, but the number should be smaller than the present 10 percent. Many beneficiary groups will be lifted from their present subsistence level to something approximating a reasonable minimum.

The second major recommendation in the field of the present social insurance system is for an increase in the amount of earnings permitted the beneficiary with no loss in benefit. This ties in with a proposal, to which I shall come later,

on the development of more part-time employment opportunities for aged and disabled persons and women with household responsibilities. The maximum on earnings permitted without loss of benefits should be raised from \$14.99 to \$50. This is especially important if old-age and survivors insurance coverage is extended to all employments, since many beneficiaries now supplement their inadequate benefit with occasional employment in noncovered jobs at which they earn more than \$15 a month without loss of benefit. Such opportunities would be lost to them if coverage were made universal and the present earnings limitation retained.

The third recommendation is that coverage be extended so as to end the exclusion of large sections of the labor force from social insurance. The extension of old-age and survivors insurance would be of direct benefit to many low-income families. A large number of the aged couples and broken families with low incomes have neither employment nor social insurance benefit income, the first because they have no earner, the second because they have been outside the protection of old-age and survivors insurance for some of the reasons already indicated. Many of the aged in this group were farmers, farm wage workers, and domestic service workers. These three groups in an average week in the first half of this year numbered about 8,000,000 persons. They and their dependents are particularly defenseless against the hazards of old age and death of the family earner because their earnings are generally small and there is little they can set aside to meet catastrophe. For such people the extension of old-age and survivors insurance coverage to all employments will prove a great boon. It will provide income where there is none at present. It will raise to a tolerable level family income that is now at a mere subsistence level only.

2. *Families whose breadwinner is disabled*

Vocational rehabilitation, however effective, cannot avert the loss of income while the rehabilitation process is under way or help the person who is so disabled that he is unable to resume working (except to the extent of maintenance paid the client). In spite of this fact, we have no public provision against wage loss incurred as a result of disability. The exceptions are workmen's compensation, payable for disability of a work-connected origin, which accounts for only about 5 percent of all disabling illness and injuries; the permanent disability programs for railroad employees, Government workers and veterans; temporary disability systems in effect in the railroad industry, Rhode Island, California and New Jersey. A State temporary disability program will go into effect in New York in July 1950. The greater part of the wage loss attributable to disability is outside the protection of these programs.

The operations of the Rhode Island, California, and New Jersey temporary disability programs, and experience under the Government's permanent disability program and the railroad industry's combination of temporary and permanent disability systems, all indicate that disability insurance is practicable and that its administrative problems, while many, are not insuperable. Most of the latter difficulties could be solved by integration of disability insurance with old-age and survivors insurance, making possible large-scale utilization of the wage records system, network of field offices and the other administrative facilities of the Bureau of Old Age and Survivors Insurance.

The administration's recommendation for disability insurance (as embodied in H. R. 2893) is coupled with a recommendation that the program be charged with the cost of providing for medical, surgical, training and other rehabilitation services to insured disabled individuals who can be restored to employability. One of the major objectives of a program of disability insurance would be the return of its beneficiaries to gainful employment. The program would thus be working in two ways to improve the economic status of families whose low income is due to the disability of the family earner. By providing regular benefits, adequate in amount, during the period of disability, it would enable such families to conserve resources that would otherwise be spent on the necessities of life and keep other families from relying on the uncertain and inadequate charity of friends and relatives. And by restoring many of the disabled individuals to employment, it would enable many families to stand on their own feet again.

B. FAMILIES NEEDING PUBLIC ASSISTANCE

1. *Scope of the problem*

Social insurance should be the primary protection of families against the economic effects of age, disability, and death, and public assistance should

be the residual program—the last line of defense. There will still be many people, nevertheless, in need of public assistance for various reasons, certainly during the transition from the present limited type of old-age and survivors insurance to the time when the proposed changes could be in full effect. Even after the adoption of disability insurance and the maturity of the proposed comprehensive social insurance we shall still have the problem of those low-income families who are in need because the family earner did not have an opportunity to earn sufficient credits under the system before the loss of earning power. We can, however, expect that the establishment of comprehensive social insurance will greatly reduce the proportion of the population which now must be supported through public assistance—a more expensive program.

At the present moment 2.7 million aged persons are receiving old-age assistance, 1.4 million children are receiving aid to dependent children, and 91,000 blind individuals are being aided under the blind assistance program. In the fiscal year 1949 these three programs spent 1.7 billion dollars in assistance payments, of which \$890,000,000 or about one-half came from Federal funds. Another 1,000,000 individuals, roughly, are being aided under State and local programs for persons in need who do not qualify for any of the three special types of public assistance just mentioned. This so-called general assistance program cost the States and localities \$232,000,000 in assistance payments in the fiscal year 1949. Altogether over 5,000,000 persons are receiving public assistance today at an annual cost of close to \$2,000,000,000. This is to some people an astonishing phenomenon, considering the fact that we have had full or practically full employment for the past 7 or 8 years. It is not at all astonishing, however, in relation to the large number of families with no earner or with a low-income earner, and in view of the inadequacies of our social insurance program. It is true that there was a high level of employment in the twenties with no such large public aid bill, but that situation reflected a lack of provision for human need, rather than the absence of need. Moreover, our nonearner aged population has grown very much since then—from $3\frac{1}{4}$ million in 1920 to $8\frac{1}{2}$ million at present.¹

2. Families requiring general assistance

Although the Social Security Act provides grants-in-aid to States to help them to assist needy aged and blind persons and certain dependent children, the act does not cover all needy groups in the population, and particularly those groups who could most readily be helped to become more productive.

The largest group of needy persons not covered are those who are between the ages of 18 and 64 (other than the blind) and their dependents. Among these persons are the disabled, older women who have never been gainful workers, persons suffering from temporary illnesses, unemployed persons not covered by unemployment insurance, and persons with earnings too low for support. The only help available for these persons is general assistance, to which the Federal Government makes no contribution. In many States and localities funds for general assistance are so meager that families with any member considered to be even marginally employable cannot get aid, however dire their need. In many other places, the assistance such families receives is so meager that they suffer serious deprivation. Adequate aid, including assistance for medical services as well as maintenance, would enable many families to get on their feet and to restore or improve their productive capacity. To this end the Federal Security Agency believes that the grants-in-aid under the Social Security Act should be extended so as to enable States and localities to meet the essential requirements of all needy persons.

3. Dependent children needing aid

The Social Security Act provides income for families with children both through the old-age and survivors insurance system and through a special program of aid for dependent children. Insurance benefits are already being provided for about 630,000 children (of whom some 600,000 are fatherless orphans) and the number will grow very much particularly if the system is expanded. Assistance is still necessary, however, for hundreds of thousands of children whose needs are not covered by the system.

Aid to States for cash assistance to dependent children is already provided for by title IV of the Social Security Act. It defines a dependent child as one who is deprived of support or care, only because of the death, incapacity, or continued absence from home of a parent. Children who were on the rolls this September numbered 1,423,000, of whom 325,000 were paternal orphans. Children not covered by the Social Security Act cannot get assistance with Federal help. These are for

the most part children in families in which the wage earner is unemployed or has low earnings. Some of these children are receiving general assistance—financed and administered by the locality or State—and some are unable to get any aid. To make it possible for all dependent children—and not merely those who are in broken homes or who have an incapacitated parent—to receive aid, it is my belief that the definition of a dependent child in title IV should be broadened.

The Social Security Act has never provided for Federal participation in assistance to dependent children on as liberal a basis as in assistance to the aged and the blind. Under present law the Federal Government pays a share of the cost of assistance only up to a monthly maximum of \$27 for one child in a family and \$18 for each child beyond the first. Many States cannot make payments that are larger than the amounts subject to Federal matching. For a family consisting of four children, a mother, and an incapacitated father, the present Federal maximum is \$81 a month, which, if spent entirely for food, would amount only to 15 cents per meal per person. In States unable to make payments above the Federal ceilings families who are dependent solely on assistance are living below minimum subsistence levels. Proper feeding, housing, and schooling for dependent children are possible only if assistance is adequate. Children who lack these essentials will in all probability suffer in the competitive labor market in adult life. A nation concerned with raising the productivity of the labor force cannot afford to allow its children to grow up without the basic essentials for sound growth and development.

4. Importance of medical care and adjustment services for the needy

As has been pointed out in the section on health, in part I, illness and disability are major causes of initial applications for assistance. Conversely some of the adults on the rolls now could once again become earners if they were given adequate medical care, rehabilitation, and guidance. Even among those who cannot enter gainful employment, the amount of helplessness could be substantially reduced. In many cases more self-sufficiency on the part of adult dependent members of families would free for work outside the home the persons who had been caring for them.

The recipients of aid to the blind, for example, include persons whose residual vision could be improved and even some who might regain their sight if adequate medical care were available. Others could be taught to take better care of themselves. Among the old-age assistance recipients, chronic illnesses are extensive and very expensive.

Under the present Social Security Act, State assistance agencies are severely handicapped in meeting the medical needs of recipients. The Federal Government can participate in assistance only within the maximum on individual monthly payments to recipients. Assistance agencies often find it preferable to pay the agency or individual supplying recipients with medical services particularly when sizable bills are incurred. Moreover, it is often impossible for a State to include enough in the monthly payment to the recipient to cover the cost of medical services within the maximum limiting the amount subject to Federal sharing. Because the States should be assisted to meet the medical needs of recipients more effectively, the Federal Security Agency has recommended that the assistance provisions of the Social Security Act should be so amended as to permit agencies to pay doctors, hospitals, and clinics directly for services to recipients or to provide recipients with sufficient funds to enable them to purchase necessary medical services, with the Federal Government bearing a share of the cost.

5. Dependency versus resources in low-income areas

It is a truism that low-income families are most heavily concentrated in States with low per capita incomes. The lower income States are for the most part predominantly rural States which benefit least from the protections of old-age and survivors insurance. The greater the need, the less the States' resources for meeting the need.

The 12 States with lowest per capita income have 16 percent of the aged population and 28 percent of the recipients of old-age assistance in the Nation. Similarly, these States have one-fourth of the child population and are assisting one-third of the children on the aid-to-dependent-children rolls of the country. The inevitable result of high recipient loads and small resources is low levels of assistance. In the 12 lowest income States, for example, the average old-age assistance payment is \$31 as contrasted with \$50 for the rest of the Nation; the

average aid-to-dependent-children payment per child is \$17 as compared with \$34 for the other States.

Under the present act, the Federal share of assistance payments is closely correlated with the average monthly payment per recipient. Thus, in general, the lower the average payment, the higher the rate of Federal participation. Because average payments tend to be low in States with low per capita income and high in States with high per capita income, the Federal share appears to be related to income status of the State when in fact it is not. Under the present provisions of the act a low-income State can receive a relatively high proportion of Federal funds only so long as average payments remain at a low level. It is my recommendation, therefore, that the Social Security Act, as well as other grant-in-aid legislation, should be amended so as to relate the Federal share to the economic resources of the States in such a way that a low-income State will be encouraged to make adequate payments.

C. PART-TIME EARNINGS BY THE AGED, HOUSEWIVES, AND THE HOMEBOUND

I come now to a point at which the objectives of income maintenance and increasing productivity not only complement each other—they coincide. A great deal more should be done in the fields of education, of employment, of welfare services, and rehabilitation toward the development of more opportunities for part-time employment and for productive activities suitable to the special problems of the aged, housewives, and homebound persons. This may sound like a contradiction in the case of families with no earners. However, we have by no means exhausted the potential earning capacities of persons who are handicapped by age or disability or household responsibilities. Many of them would like to work but cannot find work suited to their circumstances. They want to work for various reasons—primarily to earn money, but, in the case of many individuals, also because they need to feel useful. Gainful activity of this type in the case of some aged individuals, experts tell us, is valuable in preserving emotional and physical well-being in a period of declining vigor.

We have gotten away, I am glad to say, from the depression psychology of the thirties that the preferred place for the older worker is a rocking chair. Today we recognize that enforced idleness is harmful. The economy, fortunately, can use all the manpower we possess. This change in attitude and in the manpower requirements of the economy is not, however, fully reflected in our job-placement activities. We can do more than we have done to encourage industry to use old workers in jobs suited to their capacities, on either a full-time or part-time basis. We can also do more to encourage the part-time participation of the widowed housewife in gainful employment, where such employment would not deprive children of necessary care. All such employment, of course, should conform to fair labor standards.

Man does not live by bread alone, however, and there is increasing recognition that even a minimum income and light work are not enough to prevent the demoralization of old people who feel that they have been tossed on the scrap heap or who feel that they are failures unless they can carry on the same activities that they did when they were younger.

We are only at the threshold of knowledge about the physical and psychological problems of aging. The Federal Security Agency has established a working party to bring to bear on this front the combined resources of medicine, psychiatry, personnel management, education, rehabilitation, social work, and related fields. A great deal of research is needed with regard to such subjects as: the aging process, the adjustment which men and women need to make to the facts of being elderly, the contributions which they can make to community life after retirement, the role which the public schools could play in the vocational retraining of older workers and avocational outlets for the retired.

We already know enough about these problems, however, to be confident that an extension of welfare services can result in a significant reduction in the proportion of the aged who will become patients in mental institutions, who will become increasingly dependent upon outside help, and who will live out their few remaining years in a miserable state of despondency.

Additional funds for research into the problems of aging and for adult welfare service will therefore prove to be both sound economic investments and invaluable aids in the pursuit of the happiness which our elderly population so richly deserves.

Mr. THURSTON. Then I have a brief summary. I am also buttressed, Mr. Chairman, with some experts whom you see on my right here.

It is my impression that the committee might want to go into detail along the lines perhaps that Senator Flanders has suggested, which may be in areas where I will find myself unable to respond. I would be surprised if that did not happen, so I have representatives here from the various units of the Federal Security Agency who will be able to assist us, if that is all right with you.

Senator SPARKMAN. Sure, we are glad to have all of them. Are they all at the table with you? If not, we will invite the others to come up.

Mr. THURSTON. I think we have representatives from each of the units at the table.

Mr. HUBER. Would you identify the gentleman?

Mr. THURSTON. Yes. Mr. Tibbitts on my immediate right is from the Public Health Methods Division of the Public Health Service; Dr. Conrad of the Office of Education; Dr. Grigsby, the Deputy Commissioner of Education; Mr. Wilbur Cohen, the technical adviser to the Commissioner for Social Security. There are others here, and as they are called upon I would like to introduce them to you at that time, if that is agreeable.

Senator SPARKMAN. That is satisfactory.

Mr. THURSTON. Mr. Chairman, there is a striking relationship between low income for a family—or for a community, a State, or a nation—and education, health, and minimum security. This relationship can be very dangerous. It can undermine a nation's security. But this relationship also holds a promise of utmost importance to all of us.

Low income breeds ill health. Low income in a family, a community, or a nation results in poor educational opportunities. On the other hand, ill health and limited education have been shown over and over again to be among the prime causes of low earnings.

This relationship is dangerous because it spreads. Unless confined, it may confront the Nation with a continuing decline in income and health and could lead to a dangerous reduction in the effectiveness of all our citizens.

This relationship provides a basis for great hope, however. We know that an attack on one side will have pronounced effects upon the other side. As we raise the income of our people, their health and their education should be improved. As we improve their health and their education, their earning capacity should increase.

Thus, our efforts, in either direction, pay double dividends and are doubly productive national investments.

This is not only a dollars and cents problem, or an earning-power problem. It is also a human problem. The economic liabilities of low-income families represent the extent to which we dissipate our one most essential resource—the mental and physical capacities of people.

The Joint Committee on the Economic Report is performing a great public service in exploring ways to improve the status of low-income families. In the Employment Act of 1946, the United States committed itself to the promotion of maximum employment, production and purchasing power, and the committee's action in mapping paths toward these goals, along which the Congress can now move, may well set up new landmarks.

As a starting point, I would like to examine the two general groups into which low-income families fall:

First, the families with workers whose wages are too low to meet their needs. There are too many people who work hard every day and still do not make enough to provide their children with reasonably adequate food, clothing, shelter, schooling, and medical care.

Second, the families who are dependent on part-time jobs, or who perhaps have no wage earner at all. The woman who comes to clean your house may be a widow whose home responsibilities to her children necessitate irregular working hours. Doing her best is simply not enough. Milk is high, and so are children's shoes.

Of course, these two groups overlap. But it is important, I think, to recognize their distinctive problems and to consider separate preventive and remedial measures.

Families with no one who can work full time, or even part time, require some kind of income maintenance provision—and I would like to come back to that later. But families whose wage earners work full time and still cannot make the grade represent an even more complex problem. Sometimes the immediate economic opportunities may be limiting—as in subsistence farming, for example. Sometimes, if a man must do unskilled work, he runs into a depressed wage level. Tackling the question of increasing the on-the-job productivity of the able-bodied farm worker or the wages of the unskilled industrial worker would, of course, be of primary interest to the Department of Agriculture or the Department of Labor.

But still other problems, common to workers in every part of the economy, are intensified among low-income groups. These are the problems of health, of disability, of lack of education or of miseducation which so frequently determine the course of a family's history. And here the Federal Security Agency has a great concern and a great responsibility. The Agency's experience not only reinforces your conclusions as to the seriousness of this problem; it also, I believe, points to some of the answers.

There is a way out of this national dilemma. Many hundreds of thousands of low-income families can increase, and increase substantially, their productivity and their earning capacity. With the right kind of practical encouragement and assistance, many of those now impoverished can become economically self-sufficient and, therefore, economic assets to themselves, their community, and the Nation. Take the handicapped, as just one group. The actual hard cash rehabilitated workers, once disabled and dependent, have put back into the general economy is satisfying from every point of view. It is one more proof that the democratic principle of investing in people pays dividends.

The situation with respect to education poses the same problem and offers even more hope. For here we are concerned mainly with the children and young people who have most to gain from educational opportunity, or to lose—and the extent to which we are permitting this loss is one of the shocking facts your committee report brings out.

And again, cause and effect are intertwined. According to the figures cited by your committee report, only 38 percent of the heads of families with incomes of less than \$2,000 had gone beyond elementary school, and only 6 percent had gone beyond high school. Yet these are the very families with the largest proportionate share of the Nation's children.

The effect of family income—of the parents' limited schooling and poverty—on how long a boy or girl stays in school is direct and startling. Your committee's Materials on the Problem of Low-Income Families include, for example, surveys of small cities in New England, the Midwest, and the South, which show: That nearly all the children from high-income families go through high school and 90 percent go to college; that from the middle-income group, 60 percent go through high school and about 15 percent to college; but that only 30 percent of the lower-income group finish high school with some 5 percent ever reaching college. And inevitably this inequity falls most heavily upon the nonwhite population.

The contrast is even sharper in the college picture: For every boy and girl who now manages to get to college, there is at least one more—equally able and equally ambitious—who does not. And the reason is mainly money. To that extent—a full 50 percent of our potential total—we are failing to capitalize on our top quality intellectual resources. And to that extent too, we are falling down on our ideal that every young man or woman should be free to rise as far as his own abilities will take him.

There is just one answer—equality of educational opportunity. It is not beyond our reach, nor without precedent. For a long time, we have had Federal grants to the States for vocational education. With about half our high schools participating, Federal, State, and local Governments now appropriate about \$78,000,000 a year for the salaries of vocational teachers. Of this, the Federal share is approximately \$26,000,000. The immediate expansion of vocational education is one practical and direct step which could help give a fair start to the children in low-income families—to those, at least, who manage to stay in school.

The situation in general education is still more fundamental and more serious. Two million boys and girls from 6 to 17 years of age are not in school at all, and millions of others are getting only a substandard education. The rural schools are hardest pressed, with the worst shortage of qualified teachers, the lowest salaries, and the most obsolete and hazardous buildings. These conditions persist in spite of the strenuous efforts of rural States. Apparently they simply cannot support adequate schools. Federal aid to general education would be a long step toward wiping out the inequities which are still a blot upon our principle of equal educational opportunity.

The economics of education is, of course, only a small part of the argument. I won't go beyond it here in order to keep this discussion focused on the low-income problem. But even if nothing could be said for education beyond its sheer cash value, it would surely be a sound investment, for the individual and the Nation.

The same case can be made for child health and welfare services. There are shortages in community resources for maternal and child health, for the care of crippled children, for dealing with the emotionally unstable, the potentially delinquent, the children of broken homes. State responsibility and Federal responsibility to help communities provide these services have long been a recognized obligation. But so far as money goes, our investment is still, on the whole, too little and too late. Not more than one county in five, for example, has the full time services of even a single child welfare worker.

As to prevention, we have hardly scratched the surface. Basic research in child development is a major gap. Nobody really knows how many millions of children are mentally or emotionally maladjusted. But estimates by some authorities are appalling—perhaps 3 children in every average classroom of 30 pupils are destined to spend part of their lives in a mental hospital. It is estimated that 3,000,000 of the 30,000,000 children now in school suffer from serious emotional and behavior problems.

Poor health has as little regard for economic as for geographical boundaries. It is literally true that we are all “members one of another” when the plague comes. But it is equally true that poverty breeds disease.

Good food, good medical care, decent housing—all prerequisites of health—cost money. Low earning power is a handicap to health, and poor health is a handicap to adequate earning power. Over the past twenty-odd years, surveys and studies have amassed the evidence in exhaustive detail. Nearly 15 years ago the national health survey showed that the frequency of illness disabling for a week or longer was about 60 percent higher among relief families than among those with reasonably adequate incomes—and that illness tended to last longer in the low-income groups. Experience under our public assistance programs makes the same point—with the illness of the family breadwinner a major reason for requesting and receiving public aid.

On the hopeful side of the picture is the experience of States and localities that, with Federal aid and their own funds, have been able to establish and maintain programs for maternal and child health, control of communicable diseases, industrial hygiene, and environmental sanitation. Without exception, these safeguards pay enormous dividends in the reduction of mortality and the prolongation of life expectancy. But some parts of the country cannot keep pace in these health achievements. Because of these variations among the States, and within the several States, our national health indexes in the United States are less favorable than those of some less wealthy—but more homogeneous—nations. The administration's recommendations for a major expansion of public health services are designed to help wipe out these variations by building up standard public health services in every community as rapidly as possible. Both private medical care and public health services are handicapped by shortages of doctors, nurses, and other health personnel—and again the shortages hit hardest in rural and other low-income areas. With this in mind, the administration's recommendations include provisions intended to encourage and assist young doctors and other health workers to settle in these areas where they are most needed. These and other parts of the proposed program should go far toward helping all our States and localities deal with the common hazards to health.

But there is still the question of how the family is to pay for medical care. To some extent, and in some places, free or part-pay medical care is already provided for submarginal and dependent families. But with this exception, the cost of medical care places an extremely heavy burden upon low-income families. Out of what little they earn, they have to pay proportionately more for adequate medical care than those more favorably situated. A national health insurance plan, financed by contributions from employers and employees and decen-

tralized in administration, would bring comprehensive medical care within the reach of virtually all workers and their dependents. By bringing medical care within reach, health insurance, in conjunction with rehabilitation services, should substantially cut down the loss of earning capacity because of ill health and disability. And this in turn would reduce the number of families whose low income is attributable to this cause.

The estimate of these potential gains is not guesswork. Our rehabilitation program—limited as it still is—is paying its own way many times over. Take the people rehabilitated during the year 1948 as an example: Their earnings before rehabilitation totaled around \$17,000,000 annually, as compared with \$86,000,000 reported in the year after rehabilitation. This fivefold gain reflects only the first year's earnings after rehabilitation. It does not include the earnings of the farmers and family workers who were also rehabilitated, because their incomes is harder to determine.

This 1948 group of rehabilitants included some 53,000 people. That means we are reaching only a little over one-fifth of the 250,000 disabled men and women whom we should be helping to return to active duty as producers each year. Perhaps as many as 3½ million people under 65 are now out of the labor force because of disability. Probably 1,000,000 or more of these are family heads. The economic as well as the humanitarian argument in behalf of rehabilitation speaks for itself.

Disability is one of the major factors in the second group of low-income families—those who cannot join in the regular labor force and therefore must get along with little or no earnings. As the committee print indicates, in April 1949, there were, all told, some 5½ million families in the country headed by a non-wage-earner. In addition, there were almost 3,000,000 other individuals who are not wage earners. The time is long past for questioning the principle of public responsibility to provide a minimum stable income for this group. Fortunately, we already have a tested method of meeting this need through social insurance, supplemented by public assistance.

A substantial proportion of the income in such families comes from the social insurance programs—and many have little or no other resources. The size of the benefit—and the kind of living standard it can sustain—therefore has a direct bearing upon your consideration of how to raise the purchasing power of low-income families.

As a background for your evaluation of present benefit levels, I'd like to call your attention to the fact that about one-fifth of the beneficiary groups have less than \$150 in annual income in addition to their insurance benefit, while another 10 percent are entirely dependent on these payments. For most of the others, income from other sources is meager.

The living standard for most of our 2,700,000 beneficiaries needs no great elaboration beyond the fact that, in June of this year, average benefits ran like this: For a single retired worker, \$25 a month; for a retired worker and his wife, \$41 a month; for a widow with three or more children, \$53 a month. Little wonder that 10 percent of the old people who are beneficiaries have had to turn to old-age assistance to supplement their insurance income.

The low level of benefit payments reflects the continuation throughout the war and postwar years of a benefit formula which was modest when established in 1939 and which has remained unchanged. Meantime, the cost of living has gone up about 70 percent. Without pushing the comparison too far, I'd like to add here that, according to estimates for March 1949, an elderly couple in any 1 of 13 cities would need around \$125 to \$150 a month to maintain a minimum adequate living standard. The administration's recommendations in the broad field of social insurance would go far toward reducing this gap.

The rounding-out of our social insurance system by similar provisions for disability would help to close another big gap. Vocational rehabilitation, no matter how effective, cannot do the whole job. For those so disabled that there is no hope of working—as for the aged and for families where the breadwinner has died—social insurance should be the Nation's first line of defense.

But there will still be many people in need who have had no chance to earn insurance protection. And to fill this gap, public assistance must remain as a second line of defense. This is particularly important until the transition is completed to a more adequate and well-rounded insurance plan, along the lines that have been proposed. As our social insurance system matures, the public assistance load will eventually be reduced. But though we can look forward to less dependence on this more expensive program, it would be unrealistic to assume that some residual need will not remain. There will always be some who never have a chance to build up insurance protection.

Today, the number of needy old people receiving public assistance parallels the total number of insurance beneficiaries, including the younger widows and the children getting survivors benefits. In addition to the 2,700,000 receiving old-age assistance, nearly a million and a half children are being cared for through aid to dependent children, and 91,000 needy blind people are getting aid. About 1,000,000 others are being provided for by general assistance which the States and communities pay entirely from their own funds. All told, over 5,000,000 persons are thus receiving public assistance today at an annual cost of close to \$2,000,000,000. About one-half of this amount comes from Federal funds.

Of the million needy persons not covered by the three Federal-State programs, the largest group is made up of those between 18 and 64 and their dependents. (For this age group, the States get Federal help only for the blind.) For others in need—including those temporarily or permanently ill or disabled, those who are out of a job and do not have employment insurance or have used up their benefits, and persons with earnings too low for support—for all these, the only help available is general assistance, to which the Federal Government makes no contribution. Adequate aid, including assistance for medical services as well as maintenance, would enable many of these families to get back on their feet and to restore or improve their productive capacity.

The Federal Security Agency believes that it is sound economy to extend the grants-in-aid under the Social Security Act to help the States and localities meet the essential requirements for all needy persons. We believe too that the present differential—which provides a less liberal Federal contribution for dependent children—should be

changed. Surely they are entitled to consideration comparable, for example, to that for the aged and the blind.

I began by saying that I think there is a very hopeful side to this picture. I do. I believe it is hopeful because we know how to get at the cause of these ills and because we know how to do something about them—to overcome our remaining weak spots, and to improve on our present gains.

All through these points that I have been making—and I haven't tried to do more than hit the high spots—the emphasis, inevitably and rightly, is on the family as the core and heart of our American way of life. That is borne out again and again in all the work of the Federal Security Agency. Untangling the complex threads of low income, of ignorance, illness, and insecurity is not an end in itself. It is a means toward national stability—as that stability reflects the well-being, the independence, and self-sufficiency of our homes.

That is the summary, Mr. Chairman.

Senator SPARKMAN. Thank you, Mr. Thurston. Senator Flanders.

Senator FLANDERS. Mr. Thurston, as you were reading this over I marked two or three spots. You spoke about the percentages that go through high school and the percentages that go to college. I have sometimes had the feeling that the percentage of the high-income groups that go to college was a little bit high, that is, that many of them were unable to take very good advantage of the higher education, and might well have gone into employment or business of their own at an earlier age, but the fact still remains that there are as you say:

For every boy and girl who now manages to get to college, there is at least one more equally able and equally ambitious—who does not.

There is a real need I think for some way of getting low-income group boys and girls who have ability and who have ambition—and I am speaking from personal knowledge when I say that sometimes the necessity for being a breadwinner cramps the ambition of young people of high school and certainly of college age, and I have wondered whether there was anything in the idea of financing the higher education group on the basis of examinations.

I do not know to what extent the examinations can be depended on to show ability, but there should be some way of evaluating abilities and assisting the unusual boy or girl to gain an extension of education which they do not have at the present time. That is just a passing observation.

Now, when dealing with the emotionally unstable, and the boys and girls who are emotionally maladjusted and so on, so far as I can judge the tendency today seems to be to put all the blame on the parents. I rather guess that some time at an early age a good spanking might have helped in some of those cases.

I am not inclined to put all the blame on the parents as if the parents were entirely responsible, except from the fact that family discipline has deteriorated to some extent since I was a boy. I wonder whether we are not prone to look on some of those boys and girls as helpless victims of a situation which they might snap out of if we would be just a little bit more severe with them. I am just talking generally.

Now, I want to come to another point. Mrs. Flanders and I last week came back from Boston on a day train, and one of the things that

we were led to observe was the large number of television antennas on very humble dwellings and I wonder if there is not just a little bit of misapprehension as to what the really important things of life are. Is television quite so important, as apparently a good many people living in very small cramped quarters seem to think it is? Is there anything we can do about that?

Mr. HUBER. Did you ever try to shut "Howdy-Doody" off?
[Laughter.]

Mr. THURSTON. The best way is not to have a television set on that, I suppose.

Senator FLANDERS. It is quite astonishing to see the way these antennas, which you can spot easily from a fast-moving train, seem to cluster around tiny houses. I do not know the individual situation in each of those, but I think there is a question of values on the part of low-income groups that you have got to recognize, that is their sense of what is really necessary, what is really valuable and what is not.

I am glad to see your reference to health. I think one of the objections to the administration's public-health program as I have seen it is that it promises to do things which it would be impossible to deliver.

As you mentioned in your statement, there is a fundamental lack of facilities over a large area of the country, a lack of doctors, a lack of nurses, a lack of hospital beds, and all the rest of it, and to go at once into the provision of universal health insurance in the face of those deficiencies and not being able to deliver the means of attaining or regaining health, it seems to me is a highly dubious undertaking.

I might say that with regard to that, a bill which Senator Ives and I introduced takes that definitely into account and promises no more for a given reason than the facilities will be able to deliver, and also makes provisions—as any health bill should—for increasing the facilities.

Your figures with regard to the earnings of persons before and after rehabilitation are very interesting. Those figures indicate definite gains by the rehabilitated wage earners and their families. I wonder if you would mind telling us in a few words of what that rehabilitation program consists.

Mr. THURSTON. Yes. It involves several factors. First, providing medical care, necessary appliances, necessary help from the medical side first, to enable a man or woman to participate in normal life.

Second, it involves providing adequate educational and occupational guidance to help a person if he cannot be rehabilitated through medical care to pursue his old occupation in home or factory, to assist him in identifying those that he would be able to handle.

Third, it involves helping him get a job, certainly.

Fourth, in those cases where persons cannot enter into the normal occupational pattern, the normal labor market, it involves providing home activities or providing independent occupations of some sort. A standard example would be some of the stands for the blind that are developed where they are able to maintain themselves.

Those are the basic elements.

It is my own conviction, Senator Flanders, that we are missing a bet here in the rehabilitation field by not expanding that considerably. I believe that there are hundreds of thousands of people who could be rehabilitated with adequate medical care, with adequate guidance,

with adequate assistance in getting jobs, and with adequate plans for setting them up in their own activities; if this were done, we could literally save millions of dollars.

I believe in that connection that there is one area in our rehabilitation program where we are especially weak. I think that we need a good deal more research in how best to rehabilitate the handicapped. I think we need a good deal closer tie-in between our rehabilitation programs and hospitals and medical programs generally.

I think some of the work that has been done by the Veterans' Administration for the disabled veterans has been simply amazing in that respect, and a good deal of that is done through this association with medical care and hospitals. I would like to see large-scale rehabilitation research centers set up around the country, associated with medical facilities.

Senator FLANDERS. This was a point—there may have been others, but this struck me as being one point—in your testimony which is in the direction of the thing which interests us. That is of actually increasing the opportunity to work, the opportunity to produce, and so relieving our economy of the necessity of carrying the nonearning person and his family, carrying him from public funds.

The figures you have given indicate that here at least the welfare provisions are of a constructive sort rather than simply continuing to carry.

Mr. THURSTON. I think it is a very good example. Might I just enlarge that a little to suggest that the same thing is true of persons who have less obvious handicaps. The same things are true of persons who suffer from hookworm or who suffer from disabling illnesses that are not so dramatic but nevertheless keep them away from the job, keep them at home when they should be working, and when they want to work.

I believe the whole area of increasing opportunities for better health, leaving aside for the moment how that is done, will have the same type of economic effect.

Senator FLANDERS. Are there still large areas of the country in which malaria is a cause of low earning capacity, low productive capacity, or is that getting under better control?

Mr. THURSTON. I do not think it is fair to say that there are large areas any more. The Public Health Service has done a remarkable job in the last 20 years and more in controlling malaria, in controlling some of the major areas where it was found. There still are some areas. I do not think they could be fairly described as large-scale, however.

Senator FLANDERS. Would you feel that hookworm is under better control than it was a generation ago?

Mr. THURSTON. It is my belief that it is. If I am wrong, I would like anyone here—

Mr. TIBBITTS. There is no question about it.

Mr. THURSTON. There is no question about it, and this comes through the expenditure of public funds for the control in the areas where these diseases breed.

Senator FLANDERS. You make the statement:

A substantial proportion of the income in such families comes from the social insurance programs—and many have little or no other resources. The size of the benefit—and the kind of living standard it can sustain—therefore has a direct

bearing upon your consideration of how to raise the purchasing power of low-income families.

When I listened to you reading that paragraph, I was reminded of the article in the Saturday Evening Post, I think the current issue, with regard to the relief load which is being carried by the Federal Government, and the State of Michigan and the city of Detroit.

The story as published in the Saturday Evening Post was a rather depressing one. It rather indicated that the welfare organizations had gone pretty soft. Have you any comments to make on that article, or on the conditions in Detroit?

Mr. THURSTON. I am not familiar with the conditions in Detroit now, Senator Flanders. I read the article. I have two or three general observations.

It seems to me it would be folly to assume that in any large-scale operation there would not be some chiselers. We can all agree on that. I would not, however, have any idea of the extent to which the city of Detroit has, as you say, gone soft.

The Post's article, as I recall it, was related to the city's activities. That, incidentally, is supported entirely by city and State funds. I know there are no Federal funds involved there, although the question you raise naturally applies across the board. It is obviously impossible for me to try to defend the city of Detroit.

I would suggest that there could be some who might defend it on the grounds perhaps of insufficient budgets to maintain adequate case review, inadequately trained social workers perhaps, and again I am not pointing only to Detroit, but across the board: I throw those in as possible answers to excessive chiseling.

Senator FLANDERS. As the article indicated, the situation was brought to a head by a private credit agency acting for the merchants of Detroit, who discovered that those on relief wanted credit for various things which could be classed as luxuries for anyone on relief, and it seemed to indicate a rather large-scale situation of that sort.

Mr. THURSTON. Of course, here you bump in, Senator Flanders, to a pretty difficult problem, it seems to me. To control every dollar that a relief recipient gets would, I believe, immediately subject those who dispense public funds to the perhaps justified designation as snoopers. Many people in the past decade, and during the late twenties and early thirties, eminently self-respecting people, suffered economic misfortune at least to the extent of having to get relief. I personally think that to subject all those people to an itemization of every penny they spend is objectionable.

I think it destroys self-reliance. I think it assumes the decline of the individual, a far greater decline in the individual than is warranted.

I do agree that it is a difficult problem, but for my own part I believe it is, on an over-all basis, wiser not to get into a snooping itemization of every penny that a relief recipient spends, and instead to control the chiselers through better advice, better guidance, better assistance in preparing budgets. Clearly there are two views on that.

Senator FLANDERS. I think probably my own worry about these things is as to whether the abuses will not grow, at least in direct proportion to the expansion of welfare payments, whether it is not a fundamental difficulty that we have to recognize in expanding governmental welfare procedures and proposals.

Now there is another point. Is there not some limitation on the amount that the individual can earn monthly if he or she is to receive old-age benefits?

Mr. THURSTON. Yes, sir. Do you mean under the old-age and survivors insurance plan?

Senator FLANDERS. Yes.

Mr. THURSTON. He is limited at the moment to \$14.99 in employment which is covered under the system.

Our recommendation, in passing, is that that should be increased to \$50, but at the moment there is a limit of \$15.

Senator FLANDERS. A limit of \$15. I have had many letters from elderly people bringing out these two points: First, of the inadequacy, which you bring out, of the payments received; and, secondly, the fact that they feel themselves prevented from doing anything on their own that amounts to anything.

Mr. THURSTON. For the older people especially I think that is very bad from a psychological standpoint, for their own morale.

Senator FLANDERS. You would recommend a change?

Mr. THURSTON. I would recommend an increase to at least \$50.

Mr. RICH. Will the Senator yield? The House passed a bill at this last session that would do better than that. If the Senate would act on it you would probably get that result.

Mr. THURSTON. Thank you, Congressman Rich.

Senator FLANDERS. Going back for a minute to this rehabilitation matter, you indicate that only a small percentage of those that you feel could benefit from rehabilitation have been touched; only a small percentage have been reached. How do you pick out the small number of cases that you have touched under rehabilitation?

Mr. THURSTON. Primarily in two ways. Well, put it this way: The limitation comes from two sources. First, there are limits on the national expenditure.

Second, in larger areas of the country, not only is the Federal proportion a restrictive factor, but the States have to match it, and some States are unable to provide adequate funds. Primarily the limiting factor is money.

We figure there should be at least 250,000 people rehabilitated each year—or, at least, that could be—and that could pay off in hard economic terms. The limiting factor is money, Federal and State; and generally, so far as the individual is concerned, it is first come, first served.

Senator FLANDERS. Do you find any reluctance on the part of private employers to step in and employ those who have been rehabilitated?

Mr. THURSTON. I think there has been a tremendous advance in that area in the last decade. Of course, part of it is due to a tighter labor market. Employers are willing to take people.

A good part, I think, comes from the President's National Employ the Physically Handicapped Week, which has stimulated activity in this regard, and also, I think, as you do, that more employers are learning that rehabilitated workers are every bit as good, and in many cases better, than others. I think all those three factors have combined to increase the potential considerably.

Senator FLANDERS. In your statistical work, have you found it a matter of concern that the average age of the Nation is rising all the time and that the number of those above 65, if we set that as the regular limit, is going to increase, become a larger and larger percentage of the population?

Mr. THURSTON. Yes, indeed. We have done a good deal of thinking on that. I, for my own part, believe that all of us, in government and out of government, perhaps spend more time crying about the size of the problem and predicting dire effects, and less time than we should on trying to devise rational programs to handle the situation, because it is certainly a major problem.

Senator FLANDERS. Do you feel that after a man or woman gets beyond 50, even though he or she is still capable of doing good work and remaining an effective factor in their own maintenance and the maintenance of the economy that they are part of, there is a real difficulty, if one job disappears for one reason or another, or his or her getting reestablished beyond the age of 50? Have you met with that situation at all?

Mr. THURSTON. Oh, yes; I think there is a real problem. I think that a person over 50 has a definite handicap. I do not think it is a deserved handicap in most cases.

I think that employers have perhaps been less reasonable on that score than on hiring rehabilitated workers. Part of that may be because many of the rehabilitants are younger people.

Now, there are some industries who have done a good deal of work, and so have some of the industrial associations, as you know. The National Association of Manufacturers has done a good deal trying to educate employers in this regard, and there is some activity, but I believe we have a long way to go—a long way to go.

It is especially hard, not only for a person who is laid off at, say, 60 or 65, but for a person who is crowding 50 and who loses his job, as you say, for one reason or another. It is very difficult for him to get back into employment.

Senator FLANDERS. I think that is about all I have to offer at the moment.

Senator SPARKMAN. In connection with that, of course, the Government itself is by no means the least offender in that respect, is that not true, under the prevailing civil-service regulations?

Mr. THURSTON. I think the Biblical admonition to "Cast out the beam from thine own eye" might apply in this case. Perhaps the Government is not as bad as many employers, but certainly we do have an arbitrary cut-off rate. It is there for all to see.

Senator SPARKMAN. Of course, age may be a little higher. I think it is 55 in civil service, is it not?

Mr. THURSTON. I think 55 is right.

Mr. Chairman, would it be appropriate for me to comment on one or two points that Senator Flanders made earlier?

Senator SPARKMAN. Yes; certainly.

Mr. THURSTON. He drew attention to my testimony on the educational side and on higher education especially. He suggested something along the line of assisting those people of college age who were not able to get into college, and he also said that he had a feeling that some of those in the upper-income group who got to college perhaps might not be able to profit so much from it as some of the lower-income groups. I wanted to point out there had been studies both in the State of Ohio and the State of New York that corroborate what he says, through an analysis of the potential for achievement. As he pointed out, some of our objective tests are not too good, but on the basis of what we have it was discovered in these studies—and there have been others, I am sure, that I do not have on the tip of my tongue—that indicated that those in the lower-income groups, or those who did not go to college, did in fact have better potential for achievement than many of those who did go.

That is a thing that we have done a good deal of thinking about in the Federal Security Agency, and we have developed some programs that we hope will sooner or later be accepted by the Congress, providing for a scholarship program for persons in colleges based in large measure upon their abilities, as best we can determine them.

I think such a plan is really essential to fulfilling our national objective, long in our national conscience, of having actually true equality of educational opportunity, which is clearly not the case as far as college students are concerned today. I think that is the only point, Mr. Chairman.

Oh, one other point. Senator Flanders mentioned the desirability of trying to get doctors into areas where they are most needed.

I wanted to indicate that we believe part of a good program for aid to medical education would provide some types of inducements for persons to settle in areas where they are most needed. I think the State of Georgia is experimenting on that, granting scholarships to medical students with the proviso that they go to the areas that need them most.

I am not sure that our experience is adequate to tell how successful that has been, but there is a movement in that direction around the country. Thank you, Mr. Chairman.

Senator SPARKMAN. Congressman Huber.

Mr. HUBER. Mr. Thurston, I thought in general, your statement was excellent. I have listened to a lot of dry, lengthy statements. Your statement deals with human beings and an effort to try to do something. I am sure that we will not have all the answers, nor will you have all the answers.

In your statement you talk about the dividends paid through better health care and so forth—

because of these variations among the States, and within the several States, our national health indexes in the United States are less favorable than those of some less wealthy—but more homogeneous—nations.

Do you mean by that that the United States does not have the best health and the best system in the world? In other words, I am repeatedly told that we have the finest system of medicine and the greatest health of any nation in the world.

Mr. THURSTON. Well, I think in terms of mortality rates, you will find that some of the Scandinavian countries, and New Zealand—I suspect also Switzerland—admittedly smaller but more homogeneous countries, less economically powerful than we, have better health records from that standpoint.

That is not to say that we do not have a good health system here, but I do not think it is fair to say that we are the best in the world.

Mr. HUBER. Do some of those countries have a national health program?

Mr. THURSTON. Of one sort or another, yes; some type of mechanism whereby what medical care is available will be available as equitably as possible to all people.

Mr. HUBER. I was amazed some time ago. A group of mothers came in to see me regarding spastic children. There are provisions for the blind and crippled children, but according to this group there was nothing for the spastic child.

The busses even pick up a crippled child. In many cases these spastic children could lead a normal life. At least, so far as intelligence is concerned they could be developed as normal citizens. Has anything been done on the national scene for the spastics?

Mr. THURSTON. The spastics do present a special problem in many regards, as you well know. They are perhaps among the most difficult to get into the normal stream of things.

Our Children's Bureau has done as much as possible within the limits of their funds in that regard, but they would be the first to agree with you, Congressman Huber, that a great deal more has to be done—a great deal more. It is an area that needs special attention. I just do not think our record as a Nation in that regard is as good as it should be.

Mr. HUBER. Now, the need for additional doctors is my next point. I understand that there will be approximately the same number of doctors graduated this year as were graduated in 1910.

Mr. THURSTON. My understanding is that the ratio to the population is, if anything, declining. Can you help me on that, Mr. Tibbitts?

Mr. TIBBITTS. The ratio at the present time is about 737 people to 1 doctor. In 1900 it was about 628 to 1 doctor.

Mr. THURSTON. So, from those figures, we are worse off.

Mr. TIBBITTS. We are worse off.

Mr. HUBER. We are going downhill.

Mr. THURSTON. We are coming back up. We have been further downhill than we are at the present time, but there is a slight increase in freshman enrollment in medical schools now.

Mr. HUBER. I am a member of the Veterans' Affairs Committee, and it is continually an effort to get doctors and technicians. We have certain places where the veterans' organizations will demand that this or that war hospital be made into a veterans' hospital, not realizing that it takes more than sticks and stones to make a hospital.

Mr. THURSTON. That is why, incidentally, Congressman, we believe there is a real national need for this medical education bill that has passed the Senate, that will assist the medical schools to expand and take in more doctors, more potential doctors.

Mr. HUBER. That is where the Senate is waiting on the House. I did not mean to play into the Senate's hands on this.

I wonder if a few of your associates could tell the committee the percentage of all taxes that is presently being spent for education, of all taxes received that go to education.

Mr. THURSTON. You mean State, Federal, and local?

Mr. HUBER. Everything.

Mr. THURSTON. That is one I will have to turn over to the experts. I am not sure that they have the answers on the tip of their tongues, but Dr. Conrad might.

Mr. CONRAD. Well, I have here a statement, "Percent of State government expenses used for school." Of the national outlay for education, the Federal is about 2½ percent, mostly in the School Lunch Act. It is a very small amount.

The percent of State government expenditure—we have these figures separately for State and also for local. On the average, about 35 percent of local tax revenues were used for the public schools, with about 15 percent of State revenues. That varies a good deal from State to State. That is to say, in some States, for example, Delaware, almost all is provided by the State.

In others, for example in Nebraska and many of the Middle Western States, a very small portion comes from the State, most of it coming from local districts. It is a very heavy load.

Mr. THURSTON. I cannot avoid pointing out, Congressman, that the very size of that load lends weight to the argument that many States and localities will find it impossible to meet adequately their educational responsibilities without some kind of equalizing Federal assistance.

Mr. HUBER. Some of the States with the poorest educational systems are making a greater per capita contribution to their educational system.

Mr. THURSTON. That is indeed true; that is true.

Mr. HUBER. That is all.

Senator SPARKMAN. Before we get away from that, Dr. Conrad, you say about two and a half percent of the Nation's revenues—

Mr. CONRAD. No, no; of the expenditures for public elementary and secondary education, about two and a half percent is contributed by the Federal Government.

Senator SPARKMAN. Well, I want to get straight on that. I thought you said two and a half percent. That would be \$1,000,000,000.

Mr. CONRAD. No; much less than that.

Mr. THURSTON. It is a very small fraction of the total.

Senator SPARKMAN. Yes. As a matter of fact, how much is it, three or four hundred million for all educational purposes?

Mr. CONRAD. No, no; not as much as that. It would be about 100 million, I would say.

Senator SPARKMAN. I believe that is right. I saw a comparative budget estimate the other day, and I think it was given as \$100,000,000.

Mr. GRIGSBY. It depends on what you include, however. The Hoover Commission's report, I think, mentioned a figure of two billion three hundred million, which included all the expenditures for education under the Veterans' Administration, the GI bill, and included also the educational activities that are carried forward in the Department of Defense. That is tabulating all expenditures, not just those in aid of education in the Nation.

Mr. CONRAD. I was speaking of public, elementary, and secondary.

Senator SPARKMAN. Mr. Rich.

Mr. RICH. I would like to follow up with this. You say that 15 percent of the States' income is spent for education?

Mr. CONRAD. That was true in 1946.

Mr. RICH. And that the local townships and cities spent 35 percent of their income for education?

Mr. CONRAD. On the average in the Nation.

Mr. RICH. Then they are being taxed pretty heavily for education in the State.

Mr. CONRAD. They are indeed.

Mr. RICH. Do you have the figures as to the amount of money that is being spent by State and also by local communities for education?

Mr. CONRAD. I believe I have some figures on that for 1947. The total amount of public funds spent for elementary and secondary education is about \$3,400,000,000. From county and local revenue, there was being expended for these purposes 2.1 billion, that is mainly for current operating expenses; State funds amounted to about 1.2 billion. Then in addition to that there is of course the erection of new buildings. New school buildings are now being erected at the rate of about 800 million a year.

(Mr. Conrad submitted the following statement for the record:)

[Statistical Circular, Federal Security Agency, Office of Education, Washington 25, D. C. Circular No. 255]

STATISTICS OF STATE SCHOOL SYSTEMS, 1946-47

(By David T. Blose, specialist in educational statistics)

This circular presents the basic data, by State, for public schools for the school year 1946-47, covering enrollments, attendance, staff, salaries, source and amount of school support, expenditure by categories, high-school graduates, and derived statistics for continental United States and the outlying parts. Municipal and junior college statistics have been omitted where it is possible to segregate them.

ENROLLMENT AND ATTENDANCE ¹

Enrollments in both elementary and secondary schools are increasing due to increasing birth rates and the tendency of a greater percentage of the population of high-school age to further their education. Between 1945-46 and 1946-47 total enrollments increased 359,217. Enrollments reached a low point in 1921-22 and again in 1944-45. In the 2-year period to 1946-47, there was an increase of 433,754 pupils.

Enrollment in elementary schools was 17,665,594 in 1944-45 when it was the lowest since 1913-14. Between 1944-45 and 1945-46 enrollments increased 12,150 pupils and between 1945-46 and 1946-47 the increase was 143,737 pupils. These increases are the beginning of much larger increases in the following years as indicated below, due to the high birth rates since 1938.

TABLE I.—Number of children born, corrected for underenumeration ¹

Year	Number born	Year	Number born
1937.....	2,413,253	1943.....	3,126,859
1938.....	2,496,389	1944.....	2,969,186
1939.....	2,466,475	1945.....	2,894,000
1940.....	2,558,499	1946.....	3,458,000
1941.....	2,709,890	1947 ²	3,910,000
1942.....	3,003,357	1948 ³	3,650,000

¹ Statistical Abstract of the United States, 1947, table 69, p. 67.

² Subject to change.

³ Estimated by Metropolitan Life Insurance Co.

The lowest high-school enrollment since 1932-33 was 5,553,520 in 1943-44. The highest was in 1940-41 when it was 6,713,913. Increases from 1943-44 to 1944-45, 1945-46, and 1946-47 were 6,670, 62,007, and 215,480, respectively. These increases are due to getting back to normalcy after the war and to the tendency of a greater percent of the population to go to high school. Increasing birth rates will have little effect in increasing high-school enrollment until about 1954-55. Ten years later, about 1964-65, we may expect as many as 9,000,000 high-school students.

Average daily attendance in 1946-47 showed an increase of 3 percent over 1945-46 and 4.3 percent over 1943-44. Between 1943-44 and 1946-47 enrollments increased 392,542 while average daily attendance increased 845,884. The average number of days attended by each pupil enrolled increased from 147.9 days to 152.3 days for the same period. The figures indicate a continuing improvement in school attendance since the war.

¹ All figures referred to for previous years are taken from Statistics of State School Systems for the years quoted.

INSTRUCTIONAL STAFF AND SALARIES (SEE TABLE 2)

The number of members of the instructional staff has increased from 867,248 in 1945-46 to 878,406 persons in 1946-47, an increase of 11,158 or 1.2 percent. The number of pupils in average daily attendance per teacher has increased from 23.9 pupils in 1945-46 to 24.5 in 1946-47, showing that the supply of teachers is not keeping pace with increasing pupil attendance. The average salary per member of the instructional staff has increased from the depression low of \$1,227 in 1933-34 to \$2,254 in 1946-47. Although there is great variation between States in average salaries paid teachers, the tendency at present is toward less variation. The average salary among the States in 1946-47 ranged from \$984 in Mississippi to \$3,304 in California.

TABLE II.—Distribution of average salaries of instructional staff

Average salaries	Number of States	Average salaries	Number of States
Below \$1,000	1	\$2,200 to \$2,399	6
\$1,000 to \$1,199	0	\$2,400 to \$2,599	5
\$1,200 to \$1,399	2	\$2,600 to \$2,799	5
\$1,400 to \$1,599	5	\$2,800 to \$2,999	1
\$1,600 to \$1,799	5	\$3,000 to \$3,199	0
\$1,800 to \$1,999	12	\$3,200 to \$3,399	2
\$2,000 to \$2,199	4		

RECEIPTS

Revenue receipts for the year 1946-47 amounted to \$3,404,249,672 which was \$344,405,040 or 11.3 percent over the year 1945-46. There has been a gradual shift of public-school support from county and local to State and Federal sources as shown in table III.

TABLE III.—Percentage distribution of school revenue receipts by source, 1929-30 to 1946-47

Year	Percentage of receipts from—			Year	Percentage of receipts from		
	Federal	State	County and local		Federal	State	County and local
1929-30	0.4	17.2	82.4	1939-40	1.7	30.3	68.0
1931-32 .....	.4	19.8	79.8	1941-42	1.4	31.5	67.1
1933-34	1.2	23.4	75.4	1943-44	1.4	32.2	65.4
1935-36 .....	.5	29.3	70.2	1945-46	1.4	34.8	63.8
1937-38	1.2	29.5	69.3	1946-47	2.5	35.2	62.3

The inclusion of the school-lunch program has added to the Federal contribution. The amount of revenue receipts per unit of population 5 to 17 years of age was \$116.12 and based on average daily attendance the amount was \$166.48.

EXPENDITURES

The grand total expenditures for the school year 1946-47, including adult and summer schools, amounted to \$3,419,993,597. The amount is a half billion or 17.7 percent more than in 1945-46. Capital outlay increased from \$111,046,088 in 1945-46 to \$204,739,220 in 1946-47. For a 26-year period after the last war an average of 12 percent of the total income was spent for capital outlay. At this rate we should be spending over \$410,000,000 per year, besides making up for much capital outlay not taken care of during the war. The elementary-school plant will have to be increased by 40 percent to accommodate the increasing enrollments in elementary schools.

PERCENT OF TOTAL ENROLLMENT IN HIGH SCHOOL

Several factors other than the holding power of the schools, affect the percentage of the total enrollment that is in high school (the last 4 years). With a relatively stable population and all children attending public school, about 25 percent should be in high school if all stayed to graduate. Sharp changes in birth rates, however, which affect the number of children in elementary school first and later those in high school, also the number of children who attend private elementary schools and then shift to public high schools, increase the percentage of all public-school enrollments that are in high school. The 8 States, each with over 100,000 pupils in private and parochial elementary schools in 1945-46 showed relatively high percentages of total public-school enrollment in high school in 1946-47 as follows: Illinois, 29.2; Massachusetts, 29.4; Michigan, 27.1; New Jersey, 29.3; New York, 31.2; Ohio, 26.4; Pennsylvania, 29.2; and Wisconsin, 29.6.

The five States with the lowest percentage in high school were: Mississippi, 14.2; Louisiana, 15.1; Kentucky, 16.5; New Mexico, 17.7; and Alabama, 17.8.

The States with the highest percentage of enrollment in high school were: Illinois and Pennsylvania, 29.2; New Jersey, 29.3; Massachusetts, 29.4; Wisconsin, 29.6; and New York, 31.2 percent.

TABLE 1.—School-age population and pupils enrolled in public elementary and secondary full-time day schools, by State, 1946-47

State (1)	Estimated population, 5-17 years, July 1, 1947 ¹ (2)	Total enrollment			Kindergarten and elementary pupils			Secondary pupils		
		Total (3)	Boys (4)	Girls (5)	Total (6)	Boys (7)	Girls (8)	Total (9)	Boys (10)	Girls (11)
Continental United States..	29,317,000	23,659,158	12,009,738	11,649,420	17,821,481	9,187,105	8,634,376	5,837,677	2,822,633	3,015,044
Alabama.....	756,000	648,894	325,260	323,634	538,019	276,781	261,238	110,875	48,479	62,396
Arizona.....	155,000	116,772	60,349	56,423	91,486	47,290	44,196	25,286	12,227	12,059
Arkansas.....	500,000	411,320	207,252	204,068	337,253	172,863	164,390	74,067	34,389	39,678
California.....	1,687,000	* 1,573,458	800,909	772,549	1,189,107	609,991	579,116	384,351	190,918	193,433
Colorado.....	248,000	201,467	102,204	99,263	152,782	78,464	74,318	43,685	23,740	24,945
Connecticut.....	337,000	253,252	129,274	123,978	183,051	94,953	88,098	70,201	34,321	35,880
Delaware.....	56,000	42,428	21,805	20,623	31,576	16,616	14,960	10,852	5,189	5,663
Florida.....	473,000	387,831	195,991	191,840	303,694	156,213	147,481	84,137	39,778	44,359
Georgia.....	808,000	699,801	351,466	348,335	557,879	287,220	270,659	141,922	64,246	77,678
Idaho.....	125,000	101,870	52,225	49,645	75,783	39,220	36,563	26,087	13,005	13,082
Illinois.....	1,498,000	* 1,127,899	571,428	556,471	799,057	412,381	386,676	328,842	159,047	169,795
Indiana.....	765,000	648,674	330,942	317,732	475,616	244,907	230,709	173,058	80,035	87,023
Iowa.....	525,000	459,131	232,808	226,323	344,879	178,292	166,587	113,252	54,516	59,736
Kansas.....	376,000	331,245	169,625	161,620	241,927	124,612	117,315	89,318	45,013	44,305
Kentucky.....	704,000	539,240	273,636	265,604	450,059	232,671	217,388	89,181	40,965	48,216
Louisiana.....	614,000	437,012	218,854	218,158	371,227	189,584	181,643	65,785	29,270	36,515
Maine.....	189,000	148,971	75,912	73,059	113,094	58,708	54,386	35,877	17,204	18,673
Maryland.....	402,000	300,554	152,617	147,937	* 224,130	115,443	108,687	47,424	37,174	39,250
Massachusetts.....	823,000	590,008	303,385	286,623	416,374	217,774	198,600	179,434	85,611	93,220
Michigan.....	1,247,000	* 972,378	496,048	476,330	709,344	371,254	338,090	263,034	124,794	138,240
Minnesota.....	584,000	457,766	231,797	225,969	335,838	173,955	161,883	121,928	57,842	64,086
Mississippi.....	582,000	524,711	262,525	252,186	450,132	228,658	221,474	74,579	33,867	40,712
Missouri.....	758,000	625,235	317,640	307,595	478,909	246,634	232,275	146,326	71,006	75,320
Montana.....	117,000	95,669	48,872	46,797	70,120	36,087	34,033	25,549	12,785	12,764
Nebraska.....	261,000	225,596	114,971	110,624	161,938	83,506	78,432	63,657	31,465	32,192
Nevada.....	25,000	27,836	14,364	13,472	21,435	11,098	10,337	6,401	3,266	3,135
New Hampshire.....	101,000	68,369	35,250	33,119	49,469	25,595	23,874	18,900	9,265	9,245
New Jersey.....	768,000	623,683	322,090	301,593	440,873	228,791	212,082	182,810	93,299	89,511
New Mexico.....	155,000	* 131,987	67,095	64,892	108,572	55,799	52,773	23,415	11,296	12,119
New York.....	2,385,000	1,865,660	957,099	908,561	1,283,601	661,254	622,347	582,059	295,845	286,214
North Carolina.....	969,000	837,318	416,212	421,106	679,415	347,112	332,303	157,903	69,100	88,803
North Dakota.....	144,000	113,284	57,016	56,268	85,923	44,177	41,746	27,361	12,839	14,522
Ohio.....	1,464,000	1,146,293	584,769	561,524	843,289	435,208	408,081	303,004	149,561	153,443
Oklahoma.....	536,000	452,747	232,551	220,196	341,168	177,129	164,039	111,579	55,422	56,157
Oregon.....	282,000	217,115	110,699	106,416	155,639	80,927	74,712	61,476	29,772	31,704
Pennsylvania.....	2,024,000	1,520,506	773,303	747,203	1,075,976	554,458	521,518	444,530	218,845	225,685
Rhode Island.....	129,000	94,411	48,314	46,097	69,723	36,719	33,004	24,688	11,698	13,993
South Carolina.....	545,000	456,955	226,875	230,080	366,407	186,361	180,046	90,548	40,514	50,034
South Dakota.....	143,000	113,616	57,085	56,531	84,191	43,278	40,913	29,425	13,807	15,618

Tennessee.....	748,000	614,805	308,451	306,354	495,673	254,482	241,191	119,132	53,969	65,163
Texas.....	1,607,000	1,250,632	637,958	612,674	970,463	502,460	468,003	280,169	135,498	144,671
Utah.....	161,000	141,299	71,983	69,316	102,104	52,223	49,881	39,195	19,760	19,435
Vermont.....	78,000	55,681	27,633	28,048	43,266	21,648	21,618	12,415	5,985	6,430
Virginia.....	677,000	565,074	284,110	280,964	427,404	220,822	206,582	137,670	63,288	74,382
Washington.....	450,000	385,435	198,310	187,125	286,558	147,660	138,898	98,877	50,650	48,227
West Virginia.....	494,000	416,682	210,825	205,857	329,910	170,225	159,685	86,772	40,600	46,172
Wisconsin.....	665,000	487,288	243,969	243,819	342,994	177,499	165,495	144,294	66,470	77,824
Wyoming.....	58,000	53,397	27,162	26,205	40,095	20,641	19,454	13,302	6,551	6,751
District of Columbia.....	116,000	97,904	48,790	49,114	74,059	37,462	36,597	23,845	11,328	12,517
Outlying parts of the United States.....	732,557	470,580	247,828	222,752	399,937	212,043	187,894	70,643	35,785	34,858
Alaska.....	^a 16,249	9,144	4,746	4,398	7,371	3,806	3,565	1,773	940	833
Canal Zone.....		7,880	4,015	3,865	6,338	3,235	3,103	1,542	780	762
Hawaii.....	^a 118,810	82,292	41,587	40,705	58,455	30,072	28,383	23,837	11,515	12,322
Puerto Rico.....	^a 597,498	366,915	195,315	171,600	323,955	173,021	150,934	42,960	22,294	20,666
Virgin Islands.....		4,349	2,165	2,184	3,818	1,909	1,909	531	256	275

¹ Source.—U. S. Census, Nov. 30, 1948, series P-25, No. 16.

² Estimated on the basis of average daily attendance in current year and enrollments in previous years.

³ Sex distribution estimated.

⁴ Distribution estimated on basis of Bulletin 1, "Progress in the reduction of over-age pupils in Maryland county white and Negro schools, November 1941-47" published October 1948.

^a Source.—U. S. Census, "16th Census of the United States," second series. Volume on Alaska, Hawaii, and Puerto Rico.

TABLE 2.—Attendance, instructional staff, and average salary of instructional staff in public full-time day schools, by State, 1946-47

State (1)	Attendance				Instructional staff						
	Average daily attendance (2)	Average number of days schools were in session (3)	Average number of days attended per pupil enrolled (4)	Percent attendance is of enrollment (5)	Total (6)	Supervisors (7)	Principals (8)	Teachers			Average salary per member of instructional staff (12)
								Total (9)	Men (10)	Women (11)	
Continental United States.....	20, 448, 656	176. 2	152. 3	86. 4	878, 406	8, 023	36, 871	833, 512	153, 297	680, 215	\$2, 254
Alabama.....	545, 191	169. 8	142. 6	84. 0	20, 506	121	500	19, 885	2, 459	17, 426	1, 443
Arizona.....	105, 132	169. 0	152. 2	90. 0	4, 421	-----	118	4, 303	1, 079	3, 224	2, 368
Arkansas.....	335, 888	165. 9	135. 5	81. 7	12, 751	103	288	12, 360	2, 239	10, 121	1, 255
California.....	1, 329, 066	175. 0	147. 8	84. 5	46, 459	1, 616	2, 330	42, 513	8, 632	33, 881	3, 304
Colorado.....	181, 226	165. 5	148. 9	90. 0	8, 649	75	235	8, 339	1, 492	6, 847	2, 170
Connecticut.....	226, 157	180. 7	161. 4	89. 3	10, 031	128	556	9, 347	1, 502	7, 845	2, 790
Delaware.....	37, 168	182. 9	160. 3	87. 6	1, 733	23	73	1, 637	393	1, 244	2, 416
Florida.....	351, 596	176. 3	159. 8	90. 7	15, 050	155	560	14, 335	1, 784	12, 551	1, 939
Georgia.....	579, 618	176. 0	145. 8	82. 8	22, 833	169	318	22, 346	2, 785	19, 561	1, 618
Idaho.....	89, 574	172. 0	151. 2	87. 9	3, 628	21	105	3, 502	782	2, 720	2, 117
Illinois.....	980, 818	186. 5	162. 2	87. 0	45, 199	-----	2, 203	42, 996	8, 957	34, 039	2, 681
Indiana.....	543, 641	177. 1	146. 0	82. 4	23, 514	328	1, 469	21, 717	5, 776	15, 941	2, 433
Iowa.....	395, 590	175. 8	151. 5	86. 2	21, 172	165	970	20, 037	2, 134	17, 903	1, 922
Kansas.....	276, 245	172. 6	143. 9	83. 4	15, 987	-----	1, 599	14, 388	2, 415	11, 973	1, 904
Kentucky.....	446, 576	170. 0	140. 9	82. 8	18, 218	125	583	17, 510	3, 231	14, 279	1, 481
Louisiana.....	375, 155	170. 0	145. 9	85. 8	14, 953	169	764	14, 020	1, 630	12, 390	1, 959
Maine.....	135, 723	179. 3	163. 4	91. 1	6, 022	-----	6, 022	6, 022	1, 079	4, 943	1, 686
Maryland.....	258, 496	184. 5	153. 6	83. 2	9, 797	154	369	9, 274	1, 572	7, 702	2, 443
Massachusetts.....	517, 675	179. 3	157. 3	87. 7	23, 612	589	870	22, 153	5, 322	16, 831	2, 852
Michigan.....	885, 780	180. 0	164. 0	91. 1	34, 298	309	1, 206	32, 783	6, 444	26, 339	2, 635
Minnesota.....	397, 891	169. 0	146. 9	86. 9	20, 246	127	359	19, 760	3, 916	15, 844	2, 050
Mississippi.....	458, 147	155. 9	136. 1	87. 3	15, 303	102	182	15, 019	2, 229	12, 790	984
Missouri.....	516, 449	181. 4	149. 8	82. 6	23, 196	-----	23, 196	23, 196	4, 079	19, 117	1, 871
Montana.....	81, 162	174. 9	148. 4	84. 8	5, 329	220	379	4, 730	906	3, 824	1, 838
Nebraska.....	198, 461	176. 0	154. 8	88. 0	12, 174	80	191	11, 903	1, 411	10, 492	1, 696
Nevada.....	22, 982	171. 0	141. 2	82. 6	1, 115	-----	106	1, 009	214	795	2, 175
New Hampshire.....	60, 398	176. 0	155. 5	88. 3	2, 830	-----	121	2, 709	494	2, 215	1, 981
New Jersey.....	546, 822	183. 1	160. 5	87. 7	26, 824	374	843	25, 607	5, 147	20, 460	2, 837
New Mexico.....	104, 020	180. 0	141. 9	78. 8	4, 523	98	425	4, 000	1, 000	3, 000	2, 307
New York.....	1, 595, 713	182. 7	156. 2	85. 5	73, 686	478	3, 300	69, 908	14, 641	55, 367	3, 302
North Carolina.....	734, 327	179. 9	157. 8	87. 7	26, 401	-----	1, 402	24, 999	2, 887	22, 112	1, 810
North Dakota.....	102, 395	170. 0	153. 7	90. 4	6, 481	-----	6, 481	6, 481	1, 241	5, 240	1, 486
Ohio.....	1, 026, 336	170. 6	153. 1	89. 7	41, 872	240	1, 225	40, 407	10, 157	30, 250	2, 350
Oklahoma.....	405, 667	167. 5	150. 1	89. 6	17, 520	74	1, 282	16, 164	2, 651	13, 513	1, 920

Oregon.....	193,636	174.5	155.6	89.2	8,672	99	635	7,938	1,298	6,640	2,461
Pennsylvania.....	1,353,314	182.9	162.8	89.0	58,560	828	2,902	54,830	12,880	41,950	2,304
Rhode Island.....	80,739	180.0	153.9	85.5	3,838			3,838	778	3,060	2,414
South Carolina.....	372,695	174.5	142.4	81.6	15,871	131		15,494	1,742	13,752	1,298
South Dakota.....	99,464	174.0	152.3	87.5	6,758			6,546	697	5,849	1,711
Tennessee.....	523,577	168.5	143.5	85.2	20,103	113		19,990	3,342	16,648	1,480
Texas.....	1,059,623	174.4	147.8	84.7	46,570	165	2,349	44,056	6,326	37,730	1,915
Utah.....	129,854	173.3	159.3	91.9	4,904	64	435	4,405	1,312	3,093	2,269
Vermont.....	52,347	168.0	157.9	94.0	2,545	2	90	2,453	372	2,081	1,672
Virginia.....	489,242	180.0	155.8	86.6	19,234	354	1,902	16,978	1,826	15,152	1,845
Washington.....	313,395	173.1	140.8	81.3	13,548	145	679	12,724	2,878	9,846	2,628
West Virginia.....	376,417	170.4	153.9	90.3	15,164		1,846	13,318	2,518	10,800	1,711
Wisconsin.....	432,644	180.9	160.6	88.8	20,286		467	19,819	3,831	15,988	2,259
Wyoming.....	43,706	174.6	142.9	81.9	2,576	39		2,520	393	2,127	1,810
District of Columbia.....	80,918	173.9	143.7	82.7	3,444	40		3,244	524	2,720	3,201
Outlying parts of the United States.....	422,606	187.2	168.1	89.8	13,170	79		12,552	2,412	10,140	1,852
Alaska.....	7,066	175.0	135.2	77.3	306		9	357	69	288	3,232
Canal Zone.....	6,974	185.9	164.6	88.5	286	6	12	268	87	181	2,476
Hawaii.....	77,876	181.0	171.3	94.6	3,167	34	101	3,032	509	2,523	3,174
Puerto Rico.....	326,907	189.0	168.4	89.1	9,177	31	404	8,742	1,724	7,018	1,334
Virgin Islands.....	3,783	184.3	160.3	87.0	174	8	13	153	23	130	1,187

¹ Excluding junior colleges and part-time and adult schools.

² Sex distribution of teachers estimated from data of previous years.

TABLE 3.—Analysis of revenue receipts in public schools, ¹ by source and by State, 1946-47

State	Revenue by source				Nonrevenue receipts	Total revenue and nonrevenue receipts (Cols. 5 to 6)	Percentage of revenue receipts from each source			Revenue receipts	
	Federal	State	County and local	Total			Federal	State	County and local	Per unit of population 5-17 years of age inclusive	Per pupil in average daily attendance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Continental United States.....	\$84, 713, 641	\$1, 198, 918, 215	\$2, 120, 617, 816	\$3, 404, 249, 672	\$389, 134, 782	\$3, 793, 384, 454	2.5	35.2	62.3	\$116.12	\$166.48
Alabama.....	4, 009, 530	31, 756, 536	11, 941, 788	47, 707, 854	1, 271, 427	48, 979, 281	8.4	66.6	25.0	63.11	87.61
Arizona.....	462, 080	6, 915, 048	9, 488, 101	16, 865, 229	9, 059, 062	25, 924, 291	2.7	41.0	56.3	108.81	160.42
Arkansas.....	2, 453, 332	17, 771, 938	9, 938, 240	30, 163, 510	3, 693, 089	33, 856, 599	8.1	58.9	33.0	60.33	89.80
California ²	8, 867, 361	105, 738, 108	143, 445, 444	258, 050, 913	72, 501, 421	330, 552, 334	3.4	41.0	55.6	152.96	194.16
Colorado.....	657, 157	5, 404, 793	27, 872, 586	33, 934, 536	2, 967, 287	36, 901, 823	2.0	15.9	82.1	136.83	187.25
Connecticut.....	910, 406	6, 029, 029	36, 332, 520	43, 271, 955	-----	43, 271, 955	2.1	13.9	84.0	128.40	191.34
Delaware.....	122, 327	6, 546, 052	837, 934	7, 506, 313	612, 313	8, 118, 626	1.6	87.2	11.2	134.04	201.96
Florida.....	891, 926	20, 045, 658	31, 708, 082	52, 645, 666	5, 767, 727	58, 413, 393	1.7	38.1	60.2	111.30	149.73
Georgia.....	3, 715, 241	31, 426, 696	20, 129, 163	55, 271, 100	3, 918, 452	59, 189, 552	6.7	56.9	36.4	68.40	95.36
Idaho.....	87, 686	2, 207, 610	12, 097, 641	14, 392, 937	1, 292, 118	15, 685, 055	6.7	15.3	84.1	115.14	160.68
Illinois.....	3, 688, 609	32, 922, 296	144, 227, 288	180, 838, 193	55, 834, 138	236, 672, 331	2.0	18.2	79.8	120.72	184.37
Indiana.....	2, 039, 203	43, 673, 680	42, 515, 372	88, 228, 255	12, 482, 398	100, 710, 653	2.3	49.5	48.2	115.33	162.29
Iowa.....	1, 617, 068	10, 927, 081	61, 261, 303	73, 805, 452	8, 379, 277	82, 184, 729	2.2	14.8	83.0	140.58	186.57
Kansas.....	922, 439	6, 810, 668	49, 433, 330	57, 166, 437	2, 636, 598	59, 803, 035	1.6	11.9	86.5	152.04	206.94
Kentucky.....	2, 323, 023	19, 874, 772	22, 674, 982	44, 872, 777	1, 184, 925	46, 057, 702	5.2	44.3	50.5	63.74	100.48
Louisiana.....	2, 997, 915	32, 400, 240	14, 053, 207	49, 451, 362	8, 759, 624	58, 210, 986	6.1	65.5	28.4	80.54	131.82
Maine.....	418, 254	4, 785, 108	12, 650, 615	17, 853, 977	129, 021	17, 982, 998	2.3	26.8	70.9	94.47	131.55
Maryland.....	1, 001, 084	11, 754, 864	28, 439, 678	41, 195, 626	2, 894, 867	44, 090, 493	2.4	28.6	69.0	102.48	159.37
Massachusetts.....	1, 831, 497	11, 769, 963	83, 839, 796	97, 441, 256	-----	97, 441, 256	1.9	12.1	86.0	118.40	188.23
Michigan.....	3, 778, 428	75, 276, 192	80, 522, 206	159, 576, 826	24, 710, 699	184, 287, 525	2.4	47.2	50.4	127.97	179.03
Minnesota.....	1, 871, 977	21, 918, 526	45, 264, 657	69, 055, 660	10, 768, 682	79, 823, 742	2.7	31.7	65.6	118.24	173.55
Mississippi.....	1, 932, 182	12, 087, 929	13, 339, 499	27, 359, 610	-----	27, 359, 610	7.1	44.2	48.7	47.01	59.72
Missouri.....	647, 208	31, 051, 683	48, 754, 299	80, 453, 190	3, 933, 978	84, 387, 168	.8	38.6	60.6	105.14	155.78
Montana.....	150, 773	3, 306, 288	13, 555, 943	17, 013, 004	1, 963, 404	18, 976, 408	.9	19.4	79.7	145.41	209.02
Nebraska.....	704, 438	508, 173	28, 614, 064	29, 826, 675	1, 126, 989	30, 953, 664	2.4	1.7	95.9	114.28	150.29
Nevada.....	293, 617	657, 435	2, 799, 332	3, 750, 384	3, 914, 550	7, 664, 934	7.8	17.5	74.7	150.02	163.19
New Hampshire.....	189, 633	684, 574	9, 425, 501	10, 299, 708	126, 779	10, 426, 487	1.8	6.7	91.5	101.98	170.53
New Jersey.....	985, 139	22, 639, 668	120, 056, 060	143, 680, 867	4, 877, 622	148, 558, 489	.7	15.7	83.6	187.08	262.77
New Mexico.....	427, 332	13, 780, 080	1, 896, 568	16, 103, 980	-----	16, 103, 980	2.6	85.6	11.8	103.90	154.82
New York.....	6, 367, 740	136, 485, 991	283, 742, 859	426, 596, 590	22, 455, 984	449, 052, 574	1.5	32.0	66.5	178.87	267.73
North Carolina.....	4, 504, 722	55, 863, 700	20, 400, 639	80, 769, 061	2, 414, 163	83, 183, 224	5.5	69.2	25.3	83.35	109.99
North Dakota.....	101, 867	3, 847, 160	10, 806, 993	14, 756, 020	955, 038	15, 711, 058	.7	26.1	73.2	102.47	144.11
Ohio.....	1, 817, 624	64, 733, 569	109, 879, 805	176, 430, 998	63, 200, 658	239, 631, 656	1.0	36.7	62.3	120.51	171.90

LOW-INCOME FAMILIES

Oklahoma.....	733, 578	23, 844, 728	20, 113, 754	44, 692, 060	3, 421, 585	48, 113, 645	1.6	53.4	45.0	83.38	110.17
Oregon.....	662, 274	10, 648, 121	29, 007, 639	40, 318, 034	2, 616, 681	42, 934, 715	1.6	26.4	72.0	142.97	208.22
Pennsylvania.....	2, 485, 880	82, 409, 408	168, 373, 532	253, 268, 820	8, 306, 599	261, 575, 419	1.0	32.5	66.5	125.13	187.15
Rhode Island.....	240, 425	1, 102, 043	13, 797, 252	15, 139, 720	40, 000	15, 179, 720	1.6	7.3	91.1	117.36	187.51
South Carolina.....	2, 113, 749	18, 588, 437	15, 319, 941	36, 022, 127	2, 342, 649	38, 364, 776	5.9	51.6	42.5	66.10	96.65
South Dakota.....	234, 056	2, 137, 924	16, 694, 376	19, 066, 356	368, 843	19, 435, 199	1.2	11.2	87.6	133.33	191.69
Tennessee.....	515, 191	15, 968, 215	27, 919, 098	44, 402, 504	5, 010, 900	49, 413, 404	1.1	36.0	62.9	59.36	84.81
Texas.....	7, 095, 011	77, 519, 893	95, 316, 013	179, 930, 917	-----	179, 930, 917	3.9	43.1	53.0	111.97	169.81
Utah.....	655, 550	8, 311, 908	11, 712, 338	20, 679, 796	614, 766	21, 294, 562	3.2	40.2	56.6	128.45	159.25
Vermont.....	300, 831	1, 701, 740	5, 073, 645	7, 076, 216	568, 689	7, 644, 905	4.3	24.0	71.7	90.72	135.18
Virginia.....	2, 135, 800	25, 866, 930	31, 885, 369	59, 888, 099	2, 674, 235	62, 562, 334	3.6	43.2	53.2	88.46	122.41
Washington.....	1, 008, 679	37, 141, 455	25, 951, 358	64, 101, 492	18, 187, 192	82, 288, 684	1.6	57.9	40.5	142.45	204.54
West Virginia.....	1, 328, 169	23, 277, 387	18, 515, 989	43, 121, 545	65, 403	43, 186, 948	3.1	54.0	42.9	87.29	114.56
Wisconsin.....	1, 849, 272	14, 329, 486	66, 163, 816	82, 342, 574	10, 770, 960	93, 113, 534	2.2	17.4	80.4	123.82	190.32
Wyoming.....	445, 133	2, 508, 051	5, 307, 781	8, 260, 965	313, 990	8, 574, 955	5.4	30.4	64.2	142.43	189.01
District of Columbia...	121, 225	* 1, 961, 381	17, 520, 520	19, 603, 126	-----	19, 603, 126	.6	10.0	89.4	168.99	242.26
Outlying parts of the United States.....	4, 304, 787	32, 177, 697	2, 827, 579	39, 310, 063	-----	39, 310, 063	10.9	81.9	7.2	51.77	93.02
Alaska.....	58, 485	1, 396, 066	419, 457	1, 874, 008	-----	1, 874, 008	3.1	74.5	22.4	115.33	265.21
Canal Zone.....	926, 364	-----	54, 303	980, 667	-----	980, 667	94.5	-----	5.5	-----	140.62
Hawaii.....	217, 759	11, 382, 597	1, 782, 822	13, 383, 178	-----	13, 383, 178	1.6	85.1	13.3	112.64	171.85
Puerto Rico.....	3, 046, 962	19, 319, 134	304, 380	22, 670, 476	-----	22, 670, 476	13.4	85.2	1.4	37.94	69.35
Virgin Islands.....	55, 217	79, 900	266, 617	401, 734	-----	401, 734	13.7	19.9	66.4	-----	106.19

1 All public elementary and secondary schools, including summer, part-time, and evening schools.

2 Excluding junior colleges.

3 Estimated percentage of Federal support for the District.

TABLE 4.—Expenditures for general control and instruction in public full-time day schools, by State, 1946-47

State (1)	General control				Instruction			
	Total (2)	State (3)	County (4)	Local (5)	Total (6)	Salaries of supervisors, principals, and teachers (7)	Textbooks free to pupils (8)	Instructional supplies and other expense of instruction (9)
Continental United States.....	\$146,056,107	\$20,319,248	\$14,399,367	\$111,337,492	\$2,123,525,201	\$1,979,657,157	\$29,805,963	\$114,062,081
Alabama.....	1,467,201	424,555	.....	1,042,646	30,556,588	29,591,313	335,000	630,275
Arizona.....	698,305	59,001	126,935	512,369	11,934,968	10,470,299	109,900	1,354,769
Arkansas.....	1,849,298	210,721	418,089	1,220,488	16,646,902	16,005,263	354,539	287,100
California.....	13,362,764	1,416,676	1,797,650	10,148,438	171,602,648	153,522,784	1,049,983	17,030,781
Colorado.....	1,041,413	128,609	175,000	737,804	19,863,467	18,766,189	318,122	179,156
Connecticut.....	1,927,983	848,282	.....	1,079,701	29,667,831	27,986,816	387,537	1,293,478
Delaware.....	307,455	71,800	.....	235,655	4,415,436	4,187,647	84,524	143,265
Florida.....	1,530,557	358,809	.....	1,171,748	30,951,757	29,187,952	581,397	1,182,408
Georgia.....	1,902,180	447,489	.....	1,454,691	38,561,916	36,936,131	1,051,473	420,341
Idaho.....	680,076	50,221	118,255	511,600	8,293,125	7,681,020	1,837,401	5,526,433
Illinois.....	6,306,210	453,100	869,414	4,983,696	128,540,148	121,176,314	.....	1,412,800
Indiana.....	2,956,066	390,034	931,844	1,634,188	58,630,978	57,218,178	.....	2,615,298
Iowa.....	3,619,603	142,770	331,961	3,144,872	43,309,689	40,694,391	.....	1,932,342
Kansas.....	1,621,904	163,228	300,000	1,158,676	32,379,283	30,446,941	.....	617,748
Kentucky.....	2,346,804	313,171	.....	2,033,633	28,090,322	26,987,574	485,000	707,472
Louisiana.....	2,164,294	576,546	.....	1,589,748	31,165,225	29,299,654	1,158,099	739,862
Maine.....	997,620	487,852	.....	509,768	10,646,435	9,553,594	352,979	839,982
Maryland.....	1,253,752	234,004	.....	1,019,748	25,207,792	23,929,227	438,583	863,325
Massachusetts.....	3,703,358	193,867	.....	3,509,491	71,453,883	67,334,432	863,325	3,256,126
Michigan.....	6,145,981	409,635	509,621	5,226,725	98,573,618	90,380,540	.....	8,193,078
Minnesota.....	4,065,818	311,975	407,434	3,346,409	46,904,079	41,507,143	1,059,678	4,337,858
Mississippi.....	1,889,611	195,501	580,571	1,113,539	15,774,158	15,065,588	401,011	307,559
Missouri.....	4,826,046	897,494	600,606	3,327,946	46,909,754	43,409,585	1,713,246	1,786,923
Montana.....	1,399,286	166,260	599,920	633,106	10,942,088	9,795,194	798,607	348,287
Nebraska.....	3,302,053	238,945	175,590	2,897,515	22,813,881	20,650,788	505,645	1,657,448
Nevada.....	132,301	104,653	.....	27,648	2,659,563	2,425,276	69,133	165,154
New Hampshire.....	713,482	228,083	.....	485,399	6,085,510	5,605,547	121,333	358,630
New Jersey.....	6,091,975	551,380	454,435	5,086,160	82,158,915	76,097,656	1,394,350	4,666,909
New Mexico.....	949,543	63,675	80,828	805,040	10,908,655	10,436,647	198,445	273,563
New York.....	14,941,567	4,203,095	.....	10,738,472	261,446,512	243,283,993	2,247,412	15,915,107
North Carolina.....	2,140,958	350,000	.....	1,790,958	48,745,191	47,785,727	404,698	554,766
North Dakota.....	446,548	46,170	.....	400,378	11,248,767	9,628,629	235,132	1,385,006
Ohio.....	8,998,590	1,738,642	998,175	6,260,773	103,577,806	98,405,426	1,920,054	3,246,386
Oklahoma.....	1,631,639	122,820	539,000	969,819	34,480,316	33,640,863	.....	839,453
Oregon.....	1,641,345	174,178	248,000	1,219,167	23,025,767	21,345,510	386,836	1,293,421
Pennsylvania.....	11,174,306	712,346	569,519	9,892,441	146,026,135	134,930,951	3,504,534	7,590,650

Rhode Island.....	521, 674	102, 420	-----	410, 254	9, 811, 459	9, 285, 840	120, 673	424, 046
South Carolina.....	2, 193, 450	355, 757	369, 398	1, 468, 295	21, 167, 894	20, 606, 228	-----	561, 666
South Dakota.....	1, 038, 370	20, 400	284, 691	733, 279	12, 383, 918	11, 562, 758	308, 181	512, 979
Tennessee.....	1, 816, 983	370, 582	-----	1, 446, 401	31, 006, 194	29, 752, 351	133, 323	1, 120, 520
Texas.....	9, 236, 114	582, 371	1, 250, 322	7, 403, 421	96, 488, 567	89, 161, 649	2, 353, 325	4, 973, 593
Utah.....	767, 875	123, 281	-----	644, 594	12, 092, 616	11, 128, 101	209, 619	754, 896
Vermont.....	387, 033	71, 791	-----	315, 242	4, 633, 754	4, 254, 631	116, 214	262, 909
Virginia.....	1, 538, 571	459, 195	706, 359	373, 017	37, 626, 238	35, 481, 729	147, 022	1, 996, 887
Washington.....	2, 901, 257	341, 531	252, 871	2, 306, 855	39, 008, 636	35, 602, 470	747, 193	2, 658, 973
West Virginia.....	1, 363, 712	56, 760	-----	1, 306, 952	26, 534, 687	25, 950, 273	99, 947	484, 467
Wisconsin.....	2, 881, 210	203, 774	604, 461	2, 072, 975	51, 816, 390	45, 833, 421	748, 167	5, 234, 802
Wyoming.....	723, 314	147, 799	98, 418	477, 097	5, 074, 144	4, 661, 734	123, 788	283, 622
District of Columbia.....	458, 655	-----	-----	458, 655	11, 680, 936	11, 025, 190	133, 071	522, 675
Outlying parts of the United States.....	1, 664, 296	1, 439, 192	105, 554	119, 550	25, 371, 424	24, 392, 003	300, 566	678, 855
Alaska.....	64, 232	38, 340	-----	25, 892	1, 257, 359	1, 182, 702	28, 893	45, 764
Canal Zone.....	65, 424	-----	-----	65, 424	790, 825	708, 002	26, 964	55, 859
Hawaii.....	317, 455	211, 901	105, 554	-----	10, 294, 294	10, 051, 530	-----	242, 764
Puerto Rico.....	1, 188, 951	1, 188, 951	-----	-----	12, 807, 720	12, 243, 278	239, 803	324, 639
Virgin Islands.....	28, 234	-----	-----	28, 234	221, 226	206, 491	4, 906	9, 829

¹ Excluding junior colleges.

² Source: Return from U. S. Office of Education questionnaire, 1946.

³ Source: Estimated on the basis of U. S. Office of Education questionnaire, 1940.

⁴ Source: Return from Office of Education questionnaire, 1942.

TABLE 5.—Expenditures for plant operation and maintenance, auxiliary services, and fixed charges for full-time public day schools,¹ and expenditures for capital outlay and interest for all public schools, by State, 1946-47

State (1)	Operation of plant (2)	Maintenance of plant (3)	Auxiliary services (4)	Fixed charges (5)	Total current expense for full-time day schools (6)	Capital outlay (7)	Interest (8)	Total current expense, capital outlay, and interest (columns 6, 7, and 8) (9)
Continental United States.....	\$303,744,979	\$130,287,987	\$277,606,436	\$143,329,638	\$3,124,550,348	\$204,739,220	\$72,194,967	\$3,401,484,535
Alabama.....	1,919,068	1,692,165	4,165,085	2,334,378	42,134,485	4,310,393	325,534	46,770,412
Arizona.....	1,522,160	882,868	972,207	602,592	16,613,100	3,240,131	285,988	20,139,219
Arkansas.....	1,772,172	822,709	4,486,406	1,284,142	26,861,628	3,364,675	639,602	30,865,905
California ¹	23,904,764	9,441,881	17,001,227	10,497,367	245,810,651	34,291,447	6,094,460	286,196,558
Colorado.....	2,590,248	1,051,260	1,940,665	1,609,879	28,096,931	1,940,665	549,407	30,853,420
Connecticut.....	4,424,501	1,716,371	2,745,797	2,789,472	43,271,955	1,356,285	769,755	45,397,995
Delaware.....	585,597	201,177	516,171	167,447	6,193,283	293,545	68,151	6,554,979
Florida.....	2,454,367	2,413,052	2,943,339	1,243,610	41,536,682	5,464,446	1,809,040	48,810,168
Georgia.....	2,188,941	1,839,891	7,501,992	984,668	52,979,588	1,737,198	408,001	55,124,787
Idaho.....	1,478,626	504,306	1,530,859	238,673	12,725,665	1,035,171	183,606	13,944,442
Illinois.....	24,139,097	9,956,020	33,542,283	5,307,592	207,591,350	13,563,605	3,565,081	224,720,036
Indiana.....	9,479,737	3,808,816	9,292,765	4,598,053	88,766,415	2,512,686	804,399	92,083,500
Iowa.....	7,388,607	2,986,907	11,305,618	2,008,179	70,618,603	4,667,891	665,006	75,951,500
Kansas.....	4,756,698	1,740,618	3,154,197	763,636	44,416,336	3,227,482	588,313	48,232,131
Kentucky.....	2,922,163	1,382,646	4,871,912	2,377,038	41,990,885	3,304,502	282,084	45,577,471
Louisiana.....	2,304,503	1,936,398	7,018,341	4,127,955	48,716,716	2,903,127	1,209,272	52,829,115
Maine.....	1,838,431	628,274	1,674,621	899,886	16,688,267	387,801	119,723	17,192,791
Maryland.....	3,143,923	1,372,503	2,914,483	1,259,249	35,151,702	3,547,469	1,123,105	39,822,276
Massachusetts.....	11,822,376	4,435,968	3,906,853	4,541,319	99,863,757	1,313,558	275,672	101,452,987
Michigan.....	18,325,500	5,907,563	9,051,930	5,069,234	143,073,826	9,455,299	1,750,743	154,279,868
Minnesota.....	9,259,899	2,989,388	7,911,936	2,074,384	73,206,104	4,414,529	531,633	78,152,266
Mississippi.....	1,231,114	1,207,872	6,166,324	540,633	26,809,712	4,000,000	700,000	31,509,712
Missouri.....	7,182,105	3,102,648	6,566,233	2,131,552	70,718,338	4,792,742	1,119,722	76,630,802
Montana.....	1,838,882	532,960	2,149,926	708,027	17,571,169	588,910	242,000	18,402,079
Nebraska.....	3,402,212	1,279,620	1,325,130	607,034	32,729,927	727,183	475,307	33,932,417
Nevada.....	440,709	120,921	47,982	117,545	3,519,021	208,060	67,629	3,794,710
New Hampshire.....	1,047,541	255,202	1,696,760	299,225	10,097,720	260,534	55,300	10,413,554
New Jersey.....	13,715,012	7,014,196	7,900,750	9,840,424	126,721,272	3,230,337	4,913,219	134,864,828
New Mexico.....	1,128,586	884,044	1,799,644	289,390	15,958,862	527,030	197,999	16,684,891
New York.....	34,221,318	11,988,622	21,638,012	28,831,043	373,067,074	12,094,116	18,289,480	403,457,670
North Carolina.....	3,875,859	2,836,951	9,877,004	2,816,734	70,292,697	5,664,929	1,672,301	77,629,927
North Dakota.....	1,882,858	615,405	1,261,649	190,003	15,645,230	442,702	339,139	16,427,071
Ohio.....	19,943,081	8,006,046	9,925,792	6,660,385	157,111,760	8,901,456	3,953,671	169,966,887
Oklahoma.....	3,465,316	1,256,069	3,569,150	613,267	45,015,757	1,738,474	744,544	47,498,775
Oregon.....	3,607,999	1,381,930	3,147,940	1,516,605	34,321,586	2,465,743	292,512	37,079,841
Pennsylvania.....	23,929,982	9,361,485	15,690,915	10,279,827	216,462,650	7,913,304	7,224,840	231,600,794

Rhode Island.....	1,902,753	533,569	1,060,489	603,994	14,523,938	124,398	851,572	15,409,908
South Carolina.....	1,581,989	1,201,486	3,538,020	943,969	30,626,808	1,895,736	430,868	32,953,412
South Dakota.....	2,031,955	574,405	1,879,147	242,447	18,150,242	446,267	195,786	18,792,295
Tennessee.....	3,044,932	1,691,421	4,578,850	2,089,422	44,227,802	2,242,283	265,708	46,735,793
Texas.....	9,017,705	5,142,078	11,396,765	6,616,774	137,898,003	21,343,397	* 5,000,000	164,241,400
Utah.....	1,579,943	946,860	2,823,295	578,925	18,789,514	1,132,830	746,670	20,669,014
Vermont.....	883,193	387,341	626,071	180,633	7,098,025	230,899	36,101	7,365,025
Virginia.....	3,511,585	2,041,253	5,430,537	3,001,746	53,149,930	5,430,997	356,736	58,937,663
Washington.....	6,106,124	3,692,621	5,927,560	1,590,960	59,327,158	5,719,947	622,943	65,870,048
West Virginia.....	3,414,719	1,809,517	4,232,919	2,078,354	39,433,908	1,873,787	* 360,000	41,667,695
Wisconsin.....	8,362,158	3,298,913	3,983,961	4,147,348	74,489,980	2,524,723	844,142	77,858,845
Wyoming.....	802,147	296,628	1,036,853	184,680	8,117,766	515,790	148,203	8,781,759
District of Columbia.....	2,371,824	817,144	80,072	759,939	16,168,570	1,104,324	-----	17,272,894
Outlying parts of the United States.....	1,480,268	930,940	7,521,773	556,902	37,525,603	4,377,199	-----	41,902,802
Alaska.....	232,758	51,310	88,236	30,000	1,723,895	40,063	-----	1,763,958
Canal Zone.....	40,872	83,546	-----	-----	980,667	-----	-----	980,667
Hawaii.....	580,423	596,184	797,415	747	12,586,518	796,660	-----	13,883,178
Puerto Rico.....	608,848	186,729	6,552,631	526,155	21,871,034	3,530,595	-----	25,401,599
Virgin Islands.....	17,367	13,171	83,491	-----	363,489	9,911	-----	373,400

- ¹ Except where expenditures for summer, part-time and evening schools are not segregated.
² Excluding junior colleges.
³ Source.—Return from U. S. Office of Education questionnaire, 1946.
⁴ Source.—Returns from U. S. Office of Education city questionnaires only, 1946.
⁵ Estimated on basis of letter of Mississippi State Department of Education dated May 14, 1941.
⁶ Estimated.

TABLE 6.—Expenditures for adult and summer schools, grand total expenditure for all schools,¹ number of high-school graduates, and derived statistics, by State, 1946-47

State (1)	Expenditures for adult and summer schools (2)	Grand total expenditures (3)	Number of high school graduates (4)	Annual cost per pupil in average daily attendance for:				Cost per capita of total population ² (9)	Percentage of total enrollment in high school (10)	Pupils in average daily attendance per teacher ³ (11)
				Current expense ¹ (5)	Capital outlay (6)	Interest (7)	Total (8)			
Continental United States.....	\$18,509,062	\$3,419,993,597	1,073,679	\$152.80	\$10.01	\$3.53	\$166.34	\$23.85	24.7	24.5
Alabama.....	329,097	47,099,509	19,532	72.28	7.91	.60	85.79	16.62	17.8	27.4
Arizona.....	20,139,219	4,043	4,043	158.02	30.82	2.72	191.56	31.27	21.7	24.2
Arkansas.....	30,865,905	12,464	12,464	79.97	10.02	1.90	91.89	16.13	18.0	27.2
California ⁴	286,196,558	71,346	71,346	184.95	25.80	4.59	215.34	31.17	24.4	31.3
Colorado.....	30,853,420	9,878	9,878	155.04	12.18	3.03	170.25	26.97	24.1	21.7
Connecticut.....	295,631	45,693,626	13,864	191.34	6.00	3.40	200.74	23.15	27.7	24.2
Delaware.....	620,540	6,554,979	2,038	166.63	7.90	1.83	176.36	22.53	25.6	22.7
Florida.....	72,862	49,430,708	14,926	118.14	15.54	5.14	138.82	21.23	21.7	24.5
Georgia.....	55,197,649	13,944,442	19,103	91.40	3.00	.70	95.10	17.59	20.3	25.9
Idaho.....	224,720,036	5,241	5,241	142.07	11.56	2.05	155.68	26.56	25.6	26.6
Illinois.....	211,65	61,746	211,65	13.83	3.63	2.29	17.75	26.76	29.2	22.8
Indiana.....	92,083,500	33,502	33,502	163.28	4.62	1.48	169.38	24.01	26.7	25.0
Iowa.....	75,951,500	24,756	24,756	178.52	11.80	1.68	192.00	29.31	24.9	19.7
Kansas.....	49,232,131	18,289	18,289	160.79	11.68	2.13	174.60	25.06	27.0	19.2
Kentucky.....	45,577,471	14,830	14,830	94.03	7.40	.63	102.06	16.39	16.5	25.5
Louisiana.....	52,862,189	15,337	15,337	129.86	7.74	3.22	140.82	20.78	15.1	26.8
Maine.....	26,765	17,219,546	6,236	122.94	2.86	.88	126.68	19.46	24.1	22.5
Maryland.....	775,424	40,597,700	8,380	135.99	13.72	4.34	154.05	18.98	25.4	27.9
Massachusetts.....	445,816	101,898,803	33,812	192.91	2.54	.53	195.98	21.98	29.4	23.4
Michigan.....	154,279,868	47,329	47,329	161.52	10.67	1.98	174.17	25.42	27.1	27.0
Minnesota.....	78,152,266	25,196	25,196	183.99	11.09	1.34	196.42	27.06	26.6	20.1
Mississippi.....	31,509,712	11,889	11,889	58.52	8.73	1.53	68.78	15.03	14.2	30.5
Missouri.....	76,630,802	30,153	30,153	136.93	9.28	2.17	148.38	19.63	23.4	22.3
Montana.....	18,402,079	5,490	5,490	216.50	7.25	2.98	226.73	37.71	26.4	17.2
Nebraska.....	33,932,417	13,517	13,517	164.92	3.67	2.39	170.98	26.43	28.2	16.7
Nevada.....	660	3,795,370	1,028	153.12	9.05	2.95	165.12	27.30	23.0	22.8
New Hampshire.....	10,413,554	3,854	3,854	167.19	4.31	.92	172.42	19.50	27.6	22.3
New Jersey.....	1,500,684	136,365,512	34,578	231.74	5.91	8.98	246.63	29.47	29.3	21.4
New Mexico.....	16,684,891	3,459	3,459	153.43	5.07	1.90	160.40	30.50	17.7	26.0
New York.....	5,340,459	408,791,129	101,596	233.79	7.58	11.46	252.83	28.86	31.2	22.8
North Carolina.....	77,629,927	26,512	26,512	95.72	7.72	2.28	105.72	20.99	18.9	29.4
North Dakota.....	16,427,071	5,658	5,658	152.79	4.33	3.31	160.43	30.36	24.2	15.8
Ohio.....	775,681	170,742,668	62,315	153.08	8.67	3.85	165.60	22.25	26.4	25.4
Oklahoma.....	47,498,775	20,300	20,300	110.97	4.29	1.83	117.09	20.80	24.6	25.1
Oregon.....	37,079,841	12,268	12,268	177.25	12.73	1.51	191.49	24.00	28.3	24.4
Pennsylvania.....	231,600,794	84,954	84,954	159.95	5.85	5.34	171.14	22.03	29.2	24.7

Rhode Island.....	60,598	15,560,506	4,921	179.89	1.54	10.55	191.98	20.89	26.1	21.0
South Carolina.....	85,263	33,033,675	14,111	82.18	5.09	1.15	88.42	16.93	19.8	24.1
South Dakota.....		18,792,295	5,962	182.48	4.48	1.07	188.93	32.51	25.9	15.2
Tennessee.....		46,733,793	17,465	84.47	4.28	.51	89.26	15.12	19.4	26.2
Texas.....	3,850,000	168,091,400	50,415	130.14	20.14	4.72	155.00	23.66	22.4	24.1
Utah.....	219,762	20,893,776	8,347	144.70	8.72	5.75	159.17	32.64	27.8	29.5
Vermont.....		7,365,025	2,494	135.60	4.41	.69	140.70	20.12	22.3	21.3
Virginia.....	1,168,469	60,106,132	20,613	108.64	11.10	.73	120.47	20.04	24.4	28.8
Washington.....		65,870,048	19,199	189.94	18.25	1.99	210.18	27.95	25.7	24.6
West Virginia.....		41,667,695	12,938	104.76	4.98	.96	110.70	22.14	20.8	28.3
Wisconsin.....	2,675,468	80,534,313	30,838	172.17	5.84	1.95	179.96	24.80	29.6	21.8
Wyoming.....		8,781,759	2,723	185.74	11.80	3.39	200.93	33.14	24.9	17.3
District of Columbia.....	232,819	17,505,713	4,234	199.81	13.65	-----	213.46	20.33	24.4	25.0
Outlying parts of the United States.....	536,019	42,438,821	10,734	88.79	10.36	-----	99.15	14.87	15.0	33.7
Alaska.....		1,763,958	269	243.97	5.67	-----	249.64	21.66	19.4	19.8
Canal Zone.....		980,667	228	140.62	-----	-----	140.62	18.92	19.6	26.0
Hawaii.....		13,382,178	4,922	161.62	10.23	-----	171.85	24.60	29.0	25.7
Puerto Rico.....	531,804	25,933,403	5,287	66.90	10.80	-----	77.70	12.07	11.7	37.4
Virgin Islands.....	4,215	377,615	28	96.08	2.62	-----	98.70	13.88	12.2	24.7

1 Including full-time day, summer, part-time, and evening schools.

2 In full-time day schools.

3 Excluding armed forces overseas as of July 1, 1947.

4 Of all public full-time day schools.

5 Exclusive of junior colleges.

6 Source.—“Statistics of Public High Schools, 1945-46.”

7 A average daily attendance for senior class.

Mr. RICH. That takes the country as a whole?

Mr. CONRAD. That takes the country as a whole, and includes higher education as well as elementary and secondary.

Mr. RICH. What proportionate part of our total income then do we pay as a nation for education?

Mr. THURSTON. It is between 2 and 2.5 percent.

Mr. RICH. Now I would like to follow up on the question asked Mr. Thurston a short time ago by Senator Flanders, in reference to the employment of people after they become 40 or 45 years of age. It is then more difficult to secure jobs from industry. Now there must be a reason. Can you tell us the reason?

Mr. THURSTON. I am not sure that I can, Congressman Rich. I can suggest some reasons.

I think that we have had in the country over the past decades an erroneous impression about the effectiveness of a man over 45. I think that it amounts almost to a superstition that a man's abilities decline so that he is not a worth-while investment.

Senator FLANDERS. Congressman Rich, I hope that that idea does not extend to the voters of our respective districts.

Mr. RICH. I am trying to get the information. I want to know whether the Department here understand the reason why it is more difficult for a man to get a job in industry—

Mr. THURSTON. And I think that I have identified one of the major reasons so far as industry is concerned. I think it is fair to say that, in some areas of industry that have pension systems, there may be a reluctance in taking an older worker on those grounds. He may have to give up soon, too soon. I really put most of the emphasis, Congressman, on this erroneous impression that a man is not able to do a job. I just think it is wrong, completely wrong.

Mr. RICH. I think you are wrong in that respect because I happen to be an employer, and I can see the difficulty in taking a man who is 50 or 55 years of age, after he has been in some other industry.

Now in the first place, you carry health insurance. The older the man is, the more liable he is to become ill.

Mr. THURSTON. From the employer's viewpoint.

Mr. RICH. Yes; from the employer's standpoint. From that alone it requires a greater premium that you will have to pay for your total insurance, because the more a man is sick, the more he receives, the more the insurance company increases your premium.

Then you have life insurance. When you take all the people that you have employed, you insure them, then you have to pay a greater premium, a much higher premium, depending on the age. A man 35 gets his insurance for less than half of what a man 50 would have to pay. That increases his liability to the company in the sum total.

Then, as you say, there may be inefficiency, but, all in all, the laws that have been passed in the last few years require greater diligence on the part of the employer to get the most economical employees he can get, so that there are a lot of laws that have been passed in the last few years that make it more difficult for the employer to get along unless he has the most efficient employees he can secure, because business today—it is hard for a businessman today to operate a business successfully.

There have been many things that have been pressed upon him so that he has to keep eternally vigilant in order to make his productive

force the most economical force that he can have, and that is the reason that the employers are more lax now in taking elderly people. Besides a young man will remain on the job longer, thus a smaller labor turn-over.

Mr. THURSTON. Well, I have no doubt there is a great deal to that.

Mr. RICH. Well, there is no doubt about it. That is the reason they do not take them, because they want to look after their employees, and they try to sift them out and secure the most efficient and economical.

There are two sides to this question when you talk about the employer not wanting to take an elderly man. We put laws into effect that cause him to weigh every consideration in the employment of his labor.

Now, there are several things that I would like to ask you, Mr. Thurston. In the low-income group what would you give as your reason why they are in that group? Is it because of education, because of opportunity, or because of indolence that they are in the low-income group?

Mr. THURSTON. Well, I suppose, Congressman, there are a number of reasons. Obviously the general economic level of the country is bound to have a profound effect. The general level will undoubtedly influence the number of people who are in the low-income group.

Leaving that aside as more or less a constant in the problem, I think it can be shown that many persons are in low-income groups because of the points you mentioned—lack of adequate education, lack of adequate training to permit them to do a job as effectively as they know how, ill health that inevitably saps a man's strength, a man's initiative, a man's ability—I think that all of those things are responsible.

Now, whether a man is in a low-income group because he is indolent—I assume that some are in low-income groups because they are indolent, but I would argue that the vast majority are in low-income groups for other reasons.

Mr. RICH. State the other reasons.

Mr. THURSTON. The reasons that we have mentioned—the economic level, the educational standards that they have been able to attain, the health they enjoy.

Mr. RICH. Why is it then that when Congress passed a 75-cent minimum wage that they left out more people than they put under that law?

Mr. THURSTON. I am not sure that I understand your question.

Mr. RICH. There are more people that are not receiving, under the law, 75 cents an hour than there are those who are in interstate commerce that do receive 75 cents.

Mr. THURSTON. Taking the Nation as a whole?

Mr. RICH. Yes.

Mr. THURSTON. Well, I do not know why it was. I think a good case could be made for increasing the minimum wage level on a much broader basis.

Mr. RICH. That is right. Of course, the Federal Government can only deal with interstate laws, but when they passed the law some way should have been found to include everybody under that law. If it is good for one, it ought to be good for all, should it not?

Mr. THURSTON. I would be delighted to see that happen. As you point out, it involves action by State legislatures. It involves action that the Federal Government cannot control.

Mr. RICH. We raise up those who are in interstate commerce, and the other fellow is still left in the lurch. He is not able to get the 75 cents in more instances than one, and then we have increased the cost of all these commodities in interstate commerce, and the poor fellow that does not come under the law suffers greatly because of the fact that we have increased in one branch of the service, and not in those who will come under the State laws. I think that we have done a great injustice to the country in that respect, that we could not find some way to handle that.

You make this statement :

Estimates by some authorities are appalling—perhaps 3 children in every average classroom of 30 pupils are destined to spend part of their lives in a mental hospital. It is estimated that 3,000,000 of the 30,000,000 children now in school suffer from serious emotional and behavior problems.

Do you mean to say that one-tenth of the people that go to public schools have to go to mental hospitals?

Mr. THURSTON. What I say is that one-tenth of the people, of the children now in schools, suffer from serious emotional-behavior problems. Now whether they will all get into mental hospitals is another question.

Senator SPARKMAN. You do make the statement though that 3 out of every 30, which is the same thing, will spend a part of their life in a mental hospital.

Mr. THURSTON. That is one estimate. Do you want to add to that, Mr. Tibbitts?

Mr. TIBBITTS. That is based on the best estimates that research people can make in terms of admissions to mental hospitals. That does not mean they will spend their whole life there, but they will have to go for a period of treatment, if not for a lifetime.

Mr. RICH. Well, I do not believe that that applies in Pennsylvania, and if it does not apply in Pennsylvania certainly you have got a greater amount than that in some other section of the country.

Now where do you find sections of the country that go beyond 10 percent of the children that have to go into mental hospitals? That is an appalling statement to me, and I can hardly believe it.

Mr. THURSTON. Well, it is not an easy figure to arrive at, but as Mr. Tibbitts said, on the basis of the best estimates that research people generally have been able to conjure up on this, that is the figure. It is another national problem.

Mr. RICH. Well, who conjured those figures? Who is responsible for making that statement?

Mr. TIBBITTS. Well, there has been more than one effort to determine it. Part of it has been done by the mental-health people who operate these State institutions, and part of it by psychologists and sociologists in universities who are concerned with the mental health problem.

Mr. RICH. Are your figures compiled by States so that we could get a copy of it?

Mr. TIBBITTS. I am not sure.

Mr. THURSTON. We will certainly make available to you, Congressman, the basic data from which this statement is made, and to the extent that they are broken down by the States, you will have it.

Mr. RICH. I am interested more to find out, whoever makes this statement, if that is correct. That is a dreadful situation.

Mr. THURSTON. It is appalling.

Mr. RICH. It is appalling to me. I could hardly believe that myself, but I would like to be informed on it.

Mr. THURSTON. Well, we would be glad to put those figures in your hands.

Mr. RICH. If you can give us any information that will lead to our getting more actual data on that, I think it would be wise, because I think our committee would like to have it, and I would like to have you insert it in the record at this point, if you can.

(The document above referred to is found on p. 247.)

Mr. HUBER. Will you yield for a brief question at this point?

Mr. RICH. Sure.

Mr. HUBER. I have heard the figure that over half of the inmates in all hospitals for all causes were mental cases, is that true, according to the figures? Can you substantiate or throw any light upon that?

Mr. THURSTON. It is very high, certainly.

Mr. HUBER. In all the hospitals in the United States.

Mr. TIBBITTS. More of the hospital beds in the country are in mental hospitals than in all others combined.

Mr. HUBER. More than 50 percent?

Mr. TIBBITTS. That is right. I would like to make an observation, if I may, on this point. A good many of those people who are in mental hospitals are old people. I do not know how many, but a sizable proportion could be taken care of in other types of institutions if there were other types of institutions.

They are persons who have deteriorated, but who are not mentally disordered in terms of having an illness.

Mr. RICH. What would you say, in homes or—

Mr. TIBBITTS. In nursing homes or in less elaborate institutions that do not require as much medical and nursing care.

Mr. HUBER. What is that term you use for the treatment of elderly people?

Mr. THURSTON. Geriatrics?

Mr. TIBBITTS. Nursing homes or convalescent homes or a new type of home or hospital that is being discussed, a chronic-disease hospital, which again is less elaborate than the hospital, the kind of hospital that we are thinking about.

Mr. RICH. Well, could they be termed then really mental cases? Would they not be more cases that you speak of, people who go to a home because they cannot find the necessities of life or cannot be taken care of. You would not confine them all as mental cases, would you?

Mr. TIBBITTS. They are persons who need custodial care because of their mental condition. The mental condition may be a slowing down of the mental process rather than a disease.

Mr. RICH. Well, I think we seem to figure that anybody who gets over 60 years begins to slow down, and we want to be careful that we do not get in that category.

Senator SPARKMAN. You mean that we do not reach 60?

Mr. RICH. Well, we probably have reached 60 years of age. I do not know. I think it would be a mighty fine thing if we start to have mental examinations of all of our people in Government from the highest down. I think that would be a mighty fine thing if we could have a law passed that would give us all a mental examination.

Senator FLANDERS. That includes you and me, Mr. Rich.

Mr. RICH. Some of the things we do, I question very much nowadays, whether there are not a good many people who should not be in Government. A mental test might eliminate a lot of Government employees and bureaucrats as well as others.

Senator FLANDERS. I make the remark in my State there are a lot of old people that tend to get "queer." That is all we call it, just getting queer, and in the old days they were looked after by the family. Now the tendency is to put them in what you call custodial care.

I know any number of queer old people whose families are still looking after them, with a good deal of difficulty, but they do require custodial care.

Mr. THURSTON. May I just say, Senator, that many of these families that are in the income level that your committee is reviewing now literally cannot take care of their older people, they literally cannot. They cannot stay home and give them the care that is needed. If they do, they will not be able to keep body and soul together.

Mr. RICH. Now one other question. You make this statement:

Two million boys and girls from 6 to 17 years of age are not in school at all, and millions of others are getting only a substandard education.

Where does that apply to this country of ours?

Mr. THURSTON. Substandard education?

Mr. RICH. No, the 6 to 17 years of age, there are 2,000,000 boys and girls that do not go to school. Now in Pennsylvania we require them all to go to school, and I would like to know where these 2,000,000 boys and girls are that you speak of here.

Mr. THURSTON. What is the compulsory school age?

Mr. CONRAD. It is 16 in about—

Mr. THURSTON. I was asking about Pennsylvania.

Mr. RICH. Beginning at 6 years of age, they are compelled to go to school.

Mr. THURSTON. I mean the upper limits. In some States it is 14, in many States it is 16, and a good many of these 2,000,000 would come from those States that have a compulsory school-leaving age as low as 14, and, of course, some of these, going up to 17, would come from the States where the compulsory minimum is 16. Now many of those students do not leave—

Mr. RICH. Is there not a qualification that if he goes to a certain grade in his school, then if he passes certain tests and certain examinations he is permitted to discontinue his schooling if he chooses?

Mr. THURSTON. Yes, but, Congressman, many school children just get to the freshman year in high school by the time they are 14. Some of them just get to the sophomore year by the time they are 16. Now those students can leave.

Mr. RICH. That is right.

Mr. THURSTON. And they are included in this figure of those who are not in school.

Mr. RICH. Have you made a test of how far a boy or girl should go in school before they should be permitted to drop their educational pursuits?

Mr. THURSTON. Well, I would not say anyone has made an objective test. It has been the judgment of educators—I think this is a fair statement—that certainly a minimum education involves 12 years of schooling.

Now, there are many very sound educators who argue—and I am inclined to agree with them—that we should move in the direction of increasing the number of years beyond 12 when students have greater opportunities to go to school. Twelve years—that is through high-school—seems to be a generally agreed upon minimum.

Now, as students leave in their first year of high school or their second year of high school, they are not getting that minimum. I believe that the increasingly complex society in which we live demands more than just the first year of high school or the second year of high school. I would argue that it is to the national interest for as many of our citizens as possible to go through the twelfth grade. I would argue that it is to the national interest to have as many as possible go through the first 2 years of college or the 4 years of college.

Mr. RICH. Well, that is not the question I asked. I think that we all will admit that if a boy or girl goes through college, he is better fitted for his life's work than if he would drop off, but I would like to know, Where would you place the minimum level of education that a boy or girl should be compelled to acquire before he is permitted to drop off? Have you got any such minimum in your mind?

Mr. THURSTON. Yes, I have.

Mr. RICH. Well, would you state it?

Mr. THURSTON. Generally I would say through high school. Now clearly there will be individual cases where it is not necessary, but in my mind those are just very few. In general I believe that the minimum should be through high school.

Mr. RICH. Now there is one question that was brought up by my colleague to my right in reference to the countries that have a national health program better than our own. Would you include Great Britain in that at the present time?

Mr. THURSTON. You mean that of a better health program or a better mortality rate?

Mr. RICH. No, better health program.

Mr. THURSTON. Congressman, I do not know enough about the British system to say whether it is better or worse than others.

Mr. RICH. All right, we will pass that then.

On page 7 of your prepared statement you make the statement that—

A national health insurance plan, financed by contributions from employers and employees and decentralized in administration, would bring comprehensive medical care within the reach of virtually all workers and their dependents.

Mr. THURSTON. I am sorry, I did not get the page.

Mr. RICH. On page 7, the second sentence in about the center of that paragraph. How could we get all employers to adopt this national health insurance plan? What would you suggest could be done in order that we get all employers to realize that that is a good plan?

I agree with you in that respect. I think it is a fine thing. We do it in our business, but how could we accomplish that by any agency of the Government aiding and assisting to that end?

Mr. THURSTON. If I understand your question rightly, I might answer it this way; there are a lot of employers, covered under the unemployment insurance system, which is a combination of a State and Federal program wherein the employers are required to participate through the contribution into a tax fund. Then benefits are paid in cash to the employee who is unemployed through no fault of his own.

A system whereby employers are required to contribute to a trust fund, which might be called a health trust fund, could work on much the same principle. We have experience under our Social Security System to show that that is feasible as a system, just looking at the administrative feasibility, and I think we have adequate evidence in the Nation to show that.

Mr. RICH. I think so. Well, we leave out employers that employ less than eight people. Do you think that we should include everybody?

Mr. THURSTON. I think it is desirable, Congressman, to include as many people as possible. I think it is desirable under the unemployment insurance plan to get it down to below eight, and I think that is administratively feasible also.

Mr. RICH. That is right.

Mr. THURSTON. It should go down to everybody.

Mr. RICH. I think that the Federal Government, in order to accomplish the purpose which you suggest here, and which I believe is the right thing, should include everybody. We should not permit anybody to be exempt, and I think we make a mistake in our law when we do that.

Mr. THURSTON. Well, I am pleased to hear that.

Mr. RICH. Well, I want you to state that you believe in that thoroughly so we can get enough impetus in this committee to recommend that to the Congress. Can you give us any more forceful words that we might drive that point home with?

Mr. THURSTON. It is my feeling that the programs of the nature we are discussing should cover as many people as possible, and it is my belief that they should go down to the lowest possible administratively feasible level. Now maybe some would argue that you cannot go down to one employee. I personally believe you could.

Mr. RICH. I think you can, too.

Mr. THURSTON. I think it is entirely possible to go to the self-employed.

Mr. RICH. And I hope that the chairmen of our committee and our subcommittee here recommend to the full committee that we do that. I think it will be a big help.

Mr. HUBER. National health insurance?

Mr. RICH. Yes, and I think—well, in social security. That will aid and show that our committee is working to the end that we are trying to help and aid all these lower income groups. I think it would be a good thing.

Now, one other question and then I will stop. You say:

As the committee print indicates, in April 1949, there were all told, some 5½ million families in the country headed by a nonwage earner. In addition, there were almost 3 million other individuals who are not wage earners.

Senator FLANDERS. Individuals who are not wage earners?

Mr. RICH. Individuals. Can you enlarge on that statement? Tell us more fully why the statement was made and who they are, and why.

Mr. THURSTON. Now you are referring to these 5½ million families in the country headed by a nonwage earner?

Mr. RICH. That is right.

Mr. THURSTON. I do not have the citation at the tip of my tongue, Congressman. I think either Mr. Cohen or Mrs. Merriam may have it. It is in the committee print. Can you give the citation on that, please?

Mrs. MERRIAM. I think that comes from the committee's own print, the committee's own report.

Mr. THURSTON. I would not be surprised if we supplied that information for the committee print.

Mrs. MERRIAM. I think as a matter of fact the statement in the summary is incorrect in attributing that to the committee print. I have just gone back to our longer and more detailed statement. The figures that we picked up there from the committee print had to do with the number over 65 and broken families. This other figure of 5.5 we got from the Census Bureau. It is part of the same study, their monthly report of the labor force, which underlies the figures in your committee print, but happens to be—

Mr. RICH. Well, I am trying to find out where our own committee got that information.

Mrs. MERRIAM. From the Census Bureau, which made a special survey.

Mr. RICH. Then I will have to ask our committee to give us a little more information on that.

Mr. THURSTON. As I understood it, it came from the monthly report of the labor force that the Bureau of the Census makes. It is based on a sampling through a direct interview with selected families around the Nation.

Mr. RICH. What are the reasons that there are 5½ million families, headed by a nonwage earner? I know of a number of reasons, but I would like to have somebody give us the reasons for that.

Mr. THURSTON. Does the monthly report of the labor force break down the reasons, so far as you know, in terms of disability?

Mr. RICH. Are we going to have a Labor Department representative here?

Senator SPARKMAN. Yes; tomorrow.

Mr. RICH. You might inform them that we want that question answered if you will, please.

Mr. THURSTON. Will you identify yourself, please, Mrs. Merriam?

Mrs. MERRIAM. I am Assistant Director of the Division of Research and Statistics, Social Security Administration.

Mr. RICH. Now, there is one other question. In addition there were almost 3,000,000 other individuals who are not wage earners. Who are they?

Mr. THURSTON. They are people who are not heads of families. They are adults who just live as individuals.

Mr. RICH. Do they want to work?

Mr. THURSTON. I dare say a good many of them do; yes. I dare say many of them cannot work. Many of them are disabled for one reason or another. Many of them are "too old" to get a job.

Mr. RICH. Will you give us a break-down on that? That is a general statement. At this point in the record give us a break-down on what you mean by that statement.

Mr. THURSTON. We will get what we can from the monthly report of the labor-force break-down, and insert it in the record at this point.

(The document above referred to follows:)

INFORMATION CONCERNING INDIVIDUALS NOT IN FAMILIES WHO WERE NOT IN THE LABOR FORCE

Information concerning individuals not in families who were not in the labor force is contained in Bureau of the Census data given in the joint committee print, Materials on the Problem of Low-Income Families, Eighty-first Congress, first session, table A-3, pages 62-63; Of the total of 2,920,000: 170,000 were 14 to 20 years old, inclusive, and it is probable that most of them were attending school and living as roomers and boarders; 1,610,000 were 65 years and over and were living in rooming houses, boarding houses, hotels, and small nursing homes which were not classed as institutions; of the 21- through 64-year age bracket, 660,000 were women, some of whom doubtless were disabled. Among the men in the same age bracket, 14,000 were members of the armed forces living off post. Thus of the entire 3,000,000, less than 16 percent were civilian males of the ages usually regarded as the productive years. We may be sure on the basis of other data on the population in general that a very large proportion of these men were handicapped or completely disabled for employment. Unfortunately, the available data does not permit a more detailed break-down than the above.

Mr. RICH. Now in general as to the program that you have outlined here, what would you suggest that we as a committee recommend to our full committee, in broad general terms?

Mr. THURSTON. Well, Congressman, I would think that the evidence indicates that investments in health and in education and in rehabilitation pay off economically and socially so far as the Nation is concerned, and so far as the individuals are concerned. The whole burden of my argument is that, while there are many factors involved, nevertheless there is a true relationship between low income and inadequate education and inadequate health, and disability generally, and that insofar as we attack one side of the equation, we also attack the low-income side.

Now, conversely, as you pointed out, there are such measures as minimum-wage advancement. As low income is attacked directly, then we can expect to see an improvement in health and education, and the burden of my argument is that as you advance one, you advance the other, and to the national welfare.

Mr. RICH. Thank you. I have nothing further.

Senator SPARKMAN. Mr. Rich, may I say that on page 62 of the committee staff report, table A-3, you will find the break-down you were asking about, and that it shows the source to be the Bureau of the Census.

Now if there is any further break-down that you desire, if you will make it known to Dr. Brown or some member of the staff, they will be very glad to break it down still further.

Mr. RICH. Well, I will study this during the day, and if there is, I will ask the chairman later.

Senator SPARKMAN. I might also call your attention to the table on page 68, which is somewhat similar, and from the same source.

Mr. THURSTON. That breaks it down between families and individuals not in families.

Senator SPARKMAN. Yes. You might check those over and then if there is any further break-down, we will get it from the staff, or when Mr. Tobin is here tomorrow, or Mr. Blaisdell from the Department of Commerce, we will get that.

I have a few questions. I will try to go through them as fast as I can. I might say here that we have no other witness scheduled for today, and if it is the desire of the subcommittee to finish now, we can do it and we will not have to have an afternoon session, or if you want to go into it further, we can come back. I will move along with the questions that I had noted.

Mr. Thurston, I want to ask you something about the vocational educational program that you referred to in your statement, in our high schools. Is it working? By that I mean do the boys and girls receive training there which qualifies them really to begin working at a trade when they leave high school? For example, if a boy takes a course we will say in printing, is he able to go into the printing industry after he finishes high school, or will he have to go on to some other school, and do they actually use that vocational training that they get in high school toward earning their living?

Mr. THURSTON. Oh, I think by and large, Senator, they use it most effectively. I think it is plain that there will be cases where they do not, but I am sure, that taken on the whole, they use it very effectively indeed.

Senator SPARKMAN. Let me say this. I have always had a very kindly feeling toward the vocational education program. A few nights ago I was in a group with a prominent educator, who made the statement to me that the vocational educational program as it is being carried out is the most wasteful and nonproductive educational project that we are engaged in. It rather shocked me, but he made that statement. As I say, he is a responsible educator.

Mr. THURSTON. Well, it shocks me, too, Senator. I find it very difficult to believe.

As I said, I think it is possible in any program to have failures somewhere along the line, but I do not think there is any doubt that by and large it is performing its function effectively.

Senator SPARKMAN. I tried to get out of him just in what respects, and he mentioned a good many things, but I think perhaps it could all be boiled down to the one objection, the rigidity of the program, that it was not sufficiently flexible, that it was applied by a board, and he said the whole set-up was such as to give it rigidity. It seems that you have a Federal board, then a State board, and that there is too much centralization in the program.

Mr. THURSTON. Well, Senator, the program is basically a State program, as I am sure you know.

Senator SPARKMAN. Yes.

Mr. THURSTON. The State boards of vocational education, or comparable units in the State, direct the program.

Senator SPARKMAN. Yes, but that State board is more or less answerable to a Federal board, is it not?

Mr. THURSTON. If you would like more detail, I will ask Dr. Grigsby to speak on this.

Mr. GRIGSBY. The old act which was passed in 1917 did set up a Federal board for vocational education. That board was made an advisory board in 1933 when the Federal board and its activities were moved into the United States Office of Education, and under a later reorganization plan, I think in about 1943 or 1944, the Federal Board for Vocational Education was done away with entirely. It is now administered through the Office of Education directly to these 48 State boards for vocational education.

Senator SPARKMAN. Did the George-Deen Act carry forward that same plan?

Mr. GRIGSBY. The George-Deen Act was an amendment really of the Smith-Hughes Act of 1917.

Senator SPARKMAN. Represented an expansion of the program.

Mr. GRIGSBY. An expansion of the program. It was superseded in 1946 by the George-Barden Act, which again is an amendment of the Smith-Hughes Act and which further expanded the program.

Senator SPARKMAN. Then you do feel that there is an effective job being done in the vocational-education field?

Mr. GRIGSBY. I do, indeed. It is not 100 percent, as is evidenced by the figures that were contained in Mr. Thurston's report, to the effect that at the present time a federally aided program of vocational education of less than college grade is in about half of the Nation's high school.

Now, there are several phases of the program. One has to do with education for trades and industry, one for agriculture, one for home economics, and one for distributive occupations, four phases of vocational education are aided.

Half of the Nation's high schools have none of those programs. So many of the Nation's high schools are very small high schools, enrolling fewer than 100 students, and it is obviously impractical to offer federally aided vocational education and at the same time to offer the usual academic college preparatory subjects, so they have to make a choice, and the small high schools have usually made the choice of offering the academic subjects and not attempting to offer vocational education.

Senator FLANDERS. Mr. Chairman, I cannot bring any testimony to bear on the general or Nation-wide effectiveness, but my own town, which is a machine-shop town, has set up a very satisfactory vocational-education scheme under the original Smith-Hughes Act and draws its local supply of workers, particularly of the higher grade, largely from the graduates of the Smith-Hughes Cooperative High School undertaking in our local high school. It has been very successful.

Now, that does not say anything about the country as a whole, but I am sure that the manufacturers in my town would not want to see that cramped or handicapped in any way. It has been very successful.

Senator SPARKMAN. Well, as I said, most of my contact has been with the high schools where the program has been in effect, and I have been favorably impressed with the program there, and I was very much shocked to hear this statement coming from an educator.

Mr. GRIGSBY. There have been studies made of the number of youth training in vocational education, agriculture, or industry, who have en-

tered the occupations for which they were trained, made progress in them, and those statistics, those studies indicate that a very substantial majority of those trained in these occupations do enter those occupations.

Now, there is some attrition, some change of plan obviously in a fluid vocational situation where one can change his occupation rather readily. Some do not persist in the occupation for which they had their initial training. There are other phases of this vocational program too that you should bear in mind.

It is not entirely a preemployment training program. A very large part of the enrollment in federally aided vocational education of less than college grade is in extension courses supplementary to the employment of employed workers. It is an upgrading program as well as a preemployment training program.

Senator SPARKMAN. Mr. Rich.

Mr. RICH. I was going to ask if the educator might not have been referring to the veteran's education where the man goes into a foundry and works during the week, and then he will go 1 or 2 nights to school and get paid for going to school and paid for working, paid for his education.

Senator SPARKMAN. No, he specifically mentioned the program under the Smith-Hughes Act, the later George-Deen Act.

Mr. RICH. There is an awful lot of waste there.

Senator SPARKMAN. That was set up under the GI bill of rights, the one you refer to.

What do you mean by the term that you used "basic research in child life"?

Mr. THURSTON. It seems to me that we really know very little about the forces that do influence a child early in his life. This is an area that moves over into the field of social science research as opposed to physical research. It is an area that I think the Nation is very weak in.

We have talked here about the number of children who suffer from emotional maladjustments and become behavior problems. Regardless of whether the figure is 3,000,000 or 2,500,000 it certainly is a sizable number.

Now, we do not know really why those children are emotionally maladjusted or why they are behavior problems. Certainly the psychologists have been trying to discover the reasons for years. Part of their problem is that real basic research in this area is a long-time problem. Most colleges, most universities cannot take it and handle it. They do not have continuing resources to do it.

I think that really to get into the problem of why a child is maladjusted requires 10 or 15 years of study of a child as he grows, to put it on any kind of objective basis and to get it out of the realm of just guessing and thinking.

As Senator Flanders pointed out, spankings used to be the vogue. Then there was a period when you let the children do anything they wanted to do. It is my belief that we are moving back now into the spanking area a little bit more. But so far a lot of this is done on theorizing, people's general hunches, and I just believe and many people believe that we have got to know more of the objective factual reasons for these things.

Senator FLANDERS. Mr. Chairman, I would like to make an observation. I have had the impression that a lot of this child study has resulted in an inferiority complex in the parents. [Laughter.]

Mr. THURSTON. Well, this is a chance, Senator Flanders, for the parents to strike back, and find out what the facts really are.

Senator SPARKMAN. Maybe the next cycle will be for a study of the parents.

Mr. RICH. I would like to ask the witness this, if he believes in the old adage, "Spare the rod and spoil the child"?

Mr. THURSTON. You mean do I believe in it as a generalization?

Mr. RICH. Yes. They used it in my day.

Mr. THURSTON. Well, I must confess, Congressman, that my theoretical beliefs on this sometimes get distorted in practical application. I have a couple of kids myself and I am sympathetic to the viewpoint that Senator Flanders suggested.

Senator SPARKMAN. Perhaps your experience is the same as mine. It was used pretty freely on me, but I did not have the heart to use it on mine.

Does the Federal Government help in any way in placing children in foster homes, or do you think it should help?

Mr. THURSTON. Some little activity in that respect is done through the Children's Bureau. I believe you could get a more responsible answer to your question from some of the other people here. Mr. Cohen, do you want to speak on that?

Mr. COHEN. Well, with respect to the placement of children in foster homes, the Federal Government really does very little at the present time.

The assistance programs for aid to dependent children, title IV of the Social Security Act, for which Federal grants are made available to the States, is all directed toward giving Federal financial participation to children in their own home. No money is available through that.

However, under title III, part 3 of the Social Security Act, child welfare services, a small amount of money is available to the States—it is now \$3,500,000 for all of the States—to engage in such aspects of child-welfare services that the States, in conjunction with the Federal Government, deem desirable.

The money is not large enough, of course, to do anything on a large scale, and I believe in a few cases some States have engaged in limited projects for placement of children in foster homes, but it is not universal throughout the country as far as the Federal Government's financial participation is concerned.

Senator SPARKMAN. Mr. Thurston, would you recommend a family allowance, a system of benefits for large families such as Canada has, and many of the other countries have?

Mr. THURSTON. You mean make many of the benefits under these programs adjust upward according to the size of dependency? I think it is a sound idea. It is practiced; for example, going back to these relief plans which Senator Flanders mentioned in Detroit; in developing a budget for the family, the number of dependents is generally considered.

I think many of our programs should be adjusted to dependency. After all, the objective is to meet the needs of the family within minimum limits, and a family with many more children has a higher

minimum need than a family with fewer children. I think that it is a sound concept for many of the programs.

Senator SPARKMAN. I notice in your statement that a family, in order to have a decent subsistence, would need around \$125 to \$150 a month.

Mr. THURSTON. Now that is in urban areas, as I recall, Senator. Of course, it would vary from spot to spot.

Senator SPARKMAN. Yes. Well, I was not going into a discussion of your figure, but just to ask this. You also made reference to the extension of social security which has passed the House and is expected to receive consideration in the Senate committee early in the next session. What does that set the amount at?

Mr. THURSTON. The maximum, counting all dependents, would run at the peak to about \$150 a month.

Senator SPARKMAN. In other words, the suggestion you make here is pretty much in line with the measure that has actually passed the House.

Mr. THURSTON. So far as the maximum is concerned. Now, the average would be below that—would it not, Mr. Cohen?—because the minimum for a couple starts, as I recall the House bill, at \$85.

Mr. COHEN. A minimum of \$25.

Mr. THURSTON. No; the bill that has been passed by the House.

Mr. COHEN. Well, the amount for a man and wife would be around \$80 to \$85 a month. That is correct.

Mr. THURSTON. That is what we are referring to.

Senator SPARKMAN. That would be the average?

Mr. COHEN. That would be the average.

Senator SPARKMAN. Then the maximum would be about \$150. Is that what you said?

Mr. THURSTON. That is correct.

Mr. COHEN. That is the provision of H. R. 6000; yes, sir.

Senator FLANDERS. Has any consideration been given with regard to Federal public assistance to the States to diminishing Federal assistance in boom times, when presumably the States would be in a fairly good position for carrying a heavier part of the total, and increasing it in times of low employment when the States' income would be somewhat less, depending on their schemes of taxation?

Has any thought been given to that? As it is, the Federal contribution remains the same; does it not?

Mr. THURSTON. Through both boom periods and depression periods?

Senator FLANDERS. Yes.

Mr. THURSTON. By and large, that is true. The proportion of the Federal contribution as against the State might rise as the States' participation declines, but the over-all amount would remain substantially the same. It is a little difficult to identify the rises and the falls.

We have certain areas in the country now that are really completely depressed notwithstanding our general prosperity; the copper country in the Upper Peninsula of Michigan, some of the coal-mining areas, for example. Certain areas of the country right now are really in depressed states, and it is a little difficult to apply a standard pattern across the Nation.

Senator FLANDERS. Take the copper country in the State of Michigan. The State of Michigan as a whole might be in a fairly satisfactory condition, and one area might be very bad.

Mr. THURSTON. Might be very depressed; yes. Do you have anything you want to add to that, Mr. Cohen?

Mr. COHEN. Yes; I think I could make two comments on that. We have studied for over a long period of time the suggestion that Senator Flanders made of varying the Federal contribution effect to the assistance program in relation to the economic circumstances of the business cycle.

It is not too easy when you are doing it in a Federal-State program in which the State appropriations are set by State legislatures annually. There is a practical administrative problem there.

Another aspect of it, Senator, is if you are going to try to do it objectively you have to get some kind of index that would sensitively measure these changes in order that they come into play quite effectively.

May I say that I presume what you had in mind is something which could be stated in law which would take effect, if Congress would enact the law, when some decline in production or employment or something gave an indication of a substantial enough effect so that it ought to be done. I think there are some very practical problems involved there which have not been fully answered, but I think the objective is interesting. The objective is worth while, and an analysis of it is quite interesting.

I believe you know that the British Government did explore that type of approach in connection with their insurance programs. I would like to say this as a second comment on it. A great deal is being done in the country now about varying State grants-in-aid to localities, and I think that is a very fruitful avenue of exploration which is just beginning to take place.

You do have exactly the situation which the Senator mentioned. The situation in a State may, if you measure it by some State index, not show too much variation, but there are depressed counties because of single industries or because of the absence of contracts or special circumstances which warrant some special treatment.

Now, it is hard for the Federal Government to develop a formula which will reflect that, but with the money that the State gets it could well be adjusted in relation to the economic capacity of the different counties.

That is being explored, and we hope in assistance programs the first State, Colorado, will begin to develop that early next year. It has been very well developed in connection with equalization programs in the education field, and I think we have a lot to learn on that, and I think that a great deal could be done for these depressed areas, single counties, through some type of equalization formula by the States in relation to localities.

Mr. RICH. Do not the social-security benefits cover that? When an industry closes down, they make their payments immediately to the unemployed.

Mr. COHEN. You are speaking of unemployment insurance, Congressman. I believe that what Senator Flanders was speaking about is after either unemployment insurance has been exhausted or for people who are not covered by unemployment insurance, the Federal grants that are made to needy people. Am I right?

Senator FLANDERS. That is what I had in mind.

Mr. RICH. Now, when you speak of the fund being exhausted, what are you going to do on your social security or any other form of Government insurance when you collect the moneys for a particular purpose and you put it into the Federal Treasury, and then you spend it and you do not have it in reserve? What do you think of that policy?

Mr. COHEN. I believe that is the same question you asked me, Congressman, about 7 or 8 months ago.

Mr. RICH. You did not give me the answer. I would like to get it now.

Mr. COHEN. The involvement of these insurance funds in United States Government obligations does mean exactly what you imply; the United States Government, of course, utilizes that money, the excess, for current expenditures, as authorized by congressional appropriations.

It will be necessary, if those funds are exhausted—there is no danger of that at the present time—for the Government at that time either to raise additional taxes or to sell other United States bonds to raise the funds.

Mr. RICH. What do you mean by “there is no danger of that at this time”?

Mr. COHEN. We have \$11,000,000,000 in the trust fund for unemployment insurance.

Mr. RICH. Yes, but supposing, with the Government going into the red at the rate of about 7 to 10 billion dollars this year, if we continue that—your trust fund is now being expended by the Federal Government.

Mr. COHEN. But there is enough current income coming in, Congressman.

Mr. RICH. Oh, no, as soon as we get it we turn it in to the general fund and the Federal Government spends it.

Mr. COHEN. Yes, but the current benefits—

Mr. RICH. Well, but supposing you had a depression. Supposing you had a depression and your current income was not great enough, what would happen then?

Mr. COHEN. Well, on the basis of the requirement in Congress that we estimate for 5 years in advance, there is sufficient money coming in at the present time to pay all of the benefits for at least the next 5 years.

Mr. RICH. Did you not observe what happened to the coal miners when they thought they had enough funds to pay, and then they stopped working and what happened?

Mr. COHEN. Well, I think we are in a much more favorable position than the coal-mining fund is.

Mr. RICH. Well, you are more optimistic than I am.

Mr. COHEN. The actuarial report, Congressman, does show that the income to the fund at the present time is sufficient to pay the benefits during any immediate period, even despite a serious downswing in business conditions.

Mr. RICH. Well, I do not agree with you.

Senator SPARKMAN. Well, there are several other questions I would like to ask, but time is moving along, so I shall leave them out, but I do want to ask this question with reference to the rehabilitation pro-

gram. You said we ought to rehabilitate 250,000 a year. How many are we rehabilitating?

Mr. THURSTON. About a fifth of that, 58,000.

Senator SPARKMAN. By the way, I want to pay my respects to that program. I have seen it function down in my State and they are really doing a remarkable job both in rehabilitating and placing rehabilitated persons.

You make certain recommendations in your statement regarding a national health program. I have had this complaint which seemed to me to be a perfectly good complaint: That we had a great shortage of facilities for training doctors and nurses, and that one of the strongest aids that the Government could give would be helping to establish additional training facilities. In that connection my attention was called to the fact that the Government does not participate or does not engage in any nurses' training program, but that the Veterans' Administration and the national defense take up a great portion of the nurses that are trained in private training institutions.

Mr. THURSTON. You mean the Government does not participate in the sense of providing facilities?

Senator SPARKMAN. That is right.

Mr. THURSTON. Well, I am not sure that that is entirely—

Senator SPARKMAN. I was told that was true, and I questioned it, too; but I was told that they do not do any training, have no facilities for training, but that they use a great number of the nurses after they are trained.

Mr. THURSTON. It is certainly true that Federal participation in that respect is very, very limited. I think that Dr. Grigsby would indicate that there are a few vocational-education programs so far as certain aspects of nursing are concerned.

I think it is also true, Senator, that the hospitals that we have in the Public Health Service and in the Veterans' Administration may provide some training. I must confess that I do not know the extent of it except that it is very limited. If there is anyone along the line who does, let him speak up. Certainly the basic point—

Senator SPARKMAN. Let me say I would be very glad if you would have someone check on that particular statement.

Mr. THURSTON. We will.

Senator SPARKMAN. And let us have for the record at this point just what the Federal Government is doing, if anything, toward making available facilities and training as such for nurses.

(The document above referred to follows:)

PRACTICAL NURSES

In recent years, increasing interest has been shown in the possibility of utilizing more subprofessional personnel of the type popularly known as practical nurses to perform the more simple and nontechnical duties of nursing. Through the vocational-education programs in 22 States, the Federal Government is assisting in the training of approximately 1,200 such persons annually. At the Federal level the program is administered by the Office of Education in the Federal Security Agency.

NURSES HOLDING THE REGISTERED-NURSE DIPLOMA OR A BACHELOR'S DIPLOMA

The conventional training programs are conducted in approximately 1,200 university and hospital schools of nursing throughout the country for the preparation of nurses. The Federal Government is making almost no contribu-

tion to these training programs at the present time. Exceptions to the rule are the schools in two Federal hospitals which are under the Federal Security Agency: Freedmen's and St. Elizabeths. Together the two institutions graduate from 30 to 40 nurses annually.

The veterans' educational program (Public Law 346) aids in the training of nurses indirectly. The Veterans' Administration reports that 4,000 were enrolled in 1948-49 for undergraduate courses.

During World War II, the Federal Government, through the Cadet Corps Nursing program, did provide training which resulted in the graduation of 124,000 nurses. The program terminated in 1948 and the volume of training declined to prewar levels.

SPECIALIZED TRAINING FOR GRADUATE NURSES

Throughout the country, schools offer a variety of programs for training special types of nurses, such as teachers of nursing, administrative personnel, public-health nurses who will engage in community nursing services, and psychiatric nurses. In this area the Federal Government is offering some assistance.

Public Health Service grants-in-aid to States are used in part for the training of public-health nurses. The number of such students this year is 2,384. Their courses vary from 6 weeks to a year in length.

In the field of psychiatric nursing, traineeships are being provided this year for 86 nurses for advanced training through the National Institute of Mental Health in the Public Health Service of the Federal Security Agency. There is also a small subsidy to schools for expanding their facilities. St. Elizabeths Hospital graduates about 15 nurses each year for psychiatric duty.

Under the veterans' educational program, there are 3,100 enrolled for advanced training in university schools of nursing.

When considered in relation to the need—more than 150,000 practical nurses or nurses' assistants and about 50,000 trained nurses—it is apparent that the Federal Government's participation in meeting the need is relatively minor.

Senator SPARKMAN. By the way, the statement was further made to me—I think I remember this correctly—that the average service of a nurse after she was trained was only about 5 years; and that the cost for that short period of service is rather heavy. It takes, I believe, a couple or 3 years to train a nurse, and you get only about 5 years of service, and the inroads of the Federal Government just about use up—

Mr. THURSTON. There is no doubt, Senator, that the replacement rate among nurses is very high. There is no doubt that it is one of the major problems in the nursing field.

I do not know whether the 5-year figure is right or wrong. I suspect that it is more nearly right than it is wrong. Inevitably there is a high replacement rate. It is one of the major problems in meeting the shortage. There is no getting around it.

I suspect we may have to make use of less well-trained nurses to do some of the jobs, perhaps.

Senator SPARKMAN. Well, now, let me ask you this last question, using that as a predicate for it. Do you not believe that one of the most essential parts of any health program that the Government participates in would be one directed toward making it possible for us to have additional doctors and additional nurses?

Mr. THURSTON. Yes; I do.

Senator SPARKMAN. For instance, they say that all of these hospitals we are building over the country under the Hill-Burton Act—and this is a very fine program, and I am for it, but they come back and say—“What are you going to do with these hospitals without nurses to perform the necessary services in them and without doctors to perform the functions that will be required?”

Mr. THURSTON. That is why we are very hopeful that the House will act promptly with respect to that aid-to-medical-education bill which has in it provision for increasing the number of nurses.

Mr. RICH. You do not mean that socialized medicine bill?

Mr. THURSTON. I am referring to the aid to medical education bill.

Mr. RICH. May I ask a question here in reference to the nurses? We have organizations of various kinds, and the nurses have theirs in the hospitals. For instance, I think in Pennsylvania a nurse is not supposed to work in a hospital unless she is a registered nurse. She is not supposed to take any charge. We have made the requirement so strict and so strong that it is difficult to aid in conducting a hospital because of the high standards that they have made.

As someone mentioned here, the practical nurse is almost outlawed in many, many institutions. Do you think that our restrictions have become so great in that respect that that is one reason or one cause why we have such difficulty in finding nurses?

Mr. THURSTON. I know the nursing profession is giving a great deal of thought to that, as we are. We had some experience during the war when we used nurses' aides, not with an intent to lower the professional status of the nurses at all, because in my opinion that would be highly undesirable, but to identify certain activities which nurses now perform that other persons trained, but not perhaps as highly trained, could perform. I think that is a possibility. Certainly we have had some experience along that line.

Mr. RICH. I know there is a great need for some relaxation in some of the regulations that will permit the practical nurse to do a lot of work that really she is prohibited from doing today. We had it in the old days and we got along and there is a need for that. I find that is the situation in our own State.

Senator SPARKMAN. Anything further, Senator Flanders?

Senator FLANDERS. No, thank you.

Senator SPARKMAN. Thank you very much, Mr. Thurston, and all of those who came with you.

Mr. THURSTON. Thank you, Senator Sparkman, and members of the committee.

Senator SPARKMAN. The meeting will stand adjourned until 10 o'clock tomorrow morning when Mr. Blaisdell will be here.

(Whereupon, at 12:40 p. m., the hearing was adjourned to reconvene on Tuesday, December 13, 1949.)

LOW-INCOME FAMILIES

TUESDAY, DECEMBER 13, 1949

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON LOW-INCOME FAMILIES,
JOINT COMMITTEE ON THE ECONOMIC REPORT,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10 a. m. in room 224, Senate Office Building, Senator John Sparkman (chairman) presiding.

Present: Senators Sparkman and Flanders and Representatives Huber and Rich.

Also present: Grover W. Ensley, associate staff director, Joint Committee on the Economic Report; Samuel L. Brown, economist, Subcommittee on Low-Income Families; and Mrs. Elizabeth G. Magill, research assistant, Subcommittee on Low-Income Families.

Senator SPARKMAN. Let the committee come to order, please.

We have with us this morning Mr. Thomas C. Blaisdell, Jr., Assistant Secretary of Commerce. Mr. Blaisdell, we are very glad to have you with us. I understand you have a prepared statement and also a summary. You may proceed in your own way.

STATEMENT OF HON. THOMAS C. BLAISDELL, JR., ASSISTANT SECRETARY OF COMMERCE, ACCOMPANIED BY WILLIAM H. SHAW, DEPUTY DIRECTOR, OFFICE OF PROGRAM PLANNING; LOUIS J. PARADISO, CHIEF STATISTICIAN, OFFICE OF BUSINESS ECONOMICS; AND MATTHEW HALE, ACTING SOLICITOR

Mr. BLAISDELL. Mr. Chairman and members of the committee, I am here in response to the invitation in your letter of November 9 to discuss issues that have been raised in the study initiated by your Subcommittee on Low-Income Families. I shall try to answer such questions as you may have to the best of my ability, but I should like first to present a summary of the statement prepared for your subcommittee which was submitted by the Department of Commerce on December 9.

A sizable proportion of the Nation's families receive substandard incomes despite the achievement in recent years of the highest levels of real income and consumption in our history along with practically full employment. As indicated by materials assembled by the staff of the Joint Committee on the Economic Report, more than 9½ million families received cash incomes below \$2,000, about one-fourth of all families of two or more persons in the United States. In addition, almost 6,000,000 single individuals reported cash incomes below \$2,000.

No single cause can be identified as creating this serious problem of low-income families. The 9½ million families comprising it are a heterogeneous group. Farm, aged, and broken families account for about two-thirds of the total number. Because of the varied character of individuals and families comprising the low-income group, a multiplicity of approaches is suggested, each based upon a thorough understanding of the type of problem with which it is intended to deal. I will consider some of these measures, particularly those which appear significant in the experience gathered through the work at the Department of Commerce.

GENERAL BUSINESS PROSPERITY MAJOR REQUIREMENT

To a very large extent, the facts presented by the committee print suggest that low incomes are the result of depressed general business conditions and are raised substantially in periods of business prosperity. The increase in real income in the lowest fifth from 1935 to 1936, a period of moderate depressed business, to 1948 was more than 50 percent; that of the second lowest fifth more than doubled. This evidence suggests forcefully that our main attack upon the problem should be the maintenance of high and rising levels of production and employment.

Achievement of sustained business prosperity would constitute the most effective means of dealing with the low-income problem on a broad front. This approach clearly involves a multiplicity of programs, but there is no other single direct approach capable of eliminating such a large part of the low-income problem. Moreover, this over-all approach is obviously beneficial to all economic groups, not merely to low-income families. At the same time, the remaining poverty is reduced to proportions which seem more manageable in terms of more specific programs. The achievement of high and stable levels of production and employment has become an accepted goal of national economic policy; the proposed method is thus in harmony with the major lines of our general national program.

PROSPERITY MUST BE SUSTAINED TO YIELD MAXIMUM BENEFITS

Despite the impressive improvement in the position of low-income groups, an intolerable amount of poverty has so far persisted even in prosperous years. This, in essence, is the main lesson of detailed 1948 data assembled by the committee.

It should be pointed out, however, that the data reflect only the short-run effects of prosperity upon the status of low-income groups. While admittedly some low incomes in 1948 were of the type that will not yield to the ameliorative effects of prosperous business conditions, it is probable that continued prosperity over a number of years would have substantial effects in improving the position of low-income families.

Sustained job security would enable even low-income families to take advantage of better educational opportunities, better medical care, improved housing, and so forth. Old, established habits, subject only to gradual change, will yield as the stability of an improved income seems assured. Similarly, better job opportunities will be embraced in no small measure to the extent that they offer stable as

well as increased income. Finally, it seems reasonable to conclude that assurance of steady profit on a stable volume of business might induce producers to be satisfied with lower profit margins than under conditions of business instability. Over the long run, a tendency toward increasing purchasing power would result which would benefit the lower-income groups among others.

THE CONTRIBUTION OF BUSINESS

If we are successful in adopting policies which maintain high levels of production, we will continue to improve the position of the low-income families. In itself, however, it will not be enough and supplementary measures are needed. While all major groups in our society—business, labor, agriculture, and other groups—must cooperate in seeking democratic ways of raising the income of substandard groups, I would now like to mention the considerable contribution which business can make to this problem.

INCREASING PRODUCTIVITY A BASIC CONTRIBUTION OF BUSINESS

The long-term increase in productivity, from which low-income groups have benefited, has to a great extent, though not entirely, stemmed from the initiative of private business. The growth of science, technology, education, and government has been fundamental to these developments. But it has been American business geared to a production and distribution system which has provided an increasing volume of goods at lower prices for the mass consumers. In spite of serious and recurrent declines and depressions, national output has always been subsequently raised so that, on the average, production per capita has doubled every 40 years. As a result, American families in all strata have, in varying degrees, slowly and progressively improved their standards of living.

Even in the low income groups, families of today enjoy considerably enhanced living standards over families in corresponding groups of 50 years ago. They have access to a wide range of products not available then at any price. In some respects perhaps, there has been only slight improvement. Thus, for some families, housing facilities may not be better today than for their counterparts 50 years ago. Despite unmistakably over-all progress, business can still do much to raise productivity and standards of living to even higher levels and, in so doing, improve the existing status of low-income groups.

Improved American living standards have resulted basically from technical innovations, greater worker efficiency, and improved managerial methods. For the whole economy, production per hour has increased on the average by better than 2 percent per year, substantially more in manufacturing, less in other major economic segments, such as retail and wholesale trade.

To some extent wide variation in the productivity of various industries accounts for the varying income status of many workers. Generally speaking, the industries which show the larger increases in productivity have tended to be the higher-wage-paying industries. The variations arise partly because of the nature of the industry—opportunity is greater in some, in others managements have not sufficiently exploited all possible methods of increasing productivity.

DISTRIBUTION OF PRODUCTIVITY GAINS

Business practices in disposing of the gains arising from increasing production per man-hour have varied considerably from industry to industry and from one period of time to another. There are three ways in which these gains are distributed: (1) Through price reductions; (2) wage increases; and (3) increased earnings of management, which are either paid out or reinvested.

I should comment here that I am speaking of the disposition of income by business concerns. There is, of course, socially another very important method by which income is distributed, and I am not talking about that here. I have in mind, of course, the use of taxes by which government services are provided.

At times, some companies have emphasized price reductions and improved quality in the product. Typical and familiar examples are found in the automobile and rubber-tire industries when their products today are compared with those of 30 years ago, with respect to price and quality. These price reductions have stimulated increasing demand, provided the basis for mass production, and furnished additional incentive for improving quality and lowering prices.

Moreover, if basic commodities needed in living become cheaper, even those families earning less than \$2,000 per year will have not only more of the comforts of life, but also the opportunity to devote part of their income toward obtaining better education and wider skills. It should be noted, however, that the amount spent by a family on education is a direct function of its income level.

With price reductions, or independent of them, most companies have passed on some productivity gain in the form of wage increases, thereby raising the purchasing power of the workers involved. The primary beneficiaries have been the workers involved and other groups benefit only indirectly and to a minor degree.

In addition to lowering prices and increasing wage rates, business firms have absorbed productivity gains in higher profits, with the result that in periods of expansion additional funds are available to expand productive facilities, and thereby increase potential output and productivity.

This problem of distribution of productivity gains is crucial. No general business policy prevails today with respect to it, nor can there be. Sometimes a business frames its policies under the pressure of wage negotiations or tax considerations; sometimes the business outlook, favorable or unfavorable, is the controlling factor. The primary objective is to maintain an improved going concern while at the same time giving as much regard as possible to the welfare of workers and consumers. It is in such latter considerations that business should explore more fully the problem of the distribution of productivity gains.

Measures designed to increase the efficiency of low-wage industries would be particularly beneficial to low-income families. In the service group of industries, in which annual earnings averaged only \$2,100—in full-time equivalent—in 1948, there is the largest concentration of low-income levels. Business should explore the possibility in these industries of modernizing facilities, increasing worker efficiency, and increasing the quality and quantity of services rendered.

Mr. RICH. Do you not think that any good business concern today does explore those possibilities of increasing their productivity, of aiding and assisting in the welfare of their employees, because that all makes for better business and it certainly seems to me that the wide-awake businessman today who wants to aid and assist, to make his business better, would do those very things.

Mr. BLAISDELL. I agree completely. It was just the point that I was making, that this is in the forefront of business thinking today. Through the years the number of business organizations that have given, from the standpoint of good business, greater attention to this factor has been very marked.

Mr. RICH. That is right. Because if you do not have happy, contented employees, your business certainly is not going to be a successful business.

Mr. BLAISDELL. That is my feeling.

STABILIZATION PROGRAM

Low family incomes frequently originate in industries which are highly seasonal in character or otherwise unstable. The possibilities for stabilizing employment and income throughout the year in these industries should be explored more thoroughly by business. Despite obvious difficulties, more progress can be made, and outstanding examples can be cited of impressive achievements in this field. The fertilizer, construction, cement, and food-processing industries illustrate marked seasonal fluctuation.

While a complete solution to seasonal unemployment and resulting low income may never be found, management should explore the problem further, studying problems of materials, supply, and storage and introducing new products and processes with a view toward tempering seasonal ups and downs and providing more stable employment and higher incomes for their workers. Some companies have been able to attack the problem by guaranteeing their employees a minimum annual wage, and here again business executives can explore within their own companies the feasibility of adopting such a policy.

PROGRAMS DIRECTLY AFFECTING LOW-INCOME GROUPS

Many families and individuals fall into low-income categories because their job opportunities are limited by various handicaps. Business can provide assistance in aiding some of these persons to overcome them.

For example, many persons of potentially high earning capacity require training to make better use of their abilities; others are poorly placed. Management's increased efforts in this direction would be especially helpful to younger workers who comprise a significant proportion of the low-paid group. The physically handicapped can often make valuable contributions to industry if given a chance. Business should also consider the more effective use of older persons who, in many ways, have distinct advantages over younger persons.

SUPPLEMENTARY GOVERNMENT PROGRAM

At the present time, our Government is already engaged in a wide variety of programs designed to aid low-income groups. These programs can be made more effective by being extended and strengthened in accordance with our national economic policy.

An increase in social-security benefits and coverage would aid low-income groups, notably the unemployed and the aged. Health programs would improve medical and dental care of those who cannot afford it. Low-cost housing would not only raise living standards but in the long run improve health and productivity.

Agricultural aids have markedly improved the lot of many rural workers. The raising of the national minimum wage will aid many low-income workers directly. Extension of educational opportunities to low-income groups would be a fundamental step in the long-run program of improving their status.

All of these programs which I have enumerated now constitute, to a greater or lesser extent, our national policy. In addition, there is one—area development—in which the Department of Commerce has been directly concerned.

In some cases the problem of low incomes is regional or local, stemming from limited resources and opportunities in such areas. Thus, special efforts to develop local resources in low-income areas and regions are required. Some progress has already been made in this direction. For example, according to most economic indicators, the rate of advance in the Tennessee Valley has been more rapid than in the United States as a whole.

The Department of Commerce has been studying the possibilities of extending the area-development approach, and, in collaboration with State and local governments, seeks to render aid in the development of economic and human resources. I have mentioned these possibilities at some length in my detailed statement.

In singling out area development as a specific activity of the Department which can make a contribution to the low-income problem, I do not want to leave the impression that the Department's contributions to and work bearing upon the low-income problem are confined to this one activity. On the contrary, all of the primary agencies in the Department perform functions that contribute significantly to the Federal Government's efforts to help maintain high levels of production and employment. And, as I indicated earlier, everything that contributes to achieving sustained high levels of production and employment contributes to eliminating a large part of the low-income problem.

Examples of such activities are the highway program of the Bureau of Public Roads; the work of the Bureau of Standards on uniform and simplified specifications; the vast array of marketing data collected by the Census Bureau; and, of course, the whole gamut of activities of the Bureau of Foreign and Domestic Commerce.

Senator SPARKMAN. That completes your summarization?

Mr. BLAISDELL. Yes, sir.

(The complete text of the statement submitted by Mr. Blaisdell is as follows:)

STATEMENT SUBMITTED BY THOMAS C. BLAISDELL, JR., ASSISTANT SECRETARY OF COMMERCE, TO THE SUBCOMMITTEE OF LOW-INCOME FAMILIES OF THE JOINT COMMITTEE ON THE ECONOMIC REPORT

INTRODUCTION

In recent years we have attained practically full employment and the highest level of real income and consumption in our history. Nevertheless, a sizable proportion of the Nation's families receive incomes which are too low to provide adequate levels of family living.

Materials recently assembled by the staff of the Joint Committee on the Economic Report give some indication of the relative size of these low-income groups. In 1948 there were over 9,500,000 families with cash incomes below \$2,000, or about one-fourth of the total number of families of two or more persons in the United States. In addition, there were almost 6,000,000 single individuals—persons not living with any relatives—who reported cash incomes below \$2,000. Despite the qualifications in these figures which I shall discuss below, these are clearly problems of low-income families.

The 9,500,000 families with cash incomes below \$2,000 were a heterogeneous group. Farm families, aged families, and broken families accounted for about two-thirds of the total. The other third contained what the staff report calls the hard core of the urban low-income group. Although some in this group reported employment in higher-paid occupations, the group was most heavily weighted with families whose heads were engaged in unskilled and semiskilled occupations, such as common laborers, service workers, and operatives. It appears that the relatively low earnings of many of the families reflected less than full employment during the year.

The heterogeneous character of the individuals and families in the low-income group suggests strongly that inadequate earning capacity has many causes, and that it would be futile to look for a single cure-all. What is indicated instead is a multiplicity of approaches, each based upon a thorough understanding of the type of problem with which it is intended to deal. In this statement some of these measures will be discussed. Attention will be focused mainly on measures that seem particularly significant in the light of the experience gathered in the course of our work at the Department of Commerce.

GENERAL BUSINESS PROSPERITY MAJOR REQUIREMENT

In spite of the complexity of the problem, one general conclusion is clearly suggested by the facts of the committee print. To a very large extent low incomes are the result of depressed general business conditions and are lifted substantially in periods of business prosperity. The following table, which is an abbreviated version of one appearing on page 138 of the report, summarizes this evidence most succinctly. It shows that in 1935-36, a period of moderately depressed business, the lowest fifth of families and single persons had an average income of \$534 and the second-lowest fifth an average income of \$1,159 in terms of 1948 purchasing power. In 1948, a year of capacity production and employment, the average income of these two groups was \$848 and \$2,326 respectively. It is obvious that general business prosperity was the major cause of the more than 50 percent increase in the real incomes of the lowest fifth and of the doubling of real incomes in the next quintile.

Quintile distribution of incomes of families and single persons

	Average income in each quintile (dollars of 1948 purchasing power)		Percent increases of purchasing power 1935-36 to 1948
	1935-36	1948	
Lowest fifth.....	534	848	59
Second fifth.....	1,159	2,326	101
Third fifth.....	1,810	3,380	87
Fourth fifth.....	2,734	4,663	70
Top fifth.....	7,083	9,946	41
All groups.....	2,664	4,235	59

This evidence suggests forcefully that our main attack upon the problem of low-income groups should be to pursue policies directed toward the maintenance of high and rising levels of production and employment. This point cannot be emphasized too strongly. Achievement of sustained business prosperity would constitute the most effective means of dealing with the low-income problem on a broad front. This approach clearly involves a multiplicity of programs; but there is no single direct approach by which we can hope to obtain similarly spectacular results. No other approach is capable of eliminating such a large part of the low-income problem and of reducing the remaining part to proportions which seem manageable in terms of more specific programs.

Moreover, this course of action is obviously beneficial to all economic groups, not merely to low-income families. Many other programs involve—or at least on the surface appear to involve—some sacrifice on the part of groups other than the low-income groups benefited. In contrast, everyone shares or can be helped to share, in increased prosperity. Finally, the achievement of high and stable levels of production and employment has become an accepted goal of general national economic policy. The proposed attack is thus in harmony with the major lines of our national economic program.

Prosperity must be sustained to yield maximum benefit

Even though the achievement of general prosperity radically improves the position of the low-income group, a substantial amount of poverty has so far persisted even in prosperous years. This, after all, is the main conclusion to be drawn from the detailed 1948 data that were assembled by the committee.

However, it is necessary to be careful in the interpretation of this conclusion. To some extent the low incomes that remained in 1948 were of the type which will not yield to prosperous business conditions. But this does not appear to be true in general. It is probable that to a much larger extent the low incomes of 1948 reflected a condition which would be modified if the business situation continued favorable over a number of years. In other words, the data show only the short-run effects of prosperity upon the economic status of the low-income groups. Our experience with a high level of production and employment has not been sufficiently extended to reveal its long-run effects. But it is reasonable to assume that the maintenance of prosperous conditions over a number of years would have substantial effects in further improving the position of the poor, even though comprehensive quantitative information on income distribution is not available to support this proposition.

Several considerations are relevant in this connection. Sustained job security would enable even low-income families to take advantage of better educational opportunities, better medical care, improved housing, etc. In these items of the family budget expenditures are not increased, or not increased to the full extent, in response to temporary improvements in the family income position. In part this is so because they entail plans and commitments which cannot be rationally entered unless the stability of the new income position seems reasonably assured. In part it is due to an inertia of long-established habits which are subject only to gradual change. Given a more stable higher income, such expenditures would, however, be made on an increasing scale, resulting in improved skill, health, and earning capacity.

A similar argument applies to the better job opportunities which are available to low-income groups in prosperous times. Again due to a mixture of rational and irrational considerations these opportunities will be taken advantage of fully only if they have persisted for a number of years and it appears likely that they will continue to be available. It may not be rational to give up a stable income source, even though it is inferior, in favor of an uncertain one, even though it yields a higher income while it lasts. The considerations against a shift are particularly strong if it involves initial costs—say, in the form of moving expenses and other changes in the pattern of living. Moreover, the availability of superior job opportunities is only gradually realized and, owing to a slowness of habits, even more gradually made use of.

Finally—and this is admittedly in a more speculative vein—assurance of a reasonably steady profit on a reasonably stable volume of business might induce producers to be satisfied with a lower profit margin than they consider adequate when they have to operate under conditions of extreme business instability. This might set in motion a tendency toward increasing the purchasing power of wage earners which would benefit the low-income group among others. This also is an effect which would work itself out only in the long run.

BUSINESS CONTRIBUTION TO THE PROBLEM OF IMPROVING THE STATUS OF THE LOW-INCOME GROUPS

As indicated in the previous sections, the achievement of a sustained high-production economy will go a long way to improve the status of the low-income groups, but this in itself will not be enough. Nor is it likely to be achieved without supplementary actions which operate both in the short and long term. The problem of sustaining a high level of production and employment and the supplementary measures required to ameliorate the status of the low-income groups are the concern of all major groups of our society. Government, business, labor, agriculture, and other groups must cooperate in seeking democratic ways to reduce poverty to a minimum. In this section the contribution which business can make to this problem will be discussed.

Increasing productivity a basic contribution of business

Secular increases in productivity, from which the low-income groups have benefited, have largely though not entirely stemmed from the initiative of business. In the last 150 years the trend of production in the United States has been upward, and this has been accompanied by an increasing standard of living. Through competition, through risk taking, and through the prospects of reaping rich rewards, American business has produced an increasing volume of goods at lower prices to reach the mass consumers. While it is true that periodically in the past the economic system has been characterized by serious crises, nevertheless, national output has been lifted after such crises to higher levels so that, on the average, every 40 years production per capita has doubled. As a result, American families in all strata have, to a greater or lesser degree, slowly and progressively improved their standard of living.

Families of today, even in the low-income groups, enjoy a considerably higher standard of living than the families in the corresponding groups of 50 years ago. Obviously, in some respects there has been little or no improvement. It is questionable, for example, whether housing facilities for some families are not worse today than they were 50 years ago. But in many other respects today's low-income families have access to a much wider range of products not available at any price 50 years ago. Nevertheless, despite the over-all progress which has been made in this respect, business can do much to lift productivity and the standard of living to even higher levels and in so doing improve the existing status of the low-income groups.

Generally, the higher standard of living which the United States has experienced over the past decades has been brought about by technical innovations, greater worker efficiency, and improved managerial organization and direction. For the economy as a whole, production per man-hour has increased on the average by something better than 2 percent per year. However, gains in productivity have varied widely from industry to industry. In manufacturing as a whole, for example, the average rise in production per man-hour has been about 3½ percent per year, whereas in other major economic segments, such as retail and wholesale trade, the gains have not been so substantial. These variations arise partly because of the nature of the industry—in some industries there are more opportunities to increase productivity than in others—and partly because management has not explored all possible methods of achieving increases in productivity. Such wide industry variations in the rates of increase of productivity account to some extent for the varying income status of many of the workers engaged in American industries. Even though there are many other factors which contribute to the variations in the wage scale of industries, nevertheless it is true that with few exceptions industries which have shown less rapid gains in production per man-hour are associated with low wage rates, while those which have shown substantial increases in productivity have tended to be the industries paying higher wages.

Distribution of productivity gains

Business practices in disposing of the gains arising from increasing production per man-hour have varied considerably from industry to industry and from one period of time to another. There are three ways in which these gains are distributed: through (1) price reductions, (2) wage increases, and (3) increased earnings of management.

At times some companies have passed on these gains primarily in the form of price reductions and improved quality in the product. Typical and familiar examples are the policies which have prevailed among the companies in the

rubber tire and the automobile industries. A comparison on the differences in products of these two industries today with 30 years ago, with respect to prices and quality, is so familiar that it is not necessary to dwell on it.

Price reductions accompanying productivity gains have been the means for stimulating and increasing demands, with the result that industry has been able to produce many products on a mass-production basis, thus providing additional incentives for further improving the quality and lowering the price. To the extent that this process can continue to provide the basic commodities needed in living more cheaply, even those families earning less than \$2,000 per year would have not only more of the comforts of life but also the opportunity to devote part of the income toward obtaining a better education and wider skills for the various members of the family. It must be emphasized, however, that this is not the whole answer to the problem of providing wider educational opportunities to these groups, since the amount spent by a family on education is a direct function of the income level.

Either along with price reductions or independently of such actions, some companies have passed on productivity gains in the form of wage increases and thus have contributed directly to increasing the purchasing power of the workers involved. This process explains in part why it is that higher wage scales prevail in some industries than in others. Obviously, such policies are limited primarily to improving the status of the workers attached to the companies and industries in which they have been applied and only indirectly and to a minor degree to other groups.

In addition to lowering prices and increasing wage rates, business firms have absorbed productivity gains in higher earnings, with the result that in periods of expansion they have used the additional funds to expand their productive facilities and, thereby, increase the potential output and the production per worker.

The problem of the distribution of productivity gains is obviously a crucial one. There is no general business policy today with regard to the distribution of such gains nor can there be. Sometimes a business frames its policies under the pressure of wage negotiations or tax considerations; sometimes the business outlook—favorable or unfavorable—is the controlling factor. The primary objective is to maintain an improved going concern while at the same time giving as much regard as possible to the welfare of workers and consumers. It is in such latter considerations that business should explore more fully the problem of the distribution of productivity gains.

Because low-wage-paying industries are associated with slow increases in productivity, measures designed to increase the efficiency of such industries would be particularly beneficial to their low-paid workers. Since some of these low-wage industries by their nature require workers having little or no skills, it would appear to be uneconomical to lift the wages to the levels of those requiring higher order of skills. Nevertheless, even in such industries means may be found for improving productivity and in turn raising the status of their workers. Sometimes higher wages have forced the development of higher skills.

In 1948, for example, the average annual earnings per full-time employee in the major manufacturing industries were lowest in the textile mill products (\$2,040), lumber and timber products (\$2,272), leather and leather products (\$2,409), and in the apparel products industries (\$2,430). When it is considered that these are averages and are based on full-time work, it is clear that a large number of the workers in these industries earn considerably less than is indicated by these averages.

Of the major economic groups, however, it is in the service industry group where the average annual earnings are the lowest. The average full-time earnings for the group of service as a whole in 1948 amounted to only \$2,100, with workers in such areas as private households, hotels and other lodging places, religious organizations, and medical services averaging considerably less than \$2,000 per year. Again considering that these are averages, many of these workers are at the bottom scale of the low-income levels. It should be noted that several of these low-paying service industries are non-profit-making and thus have special problems requiring separate consideration. However, in the commercial segments of the service group, management can explore the possibilities of increasing the efficiency of the worker, modernizing and improving the facilities, and seeking ways for increasing the quality and quantity of services rendered.

Stabilization programs

Many families have a low income simply as a result of their being engaged in industries which are of a highly seasonal character or are otherwise unstable. The possibilities of stabilizing employment and income throughout the year in such industries should be explored. Much experimentation will be required in this respect and it is not clear at the present time how far this problem can be solved. In some cases tremendous difficulties might be encountered, with many companies being involved, reaching back to the supplies of the raw materials. Nevertheless, to the extent that a successful device is worked out for stabilizing employment in an industry, it would help materially the low-income groups involved.

Such industries as the fertilizer, construction, cement, and food processing are outstanding examples of industries having highly seasonal fluctuations, and consequently, the workers in these are employed for only part of the year and unless jobs are plentiful they are unable to find work during the off season. Already many companies have adopted policies toward dampening the seasonal ups and downs and thus provide a more stable and continuous employment for their workers. Because of the complexity of the problem, the solution would probably vary from one company to another. In the case of the automobile industry, for example, part of its seasonal problem was resolved by the shifting of the date of the introduction of new models. While it is true that there may never be a complete solution to the elimination of seasonal fluctuations in all highly seasonal industries, since such a solution might involve the taking of too great a risk on the part of individual companies, nevertheless more managements should take the initiative in exploring the problem.

Intimately related to the problems of seasonability is the suggestion of the guaranteed annual wage. While it is recognized that there are difficult problems inherent in this suggestion, nevertheless here again business executives can explore within their own companies the possibility and feasibility of adopting policies guaranteeing to the worker a minimum annual wage for a specific number of workweeks. Obviously, such a step would be in the direction of providing stability to the workers' income and thereby would contribute directly to the improvement of their incomes.

Programs directly affecting low-income groups

One of the reasons why many families and individuals fall in the low-income categories is that job opportunities are limited because of various types of physical handicaps of many of these individuals. Many of these individuals have high-earning capacities if they could find suitable employment. This problem can be approached on many fronts. For example, business can increase its efforts in instituting, where feasible, special training courses in the factories and other places of work for those who are physically handicapped; medical and dental care can be provided to these individuals at the site; and many of them can be put to work at special jobs designed to meet their special abilities.

Similarly, business can explore more intensively the possibilities of utilizing the older persons in our society who, in many ways, have distinct advantages over the younger groups. Finally, business can aid some of the large group of individual proprietors in the low-income class by taking the lead in local community-development programs which might result in increasing the markets of such proprietors. In addition, trade associations and other business groups should stress their educational programs and services. Basically, however, the problem is one either of increasing markets or of providing more attractive opportunities in other fields of endeavor.

It would appear that most of the proprietors referred to in the committee print as having less than \$2,000 cash income in 1948 are engaged in family businesses having no employees. Presumably they operate in areas with relatively small potentialities for market improvements. To the extent that this is true, their problem might better be resolved by programs designed to supply more attractive employment alternatives.

GOVERNMENT CONTRIBUTION TO THE PROBLEM OF IMPROVING THE STATUS OF LOW-INCOME GROUPS

As has already been indicated, the Federal Government should continue to pursue policies that contribute to sustained high production and employment. In addition, however, there are several specific Government programs, the extension of which can aid the low-income groups materially.

It is not intended in this statement to dwell at length on the details or character of the various programs nor attempt an exhaustive list of all possible supplementary programs contributing to the solution of the problem. A few will be high-lighted simply to indicate the types and nature of the governmental programs which bear on the problem. One in particular—area development—will be elaborated in some detail as seen from the experience of the Department of Commerce.

None of the programs listed below is essentially new, and in one form or another they now constitute a part of our national policy. The further contribution which the Federal Government can make to the problem is primarily in the direction of extending and strengthening existing supplementary programs.

Social security.—The benefits derived by the low-income groups in a program designed to increase the coverage and the benefits—unemployment, old-age and survivors' allowances—are obvious, since these are the groups that are generally more severely affected by changing economic conditions and by advancing age.

Health programs.—The low-income groups generally lack adequate medical and dental care. Any steps taken to improve this condition would contribute in the long run to lifting their potential earning power.

Public health programs have long been accepted as necessary in maintaining minimum health standards. Similarly, Government responsibility for medical care of the indigent has been increasingly recognized. The extension of these programs would be particularly beneficial to low-income families.

Housing.—Despite the fact that surveys have shown that over half of the families in the low-income categories own their own homes, nevertheless, many of these structures are not fit for human habitation. Generally, the low-income groups are ill housed. Extension of existing programs designed to provide low-cost housing would obviously contribute to a better standard of living of these groups and increase their health and productivity in the long run.

Agricultural aids.—The problem of rural poverty is also of greatest importance as shown in the committee print, *Low-Income Families and Economic Stability*. Governmental programs for agriculture have markedly improved the lot of many rural workers. Many others have found improved opportunities by moving into other industries.

Minimum wage.—As indicated above, many of the families are in the low-income groups because members work in low-paying industries. The lifting of the national minimum wage would contribute to some improvement in the status of the workers who were previously receiving less than this minimum wage. Minimum wages set by law create other problems which cannot be appraised in any brief statement such as this.

Educational benefits.—Perhaps one of the most basic long-run solutions of the problem of the poorer families is that of increasing the educational opportunities of this group. The committee print has shown that there is a direct positive relation between the level of income and the number of years of schooling of the head of the family. While the figures do not indicate cause and effect, nevertheless, it is common observation that in general a greater degree of education is associated with a higher potential earning power. The extension of educational opportunities and facilities to the low-income groups of the economy would be a fundamental step in the long-run program of improving their status. Equally important is the effect of general education on the productive capacity of the community.

I turn now to a program in which the Department of Commerce has had considerable experience albeit on an extremely limited scale.

AREA DEVELOPMENT PROGRAM

The area development approach can aid substantially in resolving the low-income problem. Essentially its contribution is the enlargement and diversification of economic opportunities in an area. By increasing and broadening these opportunities it benefits not only the low-income families but also all families and the community as a whole.

It is hardly necessary to demonstrate how beneficial area development programs have been in the past. On a regional level, for example, the effects of the Tennessee Valley program are well known. On most indices of economic well-being the Tennessee Valley area has improved at a faster rate than the country as a whole. On a local community level where development programs have been utilized economic activity across the board has increased with attendant benefits to almost everyone and especially to the low-income groups.

The close relation of area development work to the low-income problem is suggested by the following considerations:

All areas have low-income families. Those with a relatively large proportion of their families in that class are commonly described as "distress areas." Distress areas may be either developed or relatively undeveloped areas. They may also be relatively old or relatively new areas. Some areas may be called chronically or temporarily distressed though this, in some cases, is difficult of definition. A temporarily distressed area, in fact, may be an area which is in the symptom stage of a chronic malady.

Any area can become a distress area for any one or a combination of reasons. Resources do deplete or in time become available only at relatively higher costs; technology is continually advancing, and obsolescence of facilities and techniques is similarly taking place; markets and market tastes change; new—especially synthetic—materials replace old ones because of improved quality, workability or availability at lower cost; and legislative or administrative action may favor one competitive industry over another, or throw an advantage to one location over another location. These factors have varied impacts. A one-industry area is particularly susceptible to receiving the full force of a change affecting that industry.

With these considerations in mind, it may be helpful to restate what our experience in the Department has indicated should be the main objectives of area development:

1. *Provision of sufficient number and variety of economic opportunities to create a demand for the various skills, talents, age and sex groups, and other characteristics that are indicative of a balanced American community.*—Ideally, the opportunities should afford the various members of a family who want work an opportunity to find work suited to their talents and training. In this sense, community areas should be of sufficient size not only to make it possible to support the necessary community services of American living, but to provide diversity of opportunity as well.

2. *Full development of the resources which are feasible for economic development.*—This ties in with the first objective of affording opportunities for the abilities represented in the community, and also assures sufficient diversity in an area to make it less vulnerable to technological, raw material, market, business cycle, single-resource depletion, and the other types of changes. Similarly, the diversity of opportunity thus encouraged makes possible, for example, the increase in incomes of persons who are capable of several activities or of persons engaged in seasonal occupations who have no alternative work sources during the slack seasons.

3. *Special effort should be devoted to the unlocking of resource use which blocks other growth development.*—In the Pacific Northwest, for example, the full use of the phosphate resource waits on power production; and certain large cities are stymied in further economic development by lack of the types of industrial sites now required by industry.

In an experimental way, the Department of Commerce has been studying the possibilities and potentialities of the area development approach. This experience leads to the following preliminary conclusions concerning the conduct and elements of an area program.

The role of the Federal Government should be different on a regional basis involving several States than on a State or smaller-area basis. On the former basis, the Federal Government is necessarily warranted in taking a more active role in resource development, in the coordination of its various programs with State and local efforts, and in other measures, particularly where the job is beyond the capabilities of private enterprise. On a State or smaller-area basis, the initiative and primary responsibility for economic development rest with the State and local area.

The Federal Government should, however, stand ready to throw its technical and central informational and research resources in an intelligent and positive fashion to assist the States and communities when called on. An especial effort is due when the area is, or promises to become, economically distressed. In

such instances, the regular Federal programs in that area might be accelerated, and Federal assistance might justifiably take unusual forms—such as loans to help an area. The objective would be to assist the area to provide itself with a new or expanded base of continuing economic activity.

In the more normal aspects of its activities, the Federal Government, building on the philosophy of local initiative and local action, should take steps to concentrate its full technical, informational, and research services and resources on the problems of local areas. These resources and services are now necessarily scattered throughout the complex Federal organization and are never completely identifiable to the ordinary citizen or community leader. Furthermore, the full potential applications of their contributions to area problems are not fully realized by those in Government or those who can make use of them.

In the Department of Commerce, for example, there exists a rich source of ideas for new products and processes of manufacture in the Patent Office, the Office of Technical Services, and the National Bureau of Standards. In reviewing the problems of the anthracite area and our survey of manufacturing plants which we conducted with reference to the possibilities of channeling Federal procurement into that area, we noted that a number of plants were in the same position as the anthracite mines—they were dealing with a product having a declining demand. In those cases, the unemployment problem seemed chronic unless additional products or completely new lines were adopted by the plants. Accordingly, we tapped the various units of the Department for new product ideas adapted to the facilities and equipment available in the area. We then discussed the service with manufacturing, banking, and other representatives of the anthracite area who are now making local arrangements to take full advantage of these ideas. The area problems, however, call for local initiative. We have in this instance merely made available some services which have long been carried on in the Department. Similar resources are available elsewhere in the Federal Government which can help in area development if their applicability to an area's problems is made known, if they are understandingly applied, and if local initiative is made aware of their availability and relevance.

In my judgment, an organized area development program, in line with the Department's experience which I have just summarized, can make a real contribution to the solution of the problems of low-income families.

GENERAL ECONOMIC EFFECTS OF PROGRAMS DESIGNED TO IMPROVE STATUS OF LOW-INCOME GROUPS

On several occasions in this statement the question has been touched upon what the effect of various measures designed to improve the position of the low-income groups would be on the general functioning of the economy—whether these measures would tend to further or to retard what is probably our major national economic objective: the achievement and maintenance of a high, stable, and expanding level of economic activity. In view of the committee's special concern with this over-all objective, some additional remarks on this aspect of the subject follow.

The main point in this connection is obvious and has already been made; the achievement and maintenance of a high, stable, and expanding level of economic activity is the most effective way of improving the status of the low-income groups. To this extent the two goals are consonant and there can be no conflict between them.

However, not all the schemes that have been discussed rely upon a general increase in production as the major remedy. Two other elements are usually involved with varying degrees of emphasis: First, a redistribution of income in favor of the low-income groups and, second, an increase in the productivity of these groups. What is under discussion is the effect of income redistribution and of increased productivity of low-income groups on the functioning of the economic system. These are difficult subjects with respect to which no simple and definite conclusions can be offered. But they are important and must accordingly be explored. The following tentative remarks are made—and should be read—with these considerations in mind.

As to income redistribution in favor of the low-income groups, I am inclined to believe that a moderate amount of it, applied in a judicious manner, will benefit the general health of our economic system. The probable consequence of such a redistribution would be to raise total consumption in relation to income. Provided that investment is not affected, this would make for the long-run

operation of the economy at a higher percentage of productive capacity. Moreover, there are reasons to believe that an economy in which the proportion of consumption to investment was increased would be less subject to cyclical fluctuation than an economy in which the relative share of investment is higher. Finally, the task of preventing, correcting, or offsetting short falls and excessive fluctuations in investment expenditures would be made more manageable.

On the other hand, income redistribution carried too far, and applied too abruptly, might act as a deterrent to the incentive to produce and to invest. In this event an improved relative share of the low-income groups would be obtained by sacrificing economic progress, and might even be associated with a lower utilization of economic capacity. Ultimately the low-income groups themselves might suffer as the consequence of the initial redistribution.

It is not possible to come to general conclusions on this score. Each measure involving income redistribution must be studied and judged in concrete terms, and special care must be taken not to lose sight of possible harmful effects even though they are not immediately discernible.

The effects of an increased productivity of low-income groups are of a somewhat different nature. It is difficult to conceive of a realistic situation in which such an increase of productivity would be harmful to the working of the economy. And it is easy to envisage circumstances in which it would make a substantial contribution, not so much to cyclical stability as to high long-run utilization of economic resources and to vigorous economic progress.

If the increased productivity of the low-income groups is utilized and results in increased total production, there is an addition to the real income of the community from which all groups may benefit. Moreover, the higher purchasing power of the low-income groups can serve as the basis of new and enlarged markets for consumption goods produced in other sectors of the economy. This will increase employment opportunities in the economy as a whole, and, in addition, give rise to further advantages of specialization which are contingent upon enlarged markets. Further, it is likely that business investment would be stimulated in these circumstances, because an assured rise in the trend of consumption is one of the major incentives of investment activity.

In summary, there might be dynamic effects on the working of the economic system, resulting in high and expanding levels of production, consumption, and employment. Even the ill effects of the business cycle might be mitigated, if it occurred in the setting of a general economic growth. One is tempted to draw an analogy between the development of the low-income group market and the development of external markets which occurred in parts of the nineteenth and early twentieth centuries. It is a generally accepted fact that the industrialization of undeveloped countries in those periods was a major factor shaping the economic life of the western industrial nations. It accounted to a large extent for the rapid growth of production, rising standards of living, and high utilization of economic capacity which these nations enjoyed, as well as for the fact that they could take in their stride the vagaries of the business cycle without serious danger to their basic social and economic institutions. The development of the low-income market might on a smaller scale have similar effects in our time.

However, too optimistic a picture should not be drawn. A delicate balance of forces and a favorable economic setting are necessary for the successful operation of the dynamic chain of events which I have outlined. If these are absent or disturbed, it is entirely possible that increasing the productivity of the low-income groups will not act as a spark plug of general economic expansion and progress. We know well the major stages at which short circuits are likely to occur. Increased productivity may not be translated into increased production if conditions are unfavorable. Instances are numerous of low-income earners trying to improve their earning capacity by acquiring additional skills, only to find that a market for these skills does not exist. Even if the higher productivity is made use of, there remains the danger that this is done at the expense of other production. If markets are limited, competition of the rising low-income groups may only serve to displace others from production and employment. No overall increase in the demand and production of consumption goods will occur in these circumstances. Finally, even if such an increase does materialize, its favorable effect on investment expenditures is by no means assured. An excess of plant capacity, for instance, and many other adverse factors may stand in the way. To summarize: When we speak of the favorable effect of an increased productivity of the low-income groups on the working of the economic system, we

speak of potentialities rather than automatic consequences on which we can count.

These cautionary remarks are not presented in order to discourage the view that increasing the economic productivity of the low-income groups is a sound way of improving the status of these groups. On the contrary, the approach is promising and its possibilities should be fully made use of. However, constant appraisal of the complex problems of economic analysis and policy is needed so that we can be confident that measures of this type will be fully effective in their immediate aim, and will, in addition, make their maximum contribution to the welfare of the economy as a whole.

APPENDIX

Improvement of statistical information on income

Adequate statistical information is necessary for a proper diagnosis of the low-income problem, and for the formulation of proper policies to deal with it. The staff of the subcommittee has made a substantial contribution in this respect. By collecting the available data bearing on the status of low-income families it has provided an accessible summary of pertinent statistical material. It has also provided a basis for judging the extent to which the data which are available at present are sufficient for an understanding of the nature and magnitude of the low-income problem and for the formulation of appropriate policies.

A study of the data indicates clearly that they are not satisfactory for those purposes in a number of respects and that a major effort is called for to improve them. In view of the intrinsic importance of this statistical information, in view of the lack of general realization that a gap in our statistical knowledge exists in this field, and in view of the Commerce Department's special responsibilities, experience, and interest in the field of national income statistics, the following comments on the statistical information bearing on the low-income problem are offered. Their aim is to indicate the major lines along which an improvement of the data is called for, in the light of their present limitations, most of which have been set forth very clearly in the committee print itself.

In summary, the position is as follows: There can be no doubt that the statistics collected in the committee print indicate correctly that a substantial problem with respect to low-income families exists; and that they throw a great deal of light on the complex nature of this problem. However, there are reasons to believe that owing to inadequacies in the measurement of income and in the definition of the unit receiving this income the magnitude of the problem is somewhat overstated. Moreover, because much of the information must be derived from relatively small samples of the population, sufficient detail of a reliable nature regarding the composition and characteristics of the low-income groups cannot be made available. Furthermore, there is an urgent need for corresponding totals and break-downs of income size distributions covering the entire range of incomes, as a general background against which the low-income picture can be reviewed. The major respects in which existing data fall short of providing such income distributions are next reviewed, and suggestions for improving them are made.

Improved measurement of income required

Current statistics on the size distribution of family incomes are collected by means of brief interviews with a small sample of households in which the information is generally furnished by the housewife. Because of the limitations of funds the techniques used must be as simple and inexpensive as possible. There are several distinct points at which improvements in the measurement of income should be introduced if funds were available.

The surveys of income size distribution are generally confined to cash income and do not take into account income in kind even though the omission of such income, in some cases, results in serious understatement of the true income of families and individuals. This is particularly important for farm families who derive a considerable part of their real income from home-grown food and from the ownership of their homes. Noncash items of income are important elements in the total of some urban families also. These items have been omitted from recent surveys because they are difficult and costly to enumerate. Ideally, both cash and noncash income should be included.

The definition of income adopted in the surveys differs from an economically meaningful definition in several other respects. One of the most outstanding ones is the omission or inadequate measurement of inventory change as an element in farm and other entrepreneurial income. It is recognized that these ele-

ments are extremely difficult and expensive to determine, but exploration of the feasibility of including them in income surveys should be undertaken.

Another problem arises from the fact that families are classified by income for a single calendar year, even though for some this period may not be a representative one. For instance, young professional men and persons just beginning new businesses or starting out on their first jobs can be expected to earn relatively little during their first year of employment. Also family income may be temporarily depressed because of accidental factors. In all these instances a better picture of the true income position would be obtained if information were made available on the incomes of identical units for a number of successive years. Surveys oriented at obtaining such information are strongly recommended.

More important, however, than the limitations that have been stated so far is the fact that cash income reported in the surveys, as the committee points out, is understated. This understatement, for the Nation as a whole, probably amounts to about 10 to 20 percent. Understatement is measured by comparing total cash income of the population as calculated from the surveys with total cash income as calculated independently by the National Income Division of the Department of Commerce. It arises partly because of memory bias on the part of the housewife who is usually the person interviewed, but also because she may not know or may not want to furnish a true report on income.

To account for this missing income is the most difficult problem that has to be faced in estimating income size distributions. Additional funds for the basic survey could yield substantial improvements. For example, it would be possible to conduct detailed interviews with each income recipient in the family using more thoroughly trained enumerators. Repeated visits with the same families would eliminate some of the errors in reporting. Special techniques might be designed for segments of the population for which understatement is known to be particularly large, such as the entrepreneurial group.

Since even these improvements will probably not fully account for the missing income, supplementary approaches will need to be considered. These involve comparison of survey results with income tax and old-age and survivors' insurance information, and development of adjustment factors, applicable to the survey results, based on these comparisons. Special studies and tabulations of the data are required in this connection for which adequate funds are not now available.

Another factor affecting the usefulness of the data is the method used in the surveys for defining families. The usual procedure is to count families as they are constituted at the time of the survey which is usually several months later than the year for which the income information is obtained. This results in some overstatement of the number of families and single individuals in the low-income groups. A certain number of newly formed families and single individuals report partial-year incomes which do not represent their actual means of livelihood during the full year. An example is the young student who lived with his family during most of the year, but then found his first job and was living on his own in another city at the time the survey was taken. It is difficult to find a completely satisfactory plan for the reconstruction of an economically relevant family unit. However, several workable procedures are possible provided the necessary funds were made available.

Additional break-downs and information required

The foregoing discussion was concerned with the problem of obtaining improved income size distributions for the Nation as a whole. However, for purposes of economic analysis and policy a break-down of these over-all distributions into distributions for significant economic groups is essential. Detailed regional and occupational break-downs and cross classifications of families according to size, age of head, etc., are involved. The basic information regularly available for estimating these types of distributions is inadequate largely because the samples currently used for income surveys are of necessity relatively small. If an improvement in the sample size were permitted, it would be possible to provide detailed break-downs for other years similar to those presented for 1948 in the committee print. Such information would be relevant not only to the special problems of the low-income groups but would throw light on other problems involving the distribution of income in higher income groups as well.

Even these additional break-downs will not meet fully the requirements of economic analysis and policy. Information on the taxes, consumption, and current saving of the various income groups, as well as on their accumulated resources, would be needed in order to arrive at a reliable diagnosis of their economic position, and as a background for the formulation of economic policies. Statistics on differences in the cost of living for different groups of families are

also highly desirable. All of this information is required not only for the investigation of the low-income problem with which this subcommittee is particularly concerned but also in connection with the general economic objective of maintaining a high level of production and employment; in connection with a variety of other governmental programs; and also as a background for economic decisions that business, labor, and other economic groups have to make. It is obvious that the collection of data of this type and their integration would be difficult and costly, but in view of the light they would throw on the working of our economic system, the necessary expenditure of money and effort would be fully warranted.

Senator SPARKMAN. Mr. Blaisdell, you do not comment on this in your statement, and perhaps it does not logically belong in your statement or in these hearings. I wonder if you could supplement your statement with some information regarding the coming census, particularly with respect to this much-discussed and debated question of asking for income information?

Mr. BLAISDELL. Senator, the work of this committee, as illustrated in the materials with which we had to work, I have commented on at considerable length—the character of the data themselves. The data are good, as far as they go, but when we try to work with them, we find they have very grave weaknesses.

I have mentioned those weaknesses in my longer statement in some detail; so, I will not go into them now. The critical comments which I have made about the data were prepared entirely apart from any question as to whether this census of material should or should not be collected. I think, however, that they are pertinent and that the fact that it is proposed to collect these data again, such as were collected 10 years ago, definitely will make possible the kind of analysis which this committee is working on and will enable anyone who works with this problem, and will enable the Congress, to really have the information about this group of people, also the comparative data with regard to other income groups which are so essential if we are really going to make any sense of an analysis.

The only comment I really have is that I feel the information, if and when secured, will really be of very great help to all who have to work in this field, and deal particularly with the kind of problem we are dealing with here this morning.

Senator SPARKMAN. Is the information sought greatly at variance with the information sought in the last census? Or is it along the same line?

Mr. BLAISDELL. I have not gone into that myself, Senator. I wonder if I could ask Mr. Hale, who is here for the Department, and who has been looking at this problem recently in terms of the last census?

Senator SPARKMAN. Surely.

Mr. BLAISDELL. Mr. Hale, can you give us the facts on that?

Mr. HALE. The information for the 1950 census includes wages and salary—one question on that; one question on how much the respondent made as a proprietor, and how much other money he received in the form of interest, dividends, and other income generally. This, incidentally, is being asked of every fifth person; and, if the fifth person happens to be a head of a family, also with respect to his family.

In the 1940 census the wage and salary and own proprietor's income were asked, but it is my understanding that that did not include the other income. That is my understanding of the difference between the two.

In that connection it should also be pointed out as a difference that in 1940, if a person's income was over \$5,000, that was the only information taken. This time, if a person's income is over \$10,000, that fact will be put down.

Senator SPARKMAN. In other words, you do not ask for details over \$10,000?

Mr. HALE. That is right.

Senator SPARKMAN. If it is less than that, then you ask for the break-down?

Mr. HALE. Yes, sir; as accurate as can be.

Senator SPARKMAN. In 1940 you asked practically the same questions relative to \$5,000?

Mr. HALE. That is right.

Senator SPARKMAN. Was 1940 the first time that this information was sought or had it been previously sought?

Mr. HALE. The first time this specific information was sought. In times past, other information of a related sort was sought. I have the information here. In one census, for instance, they asked the total value of a person's real estate, and the total value of his personal estate.

Mr. HUBER. What year was that?

Mr. HALE. 1870. And in a number of other years they have asked either real estate or personal estate. In 1870 they asked for both of them.

Senator SPARKMAN. I heard a commentator on the radio yesterday afternoon, I believe it was, say that Mr. Hauser, the Director of the Census, had stated that if the individual objected to giving that information to the enumerator then he could mail it in to Washington. Is that correct?

Mr. HALE. Yes, sir.

Mr. BLAISDELL. It was also done in the 1940 census.

Mr. HALE. And a few people did then request that.

Senator FLANDERS. Could that be done in a very convenient way, with a franked envelope in a provided form?

Mr. BLAISDELL. Yes, sir.

Senator SPARKMAN. The enumerator will furnish him with this franked envelope which comes directly to the Washington office of the Census Bureau?

Mr. HALE. That is my understanding, sir; but I would like to check that to be positive that they will give them a franked envelope.

(NOTE.—The Census Bureau advised the subcommittee that a franked envelope will be furnished.)

Senator FLANDERS. It seems to me there can be no objection to that process.

Senator SPARKMAN. Mr. Rich?

Mr. RICH. Has that been a ruling which was just made recently?

Senator SPARKMAN. It was followed in 1940. I do not know whether it was planned to follow the same procedure all along or not. There was considerable discussion about the proposal to ask for this information, and the first word I heard from the Census Bureau was the report to the effect that it would be done exactly as it was done in 1940 so far as allowing them to mail it in if they desired to do so. That is true; is it not?

Mr. HALE. Yes, sir.

Mr. RICH. Is that information not furnished to the Treasury Department each year by each individual that makes over a thousand dollars a year?

Mr. HALE. For income-tax purposes, yes, sir.

Mr. RICH. The Treasury Department already has that information; do they not?

Mr. HALE. They have it, but the difficulty is that it is not related to the rest of the census data.

Mr. RICH. In what way does it differ? If you have the information in the Treasury Department, what information are you asking of the individuals in the census?

Mr. HALE. Basically, it is the same information. Actually it is less.

Mr. RICH. Then, it is the same information that the individual gives each year to the Treasury Department. Now the Census Bureau wishes to duplicate that information by its local census takers. Is that not a fact.

Mr. HALE. That is right.

Mr. RICH. Why do you want to duplicate that information by the Government?

Mr. HALE. The information given to the Internal Revenue Bureau is kept—

Mr. RICH. That is in the Government. Why can the Census Bureau not ask the Internal Revenue Bureau for that information, for all people, not one out of every five, but every person in the United States?

Senator SPARKMAN. As a matter of fact, it would not be for every person. Are there about 12,000,000 that file?

Mr. RICH. Will the Senator yield?

Senator SPARKMAN. I would suggest that there are 12,000,000 or 15,000,000.

Mr. RICH. You have everybody; have you not?

Mr. HALE. No, sir. Because there are many people whose incomes are not sufficiently high to file.

Mr. RICH. I said everybody over a thousand dollars has to file an income-tax report.

Mr. HALE. I believe there are quite a substantial number with incomes below that.

Mr. RICH. That is all right. I am asking about the ones that make over a thousand dollars. Anybody with an income less than that does not make a report to the Internal Revenue Bureau.

Mr. HALE. As I understand it, there are two reasons why the Internal Revenue Bureau's information would not do the same job. The first is that it is not related to the other information that is gathered in the census.

Mr. RICH. In what way do you differ?

Mr. HALE. Age, sex, location.

Mr. RICH. You are taking that in the census. The Senator asked you in reference to the incomes of these people. That seems to be the great question now that is being discussed over the country. I did not think we were going to bring any questions like that up here in the low-income groups. But since we brought it up, let us find out why you want to duplicate that information.

Mr. HUBER. Will the gentleman yield?

Mr. RICH. For a question.

Mr. HUBER. I want to ask him if it is not true that the census information would show a pattern. For instance, the Internal Revenue Bureau has 10,000,000 tax returns here. They cannot analyze it geographically to show any pattern, what type of homes, districts they come from. It would be a tremendous job to do it.

Mr. HALE. Yes, sir.

Mr. RICH. It is not half the job it is to go all over the United States to gather that information. You already have it in the Treasury Department by States and subdivisions.

Mr. HALE. Part of the purpose of the census is to get all this information on cards so they can make computations from those. They would have to get a great deal of additional information from the Internal Revenue Bureau which the Internal Revenue Bureau does not ask, and try to relate a person's income-tax return, which may be somewhere in the country, but it is very difficult to get that return placed next to his census report to get the same information from it.

Mr. RICH. I understand that your census takers are mostly local people. We will say, for instance, in one county in one State they choose local individuals from that county to make this census. Is that correct?

Mr. HALE. Yes, sir.

Mr. RICH. Then the objection that has been raised, and to which I think the Senator is now referring, is the fact that the local census taker, who might be the neighbor of someone else, must make the report to this particular individual who is only employed for the year 1950, or a part of the year. That seems to be the great objection that was raised, as I understand it, to taking this information. Why does the local individual, who lives in a particular county with his neighbors, have to ask for the information from those particular people when he already sends most of the information in to the Internal Revenue Bureau? I think that is the great objection to this question from the standpoint of the general public to the census that is to be taken in 1950. Is that not the great objection now?

Senator SPARKMAN. I believe so. As I see it, and apparently as Senator Flanders sees it, the fact that this person who is being quizzed can get a franked envelope and mail it to the Department, and does not have to give it to his neighbor's daughter, meets that objection.

There is another thing that I believe we ought to keep in mind, and that is this: Your census taker is not going out to take this information; he is going out to take the census in accordance with the law passed by Congress. And while he is out you are going to ask him to ask every fifth person regarding income matters. Is that not true?

Mr. HALE. Yes, sir.

Senator SPARKMAN. If any person objects to answering it, he may do exactly as he did in 1940, send that information in to Washington, and it is my understanding that very, very few availed themselves of that privilege in 1940. In other words, very few people actually objected to giving that information. Is that correct?

Mr. HALE. Something under 2 percent asked for the special card in 1940

(NOTE.—Of 40,000,000 earners from whom income returns were received, less than one-half of 1 percent used the special form; i. e., less than 200,000 persons.)

Senator FLANDERS. May I ask a question?

Senator SPARKMAN. Yes.

Senator FLANDERS. Is there not a provision in the income-tax law which prevents the Treasury giving out information with regard to specific incomes?

Senator SPARKMAN. I was wondering about that myself.

Mr. HALE. Generally speaking, that is true. What you and I tell the Internal Revenue Bureau is kept quite confidential. There are occasions under which the information can be released. I have not checked to find whether it would be possible to get it for this purpose.

Senator SPARKMAN. My own thought would be this: If we were not taking the census, and we wanted this information, it certainly would be well for Congress to evolve some plan whereby you could send your people to the Internal Revenue and get this information. But since we are taking it anyhow, and the enumerator is going to be out there asking for other information, it is the very thing to do to ask for this at the same time and have it on the same card along with the other information; so, as you say, you have the age, you have the location, and you have millions of people and families who are not in the tax records at all.

Senator FLANDERS. It would be the cheapest way of doing it.

Senator SPARKMAN. You avoid the joint returns and so many problems that you would run into if you did have to use the available tax records.

Mr. HALE. From a statistical point of view, I understand that there is no question whatever of the immeasurable advantages of doing it this way, rather than trying to thumb through the income-tax returns which may or may not be placed the same way, and try to take that information from those forms, even aside from the question of the confidential nature of the income-tax returns.

Senator SPARKMAN. I am not trying to belittle the seriousness of the objection of some people to this information being given, just as you point out, to their neighbors on part-time jobs. I think, if they object to that, they ought to have the alternative plan. But when they have that plan it seems to me that it answers the objection, and certainly I do feel that the people of the country ought to have this assurance that you have given us that the same procedure will be followed as in 1940, and that they will not be compelled to divulge information against their wishes to their neighbor who happens to be the enumerator.

Mr. RICH. Senator, you said it is a small thing. You say there are only 2 percent of the people who objected to it. Two percent of 150,000,000 people is 3,000,000 people, and when 3,000,000 people object to answering that question, it seems to me that that is not a little thing, it is a big thing. When 3,000,000 people in the United States do not want their neighbors to ask them a question, I think that is a big thing in this country of ours.

There are many things that sound little. It depends on the way you put it. When 3,000,000 people do not want to send that in, that is big to me.

Senator SPARKMAN. I did not say it was little. I said I did not want to belittle the serious objection. And I felt that on the part of those who really did object, they certainly should have this consideration.

Mr. RICH. What has this question got to do with the low cost of living anyway?

Senator FLANDERS. In that 2 percent of 150,000,000, I would have to count in my 11-month-old grandson.

Mr. HALE. The 2 percent, Senator, referred to 2 percent of the 40,000,000 wage earners. Actually there were something under 200,000 who objected.

Mr. RICH. Two percent of the 150,000,000. You have to take the census of everybody, every child from the time he is born until we go to heaven or some place else.

Mr. HALE. But he did not become a wage earner the day he was born. It was only of the wage earners that it was taken.

Mr. RICH. He may have something inherited. He may be born after his father dies and still have an estate. Certainly you would have to take a record of that child.

Mr. HALE. When I was speaking of the 1940 census, I was speaking of the wage earner question which applied to 40,000,000 wage earners.

Mr. RICH. You had it for 1940, and now you will have it for 1950, and you never had it until 1870, and they decided between 1870 and 1940 that it was not necessary. Now you come in with it again. It seems to me that when you get that information in the Treasury Department, I do not see why you have to get it in the Commerce Department. The people in this country in the last 10 years have just been humdrummed with questionnaires. I am one who wants to simplify it. It is not the taxes that the people pay that worries them, it is the cost of government that is worrying them today. That is what is worrying people, and we want to cut the cost down. The quicker we do that, the better off this country is going to be.

If you can cut the cost down by asking duplicate questions when you have it in one department or another, then I do not understand how it can happen.

Mr. HALE. My understanding is that from purely practical reasons it would increase the cost of the census quite considerably, if we tried to get this information from the Internal Revenue Bureau.

Mr. RICH. I hear that but I just do not believe it. I do not believe when you get this information, and they segregate it in the Department of the Internal Revenue, and then every time you have to send people out to ask the people in the country the same questions over, then you say it is cheaper to do it that way, we would not do that in our business. When we get the information once, we segregate that information and we go to the other department and ask them for it, and they hand it over to us. We do not duplicate it.

I am trying to cut down the cost of Government. That is the greatest thing we have to do in this country today, cut down the cost of Government, and we will have greater benefits and privileges to these low-income groups.

Mr. HALE. This is intended to do that, sir. I think the cost of sending employees over to the Internal Revenue Bureau—assuming we could do it—and having them look at each return, take off the income figures, and then place that on the individual's census card, would be far greater than the cost of the enumerator simply asking three more questions.

Mr. RICH. The Internal Revenue man can get those same questions, and they segregate everything in the Internal Revenue questionnaire,

just as you do in your department. They could hand that to you without having an extra man in the field taking that information and spending his time getting it. You already have it and a clerk can take a hundred of them while the enumerator gets one or has to go back three or four times to get it.

Senator SPARKMAN. You are not going to pay those enumerators anything extra to ask those three extra questions?

Mr. HALE. No, sir.

Senator SPARKMAN. They will get the same pay as if they had left the questions off?

Mr. HALE. Yes, sir.

Mr. HUBER. The chief reason for asking these questions, as I understand it, is at the request of manufacturing associations and merchants who wish to know how many potential customers they have for their products.

In the past bathtub manufacturers and blanket manufacturers built up a huge stock and then had to lay off their employees. In that way they will know how many potential customers they have.

Mr. HALE. The Census Bureau has been asked by a great many manufacturing, retail, and other business associations to collect and supply this information. The industry of the country apparently is very enthusiastically in favor of it.

Mr. HUBER. One question more: It is estimated that the city dweller who makes \$2,000 or less a year spends half of his income for food. Is allowance made for the farm families? It seems that a fair percentage of the food would be produced on the farm. Is that taken into consideration in the compilation of these tables?

Mr. BLAISDELL. It is my understanding that the real income of that kind, income in kind, so to speak, is not considered as part of the income as tabulated. Am I right on that, Dr. Shaw?

Mr. SHAW. That is right.

Mr. BLAISDELL. So that the data we have here today, in fact, understate the income in this group.

Mr. HUBER. Of the agricultural products of the low-income farmer?

Mr. BLAISDELL. Yes, sir. We do know that these data understate the income. How much, we do not know except as a whole. By other methods of calculation we can get the total income of the people and we know that the general understatement from these data, as contrasted with other series, runs in the neighborhood of about 20 percent. In terms of the over-all total. We know there is income in here, but how much of its falls in this area, we just do not know.

Senator FLANDERS. You do not have, in the questions you are proposing to ask, any information as to whether the man or family being questioned practices subsistence farming to any extent? You do not have that as one of the questions?

Mr. BLAISDELL. My impression—and I do not recall the question specifically—is that that kind of information would be available from the return so that these things can be related. Congressman Rich asked specifically as to the relationship between this information that would be collected and the inquiry that we are making. I think it is only fair to say that the really significant contribution that can be made is in relating the facts about the individual as an individual to his income, not as regards his name, that is of no significance. But it is these totals and the relationships between the information that are

really important. From that standpoint, I would think that the availability of such information would have very real value.

Mr. RICH. If manufacturers, as my colleague said, want to have this information, suppose a family says they do not have a bathtub? Do you give the name of that individual that is taken by the census taker and send it to the manufacturer and tell him, "This fellow needs a bathtub and he ought to sell him one."

Mr. BLAISDELL. Certainly not.

Mr. HUBER. But if he did not find out how much money he is making, he would not be a customer.

Mr. RICH. The manufacturer does not go to the Census Bureau to find out if a man can pay for a bathtub if he wants to order it. He generally inquires from his local people. The man himself gives references.

Mr. HALE. The Census Bureau would not give the name of any man who did or did not own a bathtub or who had an income of any given figure. The most they would do would be to say such and such a percentage of houses, rural houses, city houses, had or did not have bathtubs.

Senator SPARKMAN. And they would break that down by areas, or show it by States, for instance?

Mr. HALE. Yes, sir.

Senator SPARKMAN. In the same way they would show the family income by States. Certainly a manufacturer of bathtubs would know when there was a potential market, and on the other hand, he would know whether or not in that potential market there was sufficient income to enable those people to buy his bathtubs.

Mr. HALE. That is the type of thing a manufacturer wants. I think he would be glad to get information as to who does not have a bathtub but the Census Bureau would not give it.

Senator SPARKMAN. They ask the Census Bureau for that information?

Mr. HALE. Yes, sir, but they will not get it.

Senator SPARKMAN. I do not mean that they are asking for individual names, but the sort of information I outlined?

Mr. BLAISDELL. That is right. They want to know the purchasing power of this community, as against that community, and where the market potentials are, and that type of information, which are the basic materials we are interested in, in the census.

Mr. RICH. Are the business people of this country not wide awake and looking for that information? Does the bathtub manufacturer not go out and try to find a market for his wares? They do that in most everything else. So if he is wide awake, he is out looking for this. And in every community where they have their agents, they have men that go out and do that, and the Government does not have to furnish that information. You leave it up to the business of this country and they will put more bathtubs in the homes of this country than the Federal Government will, unless you want to subsidize bathtubs. I think everybody ought to have a bathtub, and I think everybody ought to take a bath, but if you are expecting the Federal Government to see that they do, I think we are going far afield. You are having the Government meddling too much in the private affairs of our people to suit me.

Senator SPARKMAN. I would like to offer a statement that has just been handed to me, which has been released from the Department of Commerce relating to the census. I think it might be interesting if I read it:

Secretary of Commerce Charles Sawyer today released the attached report from Philip M. Hauser, acting director of the Census Bureau, on the background of the income query to be asked in the 1950 census.

"I requested the acting director of the Census Bureau, Dr. Philip M. Hauser, to give me a complete statement with reference to the income queries in the 1950 census, in order that the public might be fully informed as to the history and the basis of these inquiries," Secretary Sawyer said. "Dr. Hauser's statement gives all of the facts and puts this matter in its proper perspective.

And this is Dr. Hauser's statement:

To: The Secretary of Commerce.

From: Philip M. Hauser, Acting Director, Bureau of the Census.

Subject: The 1950 Census Income Questions.

In response to your request, I am outlining the situation with respect to the income questions in the 1950 population census.

Origin of income inquiry: Prior to the 1940 census and throughout the current decade the Bureau has received a persistent flow of requests for income data from a cross section of the American public. The long list of individuals and agencies which have requested income information includes business enterprises, large and small; organizations of businessmen; radio stations; newspapers; national news and other magazines; the major labor organizations; advertising and marketing organizations; educational and research institutions; Federal, State, and local government agencies; and committees and individual Members of the Congress. In placing the income questions on the 1950 census schedule, the Bureau of the Census has, with the advice of a number of general and technical advisory committees, recognized the importance of the demand for the data. The questions were decided upon by me with your approval as required by law.

It should be noted that neither the President nor any other person in the White House has made any request for the inclusion of any questions in any of the 1950 census schedules. Moreover, as you know, you as Secretary of Commerce have issued no instructions to me or to any other members of the Census Bureau's staff for the inclusion of any questions in the 1950 census.

For 100 years the censuses of population have included questions relating to the financial status of the American people. In 1850, for example, during the tenure of President Zachary Taylor of the Whig Party, each person was asked to report the value of all real property owned. In 1860, during Democratic President Buchanan's administration, and in 1870 under Republican President Grant, the same question was asked, and in addition, inquiry was made as to the value of personal property.

The 1890 census, under Republican President Harrison, included questions on amount of mortgage indebtedness on homes and farms, the rate of interest paid, and the object of the indebtedness.

The 1930 census, under Republican President Hoover, included questions on value of home owned and monthly rent of tenants. The 1940 census, under Democratic President Roosevelt, included a question on wage or salary income.

For 30 years our farm censuses, taken every 5 years, have carried questions on farm income. All of these previous census undertakings have operated under laws making it mandatory for persons to respond to the questions.

Income inquiry—tests: The form of the income inquiry is based on a series of surveys made annually throughout most of this decade in the Bureau's current population survey. It also reflects the results of a series of census tests in 1948 and 1949 in relatively large areas in Missouri, Kentucky, Illinois, Indiana, South Carolina, Georgia, and North Carolina, and in smaller areas in many other States as well as in number of cities including Minneapolis, Atlanta, and Chicago. Each of this series of test censuses included income questions. In all cases, public cooperation was found to be excellent. The returns received were found to be of such quality as to justify the inclusion of the question in the 1950 census.

The specific form of the inquiry which has been decided upon for the income question for the 1950 census is indicated below:

1. Last year—1949—how much money did this person earn working as an employee for wages or salary?

2. Last year, how much money did this person earn working in his own business, professional practice, or farm?

3. Last year, how much money did this person receive from interest, dividends, veterans' allowances, pensions, rents, or other income, aside from earnings?

If a person is a family head, three similar entries are to be made covering the income of the members of his family.

These questions are to be asked of every fifth person whose name falls on stipulated lines on the census schedule in a manner so determined that the selection of the person is entirely a matter of chance. An upper limit is fixed for the reporting of each of the above-mentioned three sources of income, namely \$10,000. Below this amount the actual figure is requested, above this amount "over \$10,000" is an adequate response for each source of income.

Both the limitation to one person in five and the ceiling of \$10,000 represent the strong desire of the Bureau to hold to a minimum consistent with the needs for adequate data the cost of the census and the canvassing of the public.

Inquiry authorized by law: The Solicitor of the Department of Commerce as far back as March 2, 1940, ruled that the Fifteenth Decennial Census Act signed by President Hoover on June 18, 1929, contains in section 4 (13 U. S. C., section 204) adequate legal authority for the income inquiry.

Moreover, as was made clear by the Solicitor, the procedures followed in selecting the income questions are in conformance with the intent of Congress as outlined in the House report on the bill (Rept. No. 1476, 70th Cong.). Furthermore, there is ample precedent in previous census legislation enacted by the Congress in which specific inquiries were set forth to indicate the economic questions of this character are inquiries related to population and unemployment as specified in the law.

Finally, it should be observed that the list of questions to be used in the 1950 census of population was submitted to the subcommittee of the Committee on Appropriations of the House of Representatives on February 28, 1949, and is printed in the hearings on the Department of Commerce appropriation bill for 1950 on page 149 and following. Following the hearings, the Congress appropriated the necessary funds for the conduct of the population and other censuses for fiscal year 1950.

Ex-President Herbert Hoover has been quoted as saying that he does not believe that the act which he signed in 1929 authorizes the income questions. I should like to point out that the 1930 census conducted during President Hoover's administration, for the first time, included a question on the value of home owned or owner-occupied units and the monthly rental paid for tenant-occupied units.

The answers to these inquiries were collected under the same 1929 Census Act carrying the same penalty provisions covering the 1950 census. The legality of these questions was not challenged nor were they presumably contrary to the intent of the law as interpreted by the then Director of the Census and then Secretary of Commerce under President Hoover.

Their legal justification was the same as is the legal justification for the 1950 income questions, namely, that they are "inquiries relating to population, to agriculture, to irrigation, to drainage, to distribution, to unemployment, and to mines." It is also of some interest that in a report to the Congress of the Commission on Organization of the Executive Branch of Government signed by President Hoover in February 1949 there appears the following statement: "Government policy depends upon much detailed knowledge about the Nation's employment, production, and purchasing power." Income is certainly an important measurement of purchasing power.

Upper limit for inquiry: A \$10,000 upper limit has been fixed for responses to each of the 3 sources of income. There are 3 basic technical reasons why amounts of income in excess of \$10,000 from any one of the 3 sources of income inquired into are not specifically requested.

First. One of the major objectives of the income questions is to measure the effect of unemployment, whether for a few days, weeks, or months, on annual income flow. The most important economic and social aspect of unemployment is certainly the loss of income suffered thereby, and it is in the lower-income brackets that this occurs.

Second. Another major objective of the income questions, one in which business is particularly interested, is the measurement of potential markets and

mass purchasing power. It is well known that the mass market is restricted to persons with incomes of less than \$10,000.

Third. The number of persons in the United States with incomes in excess of \$10,000 for each source of income requested is so small that returns for all such persons would necessarily have to be consolidated into a single-income class in the published reports. It would seem utterly useless to request specific reports for persons with relatively large income merely for the purpose of consolidating them into a single category for statistical purposes.

Census reports confidential: The Census Bureau is prohibited by law from revealing information about any individual. Section 11 of the 1929 Census Act cited above reads as follows:

"Matter identifying individual reports not to be published: That the information furnished under the provisions of this Act shall be used only for the statistical purposes for which it is supplied. No publication shall be made by the Census Office whereby the data furnished by any particular establishment or individual can be identified, nor shall the Director of the Census permit anyone other than sworn employees of the Census Office to examine the individual reports."

Moreover, Census Bureau employees are under law (section 8 of the above act) prohibited from disclosing any information which they collect in the course of their duties and if they should do so are guilty of a felony and upon conviction thereof shall be fined not to exceed \$1,000 or be imprisoned not to exceed 2 years, or both so fined and imprisoned in the discretion of the court.

Under usual census procedure, any person who prefers not to answer questions to his local enumerator has the privilege of communicating his responses directly to the local census supervisor or his representative in the local census office.

In 1940, in addition to the standard procedure, the Bureau of the Census printed special forms which, at the option of the respondent, could be used to report his income directly to this Census Bureau in Washington in lieu of making his return to either the local enumerator or the local supervisor.

As in 1940, I have ordered the use of special forms permitting any person the option of mailing his return directly to the Census Bureau in Washington.

Every American may be assured that, under the protection of the law and of the special procedures devised, the income information together with all of the information reported to the Bureau of the Census will, as usual, receive completely confidential treatment. Census returns cannot be used for purposes of taxation, regulation, or investigation, and cannot be made available to any other agency of the Government.

The Bureau of the Census has throughout its history enjoyed the full cooperation of the American people and has commanded their respect primarily because of its known zealotness in guarding the confidential nature of the replies of any individual person or establishment. The Bureau is quite prepared to stand on its record in this respect. I can speak with some first-hand knowledge of this matter because I have been connected with the Bureau for most of the period since 1930 when I served as a census enumerator.

In closing I should like to summarize the experience that the Bureau of the Census has had with the 1940 census income questions and with the income questions asked in various surveys and census pretests during the last 9 years.

Public acceptance of income questions: Charges were made 10 years ago that the American people would refuse to answer the income questions, but experience belied the charges. Of the 35,000,000 families of whom wage or salary income information was requested in 1940, in only 1.9 percent of the cases was the information not collected either because it was unknown or only partly reported or refused.

Of the 40,000,000 earners from whom income returns were received, less than one-half of 1 percent elected to choose the special form on which their income could be entered and mailed directly to Washington in lieu of reporting it to the local census enumerator.

Income inquiries have been made of hundreds of thousands of people by this Bureau since the 1940 census, including a total of 477,000 persons included in tests of the 1950 population schedule. In these surveys, for which there was no provision for mandatory response, less than 1 percent of the persons canvassed refused to answer the income questions. It was largely on the strength of this experience that the inclusion of such questions in the 1950 census in response to widespread demand was deemed feasible and practical.

We will leave the census now and get on to the main statement.

Mr. RICH. Let us get bread and butter for these poor low-income families.

Senator SPARKMAN. Senator Flanders, do you have any questions?

Senator FLANDERS. I was interested in the emphasis you place on general business conditions as a factor in raising the level of income of the lower-income groups. Somewhere in your summary you made a reference to the improvement in living standards made by improved methods of manufacturing, by new and cheaper and satisfactory products, and the whole range of investment and research.

One of the things that I would be interested in knowing is whether you can get from your information in the Department any clue as to whether the present rate of investment in improved facilities is on a par with or below or above the rate which has been in effect during the period when we made our greatest advance in the scale of living of the people of the country.

Can you give any estimate as to how that is running at the present time? It would be necessary, it would seem, in some way, for segregating mere expansion of industry which is related to the increase in population, from the improvement in industry which affects the standard of living.

Mr. BLAISDELL. I think your distinction is very pertinent, Senator. The improvements in industry which are being made at the present time I feel are developing at as great a rate as they ever had.

Certainly from the standpoint of statistical measurement of investment in new undertakings, while there might be some question on some of the data, I think that the evidence is outstanding that, as far as new processes and new developments are concerned, we are moving ahead today as fast as we ever did, and that the funds going into these new things are as great as they have ever been.

My own opinion—and I would have to check this with data—is that it is probably one of the highest rates of development.

Senator FLANDERS. I am glad to hear that in general terms. My only experience relates to the business in which I was engaged for 50 years until I came here, and that is machine tools, in which there is at the present moment a very poor market for improved machinery as compared with previous times.

It has been noticeable, it appears to be breaking, for instance, in the automobile industry and household-equipment industry, that the market has been so good that they have not been bothered about cutting the costs at all.

I am interested in whether that is a general condition or specifically for the industry with which I am best acquainted.

Mr. BLAISDELL. I think the general condition—and I think we could substantiate this without great difficulty—is that the rate of development of new things is very, very great today.

Senator SPARKMAN. Mr. Rich?

Mr. RICH. Mr. Blaisdell, I was very much interested in this statement you made, and I am going to read it:

An increase in social-security benefits and coverage would aid low-income groups, notably the unemployed and the aged. Health programs would improve medical and dental care of those who cannot afford it. Low-cost housing would not only raise living standards but in the long run improve health and productivity.

Agricultural aids have markedly improved the lot of many rural workers. The raising of the national minimum wage will aid many low-income workers directly. Extension of educational opportunities to low-income groups would be a fundamental step in the long-run program of improving their status. All of these programs which I have enumerated now constitute, to a greater or lesser extent, our national policy.

That sounds to me pretty much like the same program that they are putting on in Great Britain. Do you approve of the program that they are putting on over there?

Mr. BLAISDELL. Mr. Congressman, I thought I was describing what we have been doing here. I was not talking here about governmental programs; I was talking about the national program of this country where every one of these things has been done, and in which—

Mr. RICH. You mean they have started. How far do you think we ought to go in this policy that you have outlined here in socializing America?

Mr. BLAISDELL. I have not described the process of socializing America. What I have been talking about are things which we have been doing here and that have been accepted by the American people.

We have done some of them by private undertakings; we have done some of them governmentally. Take our pension program here that I mentioned, the old-age pension program. This is a program which has been carried on by private industry just as it has been carried on by the Government.

Various corporations have become convinced of the necessity for a program of pensions as has any other part of the community.

Mr. RICH. I agree with you as to the business, but I am wondering as to how far you are figuring on going now as a national policy.

Mr. BLAISDELL. I am not advocating a national policy. I was describing what we have done. I simply stated that as a national program this is what we are doing.

Mr. RICH. But you say that by increasing these various functions that you have already mentioned "is our national policy." I am just wondering how far you expect to go, how far do you expect to go in the socialized medicine, in dental care, and things of that kind.

I agree that a lot of low-income people we should look after, but I wonder how far this Federal Government is going to that end. Can you, as one of the heads of the Department of Commerce, in your field, give us any information on that?

Mr. BLAISDELL. These programs are not part of our activities in the Department of Commerce. You mentioned the problem of medical care. I am no expert in the problem of medical care, but I am well acquainted with the fact that there are literally millions of people today in the United States who have already banded themselves together in their insurance associations to pay for medical care.

Mr. RICH. That is right in those associations and I agree we ought to help them.

Mr. BLAISDELL. This is our national program. I have not said a thing about a national program in terms of governmental program of medical care. I would much prefer to let the people who are experts in that field talk about it.

I have been trying to limit myself to some of the things that I know a little bit about, which has been the character and the influence of our business activity on this group of people.

I mentioned these programs because I feel they are an inherent part of the social life of the United States. The people are asking for some of them through increased Government activity; they are asking for some of them through their direct cooperative activities, through their associations, through their private business, through all of these things, but that is the program.

Mr. RICH. Is the Department of Commerce fostering or recommending or trying to influence legislation to the extent that we might do all the things that you mentioned here in this discourse of yours this morning?

Mr. BLAISDELL. Those are not the tasks of the Department of Commerce, I am sure you recognize. So that as I say, I would much prefer not to give my personal views on this particular matter, but rather to limit myself to those things, and I am giving you simply statements of facts.

Mr. RICH. You are here as a representative. Your personal views are going to have a great influence with the Department of Commerce. I would like to know what they are. I would like to know if the Department of Commerce and the people associated with it are interested in going to the extent of socializing this country, because I am opposed to it in every way I can possibly be, and I do not want to fool anybody on it, and I do not want anybody to fool me. That is the reason I am asking you what your ideas are.

Mr. BLAISDELL. As far as these programs which I have indicated are concerned, the people who have decided the policies of this country, in the Congress, have said that we go in a certain direction. I personally think we have gone very wisely. I think some of them we will probably go further with. I think some of them we will probably go back on.

Mr. RICH. Can you state those that you will go further on and those that you will go back on?

Mr. BLAISDELL. We have adjusted these programs as the times change. In the unemployment-insurance program of the country we have adjudged it to the needs of the industry and the needs of the people so that the two things work together.

People in the social security agencies have dealt with these things in the down-to-earth fashion. The indications are, if I read the signs right, that there is at present demand that these social insurance programs should be improved.

Mr. RICH. By the Federal Government?

Mr. BLAISDELL. By the Federal Government.

Mr. RICH. And you expect the Federal Government to go on in, then, and do the things that ought to be done by the people themselves, or the States, and the local governments?

Mr. BLAISDELL. No. I would expect the Federal and local governments and the State governments would do a great deal of cooperating on these programs as they have in the past.

Mr. RICH. Why do you not do the cooperating with the State and local governments and let them handle it—

Mr. BLAISDELL. We do.

Mr. RICH. Instead of you trying to do it here?

Mr. BLAISDELL. I am sure you are acquainted with the unemployment compensation system which is a thoroughly integrated system

of State systems, and they go just as far as they can, as I understand it.

Mr. RICH. Is it not a fact that they have been trying to take the State unemployment system and put it back in the Federal Government?

Mr. BLAISDELL. That is not my understanding.

Mr. RICH. Since I have been in Congress they have been trying to take it away from the States and put it back in the Federal Government.

Mr. BLAISDELL. Certain things in unemployment compensation have to be handled as national matters. Others are entirely proper and satisfactory to handle as State matters. These have been very carefully distinguished in the legislation and in the administration.

In my judgment the job that has been done has been an outstanding job; it has tided us over periods when otherwise we would be in a very bad way for the very people we are talking about this morning. I am sure you will agree that is true.

Mr. RICH. If you are going ahead to put these programs in effect, and you are going to assume that responsibility it is going to require a greater Commerce Department in order to do that; is it not?

Mr. BLAISDELL. I do not think so.

Mr. RICH. You do not?

Mr. BLAISDELL. No, sir.

Mr. RICH. You have been increasing your Commerce Department right along every day for the last 15 or 20 years until you are getting larger and larger. How many employees do you have in the Commerce Department?

Mr. BLAISDELL. You mean the total number of employees in the Department?

Mr. RICH. Yes.

Mr. BLAISDELL. It is a figure I have not had come to me in a long time. I would guess in the neighborhood of 80,000

(NOTE.—The Department of Commerce subsequently reported that the number of employees in the Department paid on November 30, 1949, was 47,498.)

Mr. RICH. Do you have all of your people in the Department of Commerce housed in the Commerce Building?

Mr. BLAISDELL. They are scattered all over the United States, Mr. Congressman.

Mr. RICH. When they built the Commerce Building, that was supposed to be the largest building in the world at that time; was it not?

Mr. BLAISDELL. Not to my knowledge.

Mr. RICH. I was told that when I went to school.

Mr. BLAISDELL. I will take your word for it.

Mr. RICH. Now we have 80,000 employees and they are all over the United States, all over the world.

Mr. BLAISDELL. Yes. They do such things as take care of all the public roads of the United States; they do such things as take care of the Patent Office.

Mr. RICH. I thought we had State highway systems that did that.

Mr. BLAISDELL. We do.

Mr. RICH. You are not trying to get that job all in Washington, are you?

Mr. BLAISDELL. I should say not.

Mr. RICH. Are you not going to try to leave it back in the States where it belongs?

Mr. BLAISDELL. Certainly.

Mr. RICH. Then let us say that we are going to keep the public-roads system in the States and in the local community and let them handle it.

Mr. BLAISDELL. Mr. Congressman, I am sure you understand that as far as the public-roads system is concerned, it is a joint operation between the Federal Government and the States.

Mr. RICH. I understand that, but do not let us try to get it all centered here in Washington. Let us keep it back in the States.

Mr. BLAISDELL. You asked me what these people do, and I tried to suggest what they do.

Mr. RICH. On this health program, how far do you want to see that carried on?

Mr. BLAISDELL. On the health program, as I said, I do not pretend to be an expert at all. As far as the Government program is concerned I am just not acquainted with it and I would not be able to speak to it.

Mr. RICH. Have you anybody here that can?

Mr. BLAISDELL. No, sir.

Mr. RICH. Yesterday we had about 25 or 30 here with the main witness, and you only have 4 this morning. I congratulate you on that. Evidently you know your lesson.

On agricultural aids, do you find that most of the low-income families are living in rural communities or are they living in the cities?

Mr. BLAISDELL. Both. But there has been a very considerable trend during the last 10 years. We cannot measure it exactly, but we do know some of the figures, and particularly in those agricultural areas with the low-income groups, there has been a very considerable movement to the cities and to the other parts of the country.

That is a well-developed trend, the movement of lower-income people to places of greater opportunity. This is one of those things which to me is always hopeful when I see people always ready to pick up and take their chances and move their homes, because it is no fun moving your home.

Mr. RICH. Do you find the lowest-income group in the rural areas lower than you do in the city areas? In other words, you do not find the hardships in the low-income groups in the country where they have their own little places and they can raise their own foods, that you do in the city areas; do you?

Mr. BLAISDELL. I think we do, Mr. Congressman. Their problems are different. The low-income people of urban areas are apt to have poorer housing conditions than they do in the country; on the other hand, they are apt to have better access to medical care, they are apt to have better access to schooling than in the poorer communities of the agricultural areas, so that it is hard to generalize as far as the poorer people in these agricultural areas are concerned.

Some of them have better opportunities for some things, but they have less opportunities for others.

Mr. RICH. When I look around Washington and see some of the houses that the people are living in it just discourages me to think that we have such conditions. We have houses in Washington that

the people in my community would not live in. They just would not live in them. And I am speaking of the low-income people.

Personally, I do not know, and that is the reason I am asking the questions. I do not believe that we have the distress in our community that possibly you say exists in the cities, and I am asking for information on that.

Mr. BLAISDELL. Some of these factors, such as the character of the life of our lower-income people, we do not know as much about as we would like to. It was one of the reasons that I called attention to the fact that just the bare statement of these low dollar incomes is, to some extent at least, misleading.

We know there is additional income there. How much, we do not know. But our studies indicate sufficiently that the range here is significant and that as work opportunities are available and some of these methods which we have undertaken to overcome, the hazards of a highly specialized economy are undertaken, that we have improved the living of these people.

It is that approach that I have been talking about particularly, the raising of the general level, and then seeing that those steps are taken which even off the income flow during the year and to a certain extent during the lifetime.

Mr. RICH. In the Department of Commerce you are supposed to be well acquainted and to know the business conditions all over the country. That is the function of the Department of Commerce.

Mr. BLAISDELL. That is a major responsibility that we have, sir.

Mr. RICH. With the business conditions as they are, do you believe that the country would be better off as a whole to go out and tax the business a greater amount, or do you believe that you could cut down spending of the Government and thereby have a better economy than we would by taxing?

Mr. BLAISDELL. The problem of the volume of taxes is so related to the kind of taxes, that just saying a total amount one way or the other is very difficult. Also, there are the problems of taxes between States and municipalities and the Federal Government, all of which are related.

So that to make a generalization as to whether there should be a heavier tax levy or lesser tax levy really does not make very much sense. The problem is what kind of taxes are being levied, how are they bearing on the business activities of the country, do they restrict or do they have very little influence, do they simply spread the income in such a way that they stabilize markets, or are they simply a kind of thing which is a drain.

Those are a whole series of considerations when we are dealing with tax programs which you would not want me to answer by generalization.

Mr. RICH. I would like to get specific information on this. You can go ahead and tax and tax, but when you do, as a rule you get to a point where business cannot stand it and you put that fellow out of business; do you not?

Mr. BLAISDELL. Unfortunately, yes.

Mr. RICH. That is unfortunate for the Department of Commerce and it is also unfortunate for the fellow that has to go out of business.

Mr. BLAISDELL. It is not unfortunate for the Department of Commerce; it does not hurt us, it hurts him.

Mr. RICH. In other words, you do not care.

Mr. BLAISDELL. That is not the point. All I am saying is it does not hurt us.

Mr. RICH. It certainly does. It hurts the Government and when it hurts the Government it hurts you.

Mr. BLAISDELL. The fellow that I am concerned about is the business concern that is hurt, primarily. The point that I was making here in regard to business taxation at the present time is that there are certain kinds of taxes which bear differently on business than other kinds.

The total impact at the present time may be serious, but at the time we are still operating with a productive industry which is about at a peak. We are operating with high levels of employment. We are operating with high profits, we are operating with high productivity, and we are operating, generally speaking—

Mr. RICH. With high prices.

Mr. BLAISDELL. Except for these people we are talking about this morning, we are operating with higher standards of living than we have ever accomplished before. With all this burden we are still accomplishing that.

I have reason to believe, and I am sure you would believe along with me, that our economy is doing pretty well.

Mr. RICH. I agree that we have in the past. I think we have made this country the greatest country on the face of the earth. It has almost proven that in the last 10 or 15 years. But we are going in the red this year to the tune of seven to ten billion dollars.

Can we continue to go in the red and still have your Department of Commerce function, and the Government be sound and solid?

Mr. BLAISDELL. The question of Government deficits, probably the most controversial question we have before us today—

Mr. RICH. It ought not to be.

Mr. BLAISDELL. The answers, I think, are not pat. I do not think we can say flatly that you cannot operate with a Government deficit. We have a good deal of evidence to the contrary. We can. We do.

Mr. RICH. You have \$268,000,000,000 of debt now. But how much farther can you go?

Mr. BLAISDELL. I do not know.

Mr. RICH. That is all. I do not have any further questions. When the Department of Commerce does not know how far in debt we can go without hurting our economy, who should know? Sounds bad to me.

Senator SPARKMAN. Congressman Huber?

Mr. HUBER. I would like to ask about the number of Negroes in the low-income group. Many, of course, we know have limited job opportunities. I would like to know if that is reflected in the data and whether any progress is being made. During the war of course we had more fair-employment practices. I wonder if there is still on the part of industry any disposition to utilize more and more Negroes.

Mr. BLAISDELL. I would have to answer the question very generally. It is my impression that Negroes do have a larger job opportunity than they did. Certainly the experience of the war indicated that Negroes were very good workers, that they could be trained just as other people could be trained for mechanical factory opportunities.

As regards these particular data which are before us today, I am not

certain that there is specific information with regard to Negro families and Negro workers. Mr. Shaw?

Mr. SHAW. There will be, of course, some returns in the 1950 census, some break-down.

Mr. BLAISDELL. But right now we do not have the information?

Mr. SHAW. That is right.

Mr. BLAISDELL. We do not have that information, I am sorry. I would have to rely on general information, and I would not feel that I was particularly qualified to give a really helpful answer.

Mr. HUBER. That is all. Thank you.

Senator SPARKMAN. Senator Flanders?

Senator FLANDERS. No more questions, thank you.

Senator SPARKMAN. I believe most of the questions that I had in mind have already been answered.

Mr. RICH. I would like to ask you one question, Senator. If we bring witnesses here in reference to the low-income group families, as we did yesterday and today, and they are suggesting these various programs, which are "the national policy," and that when they claim they can still go on deficit spending and still have a sound economic government, how are we going to help the low-income groups if our departments of Government are going to be operated in that manner?

Senator SPARKMAN. Of course every person who comes in here can state his own personal opinions. But none of them are binding on us. We are going to run the whole gamut in having people in here. I assume we shall have many conflicting views stated in the course of these hearings. The mere fact that any witness states his opinion does not bind us. But certainly if he can bolster his opinions with facts, it will help us in arriving at a conclusion.

Mr. RICH. The only trouble is that if we have them in the department, and they claim they can run the Government in deficit spending, how are we ever going to get this thing turned around so we can stop it? I am opposed to it to the nth degree. I think it is the wrong thing for us to do especially when our Department of Commerce figures we can go on with deficit spending. We are in bad shape, I think.

Mr. BLAISDELL. May I make a comment, since apparently my testimony is under question?

Senator SPARKMAN. Certainly.

Mr. BLAISDELL. Whether I personally believe in deficit spending or not depends entirely on the time and the occasion. It happens that I was one of those who were strongly in favor of increasing taxes several years ago, and the Congress decided that it was unwise to do so. I felt at that time it was not the time to have deficit spending. Congress decided differently.

At the present time, whether we should or should not have deficit spending, personally I would prefer not. But we are facing facts, and we are facing situations. Congress will decide this, and the Administration will make its recommendations when it submits a budget. But as far as a general opinion is concerned as to whether we can or cannot have deficit spending, the fact is that we have had it, we have had deficit spending with the most prosperous economy that we have ever known, and to say that we cannot would simply be denying what has happened. That is all I have said.

Mr. RICH. Can you keep it up?

Mr. BLAISDELL. That is another question. There are times when I would say absolutely "No," we should not. We have been through such a period. I said "No." Congress decided differently.

Senator SPARKMAN. As I understand, Mr. Blaisdell, you have not advocated here a continuing deficit program.

Mr. BLAISDELL. I certainly do not.

Mr. RICH. You made that statement a short while ago.

Mr. BLAISDELL. I do not mean to contradict your statement, Congressman, but I did not, begging your pardon.

Mr. RICH. That is the reason I asked you what you thought about it.

Senator SPARKMAN. I am not at all happy any time when we have deficit spending, nor am I happy when I have to incur a personal debt, but at times I have to do so, sometimes, and then I try to work out of it as soon as I can.

Mr. RICH. I have debts, too.

Senator FLANDERS. Mr. Chairman, it is my recollection, and I can't quote the words or quote the specific suggestion, that within the last few days the head of the Department of Commerce has put himself a little bit to one side of the line, on the same side that Congressman Rich is occupying. I think that ought to be thrown into the balance also in his estimate of what the Department feels the policy is.

Mr. RICH. I am very grateful. If we have a man like that down there, I want to see him.

Senator SPARKMAN. I am sure you know about it, but perhaps you have forgotten about it for the time being: The Secretary of Commerce made a visit to all parts of the United States and held discussions with many groups and invited people to come in. He came back and made a rather full, comprehensive report to the President. My recollection is that he was quoted as saying that the people all over the country were not happy with the prospects of deficit spending, and indicated some of the things that Senator Flanders has referred to in that report.

Mr. RICH. Do you think he will carry that out?

Senator SPARKMAN. It is up to Congress to carry it out.

Mr. RICH. How about the President? As he is talking now, he is not giving consideration to anything but deficit spending. We as a committee—I am speaking of somebody in Government—ought to try to stop spending now. I think that is the greatest issue that we have in this country—to economize in the operation of Government. With all of our spending, someday it is going to mean ruin.

Mr. HUBER. It was all right during the war to have deficit spending.

Mr. RICH. We are not at war now.

Mr. HUBER. It was all right then.

Mr. RICH. But the way we are talking now we will be ruined soon if we do not stop it.

Mr. HUBER. The Secretary of Commerce, Mr. Sawyer, is a very conservative gentleman.

Mr. RICH. I am glad to know that.

Mr. HUBER. He is not a left-winger and will not do anything to sell the country down the river.

Senator SPARKMAN. If there are no further questions, we will stand in recess until 3:30 this afternoon. Secretary Tobin is to be here this afternoon. Unfortunately, he cannot be here until 3:30.

(Thereupon, at 11:45 a. m., the committee recessed to 3:30 p. m.)

AFTERNOON SESSION

Senator SPARKMAN. Let the committee come to order, please.

Congressman Buchanan is expected to be here in a little while, but we will start without him. All the other members of the subcommittee are here.

We have with us this afternoon Mr. Maurice J. Tobin, Secretary of Labor.

Mr. Secretary, we are glad to have you with us. We have your prepared statement, which will be printed in the record, and I understand you are going to summarize it for us.

Secretary TOBIN. That is right.

The CHAIRMAN. Just proceed in your own way.

**STATEMENT OF HON. MAURICE J. TOBIN, SECRETARY OF LABOR;
ACCOMPANIED BY CHARLES STEWART, ASSISTANT COMMISSIONER,
BUREAU OF LABOR STATISTICS; AND WITT BOWDEN,
ECONOMIST, BUREAU OF LABOR STATISTICS**

Secretary TOBIN. Thank you, Mr. Chairman.

Your committee has performed, I think, a very valuable service in bringing forcibly before the public the problems of low-income families as a part of the general study of economic policies and programs.

The American people enjoy a level of living that is generally unequaled elsewhere in the world, but we still have many, many families who have incomes insufficient to achieve a standard of living which we regard as a desirable minimum for a good life in our society.

The progress we have made in the last decade reflects in part the high-level employment that now prevails compared with the period of the thirties.

High levels of regular employment are an indispensable basis for improvement of the economic conditions of all the people, particularly the families in the lowest third of the income structure. But beyond that the improvement of the living conditions of low-income groups depends upon social policies directed toward remedying situations which may continue to exist even though we maintain high levels of employment and general prosperity.

These problems are not new. The record of recent years is the record of our attempt as a Nation to deal with that.

My testimony deals largely with these problems, the progress we have made, the next steps we need to take.

Before we consider what needs to be done and what has been done in recent years in dealing with the problem of low-income families, it would be useful to the committee, I think, to discuss the criteria by which we try to determine whether a given income is adequate or inadequate for a socially approved standard of living.

Obviously what might be regarded as adequate in one generation may be somewhat less than adequate in a later generation.

The Bureau of Labor Statistics has studied the question of family budgets for more than half a century. Their latest study in this field, prepared in response to a suggestion of the Labor and Federal Security Subcommittee of the Committee on Appropriations of the House of Representatives, provides valuable clues to the answer to this question

in terms of varying family composition and varying conditions and prices in a large number of cities.

I will touch on this only briefly.

The budget was set up in terms of goods and services needed to maintain a family of four—man, wife, and two school children—on a modest but adequate level of living. Thus the budget provided them with the necessities for health, good up-bringing for the children, and participation in the social activities of the community. It does not represent a few individuals' notions of what workers should have; rather it is based on the kinds of goods and services workers' families in the United States actually buy.

It counts as necessities those things which Americans have come to expect.

The housing standards formulated by the American Public Health Association and the Federal Public Housing Administration provide for a separate house or apartment, running water, private bath and toilet facilities, heating adequate to the climate, safe and healthful surroundings, and necessary community facilities.

The kinds and amounts of food included in the budget are those actually bought by urban families whose diets meet the standards of the National Research Council.

For the four-person family assumed by the budget, it provides, for example, 6 loaves of bread a week for the family, 12 quarts of milk, about 20 eggs, and about a pound and a half of butter or margarine, and about 9 pounds of all kinds of meat per week.

The budget for clothing, house furnishings, and other goods and services was arrived at by analyzing the actual expenditures of city families in relation to income, and determining for each class of expenditures that point where families as they get more money prefer to buy items of better quality rather than larger quantities.

From this it could be determined how moderate-income families actually portion out their expenditures on the things that seem most important to them.

I have gone into some detail in describing this budget in order to emphasize that although it is in most respects adequate, it is still a modest level of living. Yet this budget, priced in middle 1947, when prices were lower than they are now—in fact, the cost-of-living index then was 157 as compared with now of 169.7. It would be about 8 percent up on the figures I am going to quote to you. Yet, this budget, priced in 1947, when prices were lower than they are now, cost from \$3,000 in New Orleans, the lowest-cost city, to more than \$3,450 in Washington, D. C., the highest-cost city.

And these figures provide for no insurance other than life insurance.

The costs of the budget point up several significant facts. In the first place, they indicate that variations among large cities in different parts of the country are less than many might have thought.

The difference between the highest and the lowest among the 34 large cities is something over \$400 per year for this family of four, and about \$300 of this difference is in housing alone.

Secondly, despite the comparative difference in prices in large cities, the budget emphasizes the difficulty of taking any single-income level as the dividing line to determine low income. This is brought

out especially by the estimates that have been made of the cost of maintaining the level of living described in the city worker's family budget for families of different sizes, which I have referred to in my testimony. And you will see a table that carries the cost of living of various sized families.

It appears from the Bureau's estimate that \$2,000, the dividing line used by the subcommittee, is a conservative figure for large cities, since it appears that families below that income, in large cities at least, are very likely to be forced to live below the modest level specified in the budget unless they are single-person families or, perhaps, elderly couples whose needs are somewhat less than younger families.

Incidentally, I think, since I refer to the great variance there is in housing, I should say the highest range is Washington, the lowest New Orleans. The average was \$38 for the rental of a home in New Orleans and \$63 allowed for rental of a home in Washington.

From this study it is possible, I think, to establish relatively sound criteria for determining how much income is required to achieve a level of living consistent with socially acceptable standards in our society.

How close do we come to achieving these standards?

More data and further study are required to answer this question properly. It appears from available data, however, that perhaps between one-eighth and one-quarter of four-member families in large cities have incomes insufficient to achieve the standard of living set forth in the city worker's family budget. This is at least suggestive of the magnitude of our problem in this field.

In our thinking as to how to deal with the problems of low-income families and how to attain more satisfactory standards of living, we may find encouragement as well as suggestions for guidance in the progress already achieved. It is well known that real wages show a remarkable long-term upward trend. During the past 40 years, for example, the weekly earnings of factory workers more than doubled—the real earnings.

This gain in buying power of weekly earnings was accompanied by large gains in opportunities for leisure.

The prevailing workweek of factory wage earners in 1909 averaged about 57 hours as compared to 40 hours in 1949, a reduction of 30 percent.

These gains are based largely on advances in productivity and the general efficiency of our economy.

In terms of family income, the rise in real wages has been relatively favorable to workers with comparatively small earnings. This has been particularly noteworthy since the thirties.

Between 1937 and May of 1949 real hourly earnings in newspapers and periodicals rose 29 percent, and in the automobile industry 16 percent. In contrast the increase in cotton goods was 63 percent, and in the cottonseed-oil industry 109 percent—again real wages.

During the same period the real hourly earnings of the highly skilled railroad shop machinists rose only 10 percent as compared with 66 percent for the largely unskilled railroad section men.

Between 1937 and 1949 the real hourly union wage rate of the skilled building trades journeymen rose only 10 percent as compared with the 35 percent rise for the laborers on building construction and helpers.

Relatively rapid economic progress by farm families is indicated in recent years by data computed by the Bureau of Agricultural Economics. That agency estimates that the per capita income—money income, not adjusted for price changes—of persons on farms almost quadrupled since before the war, rising 272 percent from the 1935-39 average to 1948, in contrast to an increase of 161 percent in the per capita income of persons not on farms.

The Bureau of Agricultural Economics has also compiled estimates of civilian per capita food consumption which indicate significant progress. The per capita consumption of foods in 1949 is about 10 percent larger than the average of the 1935-39 period.

Progress in health and life expectancy is indicated by the decline in the death rate from 17.2 per thousand population in 1900 to 10.1 in 1947.

Estimates of average future lifetime indicate that progress has been particular noteworthy among Negroes, a group seriously disadvantaged by low income.

Between the 1929-31 period and 1946 the average life expectancy at birth of nonwhite males rose from 47 years and 6 months to 57 years, 6 months, a gain of 10 years. The estimate for white males rose during the same period from 59.1 to 65.1, a gain of 6 years.

The figure for nonwhite females rose from 49.5 in the 1929-31 period to 61 years in 1946, an increase of 11.5 years.

The figures for white females are 62.7 years and 70.3 years, a rise of 7.6 years.

Our shortcomings and need for further progress should also be emphasized. Even in this respect, however, perhaps it is useful to recognize the progress made in our awareness of unsatisfactory conditions, as, for example, the persistence of limitations on civil liberty.

The inquiries of the Subcommittee on Low-Income Families are themselves a major indication of our increasing awareness of unsatisfactory conditions and of the need for intelligent and concerted action.

We have made more than a beginning in dealing with the problems of those families whose incomes are insufficient for the level of living we commonly associate with an American standard of living.

The Employment Act of 1946 is a reflection of our determination to maintain the basic economic conditions for family welfare.

But in addition, we have attacked the problem of low income by means of a considerable number of specific measures for dealing with special aspects of the problem. I shall stress the next step we need to take. The progress we have made to date, however, is considerable.

The record will show that the social policy of the American people in the last two decades has been increasingly dedicated to the improvement of the economic welfare of the Nation's families.

Unemployment, or irregular employment, is, of course, a major factor in accounting for inadequate incomes.

One of the important developments in recent years was the establishment of the system of public employment services. One of the incidental purposes of a free employment service was to make it unnecessary for job seekers to pay fees or commissions to private employment agencies to obtain available jobs. The major purpose was, of course, to create a national network of employment services that would facilitate the matching of jobs and job seekers with a minimum of delay.

Another purpose was to provide professional advice by way of vocational counseling to enable workers to enter jobs for which they were best adapted and which had most opportunity for their future advancement.

Further improvement in the administration of this Federal-State system will contribute to the welfare of low-income families, as to that of wage earners generally.

Major progress has also been made in cushioning the impact of irregular employment on family income by the establishment of the national system of unemployment compensation.

Furthermore, even unemployment benefits, combined with retirement pay, workmen's compensation, and the various system programs tend to regularize employment by maintaining purchasing power and the demand for goods, and by sustaining the capacity of the unemployed for returning to suitable jobs after periods of unemployment and illness.

The present system of unemployment compensation, although marking a great step forward, is far from adequate. Despite increases and benefits in many States, these increases have not kept pace with wage increases. Benefits average nearly \$20 per week in 1949, nearly twice the 1940 average, but, as the subcommittee report points out, the 1949 benefits were actually smaller in relation to earnings than in 1940.

The average benefit of \$21.01, payable in October of 1949, represented only about 38 percent of the average weekly wages in covered employment, and in some States that average is far below the 38 percent.

It would be desirable for all States to pay minimum additional allowances for dependents. This would universalize the trend that has well begun in the States. Eleven States have enacted dependents' allowances. Six States added such allowances this year.

Without such allowances, the States are in the dilemma that if they pay benefits high enough to meet the nondeferable expenses, such as food, utilities, and rent for the dependents of families, the benefits to persons without dependents may be so high in relation to wages as to weaken the incentive to find work. By graduating the allowance for persons with one, two or three dependents, the benefits are kept below an incentive-weakening level without putting them below the subsistence level of wage earners with families of different size.

In addition to strengthening the benefit provisions in the State unemployment insurance system, the coverage of the system should be extended so it is adequate to protect all workers against unemployment. At present only 7 out of 10 employees are covered by unemployment insurance.

The Federal unemployment tax applies only to employers who employ at least eight workers in at least 20 weeks in the year. Twenty-nine States have extended coverage beyond the limitation of 8 or more still in the Federal act, and 17 of them cover all firms regardless of size.

All but four of the States which place any limitation on the size of firms covered have legal provisions for covering all firms regardless of size if and when the Federal unemployment tax is extended to cover small firms.

Extension of coverage of the Federal tax to employers of one or more persons is, therefore, long overdue.

A Federal standard requiring the States to pay benefits for minimum duration of time also is necessary if benefits are to be adequate in duration.

It seems more and more to be the judgment of students of the problem that a potential duration of 26 weeks meets these objectives. At present 13 States meet this standard, but 29 States have a duration of 20 weeks or less, and 1 State has a duration of only 12 weeks.

Somewhat similar to unemployment compensation in relation to the needs of workers during periods of unemployment is the workmen's compensation system. All of the 44 State legislatures which met in 1949 adopted measures to improve these laws. Most of the States liberalized the benefits, many of them substantially, and several of the States extended the coverage.

Minimum wages: In connection with low wage rates, an obvious cause of inadequate family income, one approach to the problem is the establishment of minimum wages. It is true that there are still many people who oppose both the principle and the policy of minimum-wage legislation.

The hoary judicial arguments of impairment of freedom of contract are now rarely urged, but many other objections are still rather widely advanced.

The validity of the policy in practice depends, of course, in part on the nature of the law and its administration.

Proponents of the principles of minimum-wage legislation are agreed that the general determination of wage schedules is primarily a nongovernmental function. It is almost universally recognized, however, that many workers and employers have been subjected to forces so largely beyond their control that wages have been depressed far below the social value of the workers' product, and also the depressed wages have tended to impair the workers' capacity to produce.

The results have obviously been adverse to the workers immediately affected by substandard wages. They have had to put up with inadequate living conditions and have frequently been forced to seek assistance from society to supplement their wages. But others, as well as the workers immediately concerned, have been adversely affected. Employers generally in the same competitive areas have suffered from unfair or uneconomic competition. Depressed wages have tended to prevent the maintaining of a sound economy.

Minimum-wage legislation reflects changing social needs resulting from the transition of the country from pioneer days of simple agriculture and handicrafts to gigantic corporations, mechanization, mass production and distribution, and increasingly complex forms of group activity.

Intelligence and good will have made possible the aggressive adoption of these complexities with only a limited governmental role. Wage determination, for example, remains largely in the field of collective bargaining and nongovernmental responsibility.

The problem of older workers: We have made only a beginning in grappling with the problem of the older families. Few wage-earning families find it possible to accumulate adequate private savings for old age. They are dependent, consequently, upon their continued earning ability or on pensions.

As indicated by your staff report, about 30 percent of the nonfarm families with incomes less than \$2,000 were families whose heads were 65 years of age or over.

The problems of older workers will become increasingly important with the rise in the proportion of older persons in the population, and each succeeding year is going to see a larger percentage of the population beyond the age of 65.

To some extent the passage of the old-age-insurance provisions of the Social Security Act of 1935 was motivated by a desire to encourage withdrawal of older workers from the labor force. This in itself is a questionable objective. A very large proportion of workers of retirement age do not desire to stop working. The proper objective, it would appear to me, would be to give older workers a realistic alternative, choosing between retirement or continuing to work.

This poses two problems: First, there is the problem of job opportunities for older workers; second, benefits and coverage under old-age and survivors insurance programs would have to be increased considerably.

In modern industry, unlike the simple agricultural and handicraft economies, a gap has emerged between the life span of the average worker and the span of his working life. Modern business, with its impersonal and rigid job standards, and with its rapid rate of technological change, does not readily allow for slowing down which usually accompanies old age.

Prewar studies indicated that most of the retirement under old-age insurance had been forced upon the worker by unemployment and not by choice.

The struggle of the older worker to hold his place in the labor market is reflected strongly in trade-union policies. Efforts are made in collective bargaining with employers to obtain contract clauses providing security of employment and protection of earning opportunities for older workers.

But the long-run solution in a society in which older persons will constitute an increasing proportion of the population depends mainly upon the development of jobs and occupations which can be performed by older workers.

In order to develop a comprehensive program to provide employment opportunity for older workers we need much more detailed information than is at present available. We know very little about the ages at which workers are actually being hired in industry or about the ages at which they are laid off or retired.

The current growth of pension and welfare programs may have important effects on the willingness of industry to hire new workers at advanced ages.

I would like to repeat that: The current growth of pension and welfare programs may have important effects on the willingness of industry to hire new workers at advanced ages.

This also needs careful exploration. We need specific information, too, about the relative productivity of older workers and about the types of jobs they can best perform.

A great deal of the occupational information currently being prepared by the Department of Labor has, and very naturally so, been designed to serve the needs of young people and veterans who are

about to embark upon a work career, a natural problem in a postwar period.

In the future, however, we will have to develop new counseling tools and techniques especially adapted to the needs of mature workers in order to enable them to adjust more readily to the changing requirements of our dynamic economy.

The current emphasis in collective bargaining upon pensions grows out of and illustrates the inadequacy of the existing old-age and survivors insurance program.

As an answer to the over-all program of old-age security such private plans suffer from certain obvious defects. They can, however, perform a useful role in supplementing benefits available under the basic public program.

I think it is encouraging that in this respect there appears to be agreement among spokesmen for organized labor and among many industrial leaders as well that we need to extend our contributory old-age-insurance program, including Government contributions to the degree justified by social policy, with benefits and eligibility provisions which are genuinely adapted to the needs of retired workers and their dependents.

We have learned gradually throughout our history, but more rapidly in recent years, that in our increasingly complex economy it is necessary to do through governmental agencies many things that cannot be done as well or at all by individuals or even by private organizations.

The fact of basic importance for our way of life is that we must continue to decide for ourselves by free discussion and decision, by democratic means, what it is that we need to undertake by governmental action.

In the field of your committee's inquiry and interest, namely, the problems of low-income families, there are special needs for governmental activity in the fields of health, housing, and migratory labor, which I touch upon briefly in my testimony which is before you, in addition to the matters I have discussed here this afternoon.

There are areas of social needs still lying beyond the present scope of governmental programs where public action will be required. But it is a sign of individual vigor and independence, as well as an indication of social health, that we seek to retain maximum areas of activity for the individual and for private groups of individuals.

Individual initiative may, of course, be supplemented and reinforced by the private-group activities, such as cooperative societies, group insurance, and perhaps, chiefly important, labor organizations.

It is true that even in these fields, notably in collective bargaining, experience has demonstrated the necessity for a measure of governmental intervention to make sure that the civil rights and constitutional liberties of free association are not interfered with. That was the basic purpose of the Wagner Act. Nevertheless, unions and collective bargaining are outstanding illustrations of the persistence of American ideals of self-help and private initiative.

One of the most promising of union developments in recent years has been the rapid extension of unionism to areas and industries of low wages, although I cannot say that has been true in the course of the last 2 years.

This development has undoubtedly been the major cause of the progressive improvement in the wages and working conditions of low-income groups.

It is noteworthy that unions in recent years have widely accepted the principle of narrowing the differential between the wages of skilled and unskilled workers.

The idea of collective bargaining in one form or another is now almost universally accepted. It seems appropriate, however, in this connection to make note of the general theory of collective bargaining in relation to wages and economic welfare.

The right to form unions free from outside intervention, and the right to deal collectively with employers arose primarily from the inequality of individual bargaining power. The simple and obvious fact of inequality was long obscured by economic theories such as free and unlimited competition, and by judicial interpretations of such doctrines as freedom of contract and conspiracies in restraint of trade.

The inequality of the so-called individual labor contract was definitely recognized by the Supreme Court, however, only in such comparatively recent decisions as the verdict in the *Jones & Laughlin* case in 1936.

Congress was justified—it was asserted by the Court—in protecting employees in their right to organize and select their own representatives for collective bargaining or for other purposes without restraint or coercion by their employers.

This fundamental right, it was affirmed, rose from the helplessness of the individual employee, from his dependence on his daily wage and his resulting inability separately to leave his job and resist treatment he views as arbitrary and unfair, and from his dependence on his union for equality in dealing with his employer.

More recently broader concepts of collective bargaining have gained widespread acceptance in the recognition of the nature of the entire economic process. Problems of wage-and-labor costs have come to be viewed in relation to industrial efficiency and a maximum production and employment as effected by the appropriate flow of income on the one hand to investment, and, on the other hand, to demand and consumption.

There is still another phase of unionism and collective bargaining that has been less emphasized. It arises out of a deep personal need of the individual worker to maintain his sense of belonging to and participating in his group, the plant, his industry, and his community.

Gratifying of this need has too often been denied or in serious degree thwarted by specialization and by the minute mechanized and routinized nature of the individual job. The car dumper in a mine, the dough mixer in a bakery, or sand mixer in a foundry, the hand in the gang has naturally depended more and more on his union, not merely for determining his wages and hours, but also for voicing his ideas as to broader policies and for gratifying his needs for partnership and participation in the common processes of working and living.

All this is primarily beyond the range of governmental function except that the spirit of collective action on a basis of equality is at the heart of the democratic process. A democratic society must be

free to make vital and positive contributions to the meeting of social needs, and nowhere is this more true than in the solution of those problems which, taken together, constitute the problem of the low-income families.

Senator SPARKMAN. Thank you very much, Mr. Secretary. Any questions, Senator Flanders?

Senator FLANDERS. Mr. Secretary, as you read your summary, and as I followed it in here, it seemed to be a very clear and pleasant description of where we are and how we got that way, and not too pessimistic.

I was just looking for some specific indication of things that we might be doing now, that we ought to be doing now, and somehow I missed those.

I wonder if my eyes or ears were not sharp enough, or I did not pay enough attention.

Secretary TOBIN. Well, we have made great progress but, Senator, I would say in response to your question—and I would say it was a combination of a statement and a question—there are many things yet that can be done.

A good many of these low-income families are to be found dependent upon old-age and survivors insurance. I made a recommendation here that there be a change in that.

Senator FLANDERS. Yes.

Secretary TOBIN. I think we all can appreciate that when the law was written in 1935 the national income of the country was around \$57,000,000,000, whereas the national income of the country is now around \$225,000,000,000. There has been an inflation in the cost of living of not far from 75 percent as compared with 1935.

There should be a realistic change in old-age and survivors insurance as one of the factors.

Senator FLANDERS. May I just make an inquiry there?

Do you feel that it is essentially the right thing for us to do to move in the direction of making old-age and survivors insurance a social responsibility, or would it be better if our standards of living and our provisions for personal savings were such so that each one could take care of himself?

Have you any choice with regard to those two questions?

Secretary TOBIN. From the point of view of personal savings, if people are able to save enough to make a little contribution toward the buying of a home, they are most fortunate. And the average worker at the end of a lifetime, if he owns a home, that is about as much as he can save.

You can see you have got more than 9,000,000 families in the United States with an income of less than \$2,000. And I think that we are all in agreement that those entire 9,000,000 are going to be unable to lay enough aside to make even more than the most trivial contribution toward their maintenance in old age.

So then I would say we should have a realistic insurance arrangement under which there would be a sufficient income to them in their old age to live in decency.

We have a completely different economic picture than did our fathers. The average white male might have expected to live to the age of 48 in the year 1900—the year before I was born—whereas his life expectancy today is more than 65 years.

Then for the man who is today at the age of 65, I think his prospects are good to live to the age of 77.

All this has been brought about partly due to improved living conditions due to many of the things we have done in the past 15 years, and the advances of medical science.

And in addition to that, as I stated in my manuscript, the span of a man's actual life goes far beyond his working life, which was not true a generation ago. So we have a completely new problem.

And it seems to me that the average workingman, at least the 9,000,000 who have incomes below \$2,000, is going to be unable to lay aside in savings an amount sufficient to make more than a most trivial contribution toward his maintenance in old age.

Senator FLANDERS. My question really gets down to this. Suppose it were possible by means which we have not at hand or cannot devise immediately to have those men and those families in the \$4,000 group, would you then feel that they should be making their own provisions for old age by insurance or otherwise, or would you still feel that it was in the interest of a lively and progressive economy that they should spend as fast as they get and depend on social savings for their old age instead of individual savings?

Secretary TOBIN. I should say it would be a combination of both.

Way back in 1935 there was a great worry in this country when the social-security program started that it was the end of private insurance companies. Rather than an end of the private insurance companies, the most flourishing period they have ever experienced has been since that period. Probably no decade and a half has shown a greater expansion.

I think people getting a measure of security desire more than mere security; they desire to be able in later days of their life to enjoy a few luxuries. Certainly, the payments that are made on old-age and survivors insurance are not a contributing factor to luxurious living in old age.

We spend double the amount of money in straight public welfare. For every dollar that is paid out under old-age and survivors insurance in this Nation, 2 dollars are paid out in the form of straight assistance under old-age assistance, under which the Federal Government pays about half, and States and municipalities and local communities pay the other half.

When you stop to consider the total amount of straight welfare there is almost \$1,500,000,000, in what I call straight charity, it seems about time that we looked to handling this in a realistic insurance manner. And I would like to see a realistic old-age and survivors insurance program.

At the present time we make deductions up to \$3,000. I believe that was the standard set in 1935.

The House recommendation is to increase the tax up to \$3,600 in wages. But again that is completely unrealistic. If \$3,000 were sound in 1935, I would say that with the 70-percent increase in cost of living in that period of time that \$5,100 certainly is right, and we would only be standing on the same basis we were back at that time, from the point of view of purchasing power of the dollar.

And we must face this fact—that very large numbers of American families are never going to be able to save sufficiently to maintain the older members in their old age. They will have to be dependent upon,

in my opinion, a sound insurance policy which will then have laid aside an amount of money sufficient to give them reasonable insurance payments when they reach the age of 65.

But I then say we have at the present time 3,000,000 workers over the age of 65 working in the industry of the Nation. And that should be encouraged. And a real job can be done in that regard.

But in answer now specifically to your question, it is impossible for these millions of families to ever hope by private savings to support themselves in their old age.

Senator FLANDERS. Mr. Secretary, that does not quite get to my question. I do not know if my question is a fair one, because it is, from anything we know or can do at the moment, a purely hypothetical one.

But if you were trying to describe or to organize an ideal society, as I see it, there are three things we might do. It would be one in which the individual got enough to provide himself for his old age. Should he do it? Or should he, on the contrary, according to some ideas, assist in highly stimulating the flow of goods and services by spending all he gets and depending upon social savings for his future? Or should he be required by law to contribute to his own future?

I do not know if that is a particularly fruitful course of inquiry, but I have wondered what the ideal thing was.

Secretary TOBIN. A great many Americans are frugal, and I certainly do not think the old-age and survivors insurance program of today is conducive to people to just throw away every dollar with the expectation they are going to live in luxury on the basis of their present payments, because the welfare phase of old-age assistance is far more generous than the insurance form.

But I think the best way to answer it would be, assuming that you had a very, very generous insurance system set up, it still would be far short of what the average old couple would need for, well, just what a fair standard of living would call for.

In our budget I think Washington shows for an old couple \$1,800 a year, and I think the lowest city in the country which was studied is around \$1,400 for an old couple. So you can see there still is a wide range of incentive to save for old age despite a generous collective insurance system.

But I do not think that a sound insurance system, with almost adequate retirement pension, would be a contributing factor to people wasting money during their lifetime. In fact, I think it would be a contributing factor toward their trying to add to it to enjoy just a little bit better living in their old age.

Senator SPARKMAN. Do you think it would serve as a nest egg upon which to build?

Secretary TOBIN. Yes.

Senator SPARKMAN. Let me ask this question, because it comes in line right here. What about the pension plans that private industry is putting into effect now as compared to the social-security benefits? Is there any conflict there, or is one going to replace the other?

Secretary TOBIN. Well, I would say that there is no conflict. On the one hand the industrial pension is a very insecure security for old age for many reasons.

First of all, the worker has to stay there until he reaches the age of 65 to draw the pension. Secondly, there are the hazards of depres-

sion in which the company might go bankrupt, and then the plan would be completely wiped out and the company go out of business.

Or note what happened during the thirties when there were so many companies that had pension plans that either cut them drastically or wiped them out completely.

So there is very little security in an industrial pension from a given concern. That is why it would be so much sounder to have an insurance pension covering all workers in the country that would be secure and would permit a worker to move from job to job.

I think it also is a great security for the business of the country. There are many little concerns in this country who, if compelled to follow some of the pensions that have been set up, might be placed in financial jeopardy. And then there is no security for the employee if that organization goes under.

All in all, if I were an industrial worker, with the prospect of an old-age pension of that character, with most of the concerns in the United States, I would feel anything but secure about my prospects of getting it.

Some concerns have an excellent chance of surviving through any kind of an economic storm. Other concerns will not survive. And then the employees who are depending upon those pension plans are going to be greatly disappointed when they reach old age.

Senator SPARKMAN. Of course, I recognize the truth of the statement you make that any firm could go under. But I am a little surprised to hear the rather skeptical note you attach to it because I was under the impression that our experience, our historical record, has been that most of these firms, firms of the size of those that are giving the industrial pensions, may be counted on to continue throughout the years and prosper.

In other words, I just do not believe that historically they have had that record of going under, have they?

Secretary TOBIN. Well, some of the biggest employers in the Nation wiped their pensions out during the thirties. I do not like to name names for the record.

Senator SPARKMAN. You mean they stopped the plans?

Secretary TOBIN. Stopped the plans; yes.

Senator FLANDERS. Had they set up reserves?

Secretary TOBIN. Some of them had set up reserves.

I have in mind one great company that has the plan in effect today, but it stopped as of 1939, and the worker who was working the succeeding 9 years has not accumulated any benefits toward the pension. And that pension plan had been in effect for a long period of time.

To put my thinking simply, Mr. Chairman, on the situation, the greatest guaranty of security for the American worker is a sound insurance plan handled by the Federal Government covering all workers in the United States. Then we are sure that even if the company collapses the pension is sound, and when they move to another company their protection still carries on.

In the event that the employee wants to change his job, he will not feel that he is anchored and has to remain with the company.

Take a man who has worked up to the age of 50 and has accumulated 20 years of credit. If he gives up his job, he is going to have a great deal of difficulty getting a job in his own industry if the pension plan is a company plan, because it is then going to be a very

heavy burden for the new company to carry in order to give him a worth-while pension at age 65.

Mr. RICH. May I ask a question?

Senator SPARKMAN. Before we get away, let me go back to this idea about companies having to give up their pension plans during the depression years in the thirties.

Of course these people who had been working in there did have a vested right?

Secretary TOBIN. No.

Senator SPARKMAN. You mean they lost out completely?

Secretary TOBIN. They had no vested right. Of course, it depends upon the nature of the plan. A pension plan given by management, of course, management can take away at any time. A pension plan that has been procured through union negotiation may or may not have a provision in which the employee would have a vested right, but in a considerable number of insurance plans that have been written the employee has had no vested right.

Mr. RICH. Mr. Chairman.

Senator SPARKMAN. Mr. Rich.

Mr. RICH. I just wanted to ask in reference to these corporations that had their pension plan, if they paid money and put that in a trust, then, of course, the individual employee would secure the benefits from that trust, would he not?

Secretary TOBIN. No. In most cases, if the insurance is a company plan in which they have deposited money into a fund, or whether it is insurance which they have purchased from a private insurance company, in a considerable number of cases when an employee leaves the concern or is dropped for any reason whatsoever, he leaves without any compensation from that fund. It is usually merely an old-age pension. If you are working on the date of your sixty-fifth birthday, or whatever the age may be, you will then get a pension from that day on.

Mr. RICH. If the individual is working for a corporation and the corporation sets up this trust in some bank, in a trust fund, most of those trust funds are generally invested in securities that are set aside by the law for trust funds. So that all the income that would come from those trust funds, the corporation would have nothing whatever to do with. Therefore, any pension that would be due the individual should be paid from the trust fund, should it not?

Secretary TOBIN. Supposing the employee leaves at the age of 50, or is laid off for business reasons.

Mr. RICH. If that employee leaves the corporation, naturally he loses, or I would presume he would lose his rights in his trust fund.

Secretary TOBIN. He would have no rights. Or, on the other hand, suppose the employee was laid off at the age of 55.

Mr. RICH. Is it not just as important that the corporation who employs an individual, or the individual who employs another individual, figures that it is his duty as far as possible to give that individual work until he becomes 65 or 75, for that matter? Then he has the same responsibility to the employee that the employee has to the employer. It ought to work both ways. So that either one of them, if they are giving satisfactory service and they stay in the employ, and this trust fund was in there, the man would receive the benefits derived from the trust fund, would he not? The corpora-

tion could not take it away from him because it is put in trust for the individual, to pay this pension, and the corporation does not have anything to do with it.

Secretary TOBIN. There are very few such plans.

Mr. RICH. I know of some that are in existence. And I say that kind of a plan is all right.

I do not want to take up too much time here, Mr. Chairman, because you have not allotted it to me.

Senator SPARKMAN. You go right ahead.

Mr. RICH. One other question from the Secretary on this point.

You say that you are interested in the Federal Government carrying all the insurance so you know the individual is going to get the benefits?

Secretary TOBIN. No; I did not say all the insurance. I say these plans are fine as a supplement to a sound policy in which there is real and genuine protection for every American worker. And I say also that I think if we had a realistic, practical, old-age-insurance system, it would be a great help to a great many of the employers, the business organizations.

Mr. RICH. What do you think of the bill that the House passed this last session as a start to your ideals?

Secretary TOBIN. I would say that the bill passed by the House at the last session was just about as realistic as the bill that was passed in 1935, and that if the Congress had courage enough in 1935, with a \$57,000,000,000 income to pass the kind of old-age-insurance act they did pass, that the Eighty-first Congress in 1949, with a national income of \$225,000,000,000, ought to pass an old-age and survivors insurance program that would do more than merely increase the amounts on the basis of the increased cost of living for the period. And that is approximately what the House did.

I am delighted to see the progress that has been made in the House, but I think if the Congress were to follow the recommendations that were made by the advisory committee, which comprised employers, employees, and professional economists in the field of education, and the public, that there would be a better law than even the one passed by the House.

Mr. RICH. Supposing that we eventually get to your ideals in that, in order to do that, the Government collects both from the employees and the employer, and that money is supposed to be set aside in a fund to pay the expenses or to pay the pensions as they come due.

Secretary TOBIN. That is correct.

Mr. RICH. Now supposing the Government takes that money that is put in this fund and they spend it, and they do not have any fund to set aside for the purpose of looking after this old-age survivors pension, what do you think of that?

Secretary TOBIN. That is not the way Congress wrote the law, and I do not imagine Congress would write it that way again. There is a fund and the money is in the fund.

Mr. RICH. We have dissipated it. Where is it? We do not have it.

Secretary TOBIN. You hold securities of the Government of the United States.

Mr. RICH. Well, we have Government securities, but the Government securities—we are going in the red. We will go in the red this year seven to ten billions of dollars. If we keep that up, where do we have it? We have already spent it.

Secretary TOBIN. The soundest investment in the whole civilized world is the United States Government bond.

Mr. RICH. If we kept on with the deficit spending—

Secretary TOBIN. We would all like to see the day, no one more than myself—I have been in Government a long time and I have a record of balancing budgets. But this is an entirely different situation. We are preserving the peace of the world. I think that every Member of Congress, particularly after the trips they have made over the world, appreciates the disturbed situation in which we find ourselves. If we had the same spirit on the part of all the nations of the world that we thought we would have at the termination of the war, instead of having a \$42,000,000,000 budget, I believe we would have one substantially under \$30,000,000,000, one in which we would not only have a reduction in taxes for the American taxpayer, but a substantial amount of money available for the paying off of the debt.

The unbalanced phase of our Federal budget can be attributed to two things: The tax law that was enacted in the Eightieth Congress against the advice of the President; and, secondly, the disturbed world situation in which approximately \$15,000,000,000 of the American taxpayers' money is going for the purpose of preserving peace.

And if we could have, as I stated earlier, the same situation, the same approach to world problems that we in the United States take, and the desire on the part of all nations to try to settle differences in a peaceful manner, we would have a balanced budget and we would have substantial tax reduction and still have money available for the reduction of the Federal debt.

Mr. RICH. Supposing this kept on for a continued number of years. And as Mr. Hoffman said, it is going to be necessary for us to support these governments for years to come.

Secretary TOBIN. I thought ECA said they thought they could complete the program in a period of 5 years.

Mr. RICH. He said it would be necessary for us to spend \$2,000,000,000, as I understand, a year even after this program is completed. That is a lot of money.

Secretary TOBIN. That would be substantially below the 4½ to 5 billion we have been spending in the last several years.

Mr. RICH. I think it is going to be necessary for us to be very vigilant if the money collected for social security is ever going to be used for that purpose.

Secretary TOBIN. The money collected for social security would be used for that purpose.

Mr. RICH. If you do not have it, you cannot use it.

Secretary TOBIN. Well, I think there are about \$11,000,000,000 in that fund at the present time.

Mr. RICH. Yes, but we have spent it. We do not have it. You do not have it. It is not here, it is gone.

Secretary TOBIN. Well, you have security for it.

Mr. RICH. Well, security, yes. That is what we are talking about—security. We are talking about security, but after awhile when you are able to collect, you cannot pay.

Secretary TOBIN. All I can say to you is these are disturbed times in the history of the world, and there is a great challenge to America to meet the responsibility and difficulties of this situation.

Mr. RICH. That is what I am trying to raise. I feel that we have got to be very conservative. In other words, if any insurance company or any business collected money for the purpose of putting it out for the protection of its employees and put it in a trust, that money, we ought to know, is always there for that purpose; that anybody that would take any of those trust funds would be put behind the bars. But here we in the United States spend that money and let it go by the board, and we do not keep it. I mean Congress, I mean from the White House down to all authorities that we have in our Government. And I think it is wrong.

I am sorry to take so much time on that, Mr. Chairman.

Senator SPARKMAN. That is all right.

Secretary TOBIN. By provision of act of Congress the fund is restricted to investment in the securities of the Government of the United States, and those securities are on file in the custody of the Government.

Mr. RICH. And all of our banks, all the bankers in the country, are investing more money in Government securities than anything else because they know they will be exempt from anything wrong if anything happens.

Senator SPARKMAN. Mr. Huber.

Mr. HUBER. I think, Mr. Secretary, as long as these hard-headed businessmen who run our banks are anxious to take on Government bonds, we can rest assured they are pretty well satisfied they have a good deal.

Going back to this pension plan, is it not true, Mr. Secretary, that many of these pension plans, for instance, in them the employer can elect to cover only the new employees, or maybe only the old employees, maybe only the females, and maybe only the males. There are so many variations it does not give broad coverage to any group of people.

Secretary TOBIN. You are very right. While there are thousands of private pension plans set up by private companies and corporations, many of them are of a selective nature. Some of them cover merely executives, some of them cover different classifications of employees, and others, of course, cover all employees.

But the great bulk of these pension plans are one-sided in that they have been set up by management, they are controlled by management, and can be withdrawn by management if management so desires.

Mr. HUBER. I was interested in the question of Senator Flanders about these people depending upon their savings. I think I should point out that a great many of these people did not have savings a few years ago. That is, part of this so-called welfare state is Federal guaranty on deposits whereby the old couple could each have \$5,000 they know they can get.

I think you have given us a very fine statement, Mr. Secretary, and I think it can be a guide to this committee in the purposes we wish to accomplish. I think we can use it as sort of a handbook.

Senator SPARKMAN. Let me go back to the pension again. I think perhaps we may be dwelling a little too much on a segment of our economy a little above the one we are really concerned with.

Secretary TOBIN. That is right.

Senator SPARKMAN. But nevertheless, since we have brought the pensions so much into discussion, let me see if I get this clear.

You maintain that by no means should the private pension plans be regarded as displacing the social security insurance plan?

Secretary TOBIN. Right.

Senator SPARKMAN. However, you do not disparage the industrial pension plan?

Secretary TOBIN. No. I want to have that very clear.

Senator SPARKMAN. I thought we wanted that clearly understood.

Secretary TOBIN. I only pointed out the weakness in the plan and the false impression that might be in the minds of so many American workers that they had absolute security when there are so many hazards between now and the days they reach the age of 65; whereas, if we had a sound old age and survivors insurance system under which a realistic payment was made, they would have a guaranty. Then any supplement to that by private plans, I would say, would be fine.

Senator SPARKMAN. As a matter of fact, we should look with favor upon the establishment of industrial pension plans and upon making them better and more secure.

Secretary TOBIN. Making them better and making them more secure, but to be positively sure that the greatest guaranty to the American in old age is a sound Federal insurance system.

Mr. HUBER. Assuming, Mr. Secretary, every industry had a sound pension system in effect, would not all the people be paying for it anyhow?

Secretary TOBIN. Of course it would come out of the general income of the whole economy; there is no question about that.

Mr. HUBER. That is right.

Senator SPARKMAN. Another thing I do not want to dwell on, but I believe the record ought to show it. You say that under the law the Social Security funds are properly invested in Government securities?

Secretary TOBIN. That is correct.

Senator SPARKMAN. I am not a financier, but would it be practical or feasible just to sterilize those funds and hold them there in the bank vaults, in the Government vaults waiting to be paid out in kind?

Secretary TOBIN. Of course, you then would not be getting any interest on them. And the total debt of the United States is now in the hands of banks and the public, insurance companies, industrial concerns, and also in the Federal old-age and survivors insurance funds.

Senator SPARKMAN. And these securities which stand for the moneys that have been paid in are carried as a part of our national debt?

Secretary TOBIN. Correct. Yes, as a part of our national debt.

Senator SPARKMAN. The securities are?

Secretary TOBIN. Yes, that is correct.

Senator SPARKMAN. Getting back to some questions regarding the low-income people. I want to add my word of commendation for the very fine statement you have given us. I have hurriedly gone through the whole statement and I enjoyed your summation of it.

You point out, I think, some very hopeful signs there with reference to the progress that has been made in recent years.

There was one thing particularly interesting to me, and it was the manner in which the low-income people had improved their position generally in much greater proportion than the high-income people.

Secretary TOBIN. That is correct.

Senator SPARKMAN: How do you explain that?

Secretary TOBIN. It can be attributed largely to three things: First, the NRA in 1933, with the establishment of the 25-cent-an-hour minimum; then the passage of the Wagner Act which guaranteed the right of workers to band together in collective organization, and the requirements that their employers deal with their elective representatives.

Thirdly, after the NRA was declared unconstitutional, the passage of the fair labor standards law, setting up a 25-cent minimum in 1938, which was raised to 40 cents in all industries by industry committees, in 1944.

I think, Senator, one of the best and most graphic examples I can give you is this: We have at home a big volume study of the freight handlers and track workers of the seven southeastern railroads in the year 1938 that reported wages from 8 cents an hour to approximately 45 cents, with an average in the vicinity of 20. Now those workers under a contract effective on the 1st day of September of this year will get \$1.18 cents an hour. So you can see these workers were unable to make any contribution to the prosperity of this economy. They lived under conditions that certainly must have been deplorable. And now due to two things—first the impetus given by the fair labor standards law, the minimum wage law of 1938, and the right to band together in unions, they have elevated their standards of living to the point where they are now getting \$1.18 an hour.

That is one of the graphic examples of how the very lowly paid in the country have been elevated as a result of some of the programs enacted in recent years and that contributed to the great upsurge in the actual buying power of what was formerly the low income group of the country. I mean formerly the very low income group. They are up now to a much higher standard than they enjoyed. But still, when you have four million-odd-thousand families under \$1,000 a year, and better than 5,000,000 between \$1,000 and \$2,000, there is much yet that can be done. But a tremendous amount of progress has been made during that period of time.

Senator SPARKMAN. Do you feel that the minimum wage law should be expanded?

Secretary TOBIN. What I would like to see done is to go back to the principle that was established in 1938 when industry committees had a right to elevate the wage level from 25 cents to 40 cents, and be given the right, industry by industry, to consider what the industry could stand and to proceed to elevate it gradually from 75 cents to a dollar. I think that would be a realistic approach.

Senator SPARKMAN. But have that done upon the recommendation of the industry committee?

Secretary TOBIN. Industry committees, yes.

Senator SPARKMAN. Made up of men in that particular industry.

Secretary TOBIN. The membership of industry committees consists of representatives of the employers in a given industry, representatives of the trade-union group, and then public members. And more than half of all the decisions that were arrived at were unanimous during that period of 1938 to 1944. In other words, the public members, the employer members, and the employee members were in unanimous agreement as to the wage level that should be the minimum for the industry.

Senator SPARKMAN. Mr. Secretary, how many States have a minimum wage law?

Secretary TOBIN. Of their own in intrastate, there are not a great many—26.

Senator SPARKMAN. Twenty-six?

Secretary TOBIN. Yes, and the District of Columbia. I think there is a minimum wage law in Hawaii, Alaska, and Puerto Rico, also.

Senator SPARKMAN. Mr. Secretary, we know that unemployment frequently occurs in spots—spotty throughout the country. Perhaps in some area the labor market is tight and in other areas there is a great deal of unemployment.

Ordinarily it is this low-income family that cannot move from the unemployment area to the one where there is a supply of employment, or if he does move, we soon find we are caught up in the Dust Bowl tragedy of the late thirties.

Secretary TOBIN. The days of the "Okies."

Senator SPARKMAN. Now what is being done, if anything, within the United States Employment Service to overcome those difficulties?

Or, I might put it this way: Is any recommendation being contemplated for legislation to enable people to be transported to jobs?

Secretary TOBIN. There was legislation before the last Congress to that effect. Senator Murray's name was on the bill—S. 281. It was supplementing the Full Employment Act of 1946. But beyond that I do not know of any proposal in Government, or recommendation before the Congress for the movement of people from area to area along those lines.

Under that bill there was provision for the transportation of the family, and I think there was a method of repayment to be made, except from chronically depressed areas.

Senator SPARKMAN. I just started to suggest, Mr. Secretary, it might be proper to say Senator Sparkman's name was on the bill.

Secretary TOBIN. I should have said Senator Sparkman's name was on that. I am very sorry.

Senator SPARKMAN. I believe I introduced the bill.

Secretary TOBIN. You are right. My humblest apologies.

Senator SPARKMAN. I was wondering, though, if perhaps I might be putting in a plug for at least a part of that legislation called for under that bill and bidding for administration support. And I was wondering to what extent the administration was contemplating such action as that.

Secretary TOBIN. I would certainly be delighted to sit down with the Senator who has such an able mind in such matters—

Senator SPARKMAN. You have fully made up for your previous answer.

Secretary TOBIN. I would be delighted to support such a program, because there are areas in the country—take one-industry communities, where if the one industry goes out people are almost helpless. I have seen the situation many times in my life, and ordinary remedies will not correct such a situation.

Mr. HUBER. May I ask a question?

Senator SPARKMAN. Mr. Huber.

Mr. HUBER. On this minimum wage, Mr. Secretary, the argument is so often brought up that—for instance, I am in Ohio and I say State A, a Southern State, there it is not necessary for a person to

buy any winter clothing for himself and family, and the cost of living is so much less there it could not justify this minimum wage. What do you say about that?

Secretary TOBIN. If you look at the cost-of-living tables, there is not a great differential over the country.

Amazingly, the great difference in our studies in 34 cities—the main differential for over-all cost of living—was housing. You ought to see the weighted table—the factors that went into it; it is very interesting. It averages out an overcoat for a man about every 8 years and a felt hat every 3 years, and so forth. But the great differential was in housing.

Mr. HUBER. That is what I was thinking.

Secretary TOBIN. And in clothing and the like there is not a great range. There is hardly a part, Senator Sparkman will tell you, in his State where people do not have to have fuel in the wintertime the greatest proportion of the time—maybe not in the southern portion of it.

The arguments advanced that you do not need fuel, you do not need a foundation under the house, and the like, might be true as regards Florida but hardly any other section of the whole South. Probably right along the Gulf for a hundred miles up, maybe, but for the rest of your State you have pretty cold temperatures in the winter, do you not?

Senator SPARKMAN. I have seen it 10 below zero in my home.

Mr. HUBER. And you need coal, then.

Senator SPARKMAN. We use coal.

Mr. HUBER. I can recall this committee, during the Eightieth Congress, under the Baldwin resolution on the cost-of-living studies, found in Portland, Oreg., despite the fact the dairy farmers there did not need barns—the cows were in pasture all the time—the cost of milk was still only 1 cent less than the national average at that time.

Senator SPARKMAN. Of course, there is no weighted differential and has not been since the inception of the Minimum Wage Act. Is that not right—none recognized by the law?

Secretary TOBIN. There is no wage differential recognized, and, of course, everyone in interstate commerce will now, after the 25th of January, have to pay 75 cents an hour as a minimum rate.

But under some of our determinations, such as those made under the Walsh-Healey Act, there is a differential in different areas of the country that is founded on the prevailing minimum rate to be found in an industry.

But one of the greatest levelers is the right to free collective bargaining, the right of workers to band together, and the requirement of management to deal with them.

And I would say that union membership has rested at a figure of about 15,750,000 for more or less a period of 2 years, showing that the Taft-Hartley law has had its effect in the prevention of union organization.

Mr. RICH. Mr. Secretary, with reference to this minimum wage in interstate commerce, what is done, or what is being done, or what can be done to put all the people under that minimum wage? I imagine probably half of the people are not covered, and probably more than half. Would you know the percentage?

Secretary TOBIN. I would say that probably 45 percent or better of wage earners are covered. About 22,000,000 workers are covered.

We have about 15,000,000 factory workers in the country. These are covered. Then in trade there are certain provisions under the law—I would be delighted to have this, and I proposed it, all we would have to do, if you will join Senator Sparkman and put just this one phrase in the law, "affecting commerce," you will cover everyone practically in the country. That is all you need.

Mr. RICH. If it is good for one class of people, why is not good for all?

Secretary TOBIN. I did my best to convince the committees of both the House and Senate that would be a sound approach to it.

Senator SPARKMAN. But getting back to the number, did you say there were about 22,000,000 covered?

Secretary TOBIN. There are about 22,000,000 employees covered under the law.

Senator SPARKMAN. And that is 22,000,000 out of about 50,000,000?

Secretary TOBIN. Nonagricultural?

Senator SPARKMAN. With nonagricultural, it would be about 50,000,000—22 out of 50.

Secretary TOBIN. We have about 63,000,000 potential workers in the country.

Senator SPARKMAN. Including agriculture?

Secretary TOBIN. Close to 60,000,000 working now. That includes, say 8½ million in agriculture.

It includes—

Senator SPARKMAN. Military?

Secretary TOBIN. Yes, the military; and the self-employed. I would say we probably have working for salaries and wages well above 40,000,000 people in the country, including all workers not covered as well as those covered.

Senator SPARKMAN. Added to that would be those that are covered by the 26 State laws?

Secretary TOBIN. Yes.

Senator SPARKMAN. I do not mean covered by the Federal law but by some kind of a minimum wage law.

Secretary TOBIN. Well, some of the State laws cover only women.

Senator SPARKMAN. Yes.

Secretary TOBIN. And some of the State laws cover both men and women. Then they establish the rates usually by industries. And some of them are not very helpful, they have pretty low standards.

But, nevertheless, the principle is there.

I would much rather take the Congressman's position and change the existing law to put in "affecting commerce," and then I believe we would bring in the great bulk of the workers.

Mr. RICH. Does it not make it more difficult for those who are not under it now since we have it for certain segments of industry, make it more difficult for those in the low-income groups now to exist?

Secretary TOBIN. That is true.

Mr. RICH. In other words, it may help some few people but it is a hindrance to others?

Secretary TOBIN. That is right. And then there are special exemptions written in the law excluding this classification and that one.

Mr. RICH. I have another question, Mr. Chairman.

Senator SPARKMAN. Go right ahead.

Mr. RICH. Mr. Secretary, in this old-age and survivors insurance, I listened very intently to your statement in reference to your thought that the Federal Government was the one that should have the principal insurance. And then you made the statement that we are writing today more group insurance by companies.

To your knowledge were there any companies or corporations who carried their insurance with insurance companies and like the industries you spoke of that went out of existence, or in bankruptcy, that could not meet their obligations?

Secretary TOBIN. No, I know of no such companies. You see this great trend has come for a long period of time. About 1900 the first industrial companies started pension plans. They were quite moderate. And around the time of the First World War quite a few additional companies set up old-age pension plans. I suppose at that time it was as an incentive to hold help when the inclination was to move from place to place.

Then there has been a decided surge in that direction in the immediate postwar period following World War II. And I do not know of my own knowledge of a single insurance company carrying that kind of insurance that failed during the period.

Mr. RICH. Then if the corporations would go to these insurance companies and pay their premiums to them, and let them carry it, they naturally would leave the benefits accruing to them over a certain period of time until all the funds were exhausted, at least.

Secretary TOBIN. Let me point this out to you: It would cost the company for the voluntary insurance policy much more to give the worker a vested interest in the policy than to have just an old-age, retirement insurance policy in which the employee had no vested interest, because in the writing of the rates the insurance companies would, from an actuarial point of view, determine the number of people who will leave employment, and the number of people who would pass away prior to arriving at the age of 65. So that the rate that the company has to pay is a decided factor in the kind of policy it is going to give to the employees.

Mr. RICH. Yes.

Secretary TOBIN. And that is why many of the policies were written with no vested right in the employee, with complete control of most of the insurance systems in the hands of the employers.

Mr. RICH. The employee received a policy for those benefits. And if he received a policy, certainly the insurance company, if they do not go broke, ought to make good.

Secretary TOBIN. Supposing there is a clause in that policy that merely says, "If you are with the company at the age 65." If the company is out of existence at the time, if the company has gone bankrupt, if it goes into the hands of new owners and they decide to abandon the policy, or if the man decides to change his job, there is no equity of any kind the moment any one of those happen.

Mr. RICH. I do not suppose everything can be covered in an insurance policy. If you do it makes it complicated and difficult. You have got to have rules and regulations in any good-regulated business.

Secretary TOBIN. If you want to give protection to the average American, a sound system is the old-age and survivors insurance sys-

tem under Federal security. There if the employer goes bankrupt, he still has it. If he changes his job, he still has his protection.

Mr. RICH. Did I understand you to say a while ago that when a man becomes 65 you felt it was his duty to relinquish his job?

Secretary TOBIN. Oh, no; I did not say that. I said there should be every encouragement to a man or a woman who has reached the age of 65 to carry on.

Mr. RICH. That is right. I think so, too, and I misunderstood you then, because I was afraid you said when a man became 65 he should give his job up to somebody else.

Secretary TOBIN. I said that one of the motivating factors behind the enactment of the old-age and survivors insurance in 1935 was the hope that eventually people reaching the age of 65 would be encouraged to leave the labor market.

Mr. RICH. I am glad to have that cleared up.

I have one other question, and that is in reference to the low-income families.

Do you find them mostly in the cities or in the country? Is there any differential between the percentage to any great extent?

Secretary TOBIN. Well, I will get that answer for you; I have not got it.

But of the income families below \$2,000 in the rural areas—and this is not a direct answer at all—20 percent of those families have as a family head a person over 65 years of age.

Could you answer that question, Mr. Stewart?

Senator SPARKMAN. I believe it is given in our committee study.

Secretary TOBIN. I think it is.

Senator SPARKMAN. I believe we can find it in there. It is on page 10, table 2.

Mr. RICH. Mr. Secretary, yesterday it was stated here that there were 5,500,000 families that did not have wage earners, and 3,000,000 people that were out of work, who either did not want work or else could not find jobs.

Can you give us the percent?

Secretary TOBIN. You have got 59,500,000 people right now, as of November report, gainfully employed in the United States. And I think there are 3,400,000—I am drawing on my memory—who are unemployed.

Mr. RICH. 3,400,000?

Secretary TOBIN. Yes.

Mr. RICH. I think they said 5,500,000 families did not have a wage earner.

Secretary TOBIN. You take all of your people under old-age and survivors insurance, all of your aid to dependent children cases—under that system it is the desire to have the mother remain at home with her children rather than go to work—all of those families would not have a breadwinner, and all of those on old-age assistance, which is the charity form of help. So that if you took your 3,400,000—I think that table is in here also.

Senator SPARKMAN. Table A-2, page 62.

Secretary TOBIN. Head of family not in the labor force, 5,520,000. That would take in all forms of old-age assistance, old-age and survivors insurance, aid to dependent children, where in most cases you would have no father as the head of the family, you would have a

mother or invalid father. And then cases of probably the physically handicapped and unable to work, which make up that total.

Senator SPARKMAN. The 5,500,000, according to the table, are not included in the labor force.

Secretary TOBIN. No.

Senator SPARKMAN. None of them are in the labor force.

Secretary TOBIN. None of them would be in the labor force because anyone in the labor force is someone who desires a job and is capable of work.

Senator SPARKMAN. That is given in another column.

Secretary TOBIN. Yes.

Mr. RICH. A statement was made here yesterday, Mr. Secretary, that 3 out of every 30 pupils that go to school find themselves at some time in their life in an asylum; that they were not mentally fit. And they stated there were 2,500,000 children that were not educated.

Secretary TOBIN. You mean 3 out of every 30 children?

Mr. RICH. That would be 10 percent of our children that go to school eventually find themselves in an asylum.

Secretary TOBIN. You mean during the whole span of life?

Mr. RICH. During the whole span of life.

Secretary TOBIN. That is a figure which I am not familiar with, but I do know out of our 140-odd million Americans, approximately 1,000,000 Americans are in mental institutions of one kind or another during the course of every year. That might be for observation for a short period of time, and a percentage of them are permanent inmates.

Mr. RICH. Mr. Chairman, may I insert in the record at this point a statement that was given to me in reference to that and gives the data and where it was gathered?

Senator SPARKMAN. Yes.

Mr. RICH. It is:

The Statistical Abstract of the United States, 1947, reports at page 57, that in 1940 the number of inmates 14 years of age and over in the mental institutions of the United States totaled 591,365. This is less than one-half of 1 percent of the population over 14. Of the number reported, 342,945 were single persons, 178,554 married, 49,310 widowed, and 20,556 divorced. In the age grouping the largest number were in ages 45 to 54 years with 129,530, and 35 to 44 years with 119,183. Males made up 317,812, and females 273,553. Most of the inmates came from the North, 402,470, and the South had 129,852. City folks and rural nonfarm dwellers accounted for about 90 percent of the total inmates while only 48,358 were reported as coming from rural-farm communities.

In 1944 the number of patients in hospitals for mental disease was reported to be 501,751 at the beginning of the year and the rate per 100,000 of estimated populations was 363.4. This means that the average rate is 3.634 per thousand or .3634 per 100 of the population. It is true that the rate of mental cases has been growing. In 1923 it was 241.7 per 100,000; in 1931 it was 273.0 per 100,000, and the peak was reached in 1943 when the rate was given as 365.4 per 100,000.

From the statistics we have at hand, it does not seem probable that the statement of Mr. Thurston can be justified.

PAUL O. PETERS.

Secretary TOBIN. The figure of 3 out of 30 seems to me to be a very high figure.

Mr. RICH. It seems so high to me I just could not believe that was the case, and I thought maybe you had some information with reference to that.

Secretary TOBIN. No; I have not.

Senator SPARKMAN. I heard Dr. Oberholtzer quoted this morning as saying it was substantially correct.

Secretary TOBIN. If Dr. Oberholtzer said so, it is accurate, because he is one of the ablest men in the field.

Senator SPARKMAN. The statement, if I may say so, was just used as a typical class of 30 students, and in it 3 out of 30, or 1 out of every 10 of our school children in the United States were destined to spend at least a part of their lives sometime in a mental hospital.

Mr. RICH. When is our time coming?

Senator SPARKMAN. Maybe we should have been there already and we passed it over.

Secretary TOBIN. I have the statement.

Senator SPARKMAN. Is that the statement that Mr. Thurston gave?

Secretary TOBIN. Yes. [Reading:]

It is estimated that 3,000,000 of the 30,000,000 children now in school suffer from serious emotional and behavior problems.

Senator SPARKMAN. Read the sentence above that.

Secretary TOBIN. I will read the whole paragraph.

As to preservation, we have hardly scratched the surface. Basic research in child development is a major gap. Nobody really knows how many millions of children are mentally or emotionally maladjusted but estimates by some authorities are appalling. Perhaps three children in every average classroom of 30 pupils are destined to spend part of their lives in a mental hospital.

Senator SPARKMAN. That is the statement.

Mr. HUBER. I think the alarming thing on that, Mr. Chairman, I assume those are in many of the States where they have facilities for institutional care. And there are probably many more that never come to the attention of any institution—many of those that are perpetrating the wave of sex crimes going on in this country today.

I was thinking also about the low-income group here in social security. Can we not assume all indigents, either those who will not work or cannot work, have at least to some extent social security, and we are not going to let them starve? And they are going to be looked after and also have socialized medicine, or a national health plan, or some protection at least; that they are going to be hospitalized eventually?

Secretary TOBIN. I have been a mayor and a governor, and I am somewhat familiar with some of these problems, but that would be a better question to be answered by someone from the Federal Security.

I know in my own State that the statement you have made about their being cared for would be true. I am not sure that would be true in all States.

Senator SPARKMAN. Mr. Secretary, I have one more question, and we will quit.

Going back again to pensions, you said that in 1935 the Congress passed the original social-security law, and at that time they took a pretty bold step.

Secretary TOBIN. Yes.

Senator SPARKMAN. And that now if we would be equally bold, we would go beyond what the House proposes?

Secretary TOBIN. Yes.

Senator SPARKMAN. Let me ask you three things: What is the average pension under the present social-security law? What would

it be if the House-passed bill should be enacted into law? And what do you think it ought to be?

Secretary TOBIN. I would like to give you the figures on that, but as I remember it, the average payment to an individual is something under \$30; the average payment to a man and wife is somewhere in the vicinity of \$500 a year. That would be under \$30 a month for the individual, as I recollect it, and for the man and wife approximately \$50.

Senator SPARKMAN. We have it here. Monthly benefits averaged about \$25 to a retired worker. That is as you said. And \$40 to a family consisting of a retired worker and a qualified wife.

Secretary TOBIN. Yes.

Senator SPARKMAN. And \$21 to an aged widow; \$36 to a widowed mother and one child; \$50 to a widowed mother and two children; \$53 to a widowed mother and three or more children.

I wonder if you could translate those figures into reasonably comparative figures under the House bill?

Secretary TOBIN. I think the House bill approximately raised those figures by about 70 percent, and in addition broadened the coverage to cover about 11,000,000 additional people who are not now covered.

When I said it should be more realistic—I think if in 1935 they had the courage to do this, it should be raised by more than 70 percent—that raising it 70 percent is only giving to the beneficiary exactly the same living standard he had in 1935; that in view of the fact the range in the 34 cities studied for, shall we say, without luxuries, just very ordinary living, a couple required, an old couple, from \$1,400 to \$1,800; that we should attempt to have \$100 pensions under sound insurance, probably with a contribution from the Federal Government. Because, remember, we are at the present time spending almost 1½ billion dollars in separate welfare, which is double the amount of money paid under old-age and survivors insurance. And that is straight outright.

If we had a program sufficiently broad in scope, you would take in probably 90 percent of the people in the country under the insurance program, and the payment under welfare assistance would be decidedly smaller than it is at the present time.

I would like to see an approach made to at least \$100 for the breadwinner, the retired breadwinner.

Senator SPARKMAN. You say we are paying a billion and a half for pure welfare?

Secretary TOBIN. Yes.

Senator SPARKMAN. Do you mean the Federal Government?

Secretary TOBIN. No; about half of that comes from the Federal Government. These are round figures. And half is matched by the States and the local communities.

Senator SPARKMAN. You refer to the old-age pension?

Secretary TOBIN. Old-age assistance—straight aid.

Senator SPARKMAN. Dependent children, blind?

Secretary TOBIN. Only old age, without any reference to blind, without any reference to aid to dependent children, which is an entirely separate program. The straight appropriations made by the Federal Government, the States and local communities are approximately a billion five hundred million for old-age assistance, without any consideration whatsoever for insurance.

Senator SPARKMAN. By the way, Mr. Thurston, yesterday in testifying, said an elderly couple in any 1 of 13 cities—I presume that is the same survey you are speaking of—would need around \$125 to \$150 a month to maintain a minimum adequate living standard.

Secretary TOBIN. That is right.

Senator SPARKMAN. Then he went on to say, if I recall correctly, that maximum family benefits provided for under the House bill were around \$150 a month, but that the average would be about \$86. I do not see that in here, but that is my recollection.

You think the average should be about \$100.

And Mr. Thurston also recommended that the amount a pensioner could earn should be increased from \$15 a month to \$50 a month. So apparently your figures and his are not so far apart, are they?

Secretary TOBIN. I have not the figures here with me to show. He is referring to the House bill?

Senator SPARKMAN. Yes.

I do not find those figures in his statement right now, but that is my recollection that he said the maximum under that bill was about \$150, but that the average would run about \$86.

Secretary TOBIN. I do not think it would be for an old couple. I think that payment would have to be for—

Senator SPARKMAN. A family with dependents?

Secretary TOBIN. Yes.

Under the old set-up the highest payment would go to a widow with three children, which gave her \$53 under the present set-up as it exists today. This was the benefit based on June of 1949.

Another factor in these considerations is always increased productivity of the whole economy, and over the history of the United States we have averaged about a 2-percent increase in productivity, which enables the economy to stand that much of an increased wage without an increase in the cost of products. And likewise it would enable us to carry a comparable increase in pensions.

I do not have the statistics under the House proposal. I would rather get those statistics and present them to the committee because I am drawing on my memory at the present time.

Senator SPARKMAN. I would be glad for us to have them.

Are there any further questions?

Mr. HUBER. No.

Senator SPARKMAN. Thank you very much, Mr. Secretary. We appreciate your coming and you have given us much food for thought. (The prepared statement submitted by Secretary Tobin is as follows:)

PROBLEMS OF LOW-INCOME FAMILIES: PROGRESS AND PROGRAMS

(Statement of Maurice J. Tobin, Secretary of Labor, before the Subcommittee on Low-Income Families, of the Joint Committee on the Economic Report)

The Joint Committee on the Economic Report has performed a valuable service in bringing forcefully before the public the problems of low-income families as a part of the general study of economic policies and programs. The facts and the analysis presented in the two preliminary reports of the Subcommittee on Low-Income Families constitute valuable guides to public thinking on these matters. The American people enjoy a level of living that is generally unequaled elsewhere in the world, but we still have many families who have incomes insufficient to achieve a standard of living which we regard as a desirable minimum for a good life in our society.

The progress we have made in the last decade reflects in part the higher level of employment that now prevails compared with the period of the thirties. High levels of regular employment provide an indispensable basis for improvement of the economic conditions of all the people, particularly the families in the lowest third of the income structure. But beyond that, the improvement of the living conditions of disadvantaged groups depends upon social policies directed to remedying situations which may continue to exist even though we maintain high levels of employment and general prosperity.

These problems are not new. The record of recent years is the record of our attempt as a Nation to deal with them.

It is worth noting, as history testifies, that poverty may persist with economic stability, and also with economic growth. Subsistence economies have a great deal of stability, but at a very low level of real income. In the United States we have experienced rapid economic growth, as a result of which the general level of living has been raised for the whole population. This growth, however, has been accompanied by a great deal of economic instability, as represented in the past by recurring depressions. We now seek both growth and stability and, at the same time, the elimination of poverty.

The Employment Act of 1946 is noteworthy as the formalization of our determination, as a Nation, to maintain the general economic basis for a high level of national income and family purchasing power. We cannot succeed in this by legislative resolve alone; the work of the Joint Committee on the Economic Report is evidence of our day-to-day determination to make this objective of economic stability and growth a reality in fact. Prior to the war and since, we have taken many actions to strengthen our economic structure and to minimize the chances of recurring depression and the consequent unemployment and loss of family income and security. Supplementary to these measures, we have undertaken other programs specifically designed to accomplish those objectives of social policy which cannot be accomplished solely by economic stabilization and long-term economic growth.

ADEQUATE STANDARDS OF LIVING

Before we consider what needs to be done and what has been done in recent years in dealing with the problem of low-income families it would be useful to the committee, I think, to discuss the criteria by which we try to determine whether a given income is adequate or inadequate to achieve a socially approved standard of living. Obviously, what may be regarded as adequate in one generation may be somewhat less than adequate in a later generation.

Family incomes of less than \$2,000 were taken in the subcommittee's report as a measure of low urban-family income. Considerable care was exercised in qualifying this admittedly crude measure of what constitutes a low-income family. Some families in this group—small families, for example—may be better off than other families with a larger money income.

These questions of standards bear on the determination of the adequacy of old-age pensions and forms of public assistance. They are basic also for appraising generally the welfare of low-income families in terms of their annual income. It is important, therefore, to know whether there is any rational approach to determining adequate family budgets consistent with socially acceptable standards.

The Bureau of Labor Statistics has studied the question of family budgets for more than half a century. Their latest exploration in this field, which resulted in the publication in 1948 of the study on the City Worker's Family Budget, provides valuable clues to the answers to this question in terms of varying family composition and varying conditions and prices in a large number of cities.

The City Worker's Family Budget was prepared in response to a suggestion of the Labor and Federal Security Subcommittee of the Committee on Appropriations of the House of Representatives. The Bureau was directed "to find out what it costs a worker's family to live in the large cities of the United States." This required first of all a defining of the manner and level of living that a worker might reasonably expect according to our present American standards, and then pricing, in each city, the budget of goods and services needed to maintain a typical family at that level.

The budget was described in terms of the goods and services needed to maintain a family of four—man, wife, and two school children—on a modest but adequate level of living. This budget provided them with the necessaries for health, efficiency, a good upbringing for the children, and participation in the social activities of the community. While it is not a minimum or maintenance budget, neither is it an ideal or luxury budget. It does not represent a few individual notions of what workers should have; rather it is based on the kinds of goods and services workers' families in the United States actually buy. It counts as "necessaries" those things which Americans have come to expect; a comfortable home; a well-balanced, palatable diet, yielding the required nutrients; adequate transportation; clothes appropriate for dress and work; medical care; personal care and recreation that are a part of the present-day mode of living in American cities; and, of course, taxes. It does not provide any savings, other than a modest life insurance policy.

The housing standards adopted for the budget were those formulated by the American Public Health Association and the Federal Public Housing Administration. They provide for a separate house or apartment; running water, private bath and toilet facilities; heating adequate to the climate; safe and healthful surroundings, and necessary community facilities.

The food budget was based on the standards of food consumption worked out by the Food and Nutrition Board of the National Research Council. The kinds and amounts of food included in the budget are those actually bought by urban families whose diet meets the standards of the National Research Council. For the 4-person family assumed by the budget, it provides, for example, 6 loaves of bread a week for the family, 12 quarts of milk, about 20 eggs, and about a pound and a half of butter or margarine. The budget includes about 9 pounds of all kinds of meat per week, or a little over 2 pounds per person. This is less than the average consumption in the United States since the war.

The budgets for clothing, housefurnishings, and other goods and services were arrived at by analyzing the actual expenditures of city families in relation to income, and determining for each class of expenditures that point where families, as they get more money, prefer to buy other items or better qualities rather than larger quantities. From this it could be determined how moderate-income families actually portion out their expenditures on the things that seem most important to them. Thus, it was possible to formulate the City Worker's Family Budget in a way that reflects the standards by which families actually determine their needs for such items as the replacement of clothing for the husband and wife and the purchase of clothing for the children; the maintenance of the household and the car; the use of transportation and medical care. The last is particularly modest: It provides for about four physician's calls per person per year, and about one dental treatment every 2 years.

I have gone into some detail in describing this budget to emphasize that although it is in most respects adequate, it is still a modest level of living. Yet this budget, priced in mid-1947 when prices were lower than they are now, cost from \$3,000 in New Orleans (the lowest-cost city) to more than \$3,450 in Washington, D. C., (the highest-cost city). And these figures, remember, include no allowance for saving other than life insurance.

The costs of the budget point up several significant facts. In the first place, they indicate that variations among large cities in different parts of the country are less than many have thought. The difference between the highest and the lowest among the 34 large cities is something over \$400 per year for this family of four, and about \$300 of this difference is in housing costs alone. Apparently, both standards of living and prices are becoming comparatively uniform as mass production and mass distribution blanket the country with standard goods. And an adequate living requires about as much money in one large city as in another, aside from housing costs, which reflect local conditions.

Secondly, despite the comparatively small difference in prices in large cities, the budget data emphasize the difficulty of taking any single income level as the dividing line to determine low incomes. This is brought out especially by the estimates that have been made of the cost of maintaining the level of living described in the City Worker's Family Budget for families of different sizes. The Bureau of Labor Statistics has not been able to work out exactly the equivalent of this budget for differently composed families, but estimates have been made to approximate this for families of varying size. Thus we may estimate

roughly for the two cities at opposite ends of the range that the budget costs for families according to size in 1947 would be something like this:

	New Orleans	Washington
1 person.....	\$1,500	\$1,800
2 persons.....	2,100	2,400
3 persons.....	2,600	3,000
4 persons.....	3,000	3,500
5 persons.....	3,400	3,900
6 persons.....	3,700	4,400

I present these not as accurate estimates of the cost of this budget for various families, but to illustrate the wide range of costs of maintaining any given level of living, depending on the size and composition of the families in question. But it would also seem from this that \$2,000, the dividing line used by the subcommittee's staff, is a conservative figure for large cities, since it appears that families below this income in large cities, at least, are very likely to be forced to live below the modest level specified in the budget, unless they are single-person families, or perhaps elderly couples whose needs are somewhat less than those of younger families.

How do actual family incomes compare with the estimated budget costs? If we compare the family income for a four-member family of the same age composition and other characteristics for which the Bureau estimated budget costs, it appears that between one-eighth and one-quarter of such families in large cities were receiving incomes too small to maintain this level of living.

This indicates an important piece of unfinished business in our national economic program.

PROGRESS TOWARD ADEQUATE STANDARDS

In our thinking as to how to deal with the problems of low-income families and how to attain more satisfactory standards of living, we may find encouragement as well as suggestions for guidance in the progress already achieved. What is the evidence, despite the fact that poverty is by no means absent in the United States, that we have made substantial progress?

It is well known that real wages show a remarkable long-term upward trend. During the past 40 years, for example, the weekly earnings of factory workers more than doubled. This gain in the buying power of weekly earnings was accompanied by large gains in opportunities for leisure. The prevailing work-week of factory wage earners in 1909 averaged about 57 hours as compared to about 40 hours in 1949, a reduction of 30 percent. These gains are based largely on advances in productivity and the general efficiency of our economy, although undoubtedly there is now a better distribution of the fruits of efficiency in terms of the improved bargaining power of workers.

The gains in the real wages of individual workers mean, of course, improvements in the family income of workers.

In terms of family income the rise in real wages has been relatively favorable to workers with comparatively small earnings. This has been particularly noteworthy since the thirties. It may be illustrated by the rise in the real hourly earnings of workers with comparatively high wages in newspapers and periodicals and in the automobile industry, as compared with the rise in cotton goods and cottonseed oil, two industries with traditionally low wages. Between 1937 and May 1949, real hourly earnings in newspapers and periodicals rose 29 percent, and in the automobile industry, 16 percent. In contrast, the increase in cotton goods was 63 percent, and in the cottonseed oil industry, 109 percent. The comparatively large rise of wages in cotton goods and cottonseed oil is noteworthy also because these industries, especially cottonseed oil, are largely southern—an indication of reduced North-South wage differentials.

During the same period the real hourly earnings of the highly skilled railroad shop machinists rose only 10 percent as compared with 65 percent for the largely unskilled railroad section men. Between 1937 and 1949, the real hourly union wage rate of the skilled building trades journeymen rose only 10 percent as compared with a 35 percent rise for helpers and laborers.

Traditionally, farm families have had extremely low money incomes. Relatively rapid economic progress by farm families is indicated by data com-

puted by the Bureau of Agricultural Economics. That agency estimates that the per capita income (money income not adjusted for price changes) of persons on farms almost quadrupled since before the war, rising 272 percent from the 1935-39 average to 1948, in contrast to an increase of 161 percent in the per capita income of persons not on farms.

The Bureau of Agricultural Economics has also compiled estimates of civilian per capita food consumption which indicate significant progress. Per capita consumption of foods in 1949 is about 10 percent larger than the average in the years 1935-39. The increases were chiefly in meats, eggs, poultry, fluid milk and cream, fruits, and vegetables; declines occurred in grains and potatoes. These relative changes were reflected in the types of nutrients available in the per capita food consumed; declines occurred in carbohydrates, but increases in the various types of vitamins ranged from 3 to 30 percent.

Progress in health and life expectancy is indicated by the decline in the death rate from 17.2 per thousand population in 1900 to 10.1 in 1947. Estimates of average future lifetime indicate that progress has been particularly noteworthy among Negroes, a group seriously disadvantaged by low incomes. Between 1929-31 and 1946, the average life expectancy at birth of nonwhite males rose from 47.5 to 57.5 years, a gain of 10 years. The estimate for white males rose during the same period from 59.1 to 65.1, a gain of 6 years. The figure for nonwhite females rose from 49.5 in 1929-31 to 61.0 years in 1946, an increase of 11.5 years. The figures for white females are 62.7 years and 70.3 years, a rise of 7.6 years.

These vital statistics, it should be noted, indicate a persisting disparity in the life expectancy of whites and Negroes and illustrate the need for awareness of our shortcomings as well as our progress.

The hope of continued progress lies essentially in our attitudes of mind and our basic information for economic, social, and political guidance. In that respect, also, it is encouraging to note the progress we have made and the more widespread opportunity of all groups to take part in group activities, as in collective bargaining, and in various forms of community life.

Our progress in social consciousness and basic information is apparent from a brief contrast between the twenties and the forties. We now take for granted such measures as the Social Security Act; minimum wage legislation (formerly viewed as unconstitutional); measures for protecting bank depositors and holders of securities; for extending credit facilities; for collective bargaining; for maintaining farm incomes; and numerous other policies. In the twenties, the adoption of most of these policies had hardly even been considered. We have now also a far more extensive knowledge of our economy and how it works.

Our shortcomings and need for further progress should also be emphasized. Even in this respect, however, perhaps it is useful to recognize the progress made in our awareness of unsatisfactory conditions; as, for example, the persistence of limitations on civil liberties. The work of the Subcommittee on Low Incomes is itself a major indication of our increasing awareness of unsatisfactory conditions and of the need for intelligent and concerted action.

PROBLEMS AND PROGRAMS

We have made more than a beginning in dealing with the problems of those families whose incomes are insufficient for the level of living we commonly associate with an American standard of living. I have referred to the Employment Act of 1946 as a reflection of our determination to maintain the basic economic conditions for family welfare. But in addition we have attacked the problem of low income by means of a considerable number of specific measures for dealing with special aspects of the problem. I shall stress the next steps we need to take. The progress we have made to date, however, is considerable. The record will show that the social policy of the American people in the last two decades has been increasingly dedicated to the improvement of the economic welfare of the Nation's families.

Regularizing workers' employment and income

Unemployment or irregular employment is, of course, a major factor in accounting for inadequate incomes. There is a considerable movement up and down the income scale from year to year. Family income will be low in one year when family members suffer irregular employment and higher in other years when they are regularly employed.

One of the important developments in recent years was the establishment of the system of public employment services. One of the incidental purposes of a

free employment service was to make it unnecessary for job seekers to pay fees or commissions to private employment agencies to obtain available jobs. The major purpose was, of course, to create a national network of employment services that would facilitate the matching of jobs and job seekers with a minimum of delay. Another purpose was to provide professional advice by way of vocational counseling to enable workers to enter jobs for which they were best adapted and which had most opportunity for their future advancement. Further improvement in the administration of this Federal-State system will contribute to the welfare of low-income families as it will to that of wage earners generally.

Major progress has also been made in cushioning the impacts of irregular employment upon family income by the establishment of the national system of unemployment insurance. Furthermore, unemployment benefits, combined with retirement pay, workmen's compensation, and the various assistance programs, tend to regularize employment by maintaining purchasing power and the demand for goods and by sustaining the capacity of the unemployed for returning to suitable jobs after periods of unemployment. Benefits of this nature are especially important to families with low incomes because these families are least likely to have savings or independent resources, and are most likely to fall prey to the demoralizing effects of joblessness.

The present system of unemployment insurance, although marking a great step forward, is far from adequate. Despite increases in benefits in many States, these increases have not kept pace with wage increases. Benefits averaged nearly \$20 per week in 1949, nearly twice the 1940 average; but as the subcommittee report points out, the 1949 benefits were actually smaller in relation to earnings than in 1940. The average benefit of \$21.01 payable in October 1949 represented only about 38 percent of the average weekly wages in covered employment. The percentage is low mainly because large numbers of workers have their benefits limited by low maximums. A minimum Federal standard is desirable.

It would also be desirable that all States pay minimum additional allowances for dependents. This would universalize a trend that is well begun in the States. Eleven States have enacted dependents' allowances, six States adding such allowances this year. Without such allowances, the States are in the dilemma that if they pay benefits high enough to meet the nondeferrable expenses, such as food, utilities, and rent, of claimants with families, the benefits of persons without dependents may be so high in relation to wages as to weaken the incentive to find work. By graduating the allowances for persons with one, two, or three dependents, the benefits are kept below an incentive-weakening level without putting them below the subsistence level of wage earners with families of different size.

A Federal standard requiring the States to pay benefits for a minimum duration of time also is necessary if benefits are to be adequate in duration. It seems more and more to be the judgment of students of the program that a potential duration of 26 weeks meets these objectives. Such a duration appears necessary if exhaustion of benefits by large numbers of workers is to be avoided. At present, 13 States provide a maximum of 26 weeks, but only 1 provides 26 weeks for all eligible workers; 29 States have a duration of 20 weeks or less; and 1 State has a duration of only 12 weeks.

In addition to strengthening the benefit provisions in the State unemployment insurance system, the coverage of the system should be extended if it is adequately to protect all workers against unemployment. At present, only 7 out of 10 employees are covered by unemployment insurance. This is due partly to the fact that a considerable number of small employers are exempted from coverage, and some large groups of employees are not covered, including agricultural workers, domestic servants, and Government workers, as well as certain other minor groups.

The Federal unemployment tax applies only to employers who employ at least eight workers in at least 20 weeks in the year. Nevertheless, employees of small firms are as subject to unemployment as employees of larger firms. Recognizing this need, 29 States have extended coverage beyond the limitation of 8 or more still present in the Federal act, and 17 of them cover all firms regardless of size. All but four of the States which place any limitation on the size of firm covered have legal provisions for covering all firms regardless of size if and when the Federal unemployment tax is extended to cover small firms. Extension of coverage of the Federal tax to employers of one or more persons is therefore long overdue. Unemployment benefits should also be provided for Federal employees and discharged military personnel, and to certain other groups.

Somewhat similar to unemployment insurance in relation to the needs of workers during periods of unemployment is the workmen's compensation system. Here, too, the benefits have not kept pace with rising prices and wages. We should note, however, that an encouraging phase of State labor legislation in 1949 was the revision of workmen's compensation laws. All of the 44 State legislatures which met in 1949 adopted measures to improve these laws. Most of the States liberalized the benefits, many of them substantially, and several of the States extended the coverage.

Minimum wages

In connection with low-wage rates, an obvious cause of inadequate family incomes, one approach to the problem is the establishment of minimum wages.

The first minimum-wage law was passed in Massachusetts in 1912. In 1913, eight States followed the lead of Massachusetts, and soon other States and the District of Columbia had similar laws. All of the earlier laws applied only to women and children in specified employments.

The District of Columbia law was declared unconstitutional in 1923, and the decision hampered the enforcement of other laws. The slow progress in this field is evidenced by the fact that not until 1937 did the Supreme Court pass favorably, in the case of the Washington State law, on legislation of this nature. Progress in State legislation after 1937 was so rapid that by 1942 minimum-wage laws had been enacted by 26 States, the District of Columbia, and 3 territories. There were also extensions of coverage, increases in benefits, and improvements in administration.

Many States, however, still have no minimum-wage legislation. Only five of the States have extended the coverage to men. These are Connecticut, Massachusetts, New Hampshire, New York, and Rhode Island. There still remain large areas of employment covered neither by Federal nor State legislation.

The validation of the Washington State law by the Supreme Court in 1937, the Federal Fair Labor Standards Act passed in 1938, and its amendment in 1949, show how recent has been the general acceptance of the principle of minimum-wage legislation for the economy as a whole. The progress is nevertheless encouraging.

It is true that there are still many people who oppose both the principle and the policy of minimum-wage legislation. The hoary judicial argument of impairment of freedom of contract is, of course, now rarely heard, but many other objections are still rather widely advanced. The validity of the policy in practice depends, of course, in part on the nature of the law and its administration. Every effort will be put forth to maintain an equitable and efficient administration of the amended Fair Labor Standards Act. In terms of the feasibility of the new minimum, there is abundant reason for the view that under existing wage scales and employment conditions, the problems that may arise under the 75-cent minimum will be less serious than those of the 40-cent minimum of the original act.

There has been a widespread acceptance of minimum-wage legislation, but it is, nevertheless, important for us to remind ourselves from time to time of some of the basic considerations which warrant what has already been done and which call for further progress alike in State and Federal policy.

Proponents of the principles of minimum-wage legislation are agreed that the general determination of wage schedules is primarily a nongovernmental function. It is almost universally recognized, however, that many workers and even employers have been subjected to forces so largely beyond their control that wages have been depressed far below the social value of the worker's product and also that depressed wages have tended to impair the worker's capacity to produce. Some employers, in order to remain in the markets, have reduced their prices at the expense of their workers below what consumers might properly be expected to pay. Some of these employers, in taking advantage of the weakness of their workers, have depended on sweatshop conditions or excessively low wages instead of efficient methods to maintain their position in the markets.

The results have obviously been adverse to the workers immediately affected by substandard wages. They have had to put up with inadequate living conditions and have frequently been forced to seek assistance from society to supplement their wages. But others as well as the workers immediately concerned have been adversely affected. Employers generally in the same competitive areas have suffered from unfair or uneconomic competition. Depressed wages have tended to prevent the maintaining of a sound economy.

Broadly the effects of substandard wages in the past have often contributed to the impaired functioning of the economy and have resulted in efforts on the part

of government to correct abuses that had grown up in a free economy. Viewed in that light, minimum-wage legislation is a part of the necessary and generally accepted public measures adopted increasingly over several decades. These measures reflect social needs arising from changing conditions accompanying the transition of the country from pioneer days of simple agriculture and handicrafts to gigantic corporations, mechanization, mass production and distribution, and increasingly complex forms of group activity. At the same time intelligence and good will have made possible a progressive adaptation to these complexities with only a limited governmental role. Wage determination, for example, remains largely in the field of collective bargaining and nongovernmental responsibility.

Problems of older workers

We have made only a beginning in grappling with the problem of the older family. Few wage-earning families find it possible to accumulate adequate private savings for old age. They are dependent, consequently, upon their continued earning ability or on pensions. As indicated by your staff report, nearly 28 percent of the nonfarm families with incomes less than \$2,000 were families whose heads were 65 years of age or over. It is, of course, apparent that many of these families own their homes and stocks of furniture and other goods, and have comparatively simple expenditure requirements, so that their family incomes may not be rigorously comparable to the incomes of younger families with their more numerous obligations. Nevertheless the problems of older workers as well as those of retired persons are frequently of outstanding gravity and will become increasingly important with the rise in the proportion of older persons in the population.

To some extent, the passage of the Social Security Act of 1935 was motivated by a desire to encourage withdrawal of older worker from the labor force. This in itself is a questionable objective: a very large proportion of workers of retirement age do not desire to stop working. The proper objective, it would appear to me, would be to give older workers a realistic alternative of choosing between retirement or continuing to work.

This poses two problems: First, benefits and coverage under the old-age and survivors insurance program would have to be increased considerably. With the higher costs of living existing today, the present benefits are even less adequate for retirement than when the program was established. Under present benefits, a retired worker and his wife now receive on the average less than \$500 per year. The Social Security Administration has estimated that a family budget for an older couple, at a modest but adequate level of living, would require between \$1,400 and \$1,800 in 1949 dollars, in most of our large cities. Only a small minority of the aged can count on their income from property or other sources sufficient to make up the difference between retirement benefits and cost of living.

Second, there is the problem of job opportunities for older workers. In modern industry—unlike the simple agricultural or handicraft economies—a gap has emerged between the life span of the average worker and the span of his working life. Modern business, with its impersonal and rigid job standards and with its rapid rate of technological change, does not readily allow for the slowing down which usually accompanies old age. Prewar studies indicated that most of the retirements under old-age insurance had been forced upon the worker by unemployment.

We can do something about providing more adequate benefits for retired workers along sound social insurance lines. It is equally important to do something about providing adequate job opportunities for older workers.

The maintenance of full employment is obviously of fundamental importance in this connection. From our experience during the 1930's, we know that the older worker—once laid off—finds it increasingly difficult to secure reemployment. In March 1940, after a decade of heavy unemployment, census data show that over 9 percent of all wage and salary workers who were 65 years of age and over and who remained in the labor force had been unemployed and seeking work for one-half year or more, as compared to only 4½ percent of the workers who were 25 to 44 years of age. In addition, many older workers had been forced out of the labor market by 1940 by the impossibility of their finding jobs in the preceding years.

During the period of increased unemployment in 1949, there was little evidence of any disproportionate increase in unemployment amongst older workers as a group. This is due to the fact that their greater seniority gives them a certain degree of protection during a moderate recession or in the early phases of a

business downswing. Once unemployed, however, the older worker was at a great disadvantage in securing reemployment. Relatively more older workers than younger workers exhaust their unemployment benefits.

This struggle of the older worker to hold his place in the labor market is reflected strongly in trade-union policies. Efforts are made in collective bargaining with employers to obtain contract clauses providing security of employment and protection of earning opportunities for older workers. Since years of service are closely related to age, the observance of seniority rights implies preferential treatment for the older worker. The difficulty is that these protections through collective-bargaining agreements generally break down in times of severe unemployment.

This represents, however, one of several constructive approaches to the problem of assuring fair employment opportunities for the older worker. But the long-run solution—in a society in which older persons will constitute an increasing proportion of the population—depends mainly upon the development of jobs and occupations which can be performed by older workers.

In large part, this is a challenge to labor and industry, and a task in which the Government can help generally only through technical assistance.

In order to develop a comprehensive program to provide employment opportunities for older workers, we need much more detailed information than is at present available. The difficulties experienced by men and women above their forties in securing employment is well known. Yet we know very little about the ages at which workers are actually being hired in industry or about the ages at which they are laid off or retired. The current growth of pension and welfare programs may have important effects on the willingness of industry to hire new workers at advanced ages; this also needs careful exploration. We need specific information, too, about the relative productivity of older workers and about the types of jobs they can best perform. A great deal of the occupational information currently being prepared by the Department of Labor has, very naturally, been designed to serve the needs of young people and veterans who are about to embark on a work career. This is all extremely important. In the future, however, we will have to develop new counseling tools and techniques especially adapted to the needs of the mature worker, in order to enable him to adjust more readily to the changing requirements of our dynamic economy.

Beyond this, the major role of the Government in this field is to provide adequate pensions for older workers who choose to retire and, more generally, to maintain the over-all economic conditions for high levels of employment.

The current emphasis in collective bargaining upon pensions grows out of, and illustrates, the inadequacy of the existing public system. As an answer to the over-all problem of old-age security, such private plans suffer from certain obvious defects. They can, however, perform a useful role in supplementing benefits available under the basic public program. I think it is encouraging that, in this respect, there appears to be agreement both among spokesmen for organized labor and among many industrial leaders as well. We need to extend our contributory old-age-insurance program, including Government contributions to the degree justified by social policy, with benefits and eligibility provisions which are genuinely adapted to the needs of retired workers and their dependents.

Problems of impaired family and community life

Your subcommittee report called attention to the comparatively low incomes of nonwhite families. Not only Negroes but certain other minority groups suffer disadvantages as minorities, and the problem is aggravated by the fact that some of these minority groups make up a highly disproportionate part of the country's migratory and casual labor. Whatever the racial composition of this part of the labor force, the conditions of migratory and casual labor tend to prevent normal family life and a normal sharing of community life and facilities.

Various minority groups suffer serious disadvantages even when they remain regularly in the same community. We gladly recognize the recent and continuing progress in remedying inequalities, but we are still far from achieving our ideal, in reference to these groups, of equality of opportunity for jobs, for housing facilities, and for the use of schools and participation in community life. When to these inequalities are added the disadvantages of the migratory status and dependence on seasonal and casual jobs, a situation is created which so far has received inadequate attention.

Competition ordinarily causes the individual employer to discount his responsibility. The community usually imposes residence requirements or other

conditions which bar migrants from the normal use of community facilities, and migration in quest of work prevents the migrant from making full use even of his meager rights or even learning just what are these rights.

Mobility of labor to take account of shifts in the location of industry and of employment opportunities is an essential condition of economic change and progress. Our concern here, however, is with the problems of that large group of workers whose mobility arises from their dependence on seasonal and other types of variable and intermittent jobs. For thousands of migrant families, normal home life and community life are obviously impossible. But as long as our economy calls for a group of seasonal and migratory workers, much can be done and is urgently needed to improve their lot.

The nature of the problems of migratory workers and especially of families, the remedial measures that have been taken, and recommendations for further measures were discussed in the 1947 Report on Migrant Labor by the Federal Interagency Committee on Migrant Labor. The problem is not limited, of course, to migrants with families. Its gravity is merely intensified when families are directly involved. These workers are in an economic and social area in which neither the individual employer, nor the local community, nor the State, nor the Federal Government has assumed any clear-cut responsibility.

Your subcommittee report also called attention to the considerable number of low-income families headed by widowed, divorced, or separated persons and the special problem of the broken home. This group, like the migrant group, has an impaired family life, but the causes are usually more personal and less subject to external factors.

Considerable progress has been made in the assumption of social responsibility for aid in this area of impaired family life. Children in these families can attend public schools; and other community facilities are not denied such families. Furthermore, special assistance programs of various kinds are financed partly by Federal funds and usually administered locally; and these funds are available to local residents but to a much more limited extent to migratory types of families.

Problems of health and medical care

Common to all groups of low-income families, and of many with incomes well above the average, is the actual burden or the constant risk of burden of financing the cost of illness and medical care.

The Federal Security Administrator in his report to the President in 1948 on the Nation's health, called attention to the fact that, according to estimates for 1939, the cost of a major or chronic illness could hardly be borne by a family with income below \$3,000. In terms of current prices, the income would have to be at least \$5,000 to be comparable with 1939. There is no real dispute as to the fact that adequate medical service needed by the ordinary family is beyond the financial reach of low-income families as defined in your report.

The Federal Security Administrator, in his report previously mentioned, stated that at present by far the major part of all medical costs is borne by the sick. The report further pointed out that this resembles the situation that would exist if only those persons who have fires in their homes or business places contributed to the upkeep of the local fire department. Everyone is interested in the maintenance of adequate health facilities generally available; for no one knows when his own need may arise.

Large numbers of families and individuals have made a significant beginning in the extensive development of voluntary prepayment plans and various forms of group insurance. Most of these, however, apply only to hospitalization. Even in respect to hospitalization, the evidence indicates that relatively few low-income families are protected by prepayment plans. The ordinary low-income family must either go without needed hospitalization as well as medical services; or must resort in emergencies to personal loans at exorbitant cost; or else must appeal, often when it is too late for remedial action, to private charity or public assistance.

Health is a resource so basic for individual welfare and for national vigor and progress that it is not easy to understand the comparative lack of attention to public policy in this field. Much improvement, it is true, has been achieved in our scientific knowledge, our medical practices, and our health standards. There is probably, however, no field of social policy in which there is more urgent need or greater opportunity for the general advancement of well-being and the raising of living standards.

Furthermore, the problem is a challenge to our democratic ideas and procedures. Its solution requires an exceptional degree of cooperation between

individuals, private groups, local communities, the States, and the Federal Government. Failure to meet the challenge would be a tragic defeat of our democracy. Success in meeting it will not only serve the needs of millions of families; it will go far to vindicate and assure the survival of our way of life.

Problems of housing

The cost of housing and living accommodations, which accounts for approximately one-fourth of the expenditures of the ordinary worker's family, has been especially burdensome for low-income families in recent years because of the wartime halt in construction, the shortage of adequate facilities, rising costs, and the abnormally large wartime and postwar geographical shifts in the location of available jobs. Many civilian workers and a large proportion of returning members of the armed forces encountered special difficulties in obtaining living quarters and in taking advantage of rent controls.

The 1949 survey of consumer finances, made under the auspices of the Board of Governors of the Federal Reserve System, indicates a significant increase in home ownership. Even among unskilled nonfarm workers, the proportion of home-owning family heads, according to the survey, rose from 34 percent in 1948 to 40 percent in 1949. This change itself, however, was in some degree a result of the buying of homes on a virtually compulsory basis because of the lack of adequate housing facilities available for rent. About 30 percent of the homes owned by all nonfarm families in early 1949 had been purchased during the years 1946-48.

The increase in the buying of homes by workers' families in recent years may be variously interpreted from the point of view of progress toward a solution of housing problems as well as from the point of the general well-being of low-income families. That progress has been made in the improvement of the housing conditions of low-income families is, however, hardly open to controversy.

The rent control measures may be viewed as designed primarily to prevent an excessive rise in the rental cost of housing and a deterioration in the housing conditions of tenants. The extensive credit facilities, mortgage-insurance programs, and similar measures adopted in the thirties and continued in varying forms to the present have been generally recognized as contributing significantly to the solution of housing problems of home owners generally and more particularly of families with comparatively small incomes. The long-debated housing bill, approved on July 15, provided the basis for a large-scale program of slum clearance, low-rent public housing, and farm home improvement. Progress in housing, notably slum clearance and the substitution of adequate facilities and improved environmental conditions, remain one of our most urgent problems, partly because it is so closely related to personal health and satisfactory community life. The housing legislation of 1949 represents an important advance forward. It will lead to completely satisfactory results only if it and related policies are carried out efficiently and with the cooperation of Governments, Federal, State, and local, and of individuals and private groups. Here, also, as in public health and other problem areas affecting low-income families, is a vital challenge to our democratic way of making decisions and especially of carrying them into effect.

COLLECTIVE BARGAINING AND PRIVATE INITIATIVE

We have learned, gradually throughout our history but more rapidly in recent years, that in our increasingly complex economy it is necessary to do together, through governmental agencies, many things that cannot be done as well, or at all, by individuals, or even by private organizations. The fact of basic importance for our way of life is that we must continue to decide for ourselves, by free discussion and decision by democratic means, what it is that we need to undertake by governmental action. In the field of your committee's inquiry and interest, namely, the problems of low-income families, there are special needs for governmental activity such as social insurance, minimum wages, education, housing, and health.

There are areas of social needs still lying beyond the present scope of governmental programs where public action will be required. But it is a sign of individual vigor and independence as well as an indication of social health that we seek to retain maximum areas of activity for the individual and for private groups of individuals. Individual initiative may, of course, be supplemented and reinforced by private group activities such as cooperative societies, group insurance, and perhaps chiefly important, labor organizations.

It is true that even in these fields, notably in collective bargaining, experience has demonstrated the necessity for a measure of governmental intervention to make sure that the civil rights and constitutional liberties of free association are not interfered with. That was the basic purpose of the Wagner Act. Nevertheless, unions and collective bargaining are outstanding illustrations of the persistence of American ideals of self-help and private initiative.

One of the most promising of union developments in recent years has been the rapid extension of unionism to areas and industries of low wages. This development has undoubtedly been a major cause of the progressive improvement in the wages and working conditions of low-income groups. It is noteworthy that unions in recent years have widely accepted the principle of narrowing the differential between the wages of skilled and unskilled workers. Skilled workers have widely accepted and even demanded wage increases no larger in amount than the increases for the unskilled, and this has in part accounted for the relatively small percentage rise in the wages of skilled workers. All of the nonoperating railroad employees, for example, have joined together for obtaining flat increases, the same in amount for section men and laborers as for machinists and other skilled groups. Unions have also strongly supported the principle of the minimum wage.

The idea of collective bargaining in one form or another is now almost universally accepted. It seems appropriate, however, in this connection to make note of the general theory of collective bargaining in relation to wages and economic welfare.

The right to form unions free from outside intervention and the right to deal collectively with employers arose primarily from the inequality of individual bargaining power. The simple and obvious fact of inequality was long obscured by economic theories, such as free and unlimited competition, and by judicial interpretations of such doctrines as freedom of contract and conspiracies in restraint of trade. The inequality of the so-called individual labor contract was definitively recognized by the Supreme Court, however, only in such comparatively recent decisions as the verdict in the Jones & Laughlin case in 1936. Congress was justified, it was asserted by the Court, in protecting employees in their right to organize and select their own representatives for collective bargaining or for other purposes without restraint or coercion by their employers. This "fundamental right," it was affirmed, rose from the helplessness of the individual employee; from his dependence on his daily wage and his resulting inability separately to leave his job and resist treatment he views as arbitrary and unfair; and from his dependence on his union for equality in dealing with his employer.

This original and basic reason for collective bargaining as a defense of the individual worker in his relations with his employer has been supplemented by broader concepts of the role of unions and the bargaining process. It was recognized that employers themselves are under the compulsion of competitive and market forces and that some employers who are willing to recognize unions and deal collectively with them are at a disadvantage relative to others who would put the main burden of minimizing costs on their workers. Unions may, therefore, be said to have the role of protecting employers themselves by putting employers on the same general level of labor costs and by stimulating efficiency as a means of reducing costs.

More recently, still broader concepts of collective bargaining have gained widespread acceptance in a recognition of the nature of the entire economic process. Problems of wage and labor costs have come to be viewed in relation to industrial efficiency and to maximum production and employment as affected by the appropriate flow of income on the one hand to investment and on the other hand to demand and consumption.

There is still another phase of unionism and collective bargaining that has been less emphasized and that has perhaps been less consciously influential. It arises out of a deep personal need of the individual worker to maintain his sense of "belonging" to and participating in his group, his plant, his industry, and his community. The gratifying of this need has too often been denied or in serious degree thwarted by specialization and by the minute, mechanized, and routinized nature of the individual job. The car dumper at a mine, the dough mixer in a bakery, or sand mixer in a foundry, the "hand" in a gang,

has naturally depended more and more on his union not merely for determining his wages and hours but also for voicing his ideas as to broader policies and for gratifying his need for partnership and participation in the common processes of working and living.

All this is primarily beyond the range of governmental functions, except that the spirit of collective action on a basis of equality is at the heart of the democratic process. That process itself, however, should be free to make use of Government in its protective role of maintaining the conditions necessary for free association and successful collective bargaining. A democratic society must be free, also, to make vital and positive contributions to the meeting of social needs, and especially those of low-income groups.

Senator SPARKMAN. The committee will stand in recess until 10 o'clock tomorrow.

(Whereupon, at 5:30 p. m., the subcommittee adjourned, to reconvene at 10 a. m., Wednesday, December 14, 1949.)

LOW-INCOME FAMILIES

WEDNESDAY, DECEMBER 14, 1949

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON LOW-INCOME FAMILIES,
JOINT COMMITTEE ON THE ECONOMIC REPORT,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10 a. m., in room 224, Senate Office Building, Senator John Sparkman (chairman) presiding.

Present: Senators Sparkman and Flanders, and Representatives Huber, Buchanan, and Rich.

Also present: Grover W. Ensley, associate staff director, Joint Committee on the Economic Report; Samuel L. Brown, economist, Subcommittee on Low-Income Families; and Mrs. Elizabeth G. Magill, research assistant, Subcommittee on Low-Income Families.

Senator SPARKMAN. Let the committee come to order. We are glad to have Congressman Buchanan, a member of this subcommittee, with us this morning.

We have with us this morning Mr. Raymond M. Foley, Administrator of the Housing and Home Finance Agency, and Mr. John T. Egan, Commissioner of the Public Housing Administration. I understand Mr. Foley has a relatively brief statement to present, and then Mr. Egan will go into more detail. Mr. Foley, you may proceed in your own way.

STATEMENT OF RAYMOND M. FOLEY, ADMINISTRATOR, HOUSING AND HOME FINANCE AGENCY, ACCOMPANIED BY E. EVERETT ASHLEY, ECONOMIST

Mr. FOLEY. Thank you, Senator. If you do not mind, I will read this statement. I might suggest that in general if the questions are withheld until Mr. Egan has presented the rest of the picture it will save time.

I am happy to have this opportunity to appear before this committee as it continues its explorations into the problem of low-income families and the steps which might be taken to improve their economic circumstances. It is my understanding that your committee is particularly anxious at this stage in its investigation to get a better understanding of low-income families from people who have had day-to-day contacts with such families in terms of who they are, what they do, and how and where they live. Consequently, I shall keep my remarks brief in order that the greater share of the allotted time may be devoted by Commissioner Egan to bringing you a picture of what we know

about low-income families on the basis of the PHA's experience gained in administering a low-rent housing program.

The economic plight of families of low income has long been a matter of grave concern to those of us in the housing field, since in the main low incomes and bad housing tend to go hand in hand. A supply of adequate housing sufficient to meet the needs of all families, poor and rich alike, is essential to a sound and stable democracy. The character of the home is a major factor in determining the character of family life, the conditions under which children grow up and assume the obligations of citizenship, and the general attitudes of people toward their community and their Government.

As the members of this committee well know, consideration of the appropriate Federal aids for carrying out a broad-gage attack upon this housing problem has been an important issue before the country and before the Congress for the past 5 years. During that time my predecessors in office and myself have been privileged many times to appear before committees of the Congress which were studying the problem to present our recommendations for a course of legislative action which in our opinion could lead to the ultimate resolution of our housing problem. Out of these years of debate and study has come the Housing Act of 1949.

In my judgment this Housing Act of 1949 represents a major milestone in housing history. With the resources which it makes available it should be possible to make significant strides toward the solution of the housing problem especially as it relates to families of low income. This is not to say, of course, that there are not aspects of the problem which can only be covered by additional legislation. In due course I expect to come before the appropriate committees of the Congress with specific recommendations for legislative proposals to round out the program of Federal aids in the field of housing.

The purpose of the Housing Act of 1949, as stated in the declaration of national housing policy, is to seek—

the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family * * *

To accomplish this end, it was only natural therefore that the major emphasis is placed upon meeting the needs of low- and moderate-income families. It is in this area that the need is most acute and where the task of meeting it is most challenging. Hence it is that the major provisions of the bill are directed toward an entirely new program of Federal aid for slum clearance and urban redevelopment; toward a public-housing program of 810,000 units for low-income families; toward an entirely new broad research authority the objective of which is to lower the cost of housing without sacrificing sound standards of design, livability, and size for adequate family life; and toward a new program of housing aids to low-income farm families.

I should like to discuss briefly with you my understanding of the declaration of national housing policy especially as it relates to families of low incomes, and may I hasten to say that when I refer to families of low income I refer to all those families whose incomes will not support a decent standard of living in the community in which they live and not merely to those whose incomes fall below some arbitrary dollar figure.

As I read it, the declaration of national housing policy says very plainly that decent housing is of—

such importance in modern life that its adequacy or inadequacy is a matter of national concern and cannot be ignored by the Government.

It says further that our goal is a decent home in a suitable environment for every American family regardless of race, creed, or economic status and that the major responsibility for reaching this goal rests with private enterprise. It says that the major task of Government is to encourage and assist private enterprise in broadening the sphere of its effectiveness and that public aid will be extended only in those areas of need where private enterprise is unable to provide decent housing. It further states—and to me this is very basic—that, underlying this entire policy is the purpose of contributing to a more stable and more prosperous economy with greater opportunity for all.

In other words, the efforts to salvage the human values that are wasted and undermined as a result of inadequate housing must not be divorced from measures to strengthen our economy generally and to raise the standards of living of our people.

There are people who, probably in all sincerity, have maintained and still maintain that providing housing for families of low income is merely another form of charity and should be treated as such. I cannot subscribe to such a point of view either as an individual or as the Administrator of the Housing and Home Finance Agency attempting to carry out the intent of the Congress as set forth in the declaration of national housing policy.

To treat low-income families essentially as relief clients would ignore completely the importance of using the Government's housing aids, not merely as palliatives for the problems incident to low incomes, but rather as major levers for improving the general economic well-being of the Nation, thereby making a frontal attack on poverty.

There is evidence that the opportunity of obtaining decent quarters at rents within their ability to pay can be an important factor in the physical and mental well-being of the breadwinner in low-income families which in turn is reflected in improved earnings.

Public housing can and does, therefore, play an important role not only in the housing but also the economic rehabilitation of families of low income. Public housing should serve as a reservoir of housing accommodations to care for an ever-changing group of families who cannot otherwise be adequately housed.

As their incomes improve there should be a constant outflow of families who have been helped by public housing to become potential owners and renters of privately produced shelter. As I visualize the place of public housing in the over-all program, however, it is only a part of the solution to the problem. A major share of the job of housing low- and moderate-income families must be assumed by private enterprise.

As we are able to attain a high and stabilized level of home building with the aids provided by the Housing Act of 1949, the benefits should be reflected all the way across the board. In the past the volume of housing production has fluctuated more violently than any other major segment of economic activity.

This instability of housing has contributed significantly to the instability of the economy as a whole which in turn has surely been

an important factor contributing to the low level of incomes of many of our American families. A high and stable volume of new home production would be a powerful factor in helping to stabilize the general economy. It would play an important part in enabling private home builders to make significant strides toward providing decent housing for more and more American families at costs commensurate with their incomes.

Equally important, it would mean more and better job opportunities and more stable employment, which in turn should tend to produce an increase in earnings and a decrease in the number of families with insufficient incomes.

The extent to which private enterprise succeeds in gearing its production to the needs of American families lower and lower on the income scale, the speed with which this objective is attained, and the degree to which the general level of family incomes are raised in the process will in large measure determine the ultimate size of the public low-rent housing program which will be required.

On the basis of the facts we have available today it would be as unwarranted to conclude that public assistance will be required to house all of the 10,000,000 families with incomes of less than \$2,000 as it would be to conclude that all the 2.3 million families with incomes of less than \$2,000 who own their own homes are adequately housed and need no further assistance.

It is an all-too-common fallacy to believe that home ownership is, in and of itself, an infallible measure of economic security. There can be no denying the fact that among those low-income families who hold title to their own homes there are some to whom home ownership is a boon and who as a result enjoy a degree of economic security far in excess of what their income status would otherwise suggest.

On the other hand, there are those for whom the costs involved are an added millstone around their necks. Still others so listed live in homes that are mere shacks or such miserable hovels as scarcely to warrant being considered as houses.

This problem of home ownership among low-income families is just one of the many factors which must be carefully studied in arriving at an appraisal of the ultimate magnitude of the problem and its solution. It is important to bear in mind, however, that there can be no final word on the size of the problem or its most effective solution.

The housing situation is a dynamic, ever-changing one which calls for a continuing reassessment both of the magnitude and character of the problem and of our available resources for solving it. The Congress recognized that fact when it included as one of the major facets of the research provisions of the Housing Act of 1949 the requirement that the Administrator shall:

Prepare and submit to the President and to the Congress, estimates of national urban and rural nonfarm housing needs and reports with respect to the progress being made toward meeting such needs and correlate and recommend proposals for such Executive action or legislation as may be necessary or desirable for furtherance of the national housing objective. * * *

In carrying out these responsibilities it will be necessary to take into account changes in the underlying economic situation and in the character and functioning of the housing industry in all its ramifications. It will also be necessary to develop a comprehensive understanding of the interplay of economic and social forces which

affect the number, the character, and the needs of families of low and moderate incomes. In this connection, we are hopeful that the deliberation of this committee and its staff will uncover much which will broaden our understanding of the problem of families at the lower end of the economic scale.

If I have made the job ahead seem formidable and in some respects ill-defined, I have not in any way understated the case. It is a very real challenge and one in which we must not fail. As a nation, we can no longer afford to deny families of low income their aspirations for decent homes and a better way of life. Starting with the means provided in the Housing Act of 1949 and augmenting them with other necessary aids, I am confident that we can achieve not only our goal of a decent home in a suitable environment for every American family but that we can in addition make a significant contribution toward improving the economic well-being of the Nation, and especially of those families at the lower end of the income scale.

Thank you, Mr. Chairman.

Mr. Egan, as I indicated, has a much more detailed discussion of the situation as it relates to the particular subject you are pursuing. If you please, I am sure Mr. Egan is prepared to go ahead.

Senator SPARKMAN. Go right ahead, Mr. Egan, as you wish.

STATEMENT OF JOHN TAYLOR EGAN, COMMISSIONER, PUBLIC HOUSING ADMINISTRATION, ACCOMPANIED BY LAWRENCE BLOOMBERG, CHIEF ECONOMIST, PUBLIC HOUSING ADMINISTRATION

Mr. EGAN. Thank you, Mr. Chairman. May I complete my statement before answering questions?

Senator SPARKMAN. If you wish.

Mr. EGAN. Thank you.

An inquiry into the nature and characteristics of low-income families is directed at one of the most serious economic and social problems in our national life. We appreciate the opportunity to appear before you and to give what aid we can in your search for solutions to this problem which so deeply concerns all of us. As we understand the purpose for which we have been called, it is not so much to discuss the public-housing program as it is to give you information about some of our experiences with low-income families. We think that we may best contribute to your study by testimony on the actual incomes and the types of families who are tenants in public-housing projects. It is also possible, in some measure, to throw light on why these are low-income families through examples of their characteristics and the occupations of wage earners. Finally, we should like to discuss the contribution which public housing has made in aiding these families to raise their economic status.

As the committee knows, the public-housing program is a local undertaking, with the Federal Government giving assistance through loans and annual contributions. The actual contact with low-income families, therefore, is by the various local housing authorities throughout the country. The few over-all statistics which I shall use are based upon periodic administrative reports made to us by local authorities. In order to obtain case studies, upon which our presentation is largely based, it has been necessary to send staff members out into

the field. While the material presented here is by no means definitive, and I shall be careful to note its limitations and imperfections, I believe that it will be of value in illuminating the specific problems of concern to your committee.

INCOME LIMITS

The United States Housing Act of 1937, as amended by the Housing Act of 1949, requires that local housing authorities set income limits both for admission and for continued occupancy in public-housing projects. These income limits are adopted by the local authorities and approved by the PHA after intensive local studies of the wages earned by the lowest-paid regularly employed male workers in the community, of minimum adequate budgets for families in the locality, of the actual incomes of families who live in the slums, and of the rents and rental equivalents of housing, both new and existing, being made available by private enterprise in reasonably substantial quantity. The statute provides that the maximum gross rent for admission to public housing must be at least 20 percent below the gross rent at which private enterprise is making housing available. Since income is related to rent according to statute, the 20-percent gap formula places an upper limitation upon the fixing of income limits for admission.

In practice, the actual income limits set for admission leave a gap much larger than 20 percent. This is because local authorities wish to concentrate their efforts upon the lowest income families which it is possible to reach with the subsidy formula provided. The income limits for continued occupancy are generally set about 25 percent above the income limits for admission, so that families coming into public housing at the top of the admission limit will have some stability of occupancy and not be forced to move if their incomes increase within reasonable limits.

Income limits are set in terms of family size, and under the amendments in the Housing Act of 1949 giving \$100 exemption from income for each minor dependent it will be possible not only to take in larger families but also to house larger families at lower rent-income ratios, a factor which will substantially improve the living standards of the large family.

As of April 1, 1949, the median income limit for admission of an average family of four persons among the various local housing authorities was \$1,947. For continued residence it was \$2,300. Naturally, there is a wide variation among localities, the lowest admission limit being \$1,308 in New Orleans, the highest \$2,760 in Detroit. Three-fourths of the limits, however, fell between \$1,600 and \$2,200. I want to stress again that these limits are maxima, and that most admissions fall below these levels. I should add that we do not have tabulated information since April 1, 1949, but the local authorities are in the process of revising their income limits to bring them into line with current costs of living. My impression is that our next complete tabulation of income limits will show them somewhat higher.

These differences in income limits over the country based upon local studies of what constitutes a low-income family clearly indicate the impossibility of considering a single dollar figure which would delineate low-income families in the United States. We were very

glad to read in the staff report of this committee, "Low-Income Families and Economic Stability," that the \$2,000 figure selected for urban families and \$1,000 for rural families were not intended to be a definition of "low-income families" but were selected only to designate a very-low-income group for intensive study. We would agree with the staff report that—

It is improbable that there will be more than a minor proportion of families able to purchase all their requirements with incomes below these amounts.

NATIONAL DATA ON FAMILIES IN PUBLIC HOUSING

Data covering the first 6 months of 1948 on incomes of families living in the original low-rent projects built under Public Law 412 and the PWA Act were presented to this committee and included in the staff report "Selected Government Programs Which Aid the Unemployed and Low-Income Families," pages 38 and 39. Since these data were presented we have figures for the whole of 1948 which do not substantially change the results for the first half.

The median income of families who were admitted to public housing in 1948 was \$1,522. Since this figure is for urban families it must be compared with incomes of urban families in the population. The most recent year for which we have urban incomes is 1947. In that year, one-third of the urban families in the United States had incomes of less than \$2,630 according to the Bureau of the Census; the median income of the lowest third was \$1,789. Thus, the median income of families admitted to public housing was 15 percent less than the median income of the lowest third of the urban families.

The median income of all families living in public housing projects was \$1,902, including both eligible families and ineligible families in the process of being removed. The median income of eligible families was \$1,608 and that of ineligible families \$3,083. The eligible families therefore had a median income of 9 percent less than the median income of the lowest third in the urban population.

It is unfortunate that no comparison of incomes of families in public housing can be made directly with the income figures shown in the staff report. This is because the staff report shows incomes for non-farm families rather than urban families. I am informed that this is due to the fact that urban figures were not available separately from the Census Bureau for the year 1948. In 1947 the urban families had a median income of \$3,349 while for rural nonfarm families the median was but \$2,826, or about \$500 less. Thus, the income distribution of all nonfarm families is substantially less than for urban families alone.

I will not burden you with statistical data, which can be found in regular reports of our agency. These are collected for purely administrative purposes and to meet legal requirements. They therefore leave important gaps in the knowledge required to analyze adequately the nature of low-income families. It would be necessary, to this end, to have data on the education, age, and occupational characteristics of the families. Family composition is needed not only by number of persons but also by so-called broken or manless families, and possibly by number and age of minors. We also need to know the sources of income. Indeed, in the quest for causative factors, statistics may be refined through multiple break-downs to the point, logically

and ultimately, where we end up with the individual case from which we started to build up our statistics.

BALTIMORE CASE STUDIES

This is precisely what we have done, in order to provide your committee with information more useful to your line of inquiry. In preparation for this hearing, my staff has gone into the field and obtained a cross-section of case studies. The city of Baltimore was selected because it is close by, has an excellent Housing Authority staff, is a middle city between North and South, and in other respects such an economic complexion appears to be suitable.

We not only worked with the central office staff of the Baltimore Housing Authority but also went out to the housing projects themselves and discussed our need for data with the managers, and in some cases with residents, of the projects. We have brought back a cross-section of cases, selected at random, each of which we believe illuminates some of the salient questions before this committee. We have found each one challenging as to the who and the why of low incomes. You will find that the mere statement of these cases will suggest the directions in which efforts toward solution must be made, and the conflicts and difficulties. While time will allow mention of only a few of the 138 cases, which fill 21 pages, all of the cases are available if you wish to have them for the record.

The Baltimore cases are in four groups:

1. Families now in the projects, Negro and white;
2. The six families who were selected for admission to the projects on December 1, the day we happened to be in the Baltimore Authority office—these are presented to illustrate what happened on an ordinary day;
3. A group of seven families applying for admission whose incomes are barely too high for eligibility, and yet who in all other respects would qualify—this group is valuable for consideration both because it accentuates the characteristics of the families who are eligible, and also because it brings out the border-line difference between eligibility and ineligibility.
4. A group of families whose incomes in the autumn of 1949 had increased to a point which made them ineligible for continued occupancy. These cases are especially significant because they tell why families graduate from our projects, and throw some light on the fundamental questions of improvability of low incomes and the fluidity of tenancy in our projects.

In each group of cases the pertinent factors of family composition, source of income, health, and so forth, are sketched in brief. A note is included on the condition of housing of the family before entering public housing because by contrast it helps to round out the picture of the contribution of public housing to the outlook, the morale, the health, and the earning capacity of the families.

USEFULNESS AND LIMITATIONS OF CASE DATA

It is more important to understand what these case histories tell and do not tell for your purpose. Primarily they illustrate the variety of factors accounting for the "who" and the "why" of low-income families in public-housing projects. Many of the cases are those of

so-called normal families, but we shall also present cases of unemployment due to cancer or tuberculosis or epilepsy; and cases of manless families where the mother may be working as a waitress, or may be at home with her children drawing some kind of public assistance. We do not know the proportions of these and other types in projects throughout the country except as we may indicate in most general terms. These are gaps in our knowledge which it may be possible to fill in the future.

THE FAMILIES LIVING IN PUBLIC HOUSING

In analyzing the factors which account for low income of the families living in the Baltimore projects we find that they are grouped into six major categories.

1. The normal family: The first and probably the most important in number is what might be described as a family which is normal in composition. It consists of a husband and wife, generally with children. The husband has an ordinary job. Either the pay for the job is too low to support even a small family or the family is too big for the pay which might be adequate for a smaller family.

One of the families has a husband 27, who is a veteran, a wife 26, and three children. They formerly all lived in one room on the third floor of a slum dwelling. They slept, ate, and lived in that room and shared the toilet, bath, and kitchen with another family. They had been given notice to move. When admitted earlier this year this veteran worked as a laborer in a brick yard, making \$1,782. He is now a cutter in a shoe factory for \$1,980.

Then there is a man, a nonveteran, aged 45, with a wife and three children. He is an ice-cream salesman with an income of \$1,820 a year. Another is a man aged 38, with a wife and six children. He works as a laborer at \$35 a week. There is a serviceman 21 years old, with a wife 20, and a baby on the way. The total income is \$1,838 per year, entirely from the service.

The families so far mentioned are white families. Now going over to Negro families, a porter makes \$1,456. The man is 42, the wife 38, with one child. He became a resident of the project in 1941, at which time he was making \$1,118 as a laborer. The family had been living in a slum. The bathtub and toilet were in one of the two bedrooms. There had been another child who died of tuberculosis shortly after the family moved into the project.

Next is a Negro butcher making \$1,500 a year. He, too, moved into public housing in 1941, at which time he made \$780 in the same job.

Then we have a 27-year-old enlisted Navy man, with a wife and three children, whose income is \$1,520. At the time he became a resident in 1941 his family had been living in one bedroom in the overcrowded home of a relative. Seven others used the facilities. He was then a laborer in a brickyard and making \$832. In 1942 he became a laborer in a shipyard at \$1,794, and in 1943 joined the Navy with a family allowance of \$960. He left the Navy in 1946 and went to school under the GI law. After that he reenlisted.

You will find a number of variations of this basic type in the cases I have here. The ages of the people involved will vary widely, as will the family size, and the jobs will differ, but they all have in com-

mon incomes obviously too low to be self-sustaining at the minimum American standard.

As you read these cases you may be struck with the thought, as I have been, that these people could be living in any other city and town of our country. There is about them a universal quality.

2. Unemployable husband: The difference between this and a normal family is that the husband cannot work because of his health. The income of the family, from whatever sources, is inadequate. A very good illustration is the white disabled veteran, aged 27, with a wife 22, three children and one expected. This man receives \$33 monthly pension. He supplements this by odd jobs which enable him to make \$6 to \$8 a week. Recently he had been working as a cab driver for 6 weeks, after which he had to quit. Why? Because he was epileptic. Perhaps your reaction will be like mine, in that I cannot help but admire the many people who, like this man, seem to make heroic efforts to be self-supporting under the most discouraging conditions. There are a number of family cases here, but the type is so obvious that I will say no more about it at this point.

3. Husband unemployed: Unemployment appears to constitute a very small proportion of the reasons why families are today in public housing. In some particular communities it may, of course, be a larger proportion than in others. As a matter of fact the experience with public housing thus far has been in a period of either increasing or substantially full employment. I hope that the work of this committee will make it possible to avoid widespread unemployment but should serious and prolonged unemployment occur in the future such families would undoubtedly become a significant proportion of applicants for public housing.

4. Broken family: This family most usually consists of a mother and children. The mother may work or she may be staying at home. Ordinarily some form of public welfare assistance is necessary to make ends meet. These families constitute a substantial group in public housing projects because the need for decent housing is urgent. In Cincinnati, for example, they constituted 22 percent of families housed in 1948.

One of the Baltimore cases is a mother aged 37, two daughters 13 and 8, and a son of 8. The mother is a clerk making \$1,870 a year with an additional \$500 from her former husband, making \$2,370. Until she entered a project in January of this year, the children lived with her parents while she stayed in the city and saw them only week ends.

Then, there is a 33-year-old mother, white, with a son 11 years old. The father abandoned the mother in 1944 and has disappeared. She works as a machine operator, earning \$1,500. A rather extreme case is the mother, white, aged 42, with nine children all under 14. This family, before entering public housing last July, had been evicted twice from overcrowded slum houses, with a breaking up of children among various relatives. The family income consists of \$27 a week from the separated husband, plus \$10 a week in public assistance.

Broken-family cases, of course, are also found among Negroes. In this connection a unique Maryland administrative regulation specifies that public-welfare funds cannot be made available to a family where the husband is employable. In a number of instances Negro veterans with low seniority in a factory job have been discharged. They are then unable to obtain work or the work available may not

provide an adequate living. This may influence the husband to leave his family, in order that his wife and children may become eligible for public assistance.

Apart from the peculiar operation of this Maryland regulation, it is again evident that the broken family can be found anywhere in this country. In the report for 1948 of the Fort Worth (Tex.) Housing Authority, for instance, the following case is reported:

On March 11, 1948, we admitted to the white project a widow and her three children, aged 12, 11, and 4. The mother is the sole wage earner of the family with a total income of \$110 per month, or \$1,320 per year. She is employed as a nurse's aid at one of our leading hospitals. The family had lived in Fort Worth for the previous 2 years and, at the time of admission, were housed in one room in the basement of a stock barn on the North Side which had been converted into an "apartment."

Although I have spent considerable time illustrating the problem of broken families, we do not know how significant they are in the low-income group, except for the information from Cincinnati, indicating that 22 percent of the families housed in 1948 were of this type. If such families do constitute from one-fourth to one-fifth of all low-income families, it would indicate that this portion of the low-income problem does not necessarily spring from any imperfections in the working of our economy except insofar as their circumstances do not permit them to earn enough to sustain themselves properly.

5. The aged: This group, of course, constitutes a growing portion of our population. Federal old-age pensions in themselves are generally insufficient to support a couple even with the low rents which they pay in public housing. Supplementation of income is necessary from relatives, savings, welfare, and, in a surprising number of cases, from work. For example, there is the Negro, aged 71, and his wife, 66. He had been a minister at one church for 22 years when he retired. He receives a church pension of \$600 a year. His wife, working as a seamstress, had been earning \$12 a week until her health gave out. Their combined income now consists of the \$600 pension, plus \$23 monthly from Federal old-age insurance for the wife.

6. Veterans at school: A special and temporary type of family in low-rent projects is the veteran attending GI school. One example is the man aged 27, with a wife 23, and a small child. The man goes to dental school. The total family income is \$120 a month received as veteran benefits. As this group becomes able to support itself, it will move out of public housing.

While this is a special group in public housing at the present time, I should like to call the attention of the committee to the fact that it is not unlike young nonveterans in public-housing projects, except that the Government is giving educational aids. Public housing will always have a transitory group of young families—families who are being helped while earning potential is being built up through acquisition of skill and experience.

In presenting the above six types of families in low-income projects, I want to make it clear again that the order of presentation is not necessarily the order of importance and that we do not know the proportions of each type among all families in public housing.

Generally speaking, there are five major sources of income for the families in public housing projects: work, relatives, welfare, social security and private pensions, and savings. The essential point is

that the combination of income is inadequate to provide decent private housing. I should also like to note that it is surprising to see how many families work under the most difficult and discouraging conditions, and that this is the rule rather than the exception. Indeed, in a number of cases such as broken families, we find the mother working where it would be far better for society if she were home with her children.

ADMISSIONS ON DECEMBER 1, 1949

As I said earlier, six families were told on December 1 that they would be admitted to public housing projects in Baltimore. I should like briefly to give you an idea of the kinds of families who are being admitted currently, as contrasted with those described thus far who generally have been in projects for several years. One is a former merchant seaman, aged 26, with a wife about the same age, and a child expected in January. The husband and wife are unemployable; both have arrested cases of tuberculosis. A doctor's certificate has been submitted that they are not contagious. They are presently living in one room in the home of parents. The walls and ceilings are cracked, the plaster falling, the floor broken, the toilet is in the yard, the heating poor, and the house damp. The sole source of income is welfare assistance, \$564.

In a second case, the husband is 30 years old, the wife 21, with a 1-year-old son. The man is a GI at a local college, with an income of \$1,400. A third case is a mother 39 years old, with a daughter of 15, a son of 14, and a 1-year-old child. The mother works part time in a dime store, and receives some support from the separated father through the probation department, making a total income of \$1,716. There is a 66-year-old man and his 61-year-old wife who are entirely dependent on public assistance for their \$960 income. They had been living in a two-room apartment in a condemned house for which they were forced to pay \$40 per month.

FAMILIES INELIGIBLE FOR ADMISSION

Thus far I have been dealing with families who are actually in public housing projects or about to be admitted. I should now like to contrast these with marginal families whose incomes have barely made them ineligible. One is a case of a veteran of 22, with a wife of 20, two children and another on the way. He works as a Government clerk making \$2,580. The maximum income permissible for eligibility for a family of this size is \$2,100. Even after allowing a \$100 deduction for each of the three children, as provided in the Housing Act of 1949, this family would still be ineligible by \$180. This family was Negro.

A white family in a similar situation consists of a husband, aged 38, a wife, and two children. They have been forced to move from their three-room apartment because the landlord objects to children, particularly since the birth of the second child. The hot water had been turned off. The family had been forced to split up. The husband, a chauffeur, makes \$2,612. Deducting \$200 for the two children would bring this down to \$2,412, which is still above the \$2,100 maximum for eligibility.

Here is a happier case: a white veteran aged 42, with a wife and five children—the seven are living in four rooms without heat, except for

a cooking oven. There is no hot water; no chimney. Entrance to the apartment is through a vermin-infested store. The husband earns \$2,702 as an electrical maintenance hand. Under the old 1937 Housing Act this man would be ineligible, but under the 1949 amendments the five exemptions for children drops his income for admission to \$2,204, which is below the \$2,400 maximum for eligibility of this family size. Thus he becomes eligible.

I shall not analyze any more of these borderline cases. They do illustrate, however, that there is a very fine line between families admitted and those which are ineligible.

FAMILIES LEAVING PUBLIC HOUSING

Up to this point, I have been discussing the "who" and the "why" of families in public housing. I should like to turn now to the general subject of families leaving public housing, nationally as well as in Baltimore.

There is a widespread interest in the question of the rate at which families "graduate" from public housing. A report, for example, of the Housing Authority of New Haven, Conn., notes that—

Recently, there have been circulated some curious reports that the public housing projects create a permanent dependent class. There could be nothing farther from the facts.

This is general knowledge among local housing authorities and others of us who are in direct, rather than theoretical, contact with the projects. For the purpose of providing statistical confirmation we have prepared, at the request of your committee staff, several tabulations which throw light on the subject. As these tables are being submitted for the record, as an appendix to my statement (see pp. 178-181), I shall extract here only the more salient facts.

As you can see, this Table-1A takes the entire group of 59,000 families admitted to projects in 1941 and traces them through to 1948, in terms of eligibility, rent, income, and number of children. The same data for 19,000 families admitted in 1944 are also submitted, although time does not permit me to discuss them.

Of the 40,000 white families admitted in 1941, only half—49 percent—remained by 1944. Since the intervening 3 years saw a phenomenal jump in the availability of better-paying jobs, it seems evident that families in public housing willingly grasped opportunities to improve their incomes even though this forced them to move out of public housing. This conclusion is confirmed by the further decline by 1948 to 9,200 eligible families, or less than a fourth—23 percent—of the 1941 number admitted. An additional 5,200 families of the original 40,000 remained in the projects but were ineligible and slated to leave. An important fact brought out by these data, in my opinion, is that during a period of greatly increased incomes, nearly a fourth of the white families admitted to public housing in 1941 remained eligible 7 years later. As time goes on, in more normal periods, we will be better able to analyze the chronic low-income problem.

There is a significant difference in the experience with Negro families. Their movement from the projects has been at a slower rate because, as the staff report of this committee shows, the availability of better-paying jobs is much less for them. Of the 19,000 Negro families admitted in 1941, 80 percent were still in the projects 3 years

later, contrasted with 49 percent of white families. Fifty-three percent were still in the projects and eligible in 1948, as against 23 percent for white families.

The slower move-out of Negro families is due not only to lower incomes but also to the much greater difficulty of finding decent housing, regardless of rental. The amount of new standard construction for Negroes has been almost negligible.

The degree of permanence of individual tenancy may also be measured in terms of turn-over within each year. Thus, during the fiscal years 1949 and 1948, 17 and 16 percent of families in the original low-rent projects moved out. Between 1944 and 1947 the range was 12 to 15 percent annually.

The problem of moving out families whose incomes exceed established limits for continued occupancy has been a troublesome one for local housing authorities because of the extreme housing shortage. As the committee will remember, the Congress on three occasions enacted legislation postponing the removal of overincome families. Only since the middle of 1948 have authorities been in a position to push the clearance of overincome families from their projects. Ineligible families at the middle of 1948 stood at 25 percent; this was reduced to 18 percent by July and to 16 percent by September 1949. Of the ineligible in July 1949 about 63 percent were under notice to vacate and the remainder had not yet been reached in order of income. As this committee knows, it is the policy of the PHA to require an orderly removal of ineligible families at the rate of 5 percent per month, with the families of highest income being required to move first.

In some measure, turn-over reflects the improvement of incomes of families in the projects, although other factors are present in important degree. The relative importance of the various factors on an over-all basis is something which our statistics do not tell us. To present qualitative data we shall again draw upon the experience of the Baltimore Housing Authority.

REASONS FOR MOVING OUT: BALTIMORE

While the reasons for families moving out of projects are not collected on a national basis, a few authorities do gather such statistics. The figures of the Baltimore Housing Authority for the first nine calendar months of this year are illuminating. A total of 549 families moved out in this period. This should be related to a total of 5,000 low-rent dwelling units under the management of the authority. Three hundred and twenty-four moved involuntarily; four-fifths due to being overincome, and one-fifth due to rent delinquency. The 225 cases which moved voluntarily involve an interesting variety of reasons. Illness, death, and dissolution of the family account for 16 percent of those who left voluntarily. Doubling up with relatives made up another 13 percent. Thirteen percent left the city. The two greatest categories were those who bought homes, making up 20 percent, and those who were able to find and rent homes or apartments, constituting 26 percent. The remaining 12 percent were classified as "other."

REASONS FOR BECOMING OVERINCOME: BALTIMORE

Since your committee is interested primarily in the possibilities of raising low incomes, the Baltimore Housing Authority, at our request, furnished us the reasons in the case of 82 families who were determined to be overincome in a project reexamination just completed. In general, the reasons for increased income include the following:

(1) An increase of earnings in the same job or establishment; (2) a change of occupation or employer; (3) servicemen and veterans returning to regular employment; (4) the wife going to work; (5) marriage of the mother of a broken family; (6) the return of the husband to full earning capacity, as from an institution; (7) change from unemployed to employed status; and (8) children going to work—this factor, however, generally will no longer disqualify families under an amendment in the Housing Act of 1949 which allows this income of minors, temporarily available to the family, to be deducted from total family income for the purpose of determining eligibility.

Again it is worth stressing that we do not know the relative importance of the various reasons. The study of 82 families is presented simply for what it is—a complete group of cases without any knowledge of their representativeness or proportions.

In looking over the 82 cases, I am impressed with the fact that generalization is not easy, and that the individual family in recent years has often experienced rapid ups and downs of economic status. A good illustration of this is a family whose income underwent two drastic changes in 6 years. Income was \$2,548 on admission in 1943. The family consisted of husband aged 32, working as a machinist, his wife and three children. Early in 1948, however, income was down to \$1,440. The husband had been injured on the job, and was receiving \$60 monthly for disability. This was not enough for the family to live on, and was supplemented by an equal amount of public welfare assistance. But by the autumn of 1949, income had increased to \$3,279, making the family ineligible for residence. The man had recovered from his injury and had returned to the same factory in a higher-paying job as a planer.

Another case illustrates what can happen to a family in the short span of 4 years. Income was \$2,322 at the time of admission in 1945, when the project was still in war status.

I must inject here one thought not in my prepared statement: In 1943 and 1944 we were forced to admit tenants to projects if they were war workers without reference to the usual income limits, in order to acquire the priorities to complete those projects in that year.

Now, going back to the family I was discussing, there was a husband aged 37, his wife aged 28, and three children. By the autumn of 1949, income had risen to \$2,897. But a daughter had married and left, a son had enlisted in the Army, and the mother had abandoned the family and had not been heard from since 1947. Thus the five-person family had become a two-person broken family, and, due to the higher income of the father, the family was no longer eligible for residence.

CONTRIBUTIONS OF PUBLIC HOUSING TO INCREASING INCOME POTENTIAL

In volumes of testimony before a number of congressional committees, the social and economic benefits of public housing to low-income families have been cited time and again. I do not wish to repeat them in detail. I only want to sharpen them up to illustrate what this program of Federal assistance is doing toward the specific problem of increasing the potential of the family to earn an adequate income.

Among the more immediate benefits of a change from slum dwellings to homes in public-housing projects is the improvement in general health and the resultant reduction in absenteeism of workers. For laborers who are paid by the day or hour this can be an important factor in increased income. A member of our staff ascertained from a group of 25 tenants in a Baltimore project that absenteeism was cut down noticeably after moving into the project, due to better health and living conditions, with a resultant increase in total earnings.

Where specific diseases associated with poor housing have incapacitated workers, it is quite possible for earning power to be restored at least partially after residence in adequate housing. In the case of the Baltimore man and wife, both of whom had tuberculosis while in damp slum housing, it may well be that, after living in the housing project for a while, one or both will be able to work in some measure, decreasing dependence on public assistance.

The pressures on physical and mental health which undoubtedly are generated by overcrowded slum housing must adversely influence the earning capacity of a substantial number of marginal workers. The relocation of a family in decent housing would of itself serve to ease these tensions and permit energies which would otherwise be blocked to be directed toward increasing earning power. The case of the epileptic veteran in Baltimore who had tried driving a cab is an excellent illustration of this. While a member of my staff was in the project manager's office discussing this case, by sheer coincidence a call came in from an employer who stated that he would be willing to give the man a job provided he was admitted to the project. He felt that unless decent housing were provided the man would not succeed.

The long-run improvement of income through the substitution of good public housing for slum dwellings is probably even more substantial than the short run benefits. There is abundant evidence that children are healthier. These grow up into healthier adults who are less subject to the diminution of income through illness. These healthier adults also become healthier aged, with a longer and better working life.

Equally important in the long-run income picture is the growth of these children into better adjusted future citizens. With less delinquency in childhood and less criminality later, there should be fewer broken families, and we hope happier and better workers.

Obviously it is difficult to measure the general influence, long or short run, of good housing on capacity to earn. It is possible that future studies will help measure these effects.

I should like to point out, moreover, that the value of good housing goes beyond increased income, to the very reasons for having income—for poor housing tends to destroy the virtues of citizenship which the

American people hold high, and which must have been the ultimate motivation of Congress in legislating for better housing at all income levels. I have always liked the quotation from Benjamin Disraeli which the New Haven housing authority prints over the picture of three children standing in front of a public housing project.

The best security for civilization—

Disraeli said in 1874—

is the dwelling, and upon proper and becoming dwellings depends more than anything else the improvement of mankind. Such dwellings are the nursery of all domestic virtues, and without a becoming home the exercise of those virtues is impossible.

Senator SPARKMAN. Thank you, Mr. Egan. Let me ask that the 138 cases which you say may be available for the committee be supplied to our staff. We would be very happy to have them.

Mr. EGAN. We will supply them.

(The documents described will be furnished to the committee by Mr. Egan.)

Senator SPARKMAN. There is one other thing I want to ask you before having committee members submit their questions. On page 14 of your prepared statement, the bottom of the page, you refer to the \$2,400 maximum for eligibility. In each of the other cases you referred to \$2,100.

Mr. EGAN. That was a different-sized family, Mr. Chairman. The income maximums are set for family size.

Senator SPARKMAN. Even aside from the deduction?

Mr. EGAN. That is right.

Senator SPARKMAN. I wanted to be certain that that was correct, if so, the reason for it.

Congressman Buchanan?

Mr. BUCHANAN. I have no questions.

Senator SPARKMAN. Congressman Huber?

Mr. HUBER. I have no questions.

Senator SPARKMAN. Congressman Rich?

Mr. RICH. I would like first to ask Mr. Foley in reference to Federal aid for housing as to how far we should go in trying to aid and assist the low-income family group, and if you have any limit on the wages that a man should earn, depending on the size of his family, in order that it would be a public necessity to take care of that family.

Mr. FOLEY. Congressman, I treated that subject briefly in the statement read, and of course in much greater detail in previous committees of Congress than here. I do not think you can set an arbitrary dollar figure and say that is the top of low income, or the maximum point at which special help could be given, because situations vary so widely, both geographically and with respect to family situations.

I think the test has to be made on a relative basis, and I think generally it can be done in keeping with the actions taken by Congress, particularly in the Housing Act of 1949, where it is made pretty clear—or at least it seems so to me—that the job of taking care of the housing need is essentially a private enterprise one, and that we will only supplement that with Federal aids in those areas of need which demonstrably are not taken care of privately or cannot be taken care of reasonably soon.

That would give you a figure of the top of what you would describe as low income in different families in different areas.

Mr. RICH. Do you find in your experience in constructing these houses that some families, even if they received the benefits of a good home, would be unable to take care of it; that they would not appreciate it? Do you ever find that?

Mr. FOLEY. That is a question that more properly could be answered by those who operate the public housing projects, but I think I know what you have in mind. Perhaps it ties back to the old statement that we often heard: "Do not give them a bathtub because they will keep their coal in it." Is that what you had in mind—an ability to maintain their house properly?

Mr. RICH. Yes. I go around the city here in the District of Columbia, and I see the houses that some of these people live in. I think they are deplorable, terrible, but I see on the outside of those homes, where they have a lot of children, the dirtiest places that you could imagine. And if I lived there, no matter how poor, I would certainly clean that place up.

I am talking about indolent families, fellows that would not, if you furnished them with a good home, appreciate it. Do you find that?

Mr. FOLEY. I am sure, Congressman, that you will always find in the total of human families all varieties and degrees of energy, industry, and so on.

The experience in public housing has varied generally, I am sure, but families who have been admitted from slum conditions, being given the opportunity, perhaps for the first time, to live in decent surroundings, have a strong incentive to keep them decent.

There is very little incentive for families living in a typical slum to exert themselves to make their little piece of it attractive. It may be for that general reason. There are other reasons, of course. There are reasons of physical conditions and so on; but, generally speaking, the experience in public housing has disproved the contention that the typical families who have been housed in slums, perforce, will not take proper care of the property. Experience has disproved that claim.

Mr. RICH. Do you have any from your knowledge, from the construction that you have made, any families who have not taken care of the property and had to be censured or instructed to clean up?

Mr. FOLEY. I have no doubt that there are some such, although that is a question that I am sure the public housing people themselves could answer more directly for you, sir.

Mr. RICH. I thought that it would come to your attention.

Mr. FOLEY. It would.

Mr. RICH. You do not know of any?

Mr. FOLEY. I am sure there is some percentage of them.

Mr. RICH. You have not heard of any?

Mr. FOLEY. I am just saying that there must be some percentage of them in the ordinary course of human affairs. Mr. Egan, whose responsibility it is to handle that, will be able to tell you better.

Mr. RICH. I will address my remarks to Mr. Egan.

Mr. EGAN. Undoubtedly there are some cases where the families had to be evicted because they were not taking care of their quarters. This is purely an impression I have; I have not got any data to support it. But I do not think the percentage in public housing, in our subsidized projects, is any greater than it is in private housing.

Mr. RICH. I hope you do not find any. But I am asking the question:

Do you find it? I am just asking that for information. I am not trying to criticize; I am trying to help.

I wonder what you do with cases of that kind, what disposition or what action do you, as Commissioner of Public Housing, take when you find a family that does not keep their property in good condition?

Mr. EGAN. The responsibility for that, of course, is the local housing authority. We as a Federal agency do not have the direct contact with those tenants.

Mr. RICH. Are not the local housing authorities under your administration?

Mr. EGAN. No, sir; they are independent organizations set up by State statute.

Mr. RICH. And you have nothing whatever to do with them?

Mr. EGAN. All we do is to see that they maintain a program that is in conformance with the statute. We do check, for instance, such things as their annual reexamination of incomes to see that the families do not have more income than would make them eligible.

Mr. RICH. I am not thinking of incomes. For instance, I can take you in the northwest, in a good fine section of the northwest part of this city. I can take you on one street—I have been looking the city over—where people do not mow their lawns, let it grow up. And the first thing you know that whole street will become indolent and it just looks tough to me.

And on the next square everybody has their homes well taken care of, and they look fine. One man improves his property and the fellow next to him wants to keep his just as nice, and he does the same thing.

I can take you there this summer and show it to you, a whole square, where they let their grass and weeds grow. I cannot understand why people would do that. If I were running the houses—those people do not own their own homes or they would not allow that—if anyone had a tenant in those houses I would want him to get out. I would not want him.

I am wondering if we foster the same thing in public housing or whether we ask them to clean up. It takes just a little bit of work and makes the conditions better. It makes living conditions for all the people in public housing much better. I am wondering if there is anyone in this public housing that does not care, gets reckless, shiftless, careless, and lets the property go down.

All the property that we are trying to serve all the other people naturally is not good; it is not good for the people who live next to them. Do you have any system whereby you require a certain standard in the upkeep of these Federal properties that we are building?

Mr. EGAN. Mr. Rich, I will say this: We make periodic examinations of local authorities' projects to see that they are maintained properly. We take the same approach to their operation as a banker would who had a loan on a private development to see that the property is maintained.

In addition to that, the local housing authorities in most instances try to stimulate those families to take better care of their premises and they do it by better techniques. For instance, they give a prize for the

best-kept yard, monthly prizes, things of that type, to stimulate them to maintain their places in proper condition.

Mr. RICH. That is the point I am trying to make now.

My thought is to see just how you are operating them. You say you have authority; therefore, you were responsible for the upkeep of all those properties.

Mr. EGAN. We are not responsible directly but we criticize a local authority that lets a project run down, and we watch their budget to see that the funds provided for maintenance are properly used.

Mr. RICH. And then you expect them to keep it up?

Mr. EGAN. Definitely so.

Mr. RICH. That is the point I want to get, and that is the information I am seeking.

I was very much interested in your calling attention to certain cases. You spoke in reference to the epileptic who drove a taxi. Naturally the taxi company could not have a man of that character run a taxi. I am not speaking about what the taxi company did because I think they did right, because he would endanger the lives of other people and it was necessary for them to discontinue his services in that capacity.

But if he could find another job he might be able to handle elsewhere, he would not endanger the lives of anybody else. I think that was the right course for them to pursue.

Mr. EGAN. I agree.

Mr. RICH. Have you any thought on the subject as to just how far we should go as a government in trying to build these houses that cannot be maintained or caught up with private construction so far as the income of the man is concerned? I realize the larger the family the more the man has to keep up, and I realize that when their children grow up they then have earners coming into their families.

Sometimes it makes it difficult for you to say the law is not right, because we have to move some families. There are cases where you cannot draw a law that is going to fit all conditions.

In reference to that, what is your idea as to some of the qualifications that should be made to the law in order to cover some of the cases that you might think are not justified in moving them because of a salary condition? Have you set any regulations or any plans or any forms that could be submitted to the Congress in order that they might judge?

Mr. EGAN. No. But you will recall that in the statute there is a provision—and this has been given a lot of thought by the Congress—which prohibits us from setting rents more than 20 percent below the minimum at which standard private housing is being made available.

Mr. RICH. Why is that not a good thing?

Mr. EGAN. I think it is all right.

Mr. BUCHANAN. It is in the legislation.

Mr. RICH. That is going to encourage a fellow who makes a salary larger than that to get out of the house to try to make some arrangements to take care of himself when he earns so much.

Mr. EGAN. That is right.

Mr. RICH. I was under the impression that you were criticizing that statute.

Mr. EGAN. The 20 percent proviso?

Mr. RICH. Yes.

Mr. EGAN. No, sir.

As Mr. Foley reminds me, we adopted that principle administratively before it was written in the project under the Housing Act of 1937.

Mr. RICH. That encourages a man, when he is earning more money, to want his own home rather than live on public housing, and it ought to encourage that man to go out to fight his own battles. That makes it better for the man, and it is better for the country as a whole.

Mr. BUCHANAN. Will you yield, Mr. Rich?

Mr. RICH. Yes, sir.

Mr. BUCHANAN. Have you ever checked on the number of families that moved out of these public housing projects as to how many of them actually purchase their own homes?

Mr. EGAN. The figures that we gave you, Mr. Buchanan, in this testimony on the Baltimore study show that 20 percent of those that voluntarily moved purchased homes.

Mr. BUCHANAN. In other words, public housing serves as an inspiration and incentive to acquire home ownership?

Mr. EGAN. That is correct.

Mr. FOLEY. If I might interject, Congressman, it probably also furnishes an opportunity for them to get their feet on the ground financially so that they can become an acceptable mortgage risk; for instance, in purchasing homes.

Mr. RICH. Mr. Egan, from your knowledge, what percentage of the people in this country own their own homes?

Mr. BUCHANAN. I think it is about 50 percent.

Mr. FOLEY. What is the total figure, Mr. Ashley?

Mr. ASHLEY. Slightly over 54 percent.

Senator SPARKMAN. The last figure I saw was 57 percent, Nationwide.

Mr. RICH. Do you find the tendency for people to want to own their own homes? I realize now the enormous cost of building, and if a fellow can rent he does not want to build because he feels he can build at some other time cheaper than he can now. But is the tendency for the great number of people to want to get in a home of their own?

Mr. EGAN. Definitely, I would say. I think it is an American instinct to want to do it.

Mr. RICH. Do you find a difference between the people who live in the country and the people who live in the city, for that desire?

Mr. EGAN. I presume those who live in urban areas, particularly the large urban areas, feel a certain futility in trying to acquire a home because of the high cost in that locality, whereas that situation does not prevail so much in the rural areas.

Mr. RICH. Do you not find that the fellow who lives in a rural area gets out and does a whole lot more work on trying to build his home than the fellow who lives in the city?

Mr. EGAN. That is right.

Mr. BUCHANAN. I would not agree with that.

Mr. RICH. I do. I live in the country and I know those fellows out there work. I find that more fellows in the country work than they do in the city. Believe me, that is the truth. If you do not think so, you come up in my district and I will show you.

Mr. EGAN. One of the reasons, Congressman, is that you have very restrictive building codes in the area. A man cannot even file for an alteration without bringing in an architect. Those are the things that thwart him.

Mr. RICH. That is right. And I think a lot of the city regulations should be given up, or else modify them so that it would not be so difficult for a fellow to start in the city.

Mr. FOLEY. Apropos of your question as to continued desire for home ownership, the production of housing in the 3 years throws considerable light on that. This year we will probably produce about a million housing units, of which probably around 200,000 only would be rental units. So that some 800,000 new units have gone into the for-sale market this year, which is a very high figure as against the past.

Mr. RICH. In building your units what is the average cost per unit per family?

Mr. FOLEY. You are speaking now of public housing?

Mr. RICH. Yes.

Mr. EGAN. We have presented testimony, when we testified before the committees when the legislation was before them, and from our experience in the past, as I recall the figures—I hate to guess at it unless I can check it—I know it was under \$5,000 total development cost.

Mr. RICH. Per family?

Mr. EGAN. Yes, sir. That was before the war, however. I anticipate it will be considerably higher. We have to average—as a matter of fact, it was \$4,649 total development cost.

Mr. RICH. That is before the war.

Mr. EGAN. Yes, sir.

Mr. RICH. What is it now?

Mr. EGAN. It varies. The tendency recently has been a slight decline. If we have to build 810,000 units in 6 years with the subsidy provided, we have to have an over-all development cost of \$8,462. I think that is the precise figure.

Mr. RICH. \$8,462 as against \$4,600 before the war.

Mr. EGAN. Yes, sir.

Mr. RICH. In other words, they have almost doubled.

Mr. EGAN. The figure I gave you of \$4,649 was all urban areas.

In cities over 500,000 population the figure was \$5,070; from 100,000 to 500,000 it was \$4,402, and in cities under 100,000 it was \$3,875.

Mr. RICH. That is a great difference. You have almost \$1,200 more because you built a house in a city of 500,000 than it would be if you built it in a city of less than 100,000.

Mr. EGAN. That is the cost due to local conditions.

Mr. RICH. What is the cause of that?

Mr. EGAN. High labor costs, higher land costs.

Mr. RICH. You figure the land and all?

Mr. EGAN. Yes.

Senator SPARKMAN. Do you have the break-down for the latest figure in the same way you gave it?

Mr. EGAN. No, sir. Under the new program we have not any in construction, or even bid on yet.

Senator SPARKMAN. You gave a second figure of \$8,100. Have you broken that down according to the size of the cities?

Mr. EGAN. That has to be a national average, maximum national average.

Mr. RICH. I happen to be on a couple of college boards. We built a dormitory in one college that cost \$2,500 per student to house him. Then another college wanted to build one, and it cost \$7,500. They have a wildcat to deal with in me because I am not going to build one that cost \$7,500 when we can build them a fine building for \$2,500.

Mr. BUCHANAN. Are they single-room dormitories?

Mr. RICH. Yes. Two girls in a room with private bath and everything, all accommodations, better than they would have in their own homes, and elegant. I just do not believe in building one that costs \$7,500 when you can get one that will be as good as anything that I ever enjoyed, better than I ever enjoyed, for \$2,500.

I am wondering whether you are trying to keep down the cost of your housing on that scale or whether you are taking the \$7,500 rooms.

Mr. EGAN. Congressman, we know that the figure I gave you—I want to correct it, it was \$8,462, but the actual figure is \$8,450—we have to at least average that in the next 6 years if we want to complete 810,000 units.

And our units will average about $4\frac{1}{2}$ —say $2\frac{1}{2}$ bedrooms.

Mr. RICH. Do you feel that you are getting—since that increase of almost 100 percent—sufficient bids so that you feel you are getting the very minimum cost in the construction of these units?

Mr. EGAN. Definitely. It is widespread competition, it is public bidding, on all of it.

Mr. FOLEY. I want to make sure, Congressman Rich, that you have the right understanding of that figure of \$8,450. What Commissioner Egan is stating there is that with the amount of subsidy authorized by the Congress, if we get the maximum program of units authorized by the Congress, 810,000 units, our costs may not exceed per unit all costs, \$8,450.

That is not a figure based upon experience of letting of contracts as of now.

Mr. RICH. Have you any estimates in your experience now, and looking the country over, in the things you say you are going to recommend to the Congress, of the extent to which you are going to recommend, or that department will recommend, in the construction of public housing?

Mr. FOLEY. When I spoke—and I assume you are referring to a line in my own statement of possible further legislative proposals—

Mr. RICH. That is right.

Mr. FOLEY. It was not with reference to further public-housing proposals, it was rather with reference to other phases of the problem, particularly in private construction.

Mr. RICH. Have you any thought in your mind, is the department which you represent going to recommend to Congress the construction of homes or apartments, and if so, to what extent have you figured it will require the Government to finance your ideas in public housing?

Mr. FOLEY. Again let me say the reference I made to possible further legislative proposals was not with reference to further public-housing proposals but rather further aids to private enterprise to assist in developing a larger volume and farther down the scale in income.

Mr. RICH. What do you mean by further aids to private enterprise? Do you expect to subsidize that?

Mr. HUBER. We are to some extent, are we not?

Mr. FOLEY. On the subject of aids, as used in congressional discussions, for instance, the mortgage insurance system is an aid to private enterprise.

Mr. RICH. Then you have no recommendations that you are going to make to Congress for additional construction by the Federal Government at this time?

Mr. FOLEY. You mean an expansion of the public housing program, so-called, at this time?

Mr. RICH. Yes.

Mr. FOLEY. No; we are not considering recommending it. We have a 6-year program at this time to carry out.

Mr. HUBER. With regard to the figure that 54 percent of our families own their homes, I am wondering how many of those homes are homes that we can really call homes. We were speaking a few minutes ago about the extra costs and the various codes in the cities.

For instance, a person can go out in the rural area and build a tarpaper shanty with a privy in the back yard, and maybe bring water from some contaminated source and you will still call it a home. But I do not believe it would be a home.

Are there any figures on the number of adequate homes, with some sanitary and other facilities available?

Mr. FOLEY. There is great difficulty in analyzing available statistics which are mostly out of the 1940 census, and some spot-check reports since that time. From the census figures it is possible, however, to identify very roughly the number of substandard houses as meeting certain definitions of substandardness, and how many of those may be owned by their occupants or rented.

Am I right, Mr. Ashley?

Mr. ASHLEY. Yes; that is right.

Mr. FOLEY. You are touching also on a subject that I touched upon in my statement, Congressman, as to some possible misapprehensions that could easily arise from the number of low-income families.

For instance, they are listed as owning their own homes. As a matter of fact, there are two points to look at there: One is what do you mean by owning, and the other is, what is the structure that they own?

Commonly we speak of people as owning their own homes if they have title, even though they may have it under very heavy debt. They may have purchased it under land contract and not under title and still are considered as being the home owner.

It is one of the subjects on which we need a great deal more information than we have. It is one of the very basic fields of study in order to come out with answers, for instance, on the particular phase of the low-income problem that this committee is studying, and it is the sort of thing we believe we are going to be able to accomplish a good deal in connection with, under our research program just authorized in the last session, and for which the funds were only made available in October.

We are organizing a research set-up now. It will furnish us a means, we believe, of better exploring such subjects.

Mr. HUBER. I know in my home district, adjacent to Akron, Ohio, the desperate housing shortage caused many people to go out and build basement homes, just with the top over them, and it was necessary for the State legislature, for sanitary reasons and others, to enact legislation to zone the entire rural areas to some extent.

Mr. RICH. Will you yield?

Mr. HUBER. Yes.

Mr. RICH. When I was born we had a garden house, in those days, before we got bathrooms in the country. I admire the fellow who will go out and start to build his own home. It shows he has the stuff in him. The fellow who will go out and assume the responsibility of building a place big enough and good enough so that he can get started, a man and wife, and then eventually add another room or two or three rooms to it, I take my hat off to those fellows for wanting to do something themselves instead of trying to get somebody else to do everything for them.

Mr. HUBER. That shows your constitution and "sticktoitiveness," because otherwise you would have had typhoid fever years ago living under those conditions.

Mr. FOLEY. Along that line we are very much interested in a program that will promote self-help in connection with the development of housing. The very type of thing you describe could be done in an open area of the country which, if placed in a restricted area, would be a threat to the city.

Mr. RICH. That is right. You cannot do it in the city.

Senator SPARKMAN. Is it not true that under proposed housing legislation that is pending you propose to lend even greater encouragement to the small house, the rural nonfarm house?

Mr. FOLEY. That is right. You are referring to a section of the pending bill in which we suggest that the mortgage insurance feature

be extended to a still more modest type of house than is possible under any of our other set-ups, having in mind that in areas such as Congressman Rich described it is not necessary, basically, to have the same high standards that you need to have, perhaps, in a closely built community.

Senator SPARKMAN. This, of course, would make it possible to extend the Federal aids in the private building field to people of lower incomes.

Mr. FOLEY. That is right. And in keeping with what I conceive to be the very clear intent of Congress in the declaration of housing policy in the act of 1949, to which I am constantly calling attention, of the public and the building industry, namely, that we should among other things use all of the proper aids we can, governmentally, to broaden the effective field of private enterprise, lower and lower in the income scale. And I believe, Congressman, we are having some encouraging progress.

Mr. RICH. I think that we are getting aid and assistance from the banks in the country. I do not know much about the city, but in the country a fellow will go out and buy his own lot. Then he can get started with a small house. He will go to the bank and borrow money and get additional amounts to complete that house. And they are doing it.

I think the banks in our country are trying to aid and assist those people in getting their own homes.

Senator SPARKMAN. The whole FHA program ties in with the banks. They work together.

Mr. RICH. That is right.

Mr. FOLEY. It is all private capital, of course.

Senator SPARKMAN. Let me ask you this question, and I think it is pretty well substantiated in the statements both of you have given, and that is: The so-called public-housing program is actually being used to benefit families of low-income status.

Mr. EGAN. Very definitely.

Senator SPARKMAN. We often hear the charge made that it is not the low-income people that are getting the benefit of it.

Mr. FOLEY. I think there can be no question, Senator, as to the truth of what you say, that it is being used in that direction. Certainly very definitely part of the criticism to which you refer springs out of the inevitable situation that developed in wartime and shortly after the war when families who had been admitted at low income, had large increases of income. Some spectacular cases were picked out and publicized where it was impossible to require them to move at the moment because of the extreme housing shortage, so much so that, as Commissioner Egan pointed out, at various times action of Congress stopped us from removal programs.

Senator SPARKMAN. But you are progressing with that satisfactorily at the present time.

Mr. FOLEY. Yes, sir. Much of that—and it is a sincere misapprehension—arose out of that set of facts.

Senator SPARKMAN. I think the figures you give in your statement are very enlightening, and particularly was I pleased with the high

percentage of those who have graduated from public-housing projects into home owners. It seems to me that 20 percent is a pretty high figure.

Mr. RICH. I thought so, too. I thought that was a good figure.

Senator SPARKMAN. My own hope is that there may continue to be a rotation of the people, just as one of you pointed out, that it should constitute a reservoir through which people will pass temporarily and graduate into home ownership or better income and better living conditions.

Mr. RICH. After they have lived in these Government-owned homes they see what it is to try to have a better home, and then, instead of squandering their money they will try to invest it in a home for themselves.

Mr. FOLEY. What I describe as a revolving fund of decent housing.

Senator SPARKMAN. Reference has been made here two or three times about farm housing. I do not believe it has been mentioned that part of the Housing Act of 1949 did include, for the first time, the provision—

Mr. FOLEY. I did mention it in the general part of my statement.

Senator SPARKMAN. It included two features: One was housing for the farm owner and the other was this nonfarm rural housing. Is it not true that we require 10 percent of the public-housing funds to be used for that purpose?

Mr. FOLEY. Reserved for rural nonfarm housing, for a period of 3 years.

Senator SPARKMAN. How is that program coming along? And I may say that my question is prompted by a great deal of interest in my own State in the program.

Mr. EGAN. Senator, I appreciate your interest, naturally. The only reply I can make to it is that we have been so absorbed with pressures of work over there, to get the whole program operating, that we have not given at the present time too much thought to the rural nonfarm.

We do expect to make some field studies of the problem in order to devise some procedures and methods and techniques to get that program operating. We expect to have two or three of our staff people go into those rural areas and actually become familiar with the problem so that we can attack it in an intelligent way.

Senator SPARKMAN. How are you coming along with the new public-housing program generally? I notice the commitments that have been made from time to time. It seems to me that it is moving quite satisfactorily. Is that true?

Mr. EGAN. I would say it is, Senator. The President, as you know, authorized us to enter into loan contracts for one-hundred-and-thirty-four-thousand-odd units, comprising about 108 localities. Those loan contracts are now being executed.

We anticipate that as time goes on we will be there with additional lists. As a matter of fact, we are prepared to go in now with additional lists for the President's approval.

Senator SPARKMAN. Most of those have been for 1 year or 2 years?

Mr. EGAN. Two years, sir. We are moving on a 2-year program.

Senator SPARKMAN. Of course, we wrote a limitation into the law as to the number you could do in any one year. The maximum was 200,000, was it not, or 175,000?

Mr. FOLEY. Average of 135,000.

Senator SPARKMAN. But we had a top level of 200,000?

Mr. EGAN. Yes, sir.

Senator SPARKMAN. What was the final figure? Was it 200,000 starts authorized?

Mr. EGAN. On construction starts; yes, sir.

Senator SPARKMAN. How many do you suppose that you will be able to get under way—that is, construction starts—within the present fiscal year?

Mr. EGAN. Senator, we are hoping to get, we had hoped, if we had had our funds early enough, to have 50,000. We did not get our funds as you know until the middle of October. And because of that I am sure we are not going to hit that 50,000 figure. But we are making every effort to do it.

I do not think we will miss it by many months, maybe 1 or 2 months. It is just because of the loss of time we had, through the summer months, to get really rolling into the program.

Mr. BUCHANAN. That is for fiscal 1950 rather than calendar '50?

Mr. EGAN. Yes, sir.

Mr. FOLEY. May I add a word on the rural nonfarm, to explain why it will take more time?

Senator SPARKMAN. Yes.

Mr. FOLEY. The fact of the matter is that there is a pretty-well-organized situation locally on the urban low-rent housing which the many public-housing authorities have established, but very little organization in the field, in the communities, on the other, and that was undoubtedly the reason why Congress required a reservation of 10 percent for 3 years, to give an opportunity for that development of local organization to avail itself of the provisions of the acts.

Mr. BUCHANAN. Mr. Foley, or Mr. Egan, I might add, probably because of the tie-in with the slum clearance, a good many are waiting or holding off with the public-housing phases to dovetail with the slum-clearance phases.

Mr. EGAN. There are some that are, Mr. Buchanan, but not many cases. Most of them are moving forward with our program and hoping that it will dovetail. They are planning with the idea that it will dovetail with the urban-redevelopment feature of the statute.

I might put these figures in the record, if you do not mind, Senator. As of December 9, we had 402 localities that applied for 375,252 units in this new program.

Mr. FOLEY. I might add in connection with what Congressman Buchanan observed, there is, of course, a definite interrelationship be-

tween titles I and III, slum clearance and public housing, and necessarily so. One of the places where the interrelationship is extremely important is in connection with the rehousing requirements of the slum-clearance program as set forth in the act itself. So that where the people who are going to be unhoused are of low income, where it would not otherwise be possible to house them, the provision of slum-public housing in advance of the clearance under title I becomes important.

So that the gearing in Congress of the two programs will be probably in two phases, one of trying to make provision for the rehousing before slum clearance starts, and then the two being tied together possibly with relation in choice of sites and so forth.

Senator SPARKMAN. With reference to the available facts and figures on home ownership, and the conditions of the houses and so forth, we also wrote into the law a requirement for a census taking in connection with the regular decennial census. Has the Census Bureau consulted with your officials regarding the information to be sought in that?

Mr. FOLEY. The Office of the Administrator representing the total Agency has been sitting in conversations with them on that matter.

Senator SPARKMAN. You feel that a satisfactory census program will be worked out?

Mr. FOLEY. I believe so. Of course, one could go on and on and get useful information. There is a limit which must be placed on staff information. But I believe at staff levels they will arrive at a satisfactory basis.

Senator SPARKMAN. Is there a great deal of war housing still under your administration? Oftentimes I think in the minds of the public it is confused with public housing. Could you give us just a word as to where that fits into the program, and what the plans are for disposal of that—war and veterans' reuse housing?

Mr. FOLEY. That has been one of our very complicated problems, Senator, as you know, and we have had frequent discussions with committees of Congress on it, and various hearings and bills are pending with respect to disposition recommendations. It divides itself into three rather broad classes, one is what we call title V. veterans' reuse housing; two is the temporary war housing built under the Lanham Act; and three is the permanent war-housing.

They represent three different types of disposition problems: The permanent war housing we are, of course, authorized to sell into private use and are proceeding gradually with some success. Although it was slow, it is speeding up a bit now. It was hampered very much by the housing shortage immediately after the war.

There is a different problem in connection with the temporary war housing, most of which already has been used as long or longer than it was originally planned to be used. And you know the provisions of the law, I do not need to recite them, as to the removal. The time for removal has been extended from time to time by the Congress.

We have made recommendations to Congress for transfer of most of that housing to the local communities, giving them the property under certain conditions, they assuming the responsibility for its ultimate disposition.

Some of that housing, temporary housing, will undoubtedly be of considerable use in connection with the rehousing, housing involved in the slum-clearance projects, if it can be made vacant and available, as no doubt much of it can.

The veterans' reuse housing was subject to two other pieces of law, one the so-called McGregor Act in which it was transferred to educational institutions, and then by language in the appropriations act of last year we were authorized to transfer other of it to cities, with a deadline date for application I think of December 22. As of November 30, applications had been received for approximately 47 percent of it. The reports come to me weekly, and it looks as though the communities will apply for the bulk of that to be transferred, so that our problem will be quite simplified.

You are quite right, however, Senator, in your observation that the war housing confuses the public mind on the public-housing question. I have felt and have recommended to Congress that the sooner the Federal Government can get out of possession and management of the war housing, the better it will be for all concerned.

Senator SPARKMAN. You were proposing to transfer about 135,000 units to the various local-housing authorities?

Mr. FOLEY. Under permanent war housing, no, there are about 135,000 units total in our possession.

Senator SPARKMAN. It was thirty-some-odd-thousand.

Mr. EGAN. That is right.

Mr. FOLEY. The authorization suggested for transfer to low-rent use, the legislation, ran about 30,000.

Mr. RICH. They have authorized it?

Senator SPARKMAN. No; it is proposed.

Mr. FOLEY. It is proposed in pending legislation.

Senator SPARKMAN. There is a bill pending on the calendar.

Mr. RICH. Why do you not get it started early in the Senate? We act on it in a hurry over there.

Senator SPARKMAN. Mr. Foley, I thought you might be interested in seeing the picture and plan of this house. This is a plan of the home to be built with the first loan under the farm-housing-loan program. That is the house that is to be built, replacing this one, a picture of which I show you.

Mr. FOLEY. It is obvious it is not to be a conversion proposition.

Senator SPARKMAN. No; you could not very well convert. You may be interested to know that the bid on that house, to build that house, was \$3,400. They promised to deliver it—\$3,300. They are going to use \$100 for the water well.

Mr. FOLEY. Do you think you would have sufficient influence with that contractor to get him to duplicate that in Washington?

Senator SPARKMAN. I wish we could. The loans are for \$4,000, \$3,300 for the house, \$100 for the water system, and \$600 for the barn. I have a picture of the barn, too, that they are going to replace.

Mr. BUCHANAN. How much for the land? About \$100 an acre?

Senator SPARKMAN. This is in Alabama. It is about \$100 an acre.

Mr. HUBER. What effect would the enactment of the Sparkman housing bill have on the housing situation?

Senator SPARKMAN. I think it would step it up considerably, and would reach this gap that Mr. Egan so well described, these marginal cases that cannot quite get in. This loan was made at Scottsboro, Ala., and it was a Scottsboro contractor that has promised to deliver the house at \$3,300. That was the first loan made in the whole United States. I understand they are being swamped with applications from all over the rural counties.

Are there any further questions?

(No response.)

Senator SPARKMAN. Thank you very much, Mr. Foley and Mr. Egan. This afternoon at 2 o'clock we will resume.

(Whereupon, at 11:55 a. m., the hearing was adjourned, to reconvene at 2 p. m.)

Negro and other

Total.....	19,100	14,850			539			12,211			3,394			10,106			3,141		
Total with income reported..	19,100	14,833	1.66		538	1.80		12,162	1.84		3,388	1.61		10,106	1.91		3,441	1.77	
Under \$500.....	1,400	265	.84	36	5		39	349	.88	34	18		41	186	.76	32	5		38
\$500-\$999.....	13,600	3,665	1.14	23	5	.20	20	2,350	1.24	24	22	.45	24	1,692	1.16	24	44	.25	29
\$1,000-\$1,499.....	3,950	4,848	1.69	21	39	1.08	19	4,894	1.79	22	128	1.25	21	2,925	1.65	22	14	2.29	23
\$1,500-\$1,999.....	150	2,742	1.92	22	136	1.46	20	3,324	2.15	21	908	1.30	21	2,814	2.18	21	309	1.03	21
\$2,000-\$2,499.....		1,898	2.12	20	102	1.51	18	1,027	2.63	21	996	1.54	20	1,952	2.37	21	670	1.37	20
\$2,500-\$2,999.....		787	2.12	18	85	1.86	17	213	2.51	19	650	1.97	18	519	2.94	20	825	1.87	19
\$3,000-\$3,499.....		327	1.83	15	81	2.56	16	5	2.20	16	348	1.92	15	18	3.72	19	612	2.24	17
\$3,500-\$3,999.....		158	1.80	13	54	2.69	15				176	1.92	13				291	2.28	15
\$4,000-\$4,499.....		88	1.83	11	15	2.27	12				68	1.94	12				180	2.09	14
\$4,500-\$4,999.....		33	1.85	10	10	2.30	11				33	1.76	11				101	1.71	12
\$5,000 and over.....		22	2.18	9	6	1.50	9				41	1.85	10				90	1.77	10
Median income.....	\$800	\$1,360			\$2,412			\$1,346			\$2,310			\$1,544			\$2,820		

See footnotes at end of table, p. 182.

TABLE 1.—Trends in income, number of minors, and rent-income ratio of families in urban continental Public Law 412 and PWA developments—Continued

B. FAMILIES ADMITTED IN 1944

Anticipated net annual income	Families admitted in 1944			Families still in residence in 1946						Families still in residence in 1948					
	Number	Average number of minors	Rent as percentage of income	Eligibles			Ineligibles			Eligibles			Ineligibles		
				Number	Average number of minors	Rent as percentage of income	Number	Average number of minors	Rent as percentage of income	Number	Average number of minors	Rent as percentage of income	Number	Average number of minors	Rent as percentage of income
	White														
Total.....	13,827			8,168			3,364			4,744			2,345		
Total with income reported.....	13,782	1.56		8,115	1.81		3,357	1.75		4,744	1.93		2,345	2.08	
Under \$500.....	137	.61	34	108	.51	38	7		37	.63	37	4			41
\$500-\$999.....	4,694	1.03	25	1,173	1.27	26	18	.67	24	.94	26	15	.20		31
\$1,000-\$1,499.....	5,534	1.77	22	2,609	1.71	23	48	1.71	21	1.61	23	4	3.25		20
\$1,500-\$1,999.....	2,203	2.04	21	2,619	1.97	21	457	1.48	22	2.10	21	35	1.86		22
\$2,000-\$2,499.....	820	2.05	20	1,259	2.20	20	1,155	1.70	20	1.106	20	293	1.64		20
\$2,500-\$2,999.....	209	1.79	17	323	2.16	18	827	1.86	18	541	2.51	19	596	2.12	18
\$3,000-\$3,499.....	185	1.35	13	24	2.71	16	444	1.86	16	34	3.18	16	664	2.18	16
\$3,500-\$3,999.....							236	1.88	14				342	2.37	14
\$4,000-\$4,499.....							86	1.77	12				170	2.04	12
\$4,500-\$4,999.....							47	2.06	11				112	2.03	11
\$5,000 and over.....							32	2.03	9				110	2.04	9
Median income.....	\$1,186			\$1,532			\$2,497			\$1,716			\$3,170		

Negro and other

Total.....	4,591			3,711			571			2,759			463		
Total with income reported.....	4,571	1.25		3,679	1.67		568	1.21		2,759	1.85		463	1.51	
Under \$500.....	86	1.19	32	88	1.23	33	1		65	35	1.09	33	1		49
\$500-\$999.....	1,709	1.04	23	920	1.40	24	7	.57	23	566	1.40	24	11		28
\$1,000-\$1,499.....	1,951	1.34	22	1,591	1.62	22	45	.96	21	855	1.66	22	9	1.11	23
\$1,500-\$1,999.....	576	1.54	21	837	1.89	21	183	.99	21	795	1.97	21	32	1.06	10
\$2,000-\$2,499.....	179	1.47	20	214	2.25	20	188	1.24	19	413	2.47	20	126	1.12	10
\$2,500-\$2,999.....	34	1.24	16	24	3.17	18	82	1.48	17	85	2.96	19	133	1.50	18
\$3,000-\$3,499.....	36	.92	12	5	3.60	17	34	1.68	15	10	3.00	18	98	2.01	17
\$3,500-\$3,999.....							16	1.73	13				26	2.27	15
\$4,000-\$4,499.....							7	1.57	11				17	2.06	14
\$4,500-\$4,999.....							4	1.75	12				4	1.75	12
\$5,000 and over.....							1		9				6	3.00	11
Median income.....	\$1,126			\$1,261			\$2,128			\$1,455			\$2,697		

¹ Estimated total number; distribution based on information concerning income at admission reported at time of 1944 reexamination.

² Eligibility for this accepted as reported without checking and some families reported as eligible should undoubtedly be ineligible. Also some projects in war use did not have maximum income limits set for eligible continued occupancy.

AFTERNOON SESSION

Senator SPARKMAN. The committee will please come to order. This is Dr. Caroline F. Ware. She has a prepared statement. Dr. Ware, if you will proceed in your own way, I will ask Congressman Huber to preside while I am necessarily absent for a few minutes.

STATEMENT OF DR. CAROLINE F. WARE

Dr. WARE. I am Caroline Ware, a professor at the Howard University School of Social Work. I notice on the hearing notice that I was listed in connection with the Consumer Clearing House.

I want to make it clear that I was asked to come here as an individual and I am speaking as an individual and not for any organization.

Mr. RICH. You are with Howard University?

Dr. WARE. I am a professor at the Howard University School of Social Work; yes. I am also connected with the Consumer Clearing House, but I am not speaking for anybody except myself.

Mr. HUBER. Dr. Ware, before you start, inasmuch as you do have a connection, tell us just in a few words what the Consumer Clearing House is.

Dr. WARE. It is a very informal clearing house, as the name implies, of national organizations which have consumer programs. It is a means by which national organizations exchange information, secure information, and plan together around problems relating to consumers.

Mr. HUBER. Proceed, please.

Dr. WARE. I have been asked to discuss the low-income problem from the point of view of its importance to the national economy. This is a very large subject which I could not possibly discuss in detail this afternoon. I can only attempt to sketch in the broad outlines, raise certain questions, and indicate some of the directions in which answers may be sought. I will try to consider, first, the factors in the economy which produce the low-income problem; secondly, the impact on the economy of the existence of low-income families; and, lastly, the vicious circle which makes the situation of some low-income families self-perpetuating.

1. FACTORS IN THE ECONOMY WHICH PRODUCE THE LOW-INCOME PROBLEM

The low-income problem is first and foremost a question of the general level of the real national income and the general level of employment. It is, secondarily, a question of the distribution of the national income: i. e., the share reaching the lowest segment.

In every economy there is, of course, a lowest fifth. The problem is not its existence, but how low its income is. In 1933, when our per capita real national income was less than half what it is today, the lowest fifth was receiving a very much lower real income than at present. The \$2,000 income for urban families which constitutes the present top of the lowest fifth, if cut in half to allow for doubling of the cost of living, would be close to the average for all families in 1933. The low-income problem is conditioned by the over-all level of national production; i. e., by how much there is to go around and by the closely related fact of full, or less than full, employment.

I wish to emphasize this point because the committee's document, *Materials on the Problem of Low-Income Families*, appears to overlook the general level of economic activity and employment in discussing specific problems and measures directed to specific ends. The study points to low-income farm families, but fails to remind us that in the great depression of the 1930's a very large proportion of the entire farm population was pressed down to ruinous poverty. It cites the problem of impoverished old age, but fails to note that the general level of economic activity determines whether there are jobs for older people, or whether "old age" begins at 40 on the labor scrap heap.

The committee's study mentions "the unskilled and the semiskilled service workers, laborers and operatives" who constitute the "hard core" of the urban low-income group, and it suggests increase in productivity, the opportunity to learn skilled trades, and compensation for weak bargaining positions as possible remedies. It fails to note that whether unskilled and semiskilled workers are receiving adequate or inadequate incomes is chiefly a matter of whether their labor is in demand because of high-level employment. We have seen domestic service, for instance, cease to be an occupation paying very substandard wages since the labor of domestic workers is no longer a drug on the market under conditions of full employment and high-level production.

The committee's study also mentions the large proportion of low-income families who are nonwhite and points to lack of equal educational and vocational opportunities; i. e., to discrimination. But it fails to note that the periods when new vocational opportunities have opened up for Negroes have been periods of economic expansion and full employment. It was, basically, the demand for workers in 1918, and again during World War II, that brought Negroes into new jobs and industries from which they had been barred. While the FEPC and wartime emergency training programs contributed to the great enlargement of economic opportunity during World War II, it was the desperate need for workers that led employer after employer to lower traditional barriers, and which enabled college-trained Negroes, who had been forced to work as janitors and elevator operators in the economically slack years before the war, to function at the level of their training.

The same applies to disabled or handicapped persons, whom the report also notes as constituting a substantial segment of the low-income population. If jobs are scarce, the able individual has a strong competitive advantage over the handicapped. But if workers are needed, it becomes worth while for industry to use the less able and even to make adjustments in work arrangements which permit their use, adjustments which were frequently made during the war.

Women, too, who head a substantial portion of the low-income families, are marginal workers, often to be classed along with Negroes and the handicapped as last hired and first fired, and often subject, like them, to a wage differential reflecting not lower production but a less favorable employment status. Under wartime conditions of labor shortage, we have seen hiring practices change and wage differentials disappear. In these conditions, we even found employers overcoming, perforce, their aversion to part-time workers in order to utilize the labor of women prevented by family burdens from working full time.

The committee's study lays great stress on the relatively low educational level of low-income family heads, and looks to broadening educational opportunities as "a most promising long-range attack on the low-income problem." But let us not forget the doctors of philosophy and the engineers who depended on relief, and worked on WPA in the 1930's and were not protected by their education from sharing the common lot when depression struck.

In short, we have, in the record of the depressed 1930's and the war-time demand of the 1940's clear evidence that the low-income problem is first and foremost a reflection of the level of the whole economy. In the absence of a high national income and full employment, no specific measure addressed to the needs of any low-income group can be anything but a palliative, mitigating extremes of hardship but in no way solving the problem. Every problem which the committee's study notes is intensified by low economic activity. And there is scarcely any low-income problem for which full employment does not provide at least half of the solution.

The first step in dealing with the low-income problem must, therefore, lie in measures to secure and maintain full employment in an expanding economy, that is, to carry out the mandate of the Employment Act of 1946. This involves policies to which other subcommittees of this committee are giving attention—fiscal and monetary policy, and policies relating to monopoly, investment, and price-wage-profit relationships. At the same time, we need to recognize that if we should fail to maintain full employment we would require strong measures, such as public works and unemployment relief, which would not be part of the techniques for dealing with low-income problems under conditions of full employment.

Let us, therefore, assume full employment, and then ask what our economy can currently afford to its lowest fifth. According to the data in the committee's study and the reports of the Council of Economic Advisers, our national economy is currently yielding an average income to families and single persons of \$4,235 per year before deducting taxes. The prospect for the future, provided full employment is maintained, is an increase in real national income approaching 3 percent per year. By 1960, we could look to an average family income about a third larger, or in the vicinity of \$5,600 before taxes, assuming the present value of the dollar, and taking account of population growth, as well as improvements in productivity.

The present average of \$4,235 is nearly a third more than the amount estimated for the city worker's family budget for a family of four prepared by the Department of Labor in 1947. That is the budget which the Secretary of Labor discussed with you.

While such an average cannot provide a guide to the income level which it would be feasible to secure for the lowest fifth in the near future, it does indicate that substandard living for a segment of the population is not a necessary condition. We can afford to maintain our entire population above the poverty level. Our economy is already so productive that we can enjoy what you might call the luxury of assuring that nobody shall suffer from economic want.

What this potentiality means for the lowest fifth depends, of course, on the proportion of the total going to that segment. For a high national income does not necessarily mean that all share in the Nation's

prosperity. It would be possible to have a growing, expanding, prosperous economy with the greater part going to upper-income groups.

We must, thus, ask the second major question: Are some groups being left behind in the general advance? Is the disparity widening as most of the population moves to higher and higher levels while the lowest fifth remains stationary, or moves only very slowly?

As the committee's study shows, the lowest fifth is currently receiving about 4 percent of the national income. This is so small a proportion that there is room for a very considerable increase before the wide disparity of incomes would begin to disappear. If only an additional 1 percent of the national income were shifted to the lowest fifth it would mean a 25-percent increase in income for this group.

There is, however, no assurance that such a shift will take place, unless positive attention is directed toward bringing it about. The committee's study notes that the proportion in 1948 was approximately the same as in the 1935-36 period, and that the proportion in 1941 was lower than at either time.

Continued full employment can facilitate the shift, for the share going to the lowest fifth can be increased much more easily under conditions of economic expansion. If the total amount to be shared, that is, the total national income, is increasing, the relative position of the lower segment can be improved without decreasing the absolute amount of income reaching the upper groups.

This happened during the war when the proportion going to the lower fifth increased from 3.5 to 4 percent. The expansion of the total economy brought higher incomes all along the line, but greater proportionate increases to the lower groups, for these received more than their former share of the additional income.

Since the present share of the national income is insufficient to provide an adequate living to the lowest fifth, it is pertinent to look for guides as to what share should reach that group. Is there a degree of disparity which threatens economic growth and stability? Is there a point beyond which the effort to secure a larger share for the lower groups threatens to undermine some of the elements in the economy upon which we depend for economic growth?

There are no easy or categorical answers to these questions in economic terms, aside from moral or social questions of equity, or political questions of power. Two general considerations may serve as guides: First, the direction of movement is perhaps more important than the absolute relationship, that is, it is more important that the gap should be decreasing than that it should at any time be of a given width; secondly, increasing the proportion of the national income going to the lower-income groups tends to contribute to the stability of the economy, for income so distributed will be used to purchase goods and services.

Many measures and many public policies affect the distribution of the national income and require consideration from the point of view of their impact on the low-income problem. Most obviously, the whole question of the distribution of the tax burden involves the extent to which taxes shift income from higher to lower groups, or act to increase disparities by taking from the lower-income levels. While we have, in general, a theory of progressive taxation, our tax system

includes many regressive elements such as excise and sales taxes and social security taxes.

The whole range of public programs for services and for public assistance also has an impact on the share of the national income enjoyed by lower-income families. All of these—education, health, highways, aid to dependent children, veterans' benefits, et cetera—raise the real income of those for whom the services and programs are available. The policies followed in these programs determine the extent to which they will have an equalizing effect, or will tend to confirm existing differentials, as in grant-in-aid programs based on matching grants.

Public policies with respect to both the collection and the spending of public funds thus need to be viewed carefully and consciously in terms of their effect on the distribution of income.

Other public policies which have an impact on income distribution, in addition to those directly relating to taxing and spending, include agricultural policy, measures to facilitate collective bargaining, and minimum-wage legislation.

At the present time, these measures are of only limited effectiveness in relation to the groups with which these hearings are concerned. The farm-support program, as the committee's study notes, means little to the lowest segments of the agricultural population, while former programs specifically directed toward poorer farmers and migrants, such as farm security, have been greatly reduced.

The committee's study notes the importance of minimum wage legislation as a compensation for weakness of bargaining power, but many of the most vulnerable groups are still uncovered and do not enjoy this protection. Minimum wage legislation, moreover, has not been used since its original passage a decade ago to raise the floor of real wages, for the recently passed act did no more than counteract the lowering of the floor through inflation during the years since the minimum was originally set.

It thus appears that the income disparity is very great and that it will require continuous attention to many public policies to assure a larger share of our expanding production to the lowest fifth.

But it is not enough to concern ourselves with the general question of the share of the national income reaching the lowest fifth. We should look at the differentials within this lower group. Most particularly, we should investigate these groups of people who, in a very real sense, are the submerged, forgotten people, sharing scarcely at all in our high national income.

You know, I am sure, in your States and in your cities, people who fall into this category. You know of families living back in the hollows or the clearings, or drifting as migrants, or living in alleys or condemned buildings in the heart of the slums, who do not have even a toehold on the ladder of opportunity. They may be a shifting group of farm workers or tenants whose children drift in and out of school which "never seems to get hold of them," or they may be the people in a small community who have always lived so far below the standard of public assistance that the community is unwilling to grant them assistance now, or they may be a small group of city families who, for years, have furnished member after member to relief, correctional and health agencies of the community.

These are the people who do not benefit even from full employment. They constitute a special problem within the low-income group, a problem about which we know much too little. We do not know how numerous are these submerged groups, at what points they touch the stream of economic life.

We do not know what would be involved in bringing these people into the main stream and in breaking the vicious circle of poverty, isolation, ignorance, lack of productivity, ill health, and continued poverty and isolation.

I hope that in these hearings the committee will inquire into the extent and characteristics of these groups, into whether existing programs reach them, and into possible ways to draw them into the economic stream, perhaps through such measures as assisted migration and much more adequate aid to dependent children to give at least the next generation a start.

It is important that we find a constructive approach to the problems of the submerged or isolated people, for we have come to realize that we cannot afford the fragmentation of our population into groups which share and those which do not share in our national life.

I recall some years ago my shock when a prominent Government official presented a comparison between death rates in the United States and a number of other countries based on rates for whites only in the United States and then added that if Negroes were included, the picture was somewhat different.

I do not think that anyone today could speak of the United States except in terms of our whole people, for we recognize that our educational level includes the children of the Appalachians and the Ozarks and of the migrant camps, that our national health was reflected in the 4-F's, wherever they were found, and that we cannot boast of a standard of living which those low in the economic scale do not share. The investigations of this committee are a recognition of the fact that we stand or fall as a Nation.

2. IMPACT OF LOW-INCOME GROUPS ON THE ECONOMY

Let us turn now from consideration of how the economy affects the low-income problem to how the presence of these groups affects the national economy, and let us examine their place in the economy as consumers, or potential consumers, and as producers, or potential producers.

As the committee's study points out, the low-income families constitute a "great underdeveloped market." How great is this potential market we can only guess.

For food, the instructive table on page 24 of the committee's study indicates some of the dimensions and directions of food consumption which accompany higher incomes. Until we have had more experience under conditions or full employment, however, we should probably agree with the statement of the House Agriculture Committee of the Eightieth Congress that nobody knows how much of the more desirable foods American consumers would eat if they had sufficient income and the foods were available in forms which they desired. The committee will have an opportunity to explore this question with Dr. Margaret Reid and Dr. Dorothy Brady later in these hearings.

When it comes to housing, the committee's study notes the enormous number of dwellings needing replacement or major repair because they fall below a minimum standard. But minimum standards do not begin to measure the potential market for homes which low-income groups provide. The desire for a good home—not just adequate shelter—is a very strong element in the "American standard of living" to which rich and poor alike aspire.

The potential market for housing should be visualized not in terms of the gap between actual living conditions and minimum standards, but between actual conditions and the nearest to a "dream house" which the economy can afford.

We have even less knowledge of the potential market for other products which the low-income families present. We shall have a better basis when the Department of Labor completes its study of consumer expenditures and can compare the results with the expenditure patterns of 1935-36.

It is well to recall, however, such outstanding examples of unrecognized markets as the Tennessee Valley, where the utility company serving the area before TVA was set up insisted that there was no market for electricity. Some of our greatest economic advances, in fact, have come when producers have recognized a potential market where none was thought to exist. We can take the classic example of the model T.

While we do not know just how important it is that a large proportion of the national income go to lower groups, we do know that our mass production economy depends on mass demand and that a large proportion of income is spent on consumption by families in the lower income groups.

The most direct way to maintain full employment in an expanding economy is to make sure that low income families have money to spend. As we have already noted, our economy under conditions of full employment will produce, and we must therefore consume, a third more in the next decade. None of us can doubt that a family receiving \$2,000 a year would find ready ways to spend an extra \$600 or \$700.

In fact, such a family would have no trouble spending double or triple that amount. Even a \$6,000 income does not enable a family to buy or rent a very elaborate house, for example.

The committee can, I think, make a contribution by stressing the potential low-income market, for even so obvious a fact can be overlooked. I was interested that Prof. Sumner Slichter, of Harvard, in presenting a picture of the potential level of production and consumption in 1980—Atlantic monthly, November 1949—suggested increased consumption by upper-income families—two cars, family-size swimming pools, college, travel, the arts. Only with reference to medical care did he point to a likely effect of increased spending by the lower fifth as a result of, and contribution to, economic expansion.

A number of public policies relate to the lower fifth as a potential market—in addition to those policies which raise incomes. Policies which bring lower prices to consumers tend to draw low-income families into the market. This is a central issue in current discussions of agricultural policy.

It is an important element in the monopoly issue. It is very directly involved in the encouragement or discouragement of price-fixing devices, for example, in the operation of the Miller-Tydings Act and the resale price maintenance contracts which it authorizes. There is room for much more emphasis on public policies to facilitate consumption.

What, now, of the lower fifth as producers? What do they contribute, or fail to contribute, to the Nation's economic life?

Our failure to make it possible for these people to develop and use their productive capacities is a shocking waste and inefficiency of our economy. For in the majority of low-income families, inadequate income is associated with low productivity.

Low productivity is particularly apparent among many low-income farm families, trying to scratch a living from insufficient, worked-out land, or without the capital necessary for improvements, or employed as low-paid farm laborers. A glance at the map on page 45 of the committee's study reminds us again that this is in large measure a regional problem, focused in certain sections of the south and southwest. I would agree with the suggestion in the study that regional development programs are needed to raise the whole productivity level of these areas. The TVA has, indeed, shown what such development programs can mean.

It is important, however, not to minimize the difficulty of bringing up the level of a depressed agricultural area toward that of more industrialized centers is very strong. Every study of industrial location in the United States has brought out the tenacity of the pattern and the fact that the overwhelming majority of industrial jobs are still to be found in the industrial counties and metropolitan areas where industries were already established 75 years ago.

There have been shifts among these areas and movements from centers of cities to industrial suburbs, and shifts in particular industries. But there has been no significant expansion of industry into generally unindustrialized areas.

The experience of World War II confirmed this trend. In spite of vigorous efforts to keep war industries from expanding in vulnerable centers and in tight labor-market areas, the reasons for overriding these objections were so powerful that the bulk of war industry continued to follow the old industrial pattern.

The fact that it is difficult to raise the level of economically backward rural areas does not mean that it cannot be done. If we as a Nation have the imagination and the know-how to project a point IV program for underdeveloped areas elsewhere in the world, we can certainly undertake a point IV program here at home.

It is particularly important to do something about low productivity in rural rears, moreover, because these impoverished rural sections produce a disproportionate share of the Nation's children—children who will often become city dwellers and will bring to the cities whatever development and whatever lacks their background has afforded them.

Productive potentialities of other low-income groups are also wasted. The problem of the aged who constitute the heads of a large number of low-income families can be approached in two days, through opportunities for continued employment and through adequate benefits

from pensions or insurance. From the point of view of the national economy, as well as from that of older individuals themselves, the opportunity to continue in employment is of paramount importance. The evidence of the war and postwar years is overwhelming in showing large numbers of older persons who are able and willing to work.

Now, hardly a day passes without some medical authority, newspaper columnist or older citizen reminding us that chronological age is not a reliable guide to ability or disability. We all know people who are old at 40 and others who are young at 80, and we may well know those whose 80-year-old "youngness" has been greatly helped by the fact that they have been able to continue at work.

With an increasing proportion of the population in the upper age groups, with improved health standards prolonging not only life by vigor, and with our growing knowledge of psychiatry which tells us that people do not thrive when they are placed on the shelf, we have strong reasons for seeking to eliminate impoverished old age through continued opportunities for productive activity. To retire the aged before they are ready is to reduce the level of the whole economy, to saddle the young with a burden of support, and to force dependency upon the old.

I do not want for a moment to minimize the importance of an adequate old-age and survivors insurance program. Many old persons are unable to work, while others do not wish to remain in the labor market. Our economy can afford decent retirement for its older citizens. But I do urge that major attention be given to make it possible for the productive capacity of older workers to be used.

Far too little attention has been given to public or private policies in this direction, or to the difficult adjustments which will be required in industrial practices, training, and attitudes to accomplish this objective.

Very many of the same considerations apply to women who are family heads. Their productive capacity constitutes a national resource, whether it be used in the labor market or in the rearing of children. The choice as to how her capacities are used should, it seems to me, rest with the woman.

If she chooses to enter the labor market, she should not find herself blocked by discrimination or penalized by wage differentials. She should be able to arrange for the care of her children—as she could through day-care centers when her work was desperately needed in war industries. She should, moreover, be able to find opportunities for part-time work so that her productivity can be used both in the home and at work. And she should be given the opportunity to make a constructive contribution to child rearing through adequate aid to dependent children allowances.

The problem of making better use of the productive capacities of women thus touches public policy at many points—in measures to assure equal pay for equal work, in facilities for day care of children, in the adequacy of ADC assistance, and in the whole problem of part-time employment.

With regard to the physically handicapped, the major problem lies in whether employers will take the trouble to find and use whatever capacities remain and whether the community will provide to handi-

capped individuals facilities for training and the development of abilities. When we are desperate enough for workers, we utilize the halt, the maim, and the blind, but under such conditions as the present, there is danger that we may neglect this resource, even when we have before us clear evidence of the dollars-and-cents value of the vocational rehabilitation program.

These three groups—the aged, women, and the handicapped—tend to be wasted resources because of the inflexibility of the industrial labor market. In this respect, industry presents a marked contrast to agriculture. On the farm, all labor capacities are used, from the youngster who feeds the chickens and collects the eggs to the old man who nurses the sick calf or works in the garden while his son gets in the hay.

But in industry, only those tend to be used who fit the mold. The mold is usually a full day, at a standard pace, with a minimum of consideration of individual differences and with a strong hiring preference for those who look as if they could “take it.” Full production in our economy calls for the use of part-time workers, and the adjustment of hiring policies to the potentialities of workers rather than to the prejudices of employers.

When it comes to a consideration of low-income Negro families, we find that we are not dealing with a separate problem, but with an intensification of all the other problems which we have discussed. Many rural poor farmers are Negroes, as are aged heads of families, or women breadwinners. In each of these situations, color tends to make more difficult an already difficult problem by adding the factor of discrimination.

This makes for low productivity in two ways: First when it prevents the use of Negroes in jobs for which they have training and capacity, and secondly when it prevents Negroes from securing the education, training, and experience that result in high productivity.

Clearly, any measures designed to remove the handicap of discrimination will help to raise the productive level of the national economy.

The committee's study lays great stress on the relation of education to possible productivity. I need add nothing on this point except to make sure that the concept of education is not limited to formal schooling but includes such educational resources as extension services for agriculture and for labor, and vocational and rehabilitative training.

The committee's study fails to bring out one very important element contributing to low productivity and consequent low income—the factor of health. The Federal Security Agency, in its presentation to this committee, has brought out this factor as a potent element in loss of income. No consideration of public policy in relation to the low-income problem can neglect the problem of health for all the people.

There is one further aspect of the low-income problem from the point of view of national productivity, and that is the cost to the community of the presence of low-income families. You will hear from Dr. Burgess on the price which the community pays in crime and delinquency, but this is only one of many costs. We cannot estimate the extent to which the productive capacity of the Nation is de-

flected into relatively nonproductive directions by the need for remedial services to deal with conditions which were preventable.

From the point of view of public policy, however, this is one of the points to which attention needs to be directed. It is always easier to get action when a bad situation has developed. Statesmanship lies in the constructive, preventative approach. I believe that real contributions toward such an approach can grow out of this committee's present work.

3. NEED TO BREAK THE VICIOUS CIRCLES

Perhaps the most important question which this committee must consider is the extent to which the low-income status is self-perpetuating. The cycle of poverty, ill health, low earning capacity, poor housing, and children failing in school is all too familiar to teachers, doctors, nurses, and social workers.

The continual drain of the better educated and trained from rural areas to cities and from south to north, though less spectacular, also perpetrates the differentials. The vicious circle set off by discrimination has been pointed out many times.

The committee has raised the question of the vicious circle primarily in terms of education, chiefly of higher education. The question needs to be explored much more fully, and in terms of many more self-perpetuating factors, including health, geographical location, housing, and various influences producing insecurity. The chance to break through by means of education should be viewed not only in terms of access to high school and college but to the kind of basic education which will enable people to take hold of a situation and bring about change.

Clearly, the perpetuation of the vicious circles constitutes a threat to democratic society, founded as it is on the assumption of equality of opportunity. It is a double threat, because a larger than proportionate share of the Nation's children are in the low-income families.

It seems to me the clear and minimum responsibility of government to counteract the self-perpetuating influences. There is considerable difference of opinion today as to how far the state should go in providing a general level of service and of security for all. But there must be overwhelming agreement as to the responsibility of the State to break the vicious circles which cut off fragments of our population and perpetuate, not only through life but to the next generation, the substandard status which they occupy and the submarginal levels at which they live.

In conclusion, I want to offer no specific recommendations, but I do want to urge that this committee remember certain things:

1. That the first attack on the low-income problem is to carry out the Employment Act of 1946 and to maintain maximum employment, production and purchasing power.
2. That it is necessary to keep the low-income problem consciously, firmly, and vigorously in mind in consideration of virtually all public policies.
3. That our economy can afford, and our self-respect as a successful nation demands, a floor below which no family needs to fall.
4. That there is room to raise the proportion of the national income going to the lowest groups, and that the economy stands to gain from such an increase.

5. And, finally, that our greatest national resource, economically as well as socially, is people.

Senator SPARKMAN. Thank you, Dr. Ware. Have you any questions, Senator Flanders?

Senator FLANDERS. I was not here, Dr. Ware, when you read the first two or three pages, but I read them hastily and caught up with you. I would like to begin at the back end first and work forward in asking my questions.

One question I want to raise is one which I think has not been specifically treated in the committee report. While I have not been here every session, or listened to every presentation or every question asked, it has not been, at least in my presence, specifically brought out, and that question is roughly the question of the Edwardses and the Jukeses, with which you are perfectly familiar.

Dr. WARE. Yes.

Senator FLANDERS. The question is whether there are strains of heredity for which it is nearly hopeless to do anything. What do you think about that?

Dr. WARE. That is not my special field of competence, Senator. I think you will get much more competent professional discussion of that subject from Dr. Burgess, so that I would really be speaking outside of my field of competence on the subject.

However, we have plenty of evidence of the waste of people who are potentially developable. We have also plenty of evidence of the possibility of making good, productive use of people of limited intellectual capacity.

Senator FLANDERS. That can be done.

Dr. WARE. There is no question of the evidence on that score.

Senator FLANDERS. I was thinking of this question that I just raised in connection with your plea for breaking the circle. There is no question in my mind but what there is this vicious circle, and if there is any validity to the idea of unfortunate heredity, it cannot be stretched to cover everything in sight.

Dr. WARE. You mean unfortunate heredity cannot be stretched?

Senator FLANDERS. Yes; the idea of unfortunate heredity cannot be stretched to cover everything in sight. I am sure of that.

Dr. WARE. There is certainly ample evidence that unfortunate heredity is only a minor factor in the big, vicious circles with which we have to deal. This is one area in which I think a great deal more study is needed. For example, I was talking just the other day with a director of public welfare who had worked in the same city for quite a long time. He said he was very anxious to have some studies made of the families who had provided member after member to the various agencies of the community. He wanted to study whether there might have been a more effective dealing with the specific problem which was presented by Johnny, who landed in the juvenile court, or papa, who became an alcoholic, or somebody else who was a social problem. Could a better handling of the problem at any one of these points have broken the tendency for the alcoholic papa to create a home environment which produced a maladjusted child who turned up in the juvenile court, and so forth and so on.

We have all too little in the way of research materials in that area. I think Dr. Burgess can take you further than I can in that particular direction.

Senator FLANDERS. Going back again, speaking of the vicious circle, you say:

The chance to break through by means of education should be viewed not only in terms of access to high school and college but to the kind of basic education which will enable people to take hold of a situation and bring about change.

I have been wondering, and apparently you feel the same way, whether we, perhaps, have not been using the word "education" in a little bit too narrow a sense of the formal succession of studies and examinations and reports, and so forth, which start at age six and end one never knows when.

Dr. WARE. I had really two things in mind, Senator. I had in mind, in the first place, developments within the school system, with which you are familiar, I am sure, such as the experimental programs that the Sloan Foundation has been financing in Kentucky and in your State of Vermont and in Florida, in relation to the elementary schooling of children in the poorer rural areas. These programs seek to make available, at the level which the children and their families can use, the scientific knowledge which is ordinarily available only to persons at a more advanced educational level—knowledge in the field of agriculture, in the field of home-making, and so forth. They call this education in "applied economics."

In other words, I had in mind the importance of breaking the vicious circle through use of the existing school programs, in ways which will really help the children and their families to do something about their own situation.

Then I had secondly in mind the great importance of the more informal kinds of education—the kind of work, for example, that the home and farm advisers did under Farm Security.

Senator FLANDERS. In my State there was a very fortunate effect of 4-H clubs with the children of not too successful farmers.

Dr. WARE. All that kind of education, whether formally in school or not—

Senator FLANDERS. There is much more to it than the formal education. I am glad that you bring that point out. I think you mentioned it earlier. But in your list of public policy relating to the lower fifth as a potential market, you left out excise taxes at that point, but I assume you would be willing to put them in.

Dr. WARE. I certainly would.

Senator FLANDERS. I would have to read Professor Slichter to see what he was talking about, because usually he has a real idea in mind.

Dr. WARE. He has a real idea. I did not mean to disparage him at all. He was writing for an Atlantic Monthly audience and chose his illustrations with his audience in mind, I am sure. I wanted to show that when he wanted to illustrate his point that the level of consumption in 1980 will be very much greater than it is today, the illustrations that he chose were drawn from expanded consumption of upper-income families.

Senator FLANDERS. He may have slipped.

Dr. WARE. I think he was addressing his audience.

Senator FLANDERS. You do not think he meant two cars in every garage?

Dr. WARE. You have to get one car in the garage of a lower-income family—

Senator FLANDERS. And two in the upper-income brackets.

Dr. WARE. Before you get to the second.

Mr. HUBER. When testifying on profits he said the corporations were not making profits, it was the method of bookkeeping.

Senator FLANDERS. I do not know that he said they were not making profits. He said they were not making the profits that the books indicated.

Returning to your statement, you say :

While we do not know just how important it is that a large proportion of the national income go to lower groups, we do know that our mass production economy depends on mass demand and that a larger proportion of income is spent on consumption by families in the lower-income groups.

I think this point is perhaps rather far afield from what we are discussing at this time, but there is also a necessity for a proper share of income going to those who will save and invest, because when Mr. Slichter talks, or when you or I talk about a national level of income materially higher than the one we are now producing or enjoying in the year 19-X, we assume that we are talking about volume of things rather than simply the same amount of things at a higher price. We assume a certain price level. We also assume that we are not going to lengthen the hours to get it. We also assume that we are not going to work physically harder to get it. And that leaves just one thing—it leaves the only way in which that can be accomplished to be by investment in new machines and processes and research and new products which can be made more cheaply or work more satisfactorily.

It means a continuance or perhaps an intensification of those billions of investment which we have been making for many years past and which have resulted in the increase in the general standard of living we have had.

So when I see this, with which I do not disagree, I would just like to add to myself, and to you, likewise the necessity for the proper proportion of the national income going through some means to those who will reinvest, if we expect to increase the standard of living, because that is the only way under heaven that the standard of living is going to be raised.

So long as we shorten hours and do work with less physical effort it has to be done that way. I do not know of any others. Perhaps somebody else does.

Dr. WARE. I am not disagreeing with you on that.

Senator FLANDERS. I am not disagreeing with you, either.

Dr. WARE. I would like to footnote your statement about the only way to increase productivity, to suggest that increased productivity is not only the product of machines, it is the product of improved organization, and it is also potentially the product of bringing some of these very people that we are talking about to a higher level of productivity.

Senator FLANDERS. We can increase the average productivity of the country by bringing into the productive system these people who are out of it. I withdraw my statement that it is the only way. I would only say it is the way in which for the most part we have done it in the years behind.

Senator Sparkman has marked a passage in which you do speak of the excise taxes as a restrictive factor.

Dr. WARE. Yes, sir.

Senator FLANDERS. I would like to say, Mr. Chairman, that I feel that this paper is a very valuable contribution, and I agree that the No. 1 project is that of carrying out the purpose of our joint committee and the legislation which established it. But that does not entirely solve things. It is difficult to solve them unless we do fill that purpose.

Senator SPARKMAN. Congressman Huber?

Mr. HUBER. Dr. Ware, do you from time to time come in contact with these people, with these groups that we are trying to do something for?

Dr. WARE. Yes, I do. I come in contact indirectly all the time, because I teach in a school of social work, and I am training the persons that work with many of these people. I also direct the research of students into these problems. These are materials that I come in contact with all the time.

Mr. HUBER. It is important to have the diagnosis of the doctors. I am wondering if it would not be helpful to the committee to have the statements of some of these people—not all, but some representatives—not to exhibit their misery or to publicize it but to get first-hand information from some of those folks. We would be interested in knowing what brings about their present condition.

What do you think about it?

Dr. WARE. I always think it is well to give people a chance to speak for themselves.

Mr. HUBER. That had been suggested to one of the members of the committee. I wondered what you might think about it. I was interested in your reference to the opportunities for Negro employment. Do you feel definitely that FEPC should be adopted, or something similar?

Dr. WARE. Yes, sir. I feel that it is essential to remove the barrier of discrimination by whatever means it can be removed. It is being removed bit by bit. It needs to be removed much more rapidly. I think the experience of certain of the States—New York and Massachusetts, for example—which have adopted strong FEPC anti-discrimination legislation is very instructive in showing how hard it is necessary to work to really put down the bars.

Mr. HUBER. I have been told, in fact I mentioned the other day to the FSA people, that I had heard we were graduating about the same number of doctors this year that we graduated in 1910. As I remember their figures then, they said that we had seven hundred-some persons per doctor today, and in 1910 it was six hundred some.

Dr. WARE. We have a less adequate doctor supply today than a generation ago.

Mr. HUBER. What are the Negroes' opportunities?

Dr. WARE. You mean what schools can they get into or where can they practice?

Mr. HUBER. Both. I know some of the difficulties of the white students in trying to get into the various medical colleges.

Dr. WARE. As I said here, the problem of the Negro is an intensification of all problems. If you are talking about the problem of the medical student in general, then just multiply it two or three times and you have the problem of the Negro medical student, that is, the places for training are fewer and it is harder to get in. Much more seriously, the opportunities for internship and for practice are shockingly restrictive, so that the chance for Negroes to get that kind of

training is very, very much less. That is the place in medical training where discrimination limits the opportunities of Negroes especially.

Mr. HUBER. Keeping in mind the 700 patients per doctor, I wonder how many patients per Negro doctor it would average in this country, realizing that segregation and discrimination do exist.

Dr. WARE. You mean the number of Negroes per Negro doctor? I am not sure of the question. First of all, I do not have the answer in terms of figures. There is a relatively small number of Negro doctors. If you want to ask the question, Are 10 percent of the doctors Negro, the answer is "No". If, on the other hand, you are asking how many patients to Negro doctors there are, then that becomes a different kind of question.

Mr. HUBER. You are anticipating the question and giving a very good answer. If this authority hesitated to use the number of Negroes, I can appreciate that the health standards must be very much more acute among the Negro population.

Dr. WARE. That is very true, particularly for those disease categories which reflect low economic status, poor housing, and low general environmental conditions. The difference does not show up when you get into the kinds of diseases that are relatively independent of environment, diseases like cancer, for example.

Senator SPARKMAN. We must be careful not to assume that Negro patients are all treated by Negro doctors.

Dr. WARE. That is right, or that Negro doctors treat only Negro patients.

Senator SPARKMAN. When you consider the number of people per doctor, it applies across the board.

Dr. WARE. That is right. That is why I wanted to be sure of what the Congressman was asking.

Senator SPARKMAN. For instance, in my home town we have several Negro doctors. But that does not mean that all of the Negroes have a Negro doctor.

Dr. WARE. And there are many communities which have no Negro doctors at all.

Senator SPARKMAN. That is true.

Dr. WARE. I am glad you raised the point, Senator, because I think it is a completely false assumption to assume that Negroes are treated by Negro doctors or that Negro doctors treat Negroes, or that Italians treat Italians, or vice versa.

Mr. HUBER. I know of one vast area where there are two veterinarians and only one doctor of any color.

Senator SPARKMAN. I can cite you a lot of farm areas where there are veterinarians and no doctors.

Mr. HUBER. You refer to the committee's study. I assume you have reference to the staff report?

Dr. WARE. Yes. I did not know what to call it. It was such a long title that I finally called it the committee's study.

Mr. HUBER. That is all that I have.

Senator SPARKMAN. Mr. Rich?

Mr. RICH. Dr. Ware, it is a pleasure for me to discuss with you some of the points in your essay that you brought before the committee—or statement. I am quite different from Senator Flanders.

He agrees with everything that you say, more or less, and you agree more or less with everything that he says. I generally disagree with statements that are brought in that I do not personally believe to be the right thing, notwithstanding the fact that we have to have ladies before us and disagree. Sometimes it makes us a little embarrassed, but nevertheless, we feel it is our duty to do that.

Dr. WARE. I hope I am not handicapped by my sex in not getting the full benefit of your disagreement.

Mr. RICH. I do not want you to be scared or afraid, because we are just human beings, and we try to do our duty as we see it.

In your statements as to the low-income group, it has been brought out from that category that you speak of, the servants. Mostly, the servants have been brought up to a standard or level that is much higher than the particular fifth or sixth of the lower paid population that we are speaking of in this group.

Dr. WARE. That was not the point that I was making, and I do not believe that the figures would bear it out, if we got at them. The point that I was making was that a decade ago the wages of domestic workers were very very substandard, \$3 or \$4 a week, for example. They have been raised very much today.

Mr. RICH. In other words, they were \$2, \$3, or \$4 a week a decade ago, and now they are \$5 or \$6 a day.

Dr. WARE. Which still may leave the domestic worker in the low-income group.

Mr. RICH. That would be \$30 a week, and that would bring them up three or four hundred percent from what they were some 3 or 4 years ago.

Dr. WARE. That is right. I was pointing out that they were not very high yet.

Mr. RICH. Not only wages, they sometimes get meals as part of their living, which goes in with that service charge. So that, as you say, they have been increased very materially in the last decade.

Let us get back to the FEPC that you were talking about a while ago. Do you believe that if you wanted to get a person a job that you could force a job onto some employer by having a law with greater efficiency and greater ease and greater enjoyment and more pleasure than you could by trying to teach them that it is the right thing to do? Do you think that you can pass a law, where you are going to do, under the FEPC, what you could do if you tried to teach the people that it is the thing to do?

Dr. WARE. I would not be an educator if I did not believe that education is the best way.

Mr. RICH. Then why do you want to try to force the people to do the thing that you want to educate them to do?

Dr. WARE. Education takes a long, long time. In the meantime, the children of the, let's say, the Negro workers, who cannot get jobs, are growing up as American citizens. It seems to me that we cannot wait for the long, slow process of education, which is the better way.

Mr. RICH. If you are a good educator and you teach the Negro worker to do a better job than a white worker. Do you think for a minute that an employer would take a poor white worker in preference to a good, we will say, thrifty, energetic colored man?

Dr. WARE. They do.

Mr. RICH. I do not think so.

Dr. WARE. I am afraid the evidence is on the other side. I wish that you were right.

Mr. RICH. I just do not think it is possible. I just do not believe in that. If I believed in your system of teaching, that you can teach people to do things, I would still stick to that theory and I would work it out, and I would try to teach people to do a better job than the other fellow. You know the old statement: If you build a better mouse trap than your neighbor the world will beat a trodden path to your door. That is just as well with workers. If a worker is a colored man and he is a better worker than a white man, he will get the job all the time, and I believe that thoroughly, and I am certainly against trying to force anybody into a job under FEPC. That is the position I take.

Dr. WARE. I wish that the facts upheld your belief, sir.

Mr. RICH. It will be a fact and if you will follow that out, in my experience you will do more to aid and assist the colored people than you will by trying to force people to do things against their will.

Mr. HUBER. Will you yield?

Mr. RICH. Yes.

Mr. HUBER. Do you employ Negroes in your factory?

Mr. RICH. Yes. We employ all religions and we employ all colors of people. The man that will do the best job and do his work right is the person that I want.

Mr. HUBER. I want to compliment you.

Mr. RICH. I do not believe you can force him. I do not believe you can force anybody. I am through with the system of trying to do things like that. If you are an educator, you ought to get out and do the same thing.

Dr. WARE. You do not believe in forcing children to go to school?

Mr. RICH. Children; yes. If mine did not go to school, I took the rod and fanned them until they did go to school, and I got fanned in my day when I did not go to school. I believe in not sparing the rod and spoiling the child, too.

What is the real reason that they don't get jobs? Give me your ideas on that. Why don't they better their conditions? Why don't they get better jobs?

Dr. WARE. A lot of them do. That is the place, I think, where we ought to start. Under conditions of full employment and job opportunities people move into those opportunities. So that the first reason for not getting jobs is the lack of the jobs being there.

Assuming that there are jobs, the next reason may very well be the location in which people live. You have been reading about the mine which closed down and the families have been sitting there hoping that the mine would open.

Mr. RICH. You know the reason why the mine isn't open.

Dr. WARE. From the point of view of your question—Why don't the individuals better themselves?—my point is that if they are stuck in a place where work goes out from under them, and they have their homes, and so forth there, it costs money and effort to pick up and move. All of us, even though we are relatively advantaged, find some difficulty in getting from where we are in our homes to where there may be a job somewhere else.

Mr. RICH. And the people around Cumberland had to go out to take up collections to get food for those people to live. Do you know

the reason they don't have a job? Don't you know? The operator who owns that mine made this statement. He said he can't work his mine 3 days a week without going in the red, and he cannot afford to open the mine for 3 days a week. But if he could work 5 days a week, he would open the mine and those people would have jobs. Now, whose fault is it?

Dr. WARE. It certainly is not the fault of the people.

Mr. RICH. No. John Lewis is the fellow who is responsible for that. Why don't you come out and say it? You know, people are afraid to talk nowadays. He is the man who says they can only work 3 days a week. Therefore he is the man who is putting them out of a job. We might as well be honest about it.

Dr. WARE. They are without jobs, and, from the point of view of the people there, the answer to the question of why they don't better themselves is that they are in a place where they are disadvantaged.

Another set of reasons has to do with the kind of start in life the children get; the start in life is often not too good.

Mr. RICH. Do you find in this low-class group what proportionate part of them that do not have jobs do not want a job? Did you ever try to make a study of that?

Dr. WARE. There were a great many studies that were made during the depression which showed that when people had a choice of being supported without work or working, they chose overwhelmingly to work. And they often even chose to work when they got less by working than they could have got by staying at home.

Mr. RICH. I think a great majority of them would. But we have a certain number of people that we put in as unemployed that don't want to work and would not work if they had a job, but they want something for nothing. We have a few people like that in Pennsylvania. We have some people that you could offer them a job and, unless you gave them a \$10,000 job, they wouldn't do anything, and they could not earn one-tenth of that. That is the excuse they use. They say they are qualified for a \$10,000 job, and they just will not work at all.

Dr. WARE. I am sure there are such people. One of the questions I would like to ask is what happened to them when they were children? What kind of a start did they get? I don't know the particular individuals that you are talking about.

For example, one of my students made a study of youngsters who had been at the National Training School, who had been dismissed from the training school and had broken parole. He took this group of youngsters and went back into their background and found that in every case these youngsters had gotten off to a very bad start because they had come from a broken home or other bad home situation. I would not doubt that some of those youngsters are going to become those adults who would not take a job for anything.

It seems to me very, very important that we get in there when they are children and, as I say, break the vicious circle, give those children a chance not to be handicapped by the difficulties of their original start.

Mr. RICH. I am so anxious to try to help the ones who want to work and want jobs, to see that they get it, but the fellow that does not want to work, I hate to put him on the Government pay roll, or on relief, and let him get money to sit around and do nothing but twiddle

his thumbs. If there is anything that bothers me, it is to help a fellow who will not help himself. I think anybody who wants to help himself ought to be helped.

Dr. WARE. How about his children? Assuming that here is somebody who, for reasons we do not know, is the kind of person you describe, but he has youngsters.

Mr. RICH. There are many of those we have to educate and try to help get jobs. That is our duty. That is what this committee, I think, wants to try to do.

Dr. WARE. The point which, to me, is vitally important is that when a person such as you have been describing has children, we do whatever is necessary in that family situation to be sure that the children receive what it takes to get them firmly grounded to go ahead.

Mr. RICH. I agree with you.

Dr. WARE. It may be that for the sake of the children, it is very important to do something with respect to the father. Just speaking in terms of how bad it is that the father is that kind of person will not do.

Mr. RICH. I am hoping that the committee might find some manner of means by which we might be able to get those people a start, to get them a job, some work. We passed so many laws in the State that now we don't want people to work until they get to be 13, 14, or 15 years of age. I had to work when I was 8 or 9, and my father used to stand over me and give me a scutching when I did not want to work.

Dr. WARE. The illustration that you have given, that you did go to work as a youngster, brings out exactly the point that I wanted to make. One of our difficulties currently is that our labor market in industry is so inflexible. A worker goes to work as a full-time worker, as a fully adult worker. On the farm, such as you are illustrating, a youngster hoes potatoes and does this and the other thing, but he does not put in an 8-hour day at a machine, which is something very, very different. I think we need in industry very, very much more flexibility than we have now, much more part-time work, much more adjustment of the way in which we use people to the capacities which people have.

Mr. RICH. I am not thinking in terms of trying to work children. But I think that everybody ought to be taught to do something in the home. I believe that parents who do not teach their children to wash dishes, carry in the wood or coal, but do it all themselves, are doing their children an injustice. I think those lessons that we learn while we are small aid us and assist us when we grow up. I think that this business of trying to get a boy or girl some little job, and parents making their children work, is a good thing for them rather than any hindrance.

On the farm they feed the chickens and do the errands. That is a mighty fine thing for them. I wish all the people in cities had the same opportunities to get jobs. But when I read one statement of yours, it kind of made my blood boil a little bit. I will have to get it in the record.

With regard to the physically handicapped, the major problem lies in whether employers will take the trouble to find and use whatever capacities remain, and whether the community will provide to handicapped individuals facilities for training and the development of abilities. When we are desperate enough for workers, we utilize the halt, the maim, and the blind, but under such conditions as the present, there is danger that we may neglect this resource, even when we have before us clear evidence of the dollars-and-cents value of the vocational rehabilitation program.

These three groups, the aged, women, and the handicapped, tend to be wasted resources because of the inflexibility of the industrial labor market. In this respect, industry presents a marked contrast to agriculture. On the farm, all labor capacities are used, from the youngster who feeds the chickens and collects the eggs to the old man who nurses the sick calf or works in the garden while his son gets in the hay. But in industry, only those tend to be used who fit the mold. The mold is usually a full day, at a standard pace, with a minimum of consideration of individual differences and with a strong hiring preference for those who look as if they could "take it." Full production in our economy calls for the use of part-time workers, and the adjustment of hiring policies to the potentialities of workers rather than to the prejudices of employers.

I think you do an injustice there. You make it out here, now, as if all employers were nothing but slave drivers, in that statement, and I resent it. I think that we have got a lot of good employers in this country who are thinking of their employees as the greatest part and the greatest asset of their business. When you make a statement like that, you just give the impression to a lot of people—and it has been given out generally—that all employers are nothing but slave drivers. I don't think that you ought to say that. I think that that is unjust, and I resent it. I am an employer and I just resent it.

I am glad that I am an employer, and I want to do the things for our employees that I think are the very best things we can, and I think there are thousands and thousands and hundreds of thousands of employers in this country who feel the same way about their employees.

When you make such a statement, as a doctor and instructor, that is an injustice, and you ought to change such statements in bringing them before a committee like this or your students. It is only just that I say it, and I say it with a spirit of friendliness and with a spirit that I believe you are wrong in making statements of that kind.

Mr. HUBER. Will the gentleman yield?

Mr. RICH. I yield.

Mr. HUBER. I want to say, in defense of Dr. Ware, that I believe she means it a little differently. I believe she is aware of the speed-up system that has been used in our large industries.

Mr. RICH. I know that, but you cannot take away the fact that a statement is made and deliberately made.

Mr. HUBER. Deliberately made because she is evidently aware of the time studies, stop-watch studies made on workers where every single movement that they make is counted in, their coordination. If they are going to make this piece-work rate, they just cannot even stop to blow their noses.

Dr. WARE. I think what is at fault is not the intent of my statement but the phraseology. I had no intention at all of implying that employers are slave drivers.

Mr. RICH. You make the statement here.

Dr. WARE. I make the statement that employers habitually hire for a full 8-hour day or 7-hour day or whatever the day is, they hire workers whom they expect to perform on the assembly line or in whatever organized manner the factory requires, putting in a full day's work.

All I meant to imply was that employers are reluctant to hire part-time workers if they can get full-time workers—we have abundant evidence of that—and that employers are reluctant to hire the handicapped worker if they can get the able worker.

The employers prefer, naturally, to hire the workers who can work an 8-hour day or 7-hour day at the pace which the factory sets. I meant no disparagement at all of the individual employer.

Mr. RICH. Let me read this statement again:

The mold is usually a full day at a standard pace, with a minimum of consideration of individual differences and with a strong hiring preference for those who look as if they could "take it."

I have read a good many statements, and that is strong to me.

Senator SPARKMAN. As I understand it, Dr. Ware said that perhaps it was not the best phraseology, but I think she meant that it was rather a comparison between industry and agriculture, and that agriculture is much more flexible than industry can possibly be.

Dr. WARE. That is right. I believe industry can be more flexible than it is, and I am sure that many employers are making their particular shops flexible, more flexible than the average, and I think probably, Congressman, that you are one of those employers. I am not familiar with your individual plant.

Mr. RICH. I have heard so much, Dr. Ware, since I have come to Washington, of the great number of employers. He is just a scoundrel and a rascal in the eyes of a great many people. The more we teach that the more injustice we do to the business not only of the employer but of the employee, and I think the conditions between industry and labor today are getting closer and closer together.

I think we have made wonderful strides in it. But I think we ought to be careful, so that instead of trying to inflame, in statements, that we try to get people to see the necessity of doing things.

Just as I spoke about the FEPC. That is the reason I strongly believe we can educate our people to do things more than we can in forcing them.

Dr. WARE. I want to state for the record that I had no intention of suggesting that employers were scoundrels. I do not believe that employers are scoundrels.

Mr. RICH. That statement just kind of filled me up.

Let us pass on to one other thing. We spoke about the high prices, trying to help the low-income group. We in Government have been paying for agricultural prices a certain standard in order to raise the prices to the farmers. Then when we got a surplus we have heretofore in many instances destroyed it and got away with it.

Is it not a whole lot better for us to get these surpluses and give them to these lower-paid groups rather than to try to think of destroying them in any sense? Give them away to them, so that they can get low prices? If we got a surplus of potatoes I say give them to the low-paid income groups rather than to destroy them. And the quicker we do that the better. That would apply to most anything.

You know the thing that is going to help the low-paid group is to give them things that they want to eat, and the more you give them the better off they are going to be. What do you think about that?

Dr. WARE. I think the destruction of food in the presence of hungry people is shocking.

Mr. RICH. You made mention here, in speaking of the TVA, that there was no opportunity for electric power in the South before they had the TVA. You understand why the people have gone down there with their industries, because of the fact that they have been able to get cheaper power since the TVA has been established, and they can

afford to buy power a whole lot cheaper than they could when private enterprise was running it, because they had no opportunity to close up the rivers and put the dams in.

That was a public use, and the individuals could not do that. Even today, under TVA regulations, as they have it, they do not take into account all the factors in reference to the price of their power. I have tried to make a study of that.

The Government constructed and built those dams and furnished the power so that they are getting it now a whole lot cheaper than it could possibly have been built by any corporation or private enterprise.

Dr. WARE. And the net result is to raise the level of these groups that we are speaking of.

Mr. RICH. The net result is that the industries went down there to take up all the power. From that standpoint it has helped build up that locality and has created many more jobs.

I have been down South many times. I have been to the Senator's town. They have a fine town there. The people get good wages in their mills, and fine stores, something like I have never seen in the North.

When you speak of colored people flocking to the North, you should go down to Senator Sparkman's town. He has a wonderful place there. There a lot of towns in the South that are equal to anything we have in the North. Is that not right?

Senator SPARKMAN. I think so.

Mr. RICH. I can get him to agree to that without any trouble.

Dr. WARE. As a person from the North who has made my home in the South for 15 years I can agree with both of you.

Mr. RICH. I think you have rendered us many interesting things that we ought to take recognition of. I think your paper is one of the best that has been presented to the committee up to this time, aside from the things that I have criticized.

Dr. WARE. I am glad you think so. Thank you.

Senator SPARKMAN. I agree that you have given us a very fine paper and one that is thought-provoking. As a matter of fact, you leave me a little troubled because you do point out so clearly some of the problems that are still with us, and probably will be with us for a long time to come.

Of course, I am not going to engage in any debate about the TVA, FEPC, or any of the other matters. I think my views on them are pretty well known. I believe that you put your finger on the problem and suggest a solution to the whole thing when you say that the answer to it is full employment. You point out so well that when we had full employment during the war the income level of all of our people, and particularly of the lower group, was lifted, people were at work and conditions were better. And furthermore we did not have these problems of discrimination, did we?

Dr. WARE. We still had a good many.

Senator SPARKMAN. But there was a tendency for them to disappear under the impact of the tight labor market.

Dr. WARE. Definitely.

Senator SPARKMAN. Of course, what we need is full employment, is it not?

Dr. WARE. Certainly.

I would say this, though, Senator: during the war, at least in some places, we had, you might almost say, more than full employment, that is, we had in a sense overemployment, if one can think in those terms.

I say that because I think we ought not to assume that everything will be done by full employment. Some of the discrimination, for example, against women and a number of other groups was broken down during the war because employers were so desperate. Full employment, I think, is something short of desperation.

Senator SPARKMAN. I agree with you.

Dr. WARE. Therefore I think that we may need to attend positively and especially to some of these special problems.

Senator SPARKMAN. We want a reasonable job opportunity for those who are ready and willing to work.

Dr. WARE. That is right.

Senator SPARKMAN. And able.

Dr. WARE. Ready, willing, and able to work, and we want to help to make people able to work who are ready and willing to work, and help to adjust the employment opportunities to the abilities of those who are able and willing to work.

Senator SPARKMAN. There was one thing that I was interested in—it may be little, but it is nevertheless interesting. In your reference to job discriminations you referred particularly to the Negro. I wonder if you will not agree with me that as a matter of fact in the early days of our war-preparation program the greatest discrimination was not against the Negro at all, but against other racial minorities, or national minorities, I might say.

Dr. WARE. It depended on the place, of course. I was very conscious of the fact that I was using Negro instead of nonwhite.

Senator SPARKMAN. I think you might even use something else. You might even say minority groups.

Dr. WARE. Right. And depending upon the place, where there was a strong prejudice against the hiring of certain kinds of people, those particular people were the ones who did not get hired.

Now, of course, women were resisted in many places more strongly than any male of any background. The problem of discrimination is a problem wherever one finds it. I think there is a very real responsibility to seek it out, to discover it, and to break it down.

Senator SPARKMAN. The only thought I am trying to get across I think we are making a very serious error in speaking of FEPC, job discrimination or whatever it may be, to think of it purely as a Negro problem or as a racial problem.

Dr. WARE. I agree with you 100 percent.

Senator SPARKMAN. Or as a sectional problem.

Dr. WARE. I agree with you 100 percent.

Senator SPARKMAN. As a matter of fact, the records of the FEPC during the war will show that by far the major discriminations and the problems of discrimination were not in the sections where the Negro is most numerous.

Dr. WARE. That is very true. That is true partly because it was in the other sections where most change was taking place, and the issues arose at the point of change rather than at the point where change was not taking place.

Senator SPARKMAN. I am not so sure of that. I will not labor this any longer. But I was a member of the Tolan committee. We made some rather exhaustive studies on that problem. I remember quite distinctly our findings and our recommendations with reference to it back in the early days, and then, of course, I followed it pretty well during the war.

So I think we must be careful in considering these things not to think of it as pertaining to any one particular racial group or section.

Dr. WARE. I am glad that you made that point because it was not my intention to specify any particular racial group. I made it for quick presentation instead of spelling it out. I thank you for bringing out the other angle.

Senator SPARKMAN. One other thing, because I think it is quite vital: My friend, Congressman Huber, referred to the number of doctors—Negro doctors, particularly. I agree with him that we need a great many more doctors, both black and white, and of every description in this country.

But when he was talking about the number that were in training I just wondered if we were conscious of the fact that two colleges in the United States train about, I think it is, 95 percent of the Negro doctors.

Dr. WARE. That is right.

Senator SPARKMAN. That is Howard University here in Washington, and Meharry College, the college run by the Southern States at Nashville, Tenn. And of all the medical colleges, outside of those two, I do not know the figure, but it is pitifully small, I think it is less than 50, all over the United States, that are taking that training.

Mr. HUBER. What are those figures?

Senator SPARKMAN. I think it is less than 50.

Mr. HUBER. Of all the other colleges?

Senator SPARKMAN. Yes.

Take Harvard—I am not sure it is true—I dare say if you check there are not more than one, two, or three Negro students in the medical school. And it is true all over the United States.

I will not testify to the exact accuracy of my figures, but I think you will find that outside of Howard University in Washington, and the southern regional school at Nashville, only 5 percent of the Negro doctors are in training.

Dr. WARE. I think we should point out, too, that the discrimination is not solely against colored doctors in hospitals, too. There are places where Italian background men, for instance, have difficulty getting into medical schools and hospitals.

Senator SPARKMAN. Again it comes back to the same thing that you pointed out with reference to jobs: There are just not enough facilities for them to train, and therefore they exercise a high degree of selectivity. I think most of the medical schools do it on the basis of grades and accomplishment in their training and promise for good doctors.

I do not accuse them of discrimination. In my State our medical college can turn out 50 doctors, and that is all we can take. I dare say they have 500 applicants each year. They will take the 50 at the top of the list. I think that is true in nearly all of the medical schools.

There are a lot of problems that we can point out that do not exist because anybody particularly wants them to exist. But they simply exist because we have not yet geared ourselves to this idea of full employment and full accomplishment.

Dr. WARE. I would like to say one more thing, and that is that with respect to all of these problems, or practically all of them, we have insufficient information with which to do the best possible job of breaking down the situation that exists.

Senator SPARKMAN. That is one of the things we are trying to accomplish here, and you have made a great contribution to it. I appreciate it.

Dr. WARE. Thank you.

Senator SPARKMAN. The committee will stand in recess until 10 o'clock tomorrow morning.

(Thereupon, at 4 p. m., the committee adjourned, to reconvene on Thursday, December 15, 1949, at 10 a. m.)

LOW-INCOME FAMILIES

THURSDAY, DECEMBER 15, 1949

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON LOW-INCOME FAMILIES,
JOINT COMMITTEE ON THE ECONOMIC REPORT,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10:10 a. m., in room 224, Senate Office Building, Senator John Sparkman (chairman) presiding.

Present: Senator Sparkman and Representatives Huber, Buchanan, and Rich.

Also present: Samuel L. Brown, economist, Subcommittee on Low-Income Families; and Mrs. Elizabeth G. Magill, research assistant, Subcommittee on Low-Income Families.

Senator SPARKMAN. The committee will come to order.

This morning we have Mr. Ernest E. Neal, director of Rural Life Council, Tuskegee Institute, Alabama.

We are glad to have you with us, Mr. Neal.

STATEMENT OF ERNEST E. NEAL, DIRECTOR, RURAL LIFE COUNCIL, TUSKEGEE INSTITUTE, ALABAMA

Mr. NEAL. I am glad to be here, sir.

Mr. RICH. Where is Alabama?

Senator SPARKMAN. Show him that map; will you? [Laughter.]

Mr. NEAL. As Senator Sparkman has told you, I am Ernest E. Neal from Tuskegee Institute, Alabama.

My prepared statement is intentionally short because I hope that we will have time to discuss the problem much longer than if I burden you with a long written report. So, Mr. Chairman and members of the committee, I want to take this opportunity to thank Senator Sparkman for the invitation to testify before this committee.

For one who has spent 10 years of study and work with low-income rural Negro families in the South, it is, indeed, a sense of gratification to know this committee is sincerely concerned with improving the conditions of low-income families, both urban and rural.

This report is concerned mainly with one segment of the population that falls into the low-income group; namely, low-income Negro farm families in the cotton South. We recognize the problem of low-income urban Negro families, but we feel that this is a separate problem which falls outside the area of interest of the Rural Life Council of Tuskegee Institute.

In this report, consideration is given to (1) the changing rural scene in the cotton South, (2) the problem of mechanization and live-

stock farming, (3) displacement and migration of Negro farm families, and (4) proposals for improving the economic stability of Negro farm families.

The Old South is in the midst of a revolution. The established order of cotton cultivation with the share-tenant system is giving away to green fields, grazing cattle, tractors, and cotton pickers. Today it is not unusual to see in the old plantation cotton economy tractors plowing the ground, airplanes poisoning the cotton, and cotton pickers picking the cotton.

We are not so much concerned with the description of the changes taking place as with how these changes are affecting people, and the adjustments people are making to them.

The process of cotton mechanization and the adjustment to it seem to be that the tractor is the first unit in mechanizing and causes very little disturbance to the labor system. The next unit seems to be the picker. The combination of the tractor and the picker makes a large supply of labor on the farm unnecessary, but a large supply of labor is essential for chopping. The source of this labor supply is found among ex-tenants who have found low-paying jobs in the nearby towns. When the flame thrower or chopper is brought in along with the tractor and the picker, there is no longer a need for a large supply of cheap labor. The ex-tenant's family must move on beyond the nearby towns and seek employment in the larger southern cities or the cities outside the South.

I would like to amplify this with some concrete examples. In northern Alabama, in the TVA section, where we have the beginning of mechanization, you have the tractors that have come to do the plowing.

The tenants still remain on the farm, and the total labor system remains just about the same. The cost of production is somewhat increased to the tenant because he has to pay for the use of the tractor, but the total labor system is not materially changed.

Another concrete example of the further increase in mechanization is the Mississippi Delta, and there you have the combination of the tractor and the mechanical picker. Your labor-supply system is disturbed then because the tenants must move off the plantations and move into the nearby towns.

During the cotton-chopping season, which is the season where there is a need for a large supply of cheap labor, it is not an unusual sight to see 5,000 Negro ex-tenant families move from Greenville, Miss., out to the nearby cotton plantations in the Delta.

The third stage of mechanization is best represented by the Price-McLemore plantation in Montgomery County, Ala. This is a plantation of about 2,000 acres, 400 acres of which is in cotton. There you have the tractor, picker, and flame thrower. There is no hand labor involved in the production of cotton there.

This 2,000-acre plantation is operated completely by five people; all the rest of the tenants have moved away, and they are no longer needed for any cheap labor supply.

Those, then, are three concrete examples of the disturbance of the labor system, according to the degree of mechanization.

Farm mechanization and cattle, in eliminating farm tenants, have pushed Negroes off the farms at a faster rate than whites. In the 16 States and the District of Columbia that go to make up the South,

the numerical decrease of all farm operators from 1930 to 1945 was 322,816. Of this number, 114,129 were white and 208,687 were non-white. This was a percentage decrease of 4.9 for whites and 23.7 for nonwhites.

What will happen to Negro farm families made useless by machines and cattle? Some of them will be left on as cash-renters on land not suitable for mechanization. Still others will find means of purchasing family sized farms on worn-out plantations or other lands not suitable for commercial agriculture. The majority, however, will move to the nearest small town, then to the large urban centers in the South and heavy industrial centers outside the South. These displaced farm workers must seek employment that requires the lowest skills, live in the cheapest houses and the most deteriorated sections of the city; thereby contributing a disproportionate share to delinquency, crime, unemployment, and relief.

The families made useless by improved farm practices, but who remain on the farm, are caught in the low-income group of subsistence farmers, tenant farmers, and operators of owned farms whose acreage is too small for profitable operation. In terms of the total economy, they are a poor market. Without money, they are poor customers for clothing, housing, furniture, and consumer goods.

We might add to a description of these in concrete cases also. Let us take the subsistence tenant farm family, particularly in Macon County, the county in which Tuskegee Institute is located.

We have a good many subsistence-farm families in that area. I am thinking in particular of an old man about 85 years of age, his wife about 83. They moved into this section along with the development of Alabama, went into cotton farming on a small scale, and used a very crude system of cotton production.

As the system of agriculture progressed, they have remained the same; the acreage is the same, their smokehouses are filled with meat, the chicken houses with chicken enough for their immediate needs, but they have never had much money.

The average income now is about \$250 a year in cash money, and they are a very poor market for spending money for any consumer goods.

That is generally characteristic of the subsistence-farm families. They have plenty to eat; they have what is necessary to go on with respect to everyday activities, but they do not have any cash to buy the things that are made in our industrial concerns.

Now, perhaps, the worst-off group of the low-income farm families are the cash-tenant families.

During the more profitable days of agriculture, these were share croppers, where the landlord furnished food, clothing, and supplies to keep the farms going. But as the land deteriorated in quality, and the return on it was less, it was not to the advantage of the landlord to contribute this type of share in the farm operation, and he moved it into a fixed rent, where you pay one bale of cotton for a one-horse farm, which is about 40 acres.

Well, it is just about all that these cash-tenant families can do to make this one bale of cotton to pay their rent. They have practically no money for anything else, and most of their labor then is tied up in getting the rent bale of cotton.

They live in the poorest houses, have the poorest diet, and their children are in the worst condition of any group.

Those, I think, are pretty representative of the low-income families caught in this agricultural transition.

Now, some suggested proposals for improving the economic stability of Negro farm families:

The future of Negroes in agriculture is not too encouraging. Mechanization and livestock farming are displacing tenant-farm families faster than they can find work in industry. In the case of the Negro owners and renters, the units they operate are usually too small for mechanization or livestock farming. The opportunity for increasing the size of the unit is not too good. Sources of credit and technical assistance for changing farm practices to more profitable ventures are not easy to obtain.

I would also like to add to this prepared statement here, that for the first time in the history of the southern cotton economy the Negro is no longer essential for the operation of the economy.

It is the first time in the history of the South that the Negro is no longer essential as a labor element. The tractor, the cotton picker, and the flame thrower perform the labor task that this group in the population formerly did; and so, not being essentially necessary any longer in the cultivation of this type of economy, the Negro owner has never been too essential in the agricultural economy of the South; that is, the number of Negroes who are farm owners in the total economy is so small that the economy could operate efficiently if they were eliminated altogether.

So, you see how this problem has been increasing with the mechanization moving on and not with too much opportunity for getting into individual ownership of farms, and the opportunities for moving into industrial employment, not opening as fast as they are being pushed off; thus you have got a very serious problem among the Negro farm families.

Mr. RICH. May I ask a question right there?

Senator SPARKMAN. Surely.

Mr. RICH. Are there any State lands that the State might be able to aid the individual in trying to secure additional property of their own where they might cultivate and own their own homes?

Mr. NEAL. I do not think so. I know of no programs in the South where the State has made land available to resettle families.

Mr. RICH. No; I am asking a question. Are there any lands that are owned by the State that could be utilized for increased farming, if it were made available to the colored people?

Mr. NEAL. Probably Senator Sparkman knows more about the amount of public land available.

Mr. RICH. The reason I asked that question is, in Pennsylvania, 51 percent of the State of Pennsylvania is in wild areas, and a great deal of that is owned by the State of Pennsylvania.

Now, I am asking the question whether that situation would exist where there might be any part of it available that is owned by the State, to give to the citizens.

Senator SPARKMAN. I do not know of any State-owned land other than a few—I think they still own some coal-mine lands that, of course, are not adaptable to farming, and even there, I think they are owned, perhaps, by the State university, and a few parks.

Usually those are either in the mountains or down on the shore, or something like that. I do not know of any State-owned lands in the State of Alabama, and no federally owned lands, except the national forests.

Mr. HUBER. If they had lands, would there not still be a sort of hands-off proposition, in Alabama?

Senator SPARKMAN. Yes.

I think Dr. Neal is pointing out a very real problem and, of course, while he is stressing its application primarily to the Negro population, it hits the white population just as heavily, although perhaps not to the same extent.

Mr. NEAL. That is right.

Senator SPARKMAN. For instance, up in my section—I was just running through my mind, in my section—there are a great many Negro owners; in fact, some of our very finest farmers are Negroes—you know that to be true in north Alabama.

Mr. NEAL. That is right; that is the best section.

Senator SPARKMAN. But the problem that you point up is particularly acute in the black belt where they have changed almost completely from a cotton economy to a—

Mr. NEAL. Livestock.

Senator SPARKMAN. Livestock economy.

Mr. NEAL. That is right.

Senator SPARKMAN. And, of course, you point out very well there, too, the change which is still in a developing stage from a hand labor to mechanical labor stage.

Mr. NEAL. That is right.

Senator SPARKMAN. That is not by any means complete in the Tennessee Valley, but time will probably force it to be completed and, as a matter of fact, other conditions may force us out of cotton growing.

Mr. NEAL. That is right; that is very true.

Senator SPARKMAN. This year, for instance—and I think I am correct in this statement—two-thirds of the cotton is produced west of the Mississippi River.

Mr. NEAL. Yes.

Senator SPARKMAN. Maybe even more than that. The old deep South is losing out in the production of cotton, and it is moving to Arizona and California—

Mr. NEAL. Texas.

Senator SPARKMAN. And Texas. Of course, Texas has always been a big producer.

Mr. RICH. You are spending your Federal funds to irrigate those lands out there so they take the business away from you.

Senator SPARKMAN. Well, if that is progress, why, we will make it, all right.

Mr. RICH. You say if it is. Well, that is up to you to determine that.

Senator SPARKMAN. That is competition. You and I believe in private enterprise, and in the competitive system, and if they can beat us growing cotton, why, we cannot cry out against it. We will have to do something else, so we are going to start raising cattle and grains and things of that kind.

Mr. NEAL. That is right, we have a competitive advantage in the livestock business in the Cotton Belt.

Mr. RICH. He touched on one subject here, in reference to the whites, and the doctor gave the number of nonwhites as 208,687, and the whites as 114,000, almost one-third of them being whites, that were in this field of production. I was surprised to know that the number of whites was so great.

Senator SPARKMAN. In the reduction.

Mr. RICH. At least one-third of the people that will have to migrate will be white people.

Mr. NEAL. That is right.

Senator SPARKMAN. That is why I say the impact is almost as heavy on the whites, although not quite as extensive, because of the thing Dr. Neal has pointed out, because historically the Negro has been the hand laborer, and I will say this, that they are the best cotton growers in the world when it comes to growing it with hand labor; they have not gone in very heavily for farm ownership, except in some of the areas.

Down in the Black Belt, I do not suppose they ever did own many farms, did they?

Mr. NEAL. No.

Mr. RICH. Let me ask you this question—I am asking for information: I was up in Greenwich, Conn., and up in Rhode Island, and I went through a cotton mill. All the cotton that they used is Indian cotton. Why do we not furnish that cotton here in this country?

Senator SPARKMAN. Well, if all the cotton they use is Indian cotton, they must be making a special product, because—

Mr. RICH. Why do we not produce that special cotton?

Senator SPARKMAN. Well, the climate of India produces a certain kind of cotton. I think you will find that in our economy, as a whole, there is very little foreign cotton used. There is a little bit.

Mr. RICH. Their plant uses nothing but that type of cotton.

Senator SPARKMAN. They are most likely making a special product.

Mr. HUBER. Is it not pertinent at that point to state that so many former uses of cotton are no longer in existence? For example, in the manufacture of rubber tires, they do not use cotton; they use nylon.

Senator SPARKMAN. Yes. There are many different kinds of cotton, differing in staple and grade, and I do not know just what the Indian cotton is, but I do know it is a special type.

You take in the manufacture of textile products generally in this country, you will find that our cotton is being used.

Mr. RICH. You know, Senator, I am trying to help you.

Senator SPARKMAN. Yes, I know.

Mr. RICH. I am for everything we can grow in this country, and everything we can manufacture in this country. Now we have got with our reciprocal trade agreements, we are trying to give all the business we can to foreign countries, and I think you men who are sitting here will see the day when we will rue a lot of the things the State Department is doing, while we think we are helping the foreign people, but you are going to see our people suffer because we do, and if we are interested in America, we will begin to look after America instead of trying to take care of all the world.

Senator SPARKMAN. Well, we are trying to take care of America but, at the same time, we recognize that it is a pretty complex world we are living in.

Mr. RICH. A lot of people have convinced a good many of our Representatives that we have got to look after everybody else instead of our own people. We are now faced with a situation here of looking after our own people, and let us go ahead and do it.

Mr. NEAL. Thank you, Congressman.

The following recommendations are the results of our thinking on this problem. They are not final, and they are not conclusive; they are just to explore areas for consideration.

One. That funds be provided to lend local community groups that are especially interested in bringing low-income farm families into profitable commercial agriculture, and establishing processing and marketing facilities for these products. The loans should be available at a low rate of interest over a long period of time.

I might amplify that by saying that these low-income farm family groups that are outside the main stream of commercial agriculture, cotton, and livestock in the deep South, they have a very difficult time getting loans, and a group of people interested in helping them make the shift into a profitable type of agriculture also has difficulty in getting loans to make the shift.

Now, if machinery were set up where such assistance were available to try to bring these people into a different type of commercial agriculture, I think it would be of some assistance.

Two—

Mr. BUCHANAN. Before you go on, may I ask a question there? How much do you think, in the way of funds, would be necessary, and what do you think would be the average type or size loan?

Mr. NEAL. It would take about \$2,000 per farm family to get them into a fairly good commercial agriculture on the basis of 40 or 65 acres, that size of a farm.

There is the problem of fencing, building up the land, putting part of it into livestock, part of it into some row crop, and some of it into vegetables, and a mixture of pigs and things like that, you give them a mixed balanced type of agriculture, and the land which they now own or can buy is worn out, and it would have to be built up. It probably would be 3 to 5 years before it would be able to make much return on the investment.

Mr. BUCHANAN. Over how many years do you think they would be able to amortize that loan?

Mr. NEAL. I think in terms of 15 to 25 years.

Mr. BUCHANAN. At what rate of interest do you think?

Mr. NEAL. I think around what the Farmers Home Administration now operates would be a good rate of interest. I think it ranges from 3 to about 4½ percent.

Mr. RICH. May I ask a question right there?

Senator SPARKMAN. Surely.

Mr. RICH. From whom will you buy this land for these people? Who are now the owners, is what I am trying to find out?

Mr. NEAL. Well, the land that they will be able to buy will be land that will not produce cotton.

Mr. RICH. Who are the owners of these lands?

Mr. NEAL. The owners of these lands are ex-plantation owners who are no longer farming; the old parents have died out, the children have moved away, and you will find areas of land like that available.

There are other sections of lands available in the hill section, and the poor farming areas that I believe could be made productive. That land is available to sell now.

Mr. RICH. About what would you have to pay per acre, on the average?

Mr. NEAL. It is about \$25 an acre in Alabama.

Mr. BUCHANAN. It is all submarginal land now?

Mr. NEAL. That is right.

Senator SPARKMAN. Go right ahead.

Mr. NEAL. The second suggestion that the council would make is that the local sponsoring group be provided with such technically trained personnel as needed for production and marketing of agricultural products, and that this personnel be provided at public expense as long as the area is classified as a low-income area—a good example of this kind of program is in operation in the TVA area of Alabama.

Mr. BUCHANAN. By a "local sponsoring group," just what do you mean?

Mr. NEAL. I would say, like in Macon County, where I am working, there are about 15 or 20 of us who call ourselves public-spirited citizens interested in this group of people.

We have no funds to move them up into productive agricultural economy. I think in most low-income areas you will find a citizens' group comparable to the one there in Macon County, which is interested in moving these people up into more productive activity.

But this group does not have any money; it is a nonmoney group. It is a group that is interested in the welfare of people, for the most part.

Mr. BUCHANAN. And we regard these people who believe in the idea of being their brothers' keepers?

Mr. NEAL. That is right.

Mr. RICH. Have your local people—have you gone to your local communities and tried to secure the aid and assistance to do the work which you are contemplating doing?

Mr. NEAL. We have, but not with too much success.

People with money, if they invest it, they want assurance of a certain return on it, and in moving submarginal people up you cannot determine what the investment will bring in. It is investment in people there more than in money-bringing returns.

You are bringing a group of people up; it may take 5 years, it may take 10 years.

Mr. RICH. Does your State give you any assistance in that?

Mr. NEAL. In spotted areas, they do. The point I would like to bring out—

Senator SPARKMAN. May I say this, What you have in mind, if I understand it correctly, is an extension or expansion of the work which is being done by the Farmers Home Administration.

Mr. NEAL. That is right.

Senator SPARKMAN. They work with that type of people but, of course, on a limited scale.

Mr. NEAL. Very limited scale.

Senator SPARKMAN. And what you would like to see would be some special provision whereby they could lend this particular kind of assistance.

Mr. NEAL. That is it exactly.

Senator SPARKMAN. And, of course, the justification for the Farmers Home Administration is the same that you point out here, that the security is of such a type that you cannot expect either the banks or local citizens with money to lend to go into it.

Mr. NEAL. That is it exactly.

Senator SPARKMAN. As a matter of fact, we have written into the law, I believe, a requirement that loans by the Farmers Home Administration shall be made only where they are not available by private lending agencies.

Mr. NEAL. That is right.

Senator SPARKMAN. And that is what you have in mind.

Mr. NEAL. That is it exactly.

The best concrete example I can think of of how this program actually works is up in north Alabama in the TVA area; 20 years ago, the small ownership class of Negro farmers up there was in pretty bad condition.

With the cooperation of the farm-purchasing division of the Farmers Home Administration, and the fertilizer experimentation of the Tennessee Valley Authority, working together with these Negro farmers in that area, they have moved up into an income level that they did not dream of 20 years ago, and this is reflected by the fact that the homes are furnished with electricity; they have mechanical refrigeration; they have washing machines.

The interesting thing about it is that they keep their washing machines on the front porch, as an indication showing a pride in that type of thing; and automobiles are not uncommon in that area.

Now, that has taken place over a 15-year period in a section of Alabama that 20 years ago was classified as a very poor, low-income area.

Mr. HUBER. Outside of the advantages of these appliances, did TVA have any other effect on making it possible for these people to settle there?

Mr. NEAL. They were already there. What TVA did, it provided them with work on the dams during the construction period, and at the end of the construction period, with cheap power there, a good many local industries moved in, and cheese factories, and milk-processing plants, have moved in, and these Negro farmers supply these industries with raw materials in the form of milk and other things, so you get a whole combination of industrial agricultural upward movement when you—

Mr. HUBER. A whole new existence.

Mr. NEAL. That is right.

Mr. HUBER. Yes.

Mr. NEAL. That section of Alabama does not look as if it belongs to the section around Tuskegee Institute. It is just as different as moving out of the South and coming into the industrial North.

Three, that funds be provided Negro land-grant colleges to establish and operate farm-machine schools in those counties where mechanization is taking place at a rapid rate to train ex-tenant farmers and young rural adults to operate and maintain expensive farm machin-

ery. Such schools would speed up mechanization on farms and provide the semiskilled labor needed on mechanized farms.

Mr. BUCHANAN. Just a question there: Are these people equipped physically or mentally to serve in industrial jobs at the present time?

Mr. NEAL. A large percentage of them.

Mr. BUCHANAN. Without this training?

Mr. NEAL. I do not think without training they could make it. The jobs for the ditch digger, wheelbarrow roller, unskilled type, there are very few jobs; they are on the decreasing side.

Mr. BUCHANAN. How long do you think it would take to adapt them for industrial or mechanized work?

Mr. NEAL. When the war moved into the South with its airplane factories and what-not, in a period of 6 months of intensive training; they moved ex-farm people right into industry, and the production schedule remained about equal to the production schedule outside the South.

Senator SPARKMAN. Frank, I think you might be interested in this story, bearing out what he said.

We had a very hard time in inducing the various Government agencies to put war plants in the South because they said there was not available skilled labor.

Finally they did come in on more or less of an experimental basis. I was on the Military Affairs Committee at the time, and I went down to Gadsden, Ala., when that shell plant was opened. I was there at the opening of it.

They had made a trial run, and they were showing our committee through, and it came to these initial shells that had been made, and the officer in charge, who was from Pennsylvania, by the way, said, "You know, there was something unusual about this run." He said, "Every single one of them was a good shell." He said, "Ordinarily we count on the first run being culls, but there was not a cull in the group."

Then he turned to me, and he said, "Mr. Congressman, you will be pleased to know that when this was done, I was the only danyankee in the plant." So I said, "Where did you get the labor?" He said, "Out of these cotton fields right around here."

Sometime after that, I remember some Army official testifying before our committee, and he said—he referred to the fallacious reasoning that they previously had that there was no skilled labor in the South. He said, "We found out that, as a matter of fact, the finest skilled labor in the world was there because these boys that have grown up on the farm, tinkering with a Ford car, a cultivator and a tractor, have learned to use their hands," which is the greatest essential in skilled labor and, therefore, we can put them in these shops and they would become good labor very fast.

Mr. BUCHANAN. I was aware of that, and I merely wanted the doctor to bring that out.

Senator SPARKMAN. I think you will agree with me in that statement.

Mr. NEAL. Certainly; all through the South that was repeated in every war industry that was set up.

This idea of tractor or farm-machine schools in the counties where mechanization is in process is very much in evidence in the Mississippi Delta. Some of the local businessmen there in one community in Mississippi—the Chevrolet dealer has set up a tractor school because

the demand for tractor drivers in that area is so great they cannot get them, and this man has gone on his own ingenuity to set up a tractor school, and as we move through that county talking to farmers, they say, "We would buy tractors faster if we could find the people to operate them."

So it seems then in the counties where mechanization is in process, if we want a farmer to invest from five to fifteen thousand dollars in a piece of farm machinery, he has got to be pretty sure that the man who operates that machine knows what he is doing, or else his \$15,000 are wasted, and we have noted that in Alabama and Mississippi and other cotton areas, where mechanization comes in, that is in one area where the Negro laborers are maintained, that the operators of mechanical cotton pickers and tractors, and so forth, are Negroes, and even the State map of Alabama that is put out to the educational institutions, has in it a picture of a cotton picker in operation, and a Negro driving it, and an old Negro man scratching his head with a handful of cotton, showing the threat of this cotton picking threatening his security.

But it is interesting to me that when this type of mechanization comes in that the shift is not to white labor, it is the maintenance of Negro labor to operate these machines and, therefore, I feel that it would be a normal part of the Negro land-grant colleges to do this training in these areas to provide these ex-tenant laborers with the know-how of operating expensive farm machinery so that they can be used on the mechanized farm.

Mr. RICH. You used the term several times "flame thrower." What do you mean by that?

Mr. NEAL. Well, the flame thrower is a machine that burns the grass out of the cotton. You carry it down the cotton patch around four rows at a time, and a gas flame just burns the grass.

Senator SPARKMAN. To eliminate hoeing.

Mr. RICH. Does it not burn the cotton?

Senator SPARKMAN. No; the grass is more tender than the cotton, so they regulate it just right so that it will sear the grass, and not hurt the cotton.

Mr. NEAL. That is right. Colonel McLemore invented this piece of machinery on his farm in Montgomery County, Ala.

Recommendation No. 4—

Mr. RICH. One other question: The cotton is not ripe, so that you cannot throw the flame on the cotton. The flame goes on the stalk?

Senator SPARKMAN. This is when the cotton is just growing; there is a little plant.

Mr. HUBER. It is like hoeing corn. You take the grass out of the middle with a flame thrower.

Senator SPARKMAN. Yes; you get the grass out of the row. Of course, you plow it out of the middle. But in between the stalks, the stalks will stand between 14 and 18 inches apart, and grass will grow within the drill within the stalk.

Now, you come along and have these flame jets thrown in, and it will just burn that grass and kill it, but it is not hot or heavy enough to burn the cotton. Cotton is a woody plant, and you cannot burn it so easily.

Mr. RICH. Of course, you could not turn the flame on it.

Senator SPARKMAN. You can tell that my friend, Congressman Rich, does not know much about growing cotton. [Laughter.]

Mr. RICH. Well, I have been down in the South dozens and dozens of times, and I have never seen a cotton field in bloom.

Senator SPARKMAN. The cotton does not come on it until the fall. We plant it in the spring about April, and it comes up, and it has to be cultivated, three or four times; the grass has to be gotten out, it has to be thinned out. Then the squares develop, and we lay it by; along about July 4, we always like to finish by July 4, so we will not have to hoe those potatoes that you referred to yesterday.

Mr. RICH. If you were talking about wool, I know something about it, but not cotton.

Senator SPARKMAN. Then, it matures—this hot, dry weather makes the cotton mature, and it starts opening about the last of August or the 1st of September and, of course, that is when the white cotton comes in.

Mr. NEAL. That is right.

Recommendation 4, that the development of pastures and livestock farms be improved by providing Negro land-grant colleges with funds to establish on their campuses first-rate departments of animal husbandry and agricultural engineering.

I would like to amplify that. The Negro land-grant college is a funny thing in the educational system of the South. Since 1867, when the Federal Government began to provide funds for land-grant colleges, I think there were only three acts that specifically stated that a certain amount of these funds—there is to be no discrimination in the use of these funds.

Well, those 3 acts, out of the 18 that have been passed, are the only 3 out of which Negro land-grant colleges receive land-grant funds. There are no agricultural experiment stations connected with the Negro land-grant colleges, and the development of animal husbandry where you have expensive teaching facilities for dairying and beef, and so forth, they have been neglected to a large extent, and the schools of agriculture and engineering have not been developed very well.

It seems to me that an equalization of these opportunities for the boys and girls who enroll in a Negro land-grant college is needed if they are going to function effectively in this emerging new agricultural program; that is, they must be exposed to the problems of animal husbandry, and they must know about agricultural engineering.

For every 15 tractor operators, it is estimated that you need one highly skilled mechanic to do the supervision and the maintenance, and the plantation owners I have talked with said they would just as soon use a Negro to do that work as anybody else if they could find them, who were trained to do it, and we would like to see in the Negro land-grant colleges their educational program stepped up where they could provide this type of training.

Senator SPARKMAN. Let me ask you about Tuskegee.

Mr. NEAL. All right.

Senator SPARKMAN. What kind of agricultural engineering department is there in Tuskegee?

Mr. NEAL. It is in the process of becoming. I think it has an interesting history. It is being developed in a horse barn, and as we have no longer any use for the horsepower, that building has been turned over to start our agricultural engineering school, but we do not have a

full equipment of tractors and cotton pickers, and other things, where we can train students to a degree where they are much more highly developed to operate and maintain these things.

Senator SPARKMAN. What about animal husbandry?

Mr. NEAL. We have a fair department of animal husbandry.

Senator SPARKMAN. Dr. Patterson used to be head of that department, did he not, before he became president?

Mr. NEAL. That is right. We have the best school of veterinary medicine, one of the best, in the South at Tuskegee, where we are recognizing this transition, and we are preparing the people to do it, but there are 17 Negro land-grant colleges throughout the South, and I believe that it is a program that ought to be expanded for all of them.

Senator SPARKMAN. Does Tuskegee receive land-grant funds?

Mr. NEAL. We receive a small amount of them for the training of vocational agricultural teachers, and vocational home-economics teachers.

Mr. RICH. Those are funds furnished by the Federal Government?

Mr. NEAL. That is right.

Mr. RICH. Doctor, I was just interested here in your four recommendations already stated; the first one, you suggest that funds be provided to local communities; in your second one that funds should be provided for local sponsoring groups; in your third one, that funds be provided for Negro land-grant colleges; and the fourth one, funds to be provided to land-grant colleges for the establishment of departments. Where do you expect to get these funds?

Mr. NEAL. Well, in the case of the Negro land-grant colleges, there are acts that have already been passed by Congress to provide these funds, but in the administration of these funds, they do not reach the Negro colleges.

Mr. RICH. Why not?

Mr. NEAL. I presume that the idea is that the funds expended for experimentation, and so forth, at the white agricultural college, that knowledge and the benefit of that knowledge, gets to the Negro colleges, but it does not actually work out that way.

Mr. RICH. And the Negro land-grant colleges do not receive any of the funds?

Mr. NEAL. There are about 15 different types of funds that Negro colleges do not share in, that have already been set up by the Federal Government.

Mr. RICH. Well, you say you have 17 land-grant colleges for the colored people. Well, who supports them; where do you get your funds to keep them in operation?

Mr. NEAL. The bulk of it comes from the State legislatures.

Mr. RICH. They are State institutions?

Mr. NEAL. Yes, sir.

Mr. RICH. And there is none of it which comes from the Federal Government?

Mr. NEAL. Yes, sir. Under the original act which provides funds for instructional purposes; Negro land-grant colleges do receive funds from that.

Mr. RICH. What proportionate share of your funds for the functioning of your land-grant colleges comes from the State, and what proportion comes from the Federal Government?

Mr. NEAL. I do not know exactly, but offhand I would say it is about 5 or 10 percent from the Federal Government, and the rest of it comes from State funds and private philanthropy.

Most of the Negro colleges in the South have been maintained by philanthropy from the North, until recently.

Mr. RICH. I have been asking the House for years where we are going to get the money to provide all these things, and I have never gotten the answer, and I thought with your coming in here you would be able to give us some information as to how we might be able to keep our Federal Government solvent.

You know, we are going to run in the red anywhere from 7 to 10 billion dollars this year, and some of these days we are going broke, and then there will not be any funds to pass out to anybody. We will have to start all over again, and I thought probably you could give me some information on where we are going to get the money.

Mr. NEAL. I think that a good answer to your question, the best answer I have, is up in north Alabama, where the funds were initially provided.

Now, those people have moved into productive agricultural operations, and they are able to pay back in taxes now more than everybody ever dreamed that they would, so that is the funds coming back again to the Federal Treasury, the funds that were invested in those people.

Mr. RICH. Have you got enough of those people in Alabama to collect taxes from them in order to keep these schools going, and take care of the rest of the people there? Would you have that?

Mr. NEAL. I do not think as long as there is an income differential in one section of the country, compared with the national average, that you can expect the people in the economically depressed areas to carry the full load of education.

Mr. RICH. Up in my State everybody is hollering about taxes now, and they are trying to be relieved of them, and I am just wondering where you are going to get it, because I do not want to put any more burden on my people if I can keep from it, and, of course, if somebody else puts it on, why, they will have to take it, but it will not be me who is going to burden them or place any more difficulty on them for awhile.

I think we ought to go along a little while and give them a breathing spell to the extent, at least, that we support our Government without going in the red. The worst thing that we can do now would be to continue on this deficit spending. It is going to mean ruination and wreck, and then we will not have any help to give you, any help at all.

Mr. HUBER. Could we not liken this, Doctor, to the RFC, which has made loans where private funds either could not or would not be advanced, and it has helped industry, it has helped many firms and businesses, created new industries, and has never cost the taxpayers any money. In fact, we have a profit for them.

Mr. NEAL. I think so.

Mr. RICH. That is not over yet. One-third of the RFC money has been loaned to Kaiser-Frazer, and they have one-third of the money that RFC has, and you do not know whether you are going to get it back or not.

Mr. HUBER. I want to say this, too, in that connection, that we have not had a new automobile manufacturing company competing with

the Big Four, which have dominated the industry, and Kaiser-Frazer are employing 45,000 people today, and they have broken into the car market, at any rate, and maybe we should encourage more industries to develop that way.

Mr. RICH. You mean by the Federal Government's going into the automobile business?

Mr. HUBER. If there is a monopoly.

Mr. RICH. I did not think that we would have men in Congress advocating that, and you are out here now recommending our going into the automobile business.

Mr. HUBER. If the Woolrich company were to make all the woolen sweaters in this country and it were a monopoly, I would advocate the Federal Government's lending money for the purpose of obtaining competition.

Mr. RICH. There we are getting to the point of the Federal Government—asking them to finance that.

Mr. HUBER. You were not doing so well in 1932.

Mr. RICH. That is the reason I am taking the position of looking after the taxpayers' money in my district, and if we do not protect them, you and everybody else will have to go to the Federal Government.

Senator SPARKMAN. Suppose we get back to this immediate problem. [Laughter.]

Senator SPARKMAN. Go ahead, Dr. Neal.

Mr. HUBER. I just wanted to add this, Doctor: The point I am making is, if we can use Government funds for industry and all these other purposes, we can use Government funds for people.

Mr. NEAL. I agree with you.

Mr. RICH. But we should not use Government funds to keep any private enterprise going that our people want to do things in competition with the people in this country who get out and work and earn and save, and they are the people I want to help, and if you have got people down there who work hard and earn money, I want to see them make a good living, and I will do everything I can to help you; but I am just interested—it is the easiest thing in the world to get money out of this Government. We have nobody at the head of it who has tried to stop this spending, and I think if you would aid us and assist us, we will get along all right.

Let us go ahead, Mr. Chairman.

Senator SPARKMAN. Let me ask you this, and this is in line with his statement: I believe if you have seen the workings of the Farmers Home Administration, you would approve of what they are doing.

Mr. RICH. I think they are doing a good job.

Senator SPARKMAN. And my understanding is that it is a similar program to what he is recommending here.

Mr. NEAL. That is right.

Senator SPARKMAN. The recommendations that you make here enabling these land-grant colleges to set up these different activities can almost be done within the limits of our present appropriations.

Mr. NEAL. They certainly could.

Senator SPARKMAN. And a lot of this training is already being done under the GI training, is it not?

Mr. NEAL. That is right.

Senator SPARKMAN. So the Government is actually doing it, but it calls, perhaps, for a reshifting or a rearranging.

Mr. NEAL. That is it, exactly.

Senator SPARKMAN. All right, go ahead, will you?

Mr. NEAL. Then, recommendation 5, that one large, well-equipped and staffed agricultural experiment station be established near a centrally located Negro college in the lower South to carry on research oriented toward the family-sized farm. This research station should be available for the training of personnel in Negro land-grant colleges and for Negroes employed in agricultural agencies.

Now, that is brought out of the belief that much of our funds for agricultural experimentation is designed more toward the large farmer; that we do not have a group of highly trained technical people, working specifically on a problem of the small farmer, and if you will refer to the Pace committee report that Dean Welch, from Mississippi State, made, that half of the farm operators in the South are small-farm operators, and they should be given equal consideration in the field of experimentation as the large-farm operators, that is the reason behind that recommendation.

Mr. RICH. Do not the small-farm operators receive the same benefits as the large ones?

Mr. NEAL. What I am saying is that your agricultural research, more or less is aimed toward the problems of the large farmer rather than that of being aimed toward the problem of the small farmer.

Mr. RICH. Is that the fault of the land-grant college?

Mr. NEAL. I do not know whose fault it is.

Mr. RICH. Well, what I am trying to do, I am trying to help you, and I want to know whether they are giving it all to the big land-owners, that is, the information, without aiding and assisting the small fellow.

We are here to try to help the small fellow, and we are here to see that you get it, and we want to see you do it, and if we are helping the land-grant colleges, and they are giving attention to the big ones instead of the small ones, and if you give me the information I will do my part to see to it that the land-grant colleges give them the share or the big part of the share. They ought to help the small fellow more than they ought to help the big fellow.

Mr. NEAL. I think it is reasonably certain that disproportionately the funds go to the problems of the large, and not the problems of the small, farmer.

Mr. RICH. I hope we will get the Department of Agriculture—we will have Mr. Brannan here today, and we will try to see that these small farms are given their proportionate share, or more than we do to help, aid, and assist the large-farm owners.

Do not let me overlook that, Mr. Chairman, if Mr. Brannan comes in.

Senator SPARKMAN. He is coming this afternoon instead of tomorrow.

Mr. RICH. This afternoon?

Senator SPARKMAN. This afternoon.

Doctor, I have followed all your recommendations with approval. I do question this a little—

Mr. NEAL. All right.

Senator SPARKMAN (continuing). On the basis of the work in Alabama, that being the only one with which I am familiar, and it is for this reason: The experiment farms, of course, are not adjacent to or connected with the colleges.

In Alabama, as you know, we locate our experiment farms according to soil types.

Mr. NEAL. That is right.

Senator SPARKMAN. As it happens, the one from the Tennessee Valley is very near my home, and I go down there and, naturally, the farmers in the Tennessee Valley, a great many of them, are large farmers, and they do, of course, get a large amount of the benefit out of that, and a lot of the experimentation is in that direction, as would be natural.

But so far as I know, every farmer in that section, regardless of how large he is or how small he is, feels that he has a very definite interest in that experiment station, and it is certainly not restrictive to whites; it works for everybody, and we have our Negro county agents, as you know.

Mr. NEAL. That is right.

Senator SPARKMAN. And all of the meetings are open to everybody who wants to come in. I have in mind the experiment station up in Crossville, up on Sand Mountain.

Certainly, as you know, Sand Mountain is made up of small farms, not big farms.

Mr. NEAL. That is right.

Senator SPARKMAN. The one over at Winfield is again in a small-farm section, so I just question, so far as Alabama is concerned, the reasoning that would support this particular recommendation, because it seems to me that since they are not attached to colleges, but instead are located in different sections of the State, according to soil types, and are open for all of the farmers who want to study the experimentation going on in that particular section, I do not quite follow the need for your fifth recommendation.

Mr. NEAL. I would like to try to clarify that by an example.

In Louisiana, the experiment station makes provision for about three or four Negro county agents to come to the experiment station and work 1 or 2 years. I think it is the only school in the South that makes provision for the Negro workers to come and get this technical training. It was this idea that teachers in Negro colleges, and the county agents, need this type of experience, of working in an experiment station or in a research field.

If the other States would follow the example of Louisiana, then there would not be any need for it at all. It would not be a problem.

Senator SPARKMAN. Of course, that is all right if you are going to use the experiment farm as a training.

Mr. NEAL. Training, that is it, exactly.

Senator SPARKMAN. But we do not do that in Alabama, as you know. We do not rotate our men; we have men who do that work, and we do not send agents in there at all to do the work. They go there and see what is being done, but that is open to all agents regardless.

Mr. NEAL. That is right.

In the Mississippi Delta, there is one experiment station devoted entirely to the problems of the study of cotton; that is all it studies.

Well, this recommendation is that either some already existing be devoted more to the problems of the little farmer, and that is to just take that area.

As an example, it seems that the production of drugs is a pretty good area for the small farmer to go into.

Well, let us explore the possibility of intensive cultivation of drugs on small acreages.

Some areas exist where broccoli has been found to be a pretty good crop that you can cultivate pretty intensively, and you get an average return of \$600 to \$700 per acre.

It is that type of problem that we have in mind. Maybe we do not need a special machinery to be set up; maybe we need a division of one of the ongoing systems to put a group of men in it who have worked specifically on such problems, and probably the work that the Japanese do on the west coast, where they take 1 or 2 acres, and get a very high return on it, those are the areas in which we are interested that we do some exploration, and not particularly pushing to set up a new institution to do it, but the institutions that we already have, if they would devote a segment of it or a part of their personnel to work on these problems alone.

Senator SPARKMAN. In other words, diversify their activities?

Mr. NEAL. That is right.

Senator SPARKMAN. I certainly agree with you on that.

Mr. NEAL. And that is not certainly something to quibble about it.

Six, that for those families who will not be able to find employment in commercial agriculture or industry and who are now contributing to the development of rural slums, we recommend the establishment of rural settlement houses, and I might add for the Congressman, not from Federal funds. They should be established to serve a group of people made useless by farm mechanization and who are not equipped physically or mentally to fit into industrial jobs. That is a population that has been growing. They are in the old-age group, they will not fit into mechanized agriculture, they cannot find jobs in the cities, and a good many of them are not moving to the urban slums, so we are having developed in the old cotton South rural slums, and it seems that a development of a program similar to the settlement houses in urban areas is an area that we need consideration in the rural slums.

Seventh, a recommendation that Negro land grant colleges and agricultural agencies be assisted in exploring the possibility of developing the Negro farm owner and the small farmer generally to become the service group for the new evolving agricultural economy. By supplying products for the growing urban centers, and servicing the mechanized and cattle farms, the small farmer is able to bypass mechanization and perform a need function in the economy.

By a service group. I mean like in your urban community, your pressers, your hairdressers, your group that you call the service group, with your expanding farm economy becoming bigger as the result of mechanization, you have people specializing, and rather than the farmer carrying on all of the services that he did prior to mechanization, they are purchasing those services from other specialized groups.

It seems to me that a small farmer may have an economic hope in developing into the service group of the larger farm economy, and the growing cities in the South.

He can orientate his farm then toward chickens, vegetables, and things like that for the growing urban community, and then he can also become efficient in building fences or helping with the care of tractors, and so forth, the service group to the larger farm economy, and we might be able then to guarantee for the small farmer a place in the economy, and he will not have to shift and fall down like the small farmers in the Appalachian areas, where they become subsistent farmers entirely.

What I am concerned with is that we save the little fellow from becoming a subsistent farmer, that we find for him an activity that is profitable, and I do not think we need very much Federal funds for that.

It is a matter of shifting emphasis and interest to the people who are directing these agencies.

Senator, our time is running very short, and if you want to skip the concluding statement, I will do so.

Senator SPARKMAN. Go right ahead, if you like. It will not take you but a couple of more minutes to finish.

MR. NEAL. As a concluding statement on the whole problem of low-income people in the South, I would like to refer to part of a quotation from Ralph McGill's article on civil rights for the Negro in the November 1949 issue of the Atlantic Monthly. He writes:

A recent study by a faculty committee at Tuskegee Institute discussing * * * the historic problem of employment and the relationship of Negro colleges to it, said:

"One of the unsolved problems of the South is too many people and too few resources. The Negro problem cannot be isolated and treated separately from the overpopulation of the South.

"Efforts have been too much on the moral-legalistic side, and not enough on the sustenance side. Populations get grouped into communities according to the function they perform in keeping the communities alive. Historically, the function of the Negro in the South has been that of an unskilled laborer. As soon as technology advanced far enough to perform the function of the unskilled worker, he was no longer needed for the efficient operation of the community. The South in particular, and the Nation in general, have been unwilling to accept the Negro in any other category of community life. The reason for this is fairly simple. There have been never enough skilled and professional jobs in the South for the white population. It is not likely that groups in power, without a compelling motivation of the importance and soundness of democratic participation, would willingly give up favored positions to less advantaged groups.

"Unless we can implement our ideals of fair play by finding a way through the cooperative efforts of capital, technology, and educational institutions to create enough job opportunities in the Nation to fully employ the whole labor force, we cannot expect too much progress in securing for Negroes a larger measure of opportunity."

(Prepared statement submitted by Mr. Neal reads in full as follows:)

LOW-INCOME NEGRO FARM FAMILIES AND ECONOMIC STABILITY IN THE COTTON SOUTH

(Statement of Ernest E. Neal, director, Rural Life Council, Tuskegee Institute)

INTRODUCTION

The factual report prepared by the staff of the Subcommittee on Low-Income Families of the Joint Committee on the Economic Report brings out in bold relief that our economic system has failed to provide a decent standard of living for 10,000,000 American families. Negro families are disproportionately concentrated in this low-income group.

In this report, consideration is given to (1) the changing rural scene in the cotton South, (2) the problems of mechanization and livestock farming, (3) displacement and migration of Negro farm families, and (4) proposals for improving the economic stability of Negro farm families.

It should be mentioned at the outset that this report is concerned with the problem of low-income rural Negro families, with special emphasis on rural Negro families in the cotton South. This report recognizes the problem of low-income urban Negro families, but the writer feels that this is a separate problem and falls outside the area of interest in the Rural Life Council at Tuskegee Institute.

THE CHANGING RURAL SCENE IN THE COTTON SOUTH

The Old South is in the midst of a revolution: The established order of cotton cultivation with the share-tenant system is giving way to green fields, grazing cattle, tractors, and cotton pickers. When such a change occurs, there is disorganization and readjustment.

Twenty years ago, the tenant system of cotton production reached its peak. As late as 1930, the likelihood of stemming the advance of tenancy or of breaking the hold of cotton on the economy seemed remote. However, within 20 years, the revolution has taken place with a rapid decline in tenancy and the overthrow of King Cotton.

Today, it is not unusual to see in the old plantation cotton economy of the share-cropper system tractors plowing the ground, airplanes dusting the cotton, and mechanical pickers picking the cotton. Nor is it unusual to see large herds of beef and dairy cattle grazing in green fields that were once white with cotton dotted here and there by shanties of the share croppers.

This report is not so much concerned with a description of the changes taking place as with how the changes taking place are affecting people, and the adjustments people are making to these changes. We are also concerned with interpreting the changes, and analytically and scientifically arriving at an intelligent action program to help people make the adjustments.

MECHANIZATION

We are not arguing against mechanization of cotton farms. We are only stating a fact that mechanization displaces farm families. The few families who remain are more productive and enjoy a higher income.

Observation and study of different degrees of mechanization in cotton production show the following results:

In the TVA area of north Alabama, the tractor is used for plowing. The tenants remain on the land performing the tasks of chopping and picking. The cost of plowing is charged against the tenant, thereby increasing his cost of production. Without the use of the tractor, the tenant would use his own labor in cultivating his land. In this situation, there has been no decrease in the number of tenant families, and there has been no moving away from the plantation.

In the Mississippi Delta, tractors are used to plow the land, airplanes for poisoning the cotton, and mechanical pickers for picking. Hand labor is used for chopping. About 85 percent of the families moved off the plantations in the Mississippi Delta. The families remaining on the plantations are used as tractor and cotton-picker operators. Many of the families leaving the plantation move on to the nearby towns. It is not an uncommon sight to see from 1,000 to 5,000 workers leaving the town early in the morning on trucks and returning in the late afternoon. The degree of cotton mechanization in the Delta requires a large supply of hand labor during the chopping season only. It is to the advantage of the cotton-plantation owners and the merchants in the nearby towns to provide the Negro families with enough work in between the chopping seasons to keep them going.

On the Price McLemore Plantation in Montgomery County, Ala., the entire process of cotton cultivation is mechanized. The size of the McLemore Plantation is 2,000 acres; 400 acres are in cotton. The land is cultivated by tractors; the cotton is weeded by a flame thrower, poisoned by airplane, and picked by mechanical pickers. All the farm labor on this plantation is performed by five men.

The process of cotton mechanization and the adjustment to it seem to be that the tractor is the first unit in mechanizing, and causes very little disturbance to the labor system. The next unit seems to be the picker. The combination of the tractor and picker makes a large supply of labor on the farm unnecessary,

but a large supply of labor for chopping is essential. The source of this labor is found among the ex-tenants who have found low-paying jobs in the nearby towns. When the flame thrower is brought in along with the tractor and the picker, there is no longer a need for a large supply of cheap labor. The ex-tenant's family must move on beyond the nearby town and seek employment in the larger southern cities or the cities outside the South.

MIGRATION

The declining opportunity for employment on the farm has forced more and more farm families to urban centers seeking employment. These economic changes have affected the Negro farm families more adversely than the whites.

Farm mechanization and cattle, in eliminating farm tenants, have pushed Negroes off the farms at a faster rate than whites. In the 16 States and the District of Columbia that go to make up the South, the numerical decrease of all farm operators from 1930 to 1945 was 322,816. Of this number, 114,129 were white and 208,687 were nonwhite. This was a percentage decrease of 4.9 for whites and 23.7 for nonwhites.¹

Not all of the off-farm migration can be attributed to mechanization and livestock. The decline of the South as the major producer of cotton for the world market, the growing importance of synthetics, and the pull of war jobs must be considered. Basically, however, the constant flow of people from the farms is largely the results of industrialization of farms.

The trends discussed in this report are based largely on data collected about Alabama. The reasons are that Alabama is typical of the cotton South, and the data are readily available from studies now in progress. In *Shifts in Negro Population of Alabama*, by Lewis W. Jones,² table I shows the differential affect of tractors and cattle on Negro and white operators in Alabama.

TABLE I.—*Tractors, cattle, and farm operators in Alabama, 1935-45*

	Number	Numerical change	Percent change
Tractors:			
1930 ¹	4,664	+12,396	+265.8
1945.....	17,060		
Cattle:			
1935.....	1,125,000	+202,000	18.0
1945.....	1,327,000		
Negro farm operators:			
1935.....	91,275	-24,045	-26.8
1945.....	67,230		
White farm operators:			
1935.....	182,180	-23,798	-13.1
1945.....	158,382		

¹Census does not give tractors for 1935.

The increase of tractors is impressive—a gain of 265.8 percent in a 15-year period. Cattle increased 18 percent in the 10-year period 1935-45, and the percent of farm income from livestock in Alabama increased from 20 to 32.2 percent in the same period. During this same period, more Negro farm operators moved off the farms than whites—the rate of off-farm movements was twice as great for Negroes as for whites.

Just as Negroes have been pushed off the farms faster than whites, they have moved to the cities faster than whites. In 1900, 11.8 percent of the white population in Alabama and 11.9 percent of the Negro population were urban. In 1940, 29.2 percent of the white population and 32.1 percent of the Negro population were urban. This urbanward movement had been a shift from the Black Belt counties to the four leading cities in Alabama. In 1900, 45.7 percent of all Negroes in Alabama lived in the 11 Black Belt counties. In 1940, 33.4 percent of the total Negro population in Alabama were contained in the four counties where Birmingham, Mobile, Montgomery, and Selma are located. Jefferson

¹ Bureau of the Census. Preliminary Reports, 1945.

² Jones, Lewis W., *Shifts in the Negro Population of Alabama*. Bulletin No. 1, 1949, Rural Life Information Series, Tuskegee Institute.

County (Birmingham) alone contained nearly one-fifth (18.1) percent of all the Negroes in Alabama.

What will happen to farm people made useless by machines? Some of them will be left on as cash renters on land not suitable for mechanization. Still others will find means of purchasing family-sized farms on worn-out plantations or other lands not suitable for commercial agriculture. The majority, however, will move to the nearest small town, then to large urban centers in the South, and heavy industrial centers outside the South.

It is not in the scope of this report to explore the types of planning needed to fit the displaced farm workers into the urban economy. It is sufficient to say that, under present conditions, they must seek employment that requires the lowest skills, thus becoming employed in industries where job security is least, rate of pay lowest, and chances of advancement very unlikely. These displaced farm workers will seek the cheapest houses, and will live in the most deteriorated section of the city; thereby contributing a disproportionate share of delinquency, crime, unemployment, and relief. This is a problem large enough to warrant a serious cooperative study among rural schools and urban schools and social agencies so that much of the training for urban life could be accomplished before the displaced farm families moved on to the cities.

Let us look at three types of low-income farm families in the rural South today. These are subsistence farm operators, tenant farm operators, and operators of owned farms whose acreage is too small for profitable operation under the present system.

Scattered over the South from the Atlantic coast to Texas are farmers who provide themselves with the meager necessities of life on what we call subsistence farms. Most of the produce on these farms is consumed by the farm family. Production emphasis is on foodstuff and feed for food animals. Examples may be taken from Georgia (Liberty County) and Alabama (Macon County) where there are communities of farmers of this type. They grow corn as a basic crop which provides food for themselves and feed for animals and fowls the family grows for home consumption. There is cane for sirup. The people eat well, but there is an acute lack of cash, which accounts for their being ill-clothed and ill-housed.

These are quaint and picturesque people. They are proud and hardworking. Their manner of life suggests a dilapidated frontier that never took other steps in the evolution of the farm, but just remained and wore out at the frontier stage.

In terms of the total economy, they are a poor market. Without money, they are poor customers for clothing, housing, furniture, etc. An example of this type of farm family is case A:

Mr. and Mrs. B live in an old dilapidated beaten house that has a picturesque setting. The front yard is full of attractive flowers; an old rocker sits on the front porch with a background of red pepper strung across the wall drying. Mr. B is 84, and Mrs. B is 78. All of their children are grown. Some are farmers in the same community. Others are in Cleveland and Detroit. They bought this 20-acre farm about 1885, cut down the trees, built their home, grew cotton for their cash needs, and raised most of their food and feed.

Today, they are carrying on in much the same fashion as two generations ago. The pantries are full of canned foods; the smokehouse has plenty of meat. They grow year-round gardens, have a flock of chickens that provides enough eggs and poultry meat for home consumption. The cash for the family is derived from the 1 or 2 acres of cotton planted each year, and the little money that their children are able to send home. The total cash income for this family does not exceed \$250 a year. The only thing about the household that connects it with 1949 is a battery radio in the front bedroom on a marble-top dresser.

With a greater cash income, this family would, in all probability, have electricity in the house, purchase a washing machine, electric refrigerator, an electric iron, pressure cooker, and electric churn.

Case B: Mr. G is in the same house that his father lived in. The old house with the "dog run" separating the two rooms and the lean-to kitchen on the back is typical of the architecture in the deep South 50 years ago. Mr. G is 48. He has three grown children away from home in Cleveland, and three at home ranging from 6 years of age to 16. They all attend the consolidated school in this community. Mr. G's mother, who is about 85 years old, lives with him. His wife, a sickly woman of 40, carries on the duties of a farmer's wife in spite of being crippled and not very well otherwise. Mr. G has no source of income but what he makes off his 30-acre farm. His source of cash is from his 7 acres of cotton

that yield 150 pounds of lint cotton to the acre, and the two or three calves he sells each year. The total cash income for this family averages \$600 per year.

Most of Mr. G's farming activity is devoted to corn for feed and meal, peanuts, sweetpotatoes, and cane. He makes his own sirup, beds his potatoes in mounds, feeds his peanuts to his hogs, and eats a lot himself. This family has enough to eat, but there is never enough cash to purchase the fertilizer and seed needed to operate the farm or to purchase adequate clothing or household furnishings for the family's needs.

Our second type of low-income farm operator, the tenant, is in the most precarious position in the rural South. Where land is fertile and per-acre yield warrants it, the owners of land invest in productive equipment and machinery to insure maximum return. It is such areas that formerly the share cropper and share-tenant system of operations flourished. It is in such areas that investments in power machinery are being made today. Where the owner of land is not willing to share in the risks of production, or, in some instances, where land is owned as an investment by people who are not farmers, the type of tenant is the standing renter or cash tenant. In this system, the owner of land is guaranteed a fixed return regardless of the return to the operator. The share-tenants provide themselves with little subsistence and depend upon a cash income from the cash crop grown.

Case A: The family of Miss T, a 5-year-plan student at Tuskegee Institute, is an example of the low income of cash renters. The 5-year students at Tuskegee Institute are those students of superior ability, but who are not able to pay for a college education. The institute provides employment for these students, and it takes the students 5 years to finish their college work.

Miss T's family rents 40 acres from the plantation owner. The plantation has changed ownership several times. Today it is owned by an officer of a bank. His standing rent is one bale of cotton for a one-horse farm and two bales for a two-horse farm. Mrs. T must furnish her tools, seed, feed, and fertilizer. Her husband left her with three children—two boys and a girl—about 6 years ago. With the assistance of relatives and neighbors, she has been able to keep her farm going and her daughter in school. The productivity of the land is so poor that Mrs. T has great difficulty in getting the "rent bale." Most of her efforts are spent on the cultivation of cotton; there is little time for gardens, chickens, canning, and cows. How the family is able to survive at all is one of the mysteries of the cash-renting areas.

The third type of low-income farm family is the small owner. He is usually found in the worn-out plantation areas that could no longer provide the owner the cash rent. The small owner is also found in the hill section of the Old Cotton South. His holdings are small, rarely over 40 acres. His method of production is crude, his management is inefficient, and his income is very low. The distress relief areas in Alabama provide a good picture of the difficulties of the small owner. Mr. S's case is typical.

Case A: Mr. S owns 40 acres of land. He borrowed \$535 operation loan from the Auburn Loan Association in February. He purchased his fertilizer and other farm needs, and planted 10 acres of cotton. He had 10 acres of unimproved pasture on which he grazed three cows and three calves. From all indications, Mr. S was going to have an average year. He expected to make five bales of cotton and sell two of his calves, but the rains came. Alabama had one of the wettest years since 1916. Mr. S could not work his crop. The grass and the boll weevils almost destroyed his cotton crop. He did sell one bale of cotton and \$25 worth of seed. He paid all of this on his loan. His creditors pushed him for more. He had to sell off one of his brood cows and two calves. This brought his loan down to \$235. His creditors were still pushing him. They wanted him to sell off all of his brood cows and sows. He refused to go all the way, but he still has to find some way to pay off the balance of \$235 on his operating loan.

Thousands of small-farm owners all over Georgia, South Carolina, and Alabama are facing problems similar to Mr. S's. They are geared to a type of farming that is not profitable on small units. They follow these procedures because they know how to grow cotton; they know they can get loans on cotton acreage, and they know they can sell it.

SUGGESTED PROPOSALS FOR IMPROVING THE ECONOMIC STABILITY OF NEGRO FARM FAMILIES

The full meaning of the trends in process in the Cotton South must be understood in any action program designed to raise the level of low-income Negro farm

families. The facts are that mechanization and livestock farming are displacing Negro farm-tenant families faster than they can find employment in industry.

The future for Negroes in agriculture is not too encouraging. The units they operate are usually too small for mechanization or livestock farming. The opportunity for increasing the size of the farm unit is not too good. Sources of credit and technical assistance for changing farm practices to more profitable ventures are not easy to obtain.

The following recommendations are the results of our thinking on this problem:

I. Our experience with low-income rural families reveals that the rural community leader is very essential to the improvement of living in the rural areas, but he is not the complete answer. He can utilize the State planning agencies to make a thorough study of the resources in the area, the land capabilities, and the market demands. He can bring in the services of the various agencies established to serve rural families, but his efforts are usually stymied when he seeks the capital needed to make the loan to farm families to change over to more profitable methods of agriculture, or the capital necessary for building, storing, processing, and marketing facilities for the new farm products recommended by the planning agency and agriculture specialists.

This fact was brought out in our work with the communities in Macon County and the Alabama Planning Board. The study by the Alabama Planning Board showed the area was well suited for producing broilers and dairy cattle. The study recommends the establishment of a small poultry-processing plant and a cheese factory. The farmers are not too adverse to growing chickens and milking cows, but they need the capital to build brooders, chicken houses, buy chicks, and buy feed. They need money to develop pastures and buy the livestock. The people interested in developing the processing plants need the money to build the plants and enter into contracts with the farmers for their produce. The capital is not available through the regular lending agencies.

A. It is recommended that funds be provided to lend local community groups that are especially interested in bringing low-income farm families into commercial agriculture; and establishing processing and marketing facilities for these products. The loans should be available at a low rate of interest over a long period of time.

II. In many low-income areas, there are not available technicians who could supervise the farmers in making the transitions to new crops, nor are there available technicians who could supervise the processing and marketing of these farm products.

A. In order to overcome this difficulty, it is recommended that the local sponsoring group be provided with such technically trained personnel as needed and that this personnel be provided at public expense as long as the area is classified as a low-income area.

B. An area that strengthens this recommendation is the TVA watershed of north Alabama. In this area, the TVA and the tenant purchasing program of the FHA have combined their efforts to help Negro farmers in this area achieve a standard of living undreamed of 20 years ago. Subsistence farming has been eliminated entirely. The high standard of living of the part-time and small independent commercial Negro farmers is reflected in their modern homes, washing machines, mechanical refrigerators, and automobiles.

The productive capacity of the Negro farmers is recognized by the milk routes traversing the Negro communities, the cheese factories, and quick-freeze industries in the urban centers of this area.

III. Our observations in the Mississippi Delta and the Alabama Black Belt show that when mechanization or livestock farming does take place, the laborers maintained to operate the machines and care for the livestock are ex-tenant Negro farmers; the labor force maintained is young, adaptable, and reliable. The problem facing the operators of these farms is training ex-cotton tenants to operate expensive farm machinery and give proper care to livestock. In most cases, the farm owner does not possess such knowledge and there are only a few schools where such training is given.

A. It is recommended that funds be provided to Negro land-grant colleges to establish and operate farm machine schools in those counties where mechanization is taking place at a rapid rate to train ex-tenant farmers and young rural adults to operate and maintain expensive farm machinery. Such schools would speed up the mechanization of farms and provide the semiskilled labor needed on mechanized farms.

B. It is recommended that funds be provided Negro land-grant colleges to establish on their campuses first-rate schools of agricultural engineering. It is

estimated that a finished farm mechanic is needed to supervise the operation of every 15 tractor operators. Teachers will be needed for the county farm machine schools. The Negro land-grant colleges are the logical training places for these mechanics.

C. It is recommended that funds be provided Negro land-grant colleges to establish first-rate departments of animal husbandry. One of the greatest needs in the South is qualified personnel for the development of year-round pastures, proper care of poultry, dairy and beef cattle. Negroes trained in animal husbandry will have little or no difficulty finding employment as managers of poultry, dairy, or beef cattle farms. The various departments of the USDA offer job opportunities in animal husbandry as well as commercial concerns.

IV. Research is man's most potent tool for solving difficult problems. Too much of our research funds have been expended mainly on problems of the big farmers. We need to know more about intensive agriculture that yields a high return per acre of cultivation. Promising fields of research are drug plants, fruits, berries, vegetables, cheap poultry feed, etc.

A. It is recommended that one large experiment station be established near a centrally located Negro college in the South to carry on research for the family-size farm. This research station should be available for the training of the personnel in Negro land-grant colleges, and for Negroes employed in professional agricultural positions.

V. One fact we must not overlook and that is the rate of mechanization of the farms in the South is so fast that farm workers are being displaced faster than they can find job opportunities in the expanding industrial areas. Many of these displaced farmers will end up in the slums of the city and the country. We cannot ignore these people and their problems.

A. For those caught in the rural slums, we recommend the establishment of rural settlement houses. They will be modeled somewhat after the settlement houses in the urban slums, but their service program will be oriented toward rural people and their needs.

They would be established to serve a group of people made useless by farm mechanization and who are not equipped physically or mentally to fit into industrial jobs; and who are denied the opportunity to purchase land to farm commercially or are incapable of managing a farm for themselves.

VI. The above recommendations are in the realm of the practical. I would like to inject a bit of theory at this point. Historically, the Negro farmer has been essential to the operation of the farm economy of the South. The tractor, the cotton picker, chopper, and other mechanical developments are rendering the Negro unessential to the successful operation of the large farm units in the South. The independent Negro farmer has never been essential to the total farm economy of the South.

I believe it advantageous, both to the South and the Negro, for the Negro to be essential to the total farm economy of the South. A small percentage of the tenants will be maintained to operate the partially and wholly mechanized farm. It is those made useless by machines who will not fit efficiently into urbanization, and the small group of Negro farm owners that concerns us here.

A. The plan suggested here is for the Negro farm owner to bypass mechanization and livestock. His units are too small to operate machines and graze livestock profitably. His future, it seems, is to become the service group for the new agricultural economy. Tractor drivers are paid wages. They can pay cash for their food just as the urban worker. New machines have to be serviced and repaired; shops need to be developed to perform this function. Pastures have to be fenced off, fence posts have to be chemically treated, and fences have to be built. The nearby towns that are growing because of industrialization and the movement of people away from farms need more fresh vegetables, poultry, eggs, and a variety of other things that could be produced on small farms. This is the area, it seems, for the small-farm owner to become tied up in the general economy. In providing services he performs a needed function. He does not degenerate to the subsistence-farm level. He makes for himself a future and has a sense of importance in the economy.

In order to enter the service area, a reorganization of the training program for agricultural workers will be needed in the Negro land-grant colleges. Emphasis will be placed on the agronomist, the poultry specialist, the horticulturist, the agricultural engineer, and the marketing specialist. These specialists will be trained to develop small areas very intensively as well as training for the large-sized farms.

It is not economically feasible for all of these specialists to be employed in one county or at one rural high school. It is perhaps feasible to work out an intercounty specialty unit. For example, an agronomist, animal husbandryman, marketing specialist, and the traditional county agent making up a team for a four-county unit. This plan would not cost any more than the present plan of serving farmers, and it would have the added advantage of providing the farmers with the specialized leadership needed to fit into the changing economy.

CONCLUDING STATEMENT

It was mentioned above that this report was limited to the problems of the low-income rural Negro families. It recognizes the need for training the displaced farm workers for jobs in the city, but that would be a separate report.

As a concluding statement on the whole problem of low-income people in the South, I would like to refer to part of a quotation from Ralph McGill's article on civil rights for the Negro in the November 1949 issue of the Atlantic Monthly. He writes: "A recent study by a faculty committee at Tuskegee Institute, discussing * * * the historic problem of employment and the relationship of Negro colleges to it, said:

"One of the unsolved problems of the South is too many people and too few resources. The Negro problem cannot be isolated and treated separately from the overpopulation of the South.

"Efforts have been too much on the moral-legalistic side, and not enough on the sustenance side. Populations get grouped into communities according to the function they perform in keeping the communities alive. Historically, the function of the Negro in the South has been that of an unskilled laborer. As soon as technology advanced far enough to perform the function of the unskilled worker, he was no longer needed for the efficient operation of the community. The South in particular, and the Nation in general, have been unwilling to accept the Negro in any other category of community life. The reason for this is fairly simple. There have never been enough skilled and professional jobs in the South for the white population. It is not likely that groups in power, without a compelling motivation of the importance and soundness of democratic participation, would willingly give up favored positions to less advantaged groups.

"Unless we can implement our ideals of fair play by finding a way through the cooperative efforts of capital, technology, and educational institutions to create enough job opportunities in the Nation to fully employ the whole labor force, we cannot expect too much progress in securing for Negroes a larger measure of opportunity."

Senator SPARKMAN. Thank you very much. You have given us a thought-provoking paper.

Mr. RICH. Let me ask you this, Doctor.

Senator SPARKMAN. Surely.

Mr. RICH. Are not conditions becoming better today than they were 10, 20 years ago for the population, the people, colored and whites, in Alabama and other sections of the South?

Mr. NEAL. It is a twofold thing. One segment of the population is much better off. The man who remains at 60 or 75 cents an hour to operate a tractor is much better off. He lives in a better house; he has better facilities; he has more income.

Now, the 50 or 60 percent who are not retained for that type of activity, and who are not included in the industrial growth in the cities, then that is your segment that I have been emphasizing in this report. I have kept it on that group.

Mr. RICH. Would the minimum wage, if it applied to all people, aid and assist to that end?

Mr. NEAL. If industrial opportunities expanded at a point that they could find work.

Mr. RICH. That is it. If they do not get work, then they would be worse off, so that with the laws that we now have on the 75-cent minimum only applying to interstate commerce, it leaves a greater

segment of the people unfortunately distressed to a greater extent than they would have been had they been included under that law.

Mr. NEAL. That is right.

Mr. RICH. Now, the question would be, if that were granted, if the ones who did not have a job, they would still be worse off?

Mr. NEAL. That is it exactly.

Mr. RICH. So that there are great problems confronting us in trying to handle this legislation.

Mr. NEAL. I think that is the most hopeful sign, that is, that we recognize this as a problem, and we want to get at the bottom of the problem, and then our legislation is intelligent.

We pass the legislation to help solve the problem, and we must recognize then that industrialization temporarily makes a group of people in a population not needed during that period of readjustment.

Mr. RICH. I have always heard much about your institution, and I think that you are doing a great work in the South.

Mr. NEAL. Thank you, sir.

Mr. RICH. And for the benefit of our country.

Mr. NEAL. Thank you.

Mr. HUBER. Doctor, I have been familiar with the plight of the Negro and the other groups in the cities, and the low-income groups, and while I knew there was this distress in the South, I did not realize it was as acute as you have outlined it. I do not know that I have ever known a Negro farmer in the North. I am not saying that there are not some.

Mr. NEAL. There are very few.

Mr. HUBER. I do not believe I have ever seen a Negro hired hand on a farm in the North, so you pose a problem here that is new to me, being a city dweller.

Mr. BUCHANAN. Come out to my district some time, and I will introduce you to some.

Mr. HUBER. Negro farmers?

Mr. BUCHANAN. Yes.

Mr. HUBER. Are they not very few, though?

Mr. BUCHANAN. No; quite a large number, in mining and other industrial pursuits.

Senator SPARKMAN. Thank you very much.

Mr. NEAL. Thank you, sir.

Senator SPARKMAN. Now, we have Dr. Ellen Winston, commissioner for public welfare in North Carolina, and vice president, American Public Welfare Association.

Dr. Winston, we are very glad to have you with us. You just proceed in your own way.

STATEMENT OF ELLEN B. WINSTON, COMMISSIONER FOR PUBLIC WELFARE, NORTH CAROLINA; VICE PRESIDENT, AMERICAN PUBLIC WELFARE ASSOCIATION

Mrs. WINSTON. Thank you very much, Mr. Chairman.

I appreciate very much the opportunity of meeting with this committee, and I would like to talk actually about a group that drops down below the one that Dr. Neal has just been discussing with you, the families which have practically nothing in the way of economic opportunity as the result of their own resources.

We have not brought along statistical data because you have the very fine reports of your own committee, which give you income distributions and that sort of thing. Rather, we would like to bring to your attention some of the details as to how people actually try to get along when they do not have adequate incomes.

The material comes very largely from North Carolina sources, but it can be regarded as typical of low-income families throughout the South.

In the material I am particularly emphasizing children, because the kind of opportunity which we afford to children will very largely determine whether or not they can become economically self-supporting as they become adults.

We have recently been working in our State on a survey of the nutrition in our lowest-income group, what happens to children when there is not enough money going into the home to provide a minimum living.

We at the present time are giving an average grant through our program of aid to dependent children of \$15 per month per child. We want to know what effect that has upon those children, and how the family manages to get along.

For example, we have one situation in which there is a family with five children. The father is paralyzed and unable to work, so that there are seven people in the group, five children and two adults.

At the present time, they are trying to live on \$99 a month, to cover all of their needs. They economize by eating two meals a day. There is no milk for the children, practically no fruit and vegetables. They spend their food money for starchy items, grits, rice, corn meal, white flour.

We have another family, again with a father who is incapacitated. Here we have two children. We have \$65 for two adults and both children. Both children are victims of infantile paralysis; the 7-year-old still weighs 46 pounds.

This family, too, manages to get along, depending mainly on flour.

When the children are hungry between meals, they are given biscuits. They have nothing that would correspond to an adequate diet.

MR. BUCHANAN. Pardon me for interrupting you, are these all State funds?

Mrs. WINSTON. No. The second family that I have referred to has \$20 a month from certain resources coming into the family; they receive an aid-to-dependent-children grant of \$45 from local, State, and Federal funds. That is a pattern, of course, that is very common in the South, to have the local government participate in taking care of such families.

Senator SPARKMAN. It would not be 50 percent Federal?

Mrs. WINSTON. It will be better than 50 percent Federal because these grants are so low that we are down in the lower matching level.

Mr. HUBER. While you are on that \$99 a month family, that is five children.

Mrs. WINSTON. Five children.

Mr. HUBER. And the paralyzed father and mother. They get \$15 for each child. Are those dependent children?

Mrs. WINSTON. We happen to be paying in our State, which is fairly characteristic throughout the low-income States, an amount which runs around \$15 per child.

That does not mean that the grant could not be higher.

In this particular county, due to limitations of State and local funds, we are not paying a grant to this particular family, or any other family, which would take full advantage of the matching that might be available.

Mr. RICH. You mean the State of North Carolina does not do that?

Mrs. WINSTON. Right.

Mr. RICH. Why not?

Mrs. WINSTON. Because we are a low-income State. We are making increasing efforts to provide for low-income families, but there has not been enough money under the present financing to take care up to the limit of all programs.

Mr. RICH. You are from the State of—what State?

Mrs. WINSTON. North Carolina.

Mr. RICH. North Carolina? It pays into the Federal Government more taxes—I think it ranks about third, does it not, or fourth in paying taxes to the Federal Government?

Mrs. WINSTON. As a result of our tobacco-tax money, we rank very high.

Mr. RICH. That is right.

Mrs. WINSTON. We do not get back in proportion to what we pay in.

Mr. RICH. In other words, when you pay in a dollar, what proportionate share do you get back?

Mrs. WINSTON. I am afraid I do not know that figure.

Mr. RICH. In Pennsylvania we get back about 11 percent. If we pay in \$1, we get back about 11 percent in the assessment of the expenditures of the country as a whole, and I wondered what it would be from the State of North Carolina.

Mrs. WINSTON. I am sorry. I do not know that total percentage.

Mr. RICH. I am just asking for information.

Mr. HUBER. I was told some time ago that North Carolina could not be considered as a southern State because there were more people employed in its tobacco factories, in the tobacco fields and factories—there are more people in industry than in agriculture.

Mrs. WINSTON. We are approximately now 70 percent rural, which means that—

Mr. HUBER. In population?

Mrs. WINSTON (continuing). Two out of three of our people are living either on farms or in rural nonfarm areas.

Mr. HUBER. How does that compare in general with other States?

Mrs. WINSTON. We are very high in our rural population.

Mr. HUBER. Very high; all right.

Mr. RICH. In your industries, your industries are all rated very high in the payment of wages; are they not?

Mrs. WINSTON. No; we are not.

Mr. RICH. What industries—do not pick any individual company—what do you manufacture that you do not have a high salary rate for?

Mrs. WINSTON. The textile industry is characteristically known as a fairly low income industry, although, of course, we have had wages going up there, as you have had in the textile industry in Pennsylvania, and in the New England States, but you are familiar with the figures on average income.

Mr. RICH. They vary; but industrial figures, as long as they are doing interstate business, have been high the country over, and I was

wondering whether—do you have more industry that does intrastate business or interstate business?

Mrs. WINSTON. Our industry would be very largely interstate business because we have emphasis on cigarette factories and other types of tobacco processing; our textile industry; our furniture industry is a rapidly expanding industry.

Mr. RICH. I see.

Senator SPARKMAN. Dr. Winston, I believe in connection with the textile industry, you made the statement that the textile industry was a low-pay industry. I suppose that is true if you compare it with some of the high-grade industries, highly skilled work; but my recollection is that the average textile wage is probably a little in excess of a dollar an hour.

Mrs. WINSTON. It depends on your basis of comparison, Senator.

Senator SPARKMAN. I know; I understand that is the average.

Mrs. WINSTON. It has been going up, and that is one of the reasons when the minimum wage was raised that it did not particularly affect our State.

Senator SPARKMAN. Yes; that is true.

Mrs. WINSTON. Most of the people who were covered were already receiving above the new minimum.

Senator SPARKMAN. Yes; that is true.

I take it that the thing that makes North Carolina a low-income State in spite of its high, relatively high, degree of industrialization is the thing you pointed out, that 75 percent of your State is still rural.

Mrs. WINSTON. Yes; and we think that there should be a better balance between agriculture and industry.

Senator SPARKMAN. Yes.

Mrs. WINSTON. We have had a fairly rapid industrial development, as you know, in recent years.

Mr. RICH. Now, in your agriculture, you are a great tobacco State, are you not?

Mrs. WINSTON. Yes.

Mr. RICH. And are you not receiving exceptionally high prices for tobacco?

Mrs. WINSTON. Very good prices for tobacco.

Mr. RICH. What is it that is keeping you down and making you a low-income State? I thought North Carolina was one of the high industrial States, and also, if it is highly industrial, it certainly must be high in its income.

Mrs. WINSTON. You have, for one thing, in general, in agriculture some of the problems which were discussed by Dr. Neal, who preceded me.

We have a large number of people who are living on very small farms. In certain sections of the State there is a great deal of farm family living, subsistence living. We also have had a very high proportion of children in North Carolina, which means many dependents in relation to the wage-earning population.

Mr. RICH. Do you find your largest families in the poorer groups?

Mrs. WINSTON. Yes.

Mr. RICH. We find, in Pennsylvania, that the poorer the family the more children they have.

Mrs. WINSTON. There is certainly a direct relationship between size of a family and income, and size of family and educational level.

Mr. RICH. We ought to either have better regulation somehow, so that the more income a man's family has the more the number of children he has, and the less his income the less number of children, it seems to me. Is there any way we could regulate that? [Laughter.]

Mrs. WINSTON. We have a number of organizations that are trying to promote that.

Mr. RICH. All right, proceed.

Mrs. WINSTON. We have another situation in which we have a mother with two children, an aged grandmother, who is ill, and is in the home. The mother has to leave very early in the morning; the school-age child in the family goes to school 5 days a week without breakfast.

In order for the mother to earn and help take care of her family she has to leave so early that she cannot provide the child with breakfast, and the grandmother is too ill to do so.

Mr. RICH. Where do your welfare workers come in in that?

Mrs. WINSTON. We believe that if the mother is trying to help support her family she should probably in this situation be encouraged to do so. We do not have adequate welfare services, although they have increased very rapidly in recent years.

Perhaps you would suggest that we place a large enough grant in that family so that the mother could remain at home and take care of her children throughout the day.

Mr. RICH. No, I am trying to get the idea of what you would do, and we will write in our report what we think we ought to do.

Mrs. WINSTON. We would ordinarily say that mothers should remain in the home when there are young children in order to meet the needs of those children.

I think this might interest you, Senator—

Mr. RICH. Do not call me Senator. [Laughter.]

Mrs. WINSTON. The only two States that have more rural children than North Carolina are Pennsylvania and Texas.

We have another family which reflects the way in which some families are trying to meet low-income problems.

There was a son in the family, getting along very well in school, in the tenth grade. He left school the day after he became 16 to go to work in the mill.

Now, those are illustrative of the ways in which families are trying to eke out a living, and two illustrations of how they are trying to help themselves, one by the mother's going out of the home, one by the child's leaving school in order to bring in income.

We are, at the same time, concerned about the upper age level—our older persons who could not earn enough during their working years to provide for their old age.

Again and again we have illustrations of these older people who are making every effort to maintain an independent existence.

We have, for example, a 69-year-old to whom we are making now, through the public welfare program, a \$34 grant each month.

Out of that he is paying \$75 per year on a three-room box structure, which is so located that it is surrounded by water after a rain.

We have a very similar case in an old lady; she is 88. She lives by herself in a one-room frame cabin, heated by a wood stove, and lighted with kerosene lamps. It is not safe from fire hazards, but she cannot afford adequate housing with the funds at her disposal.

These families come to our attention because we have a worker who is going in and trying to help them manage as best they can on their low incomes.

We get another type of information with regard to how people are trying to get along through their bringing their circumstances directly to our attention.

For example, we received a letter this week from a widow with three children. The oldest is 6 years of age; the baby was premature, and does not have an adequate diet.

In order for her to get along at all, she has taken her three children and has moved into a 5-room house with her parents, so that there are 13 people living in 5 rooms.

I could repeat that type of illustration almost without end.

Then we have the examples of how over a period of time low incomes affect a family, and the way in which it is able to live, and the impact of never having enough income to meet individual needs.

By way of illustration, we have a case of a 15-year-old boy who is now in a training school for delinquent boys. We have followed that family for the last 2 or 3 years.

The father is a mechanic; he was earning about \$30 a week. There are 4 or 5 other children in the family. The father is periodically drunk; he has not supported his family adequately; he does buy food for them when he is working.

The family moved into a three-room house, and then the father was out of work, and they moved into a two-room house.

The mother has made every effort to take care of her children.

We have a nice boy here, a smart boy, but he has had the constant impact of never enough money, lacking even adequate clothing. One of our reports indicated that he needed to go to a barber. The impact of the situation upon him means that he has been unable to withstand those pressures, so that we have seen the development of minor delinquencies. He began to steal a little. He stayed away from home overnight and, finally, when he was 15, after a series of steps resulting from the fact that there was low income and inadequate family living the child committed a serious enough delinquency so that he is now at a training school. The odds have been against that child from the very beginning.

Mr. RICH. What do you do? Do you say that the father got drunk and lost his job and would not support them? What do you do down there when you have parents who are responsible for looking after the welfare of their family, and they go out and they get drunk and they lose their jobs? Do you permit them to go out and panhandle and beg for money on the streets, and then get drunk? What do you do?

Mrs. WINSTON. We have a nonsupport law. We have a law that forces parents to support children.

Mr. RICH. This man, did you bring up before the judge?

Mrs. WINSTON. Yes.

Mr. RICH. What did the judge do with him?

Mrs. WINSTON. The man was first placed on probation in order to continue to support his family. Eventually, he had a short prison sentence when he conducted himself—

Mr. RICH. He went from bad to worse, and they could not do anything with him?

Mrs. WINSTON. He went from bad to worse.

Mr. RICH. That is pretty bad. Another thing, when a man is put on probation, is he allowed to go into the drinking places and buy liquor? Would the judge give him a sentence so that he would have to stop it? They ought to cut it off from those fellows and try to change him. I know it is hard and it is a difficult thing, but just how far do you, as a State, go to try to teach that man that he is doing the wrong thing and getting him to realize his responsibility to his family first rather than to himself?

Mrs. WINSTON. I think we make an effort comparable to that in other States. You place people on probation with certain limitations upon what they can and cannot do. It is very difficult.

Mr. RICH. I appreciate that, but I just wondered whether you follow them up and try to keep them as breadwinners for their family, and it just seems too bad when a man will do that.

It has happened in years gone by and years ago, and probably it will continue. It has always been a problem with us and probably will continue to be so.

Mrs. WINSTON. Yes.

We have another case that illustrates a different type of situation, showing the effect of low-income and overcrowding upon health, and how, in turn, the results tend to pull a family down.

There was a situation, again relatively typical, where a father came in for help because his wife was in the sanitarium with tuberculosis. In this instance he had 12 children. He had been working regularly all his life. They owned their own home, four rooms, for a family with 12 children. He had become ill and was forced to stop his employment.

It developed that in the crowded living conditions, he, too, had tuberculosis.

Here you had a family in which there were children, all the way from the early 20's to preschool children. The oldest daughter could look after the home. The two boys, who were both employed in the furniture industry could pay for the care of their parents in a tubercular institution.

Some money was put into the family to try to help take care of the younger children.

Subsequently, both the older daughters developed tuberculosis, both died, and then there was a situation with five children in school, three preschool children, and the two brothers who were working and trying to see that their parents had adequate care.

That family worked out its problem for a short time by having one of the children in school stay home 1 day each week in order to look after the three younger children.

You get here a picture of what happens to these families. At the same time you see how the family itself was trying to meet the situation, with the young men, one of them 21, one 17, assuming eco-

conomic responsibility and with the children, sharing in taking care of their needs.

We stress that with you because it is indicative, we believe, of the way in which families, given a little help, try to help themselves.

We feel so strongly about that in our State that we have recently devoted a great deal of attention to the returns which we receive in the way of children growing up as good citizens for the effort which is made through financial assistance and other services to give children a fair chance in life.

We have many illustrations of boys and girls who were able to remain in high school, because there was some financial assistance, going into a family which either had no cash income at all or totally inadequate income. They have become valedictorians of their high-school graduating classes. Many of them are honor students.

We have a number of them who have qualified for scholarships in our universities. We have other children who have become 4-H Club health kings and queens.

We have a family, such as the one in which a mother was widowed some 10 years ago. She had three sons; she could not, through her own efforts, take care of those children. She was given some financial assistance.

The oldest boy completed high school; he got a job; he is helping to pay off the mortgage on the home. He now takes care of his mother, so the financial assistance is no longer necessary.

The second son came along, had an excellent record in high school, has worked his way through seminary and is entering the ministry.

The youngest son was also an outstanding high-school student. He had a year in military service. He has had a year and a half at college; he is working and saving his money to go back to school to complete his college education but, at the same time, contributing to his mother's support.

I could repeat that type of illustration over and over again.

This is the type of illustration which we think is especially important, because it shows that when we give necessary help and underpinning to these families, the children, in turn, reflect the opportunities which have been made available to them. They become well-adjusted young adults; they get jobs.

Again and again, they help take care of their parents, of younger children in the family, and we get a very high return on the investment which we have made in terms both of money and services to those families.

We are not beginning, of course, to meet the need either in terms of financial underpinning for the families which, through no fault of their own, cannot earn enough to take care of themselves, or in the way of services.

At this point, those of us in the public welfare field are particularly concerned about provisions for people at the bottom of the economic ladder, a step below the people that you have already been talking about this morning.

I would like to go back to the question that was raised about minimum wages because in our State where we have large groups of people who are not covered by a minimum wage because they do not come under the Federal statute and where we do not have a State law, we see the tremendous difference which exists. We recognize the fact

that here is a large group trying to maintaining themselves but unable to support themselves because the wage level is so low. We have current statistics with regard to that situation.

Mr. RICH. Then, you figure that the minimum wage, while it helped some, because it does not cover the rest, is injurious to the rest?

Mrs. WINSTON. It makes the gap even greater.

Mr. RICH. That is right. It makes the gap greater; therefore, it is injurious to them.

Mrs. WINSTON. Right.

Mr. RICH. So, there is wider spread between the ones who are not covered, and the ones who are.

Mrs. WINSTON. And we have this added fact that a large proportion of the employees in the very low income groups who are not covered by minimum wage protection are women, often women who are trying to take care of children or, perhaps, supporting other adults in the family.

The first suggestion then that we would have for the committee is the importance of minimum wage coverage, so that we help to take care of this uncovered group who are making every effort to support themselves and take care of dependents.

In the second place, the American Public Welfare Association and those who are working closely with the organization are concerned over the need for expansion of old-age and survivors insurance coverage. The bill, which has passed the House and will be before the Senate early in the new year, does not cover farmers and farm workers, as you well know.

We can see the mounting difference between the highly industrialized States, in which a large proportion of the workers have the protection of old-age and survivors insurance coverage, and our agricultural States.

It means that increasingly the weight of public assistance will fall upon the low-income States, because we must take care of the problem there. We think that there is no feature of House Resolution 6000 which is more important than expanded coverage if we are to meet the needs of this low-income group. We need that fundamental security for them.

Mr. RICH. Then, right at that point, if social security is good for one person in one industry, why is it not good for the same people who might be in any other industry, whether it is agriculture or whether it is a servant in the home or whether it is a preacher in the pulpit and a lot of these people that are not covered by that legislation?

I think you are right, and I hope you can drive it home so that we can get some action on it, not only on that but on the minimum wage. If the minimum wage is good for one, it ought to be good for all.

Mrs. WINSTON. The more you work on these measures in one area, the greater the difference is.

Mr. RICH. That is right.

Mrs. WINSTON. And we have in this country too great differentials in terms of the minimum provisions which we make for people.

Mr. RICH. I voted against the minimum-wage law just for that reason, and I think if it would have covered everybody, as I told John McCormack on the floor, I would vote for it; but they just will not take in everybody, and I voted against it.

Mrs. WINSTON. In the third place, we are concerned with provisions for general assistance.

We have a provision for grants for needy children which needs to be expanded; we grant aid to the needy aged and to the needy blind, but we have not yet provided comparable protection for the in-between group.

We have many families in which, for some reason or another, there are people who cannot come into the labor market. I refer here particularly to the large number of older women. They are not old enough to qualify for old-age benefits of any type; they cannot work, because people do not want them to work; they have no particular skills, but we do not at this point have any adequate provision for covering them.

We could not cover them under the present provisions of House Resolution 6000 because they are not disabled, but, at the same time, they cannot enter or reenter the labor market.

Mr. RICH. Why?

Mrs. WINSTON. In the first place, they lack skills that are needed today in the labor market.

In the second place, it is very difficult for older workers, men or women, to enter or reenter the labor market.

Mr. RICH. Why?

Mrs. WINSTON. There are many answers to that question. It is one which needs consideration in connection with this whole study of low-income groups. What is happening to our economy in terms of the difficulty of older workers securing employment, of their being taken out of the labor market, the whole question of support for them.

Mr. BUCHANAN. Physical disability.

Mrs. WINSTON. I am not talking about the ones with physical disabilities, but about the ones who could work, for whom there are no longer openings.

Mr. RICH. I hear a great deal of condemnation from people of employers, because they do not take them on, and I know the reason why they are not given jobs is because we have passed a lot of laws that make it so expensive for the employer to take care of them, and they want to get the younger people who are less expensive for them to handle and, therefore, the laws that we have passed have caused the employer to weed out, as it were, the younger employees, when they take them on, because they will be with them longer, and they do not have so much labor turn-over, and, therefore, the insurance is less, the social security is less, their accident liability would be less, and many other reasons.

Mrs. WINSTON. On the other hand, we do have a good deal of data that reflect the stability of the older workers.

Mr. RICH. Oh, yes.

Mrs. WINSTON. And the contribution which they are able to make, if given the opportunity.

Mr. RICH. I do not deny that. The reason why it is so difficult for a man to get a job after he is 50 or if he leaves one job after he is 50, and then wants to get a job some place else, the reason is that it costs the fellow who goes to employ him so much more than it does the younger fellow.

For instance, take insurance. If the fellow is 30 years old and the other fellow is 60, why, it costs him three times as much for insurance—probably he could not get it at all.

Senator SPARKMAN. Of course, employing the older people is not a solution unless there are enough jobs to share with all.

Mrs. WINSTON. No; it is not a solution; it is just part of the problem.

Mr. RICH. There is no excuse, Senator—I am not trying to make excuses. I am trying to tell you why they cannot get jobs.

Senator SPARKMAN. I know it. You stated it.

Mr. RICH. Because we made a lot of laws, and you take the employer: What would you do if you were going to employ some people? What would you do, or what would anybody do if you could employ a person where the cost of the overhead would be 10 percent less with one fellow, and they are both just as efficient, one with the other, which one would you take? That is the answer, exactly. Your answer is just the same as mine.

Senator SPARKMAN. Yes. I do not quarrel with you in the reasons you have given. The only point I want to make here is that so many people have referred to the desirability of seeing that older people are employed. Of course, it is desirable, but how will it be either desirable or possible if there are younger people who are available, as you point out, so the answer is that we need an economy that will afford full employment so that there will be job opportunities, both for the young people who are coming in, and for the elderly people who, sad to say, are the ones to be hired last, and fired first.

Mr. RICH. What kind of an economy do you contemplate? You are not figuring on the kind of economy that they have over in Russia?

Senator SPARKMAN. Oh, sir; I want a vigorous private enterprise economy.

Mr. RICH. That is right. [Laughter.]

Mrs. WINSTON. With more attention to jobs geared to capacities of people, so that we take into account their skills, their experience, and so on.

Senator SPARKMAN. Well, through all of the realities of life. [Laughter.]

Mrs. WINSTON. We would also like to emphasize, Mr. Chairman, the importance of expanded social services for children; that you cannot approach this question of adequate income simply in terms of ability to earn, whether you have enough jobs, or whether the jobs pay enough, but how well adjusted are your children, have they been given adequate opportunity for education; has there been sufficient provision for medical care?

We still are shocked by the results, for example, of the draft examinations when we found how we were neglecting the health of children.

We must think in terms of provisions for total well-being, and that, in turn, means meeting the various needs of children as they are growing up in order that they may be able to take care of themselves and their families, as they become adults.

Senator SPARKMAN. By the way, at that point, do you have a Ph. D.?

Mrs. WINSTON. Yes.

Senator SPARKMAN. In what?

Mrs. WINSTON. In sociology.

Senator SPARKMAN. Did you ever write a book?

Mrs. WINSTON. Well, I have written various things which come back to me.

Senator SPARKMAN. In cooperation with—a volume by Ogburn and Winston—were you the Winston part of that work?

Mrs. WINSTON. I am sure you are referring to a paper that I did with Dr. Ogburn.

Senator SPARKMAN. Well, I saw a quotation from it. It is coincidental that the letter comes to me this morning, and I noted a reference in the letter to a work by Ogburn and Winston.

Mrs. WINSTON. Right.

Senator SPARKMAN. At this point, I would like to place this letter in the record. It is a letter from Mr. Thurston, the Acting Administrator of the Federal Security Agency, in answer to our request the other day about basic source material on that statement he made:

The estimate that "perhaps 3 children in every average classroom of 30 pupils are destined to spend part of their lives in a mental hospital"—

he does give some various sources; in fact, apparently he lifted that statement, the exact words, from the Guidance Newsletter, published by the Science Research Associates.

Are you familiar with that organization?

Mrs. WINSTON. Yes; I know of that organization.

Senator SPARKMAN. Is it a reputable organization?

Mrs. WINSTON. So far as I know.

Senator SPARKMAN. I ask these questions because I am not familiar with that organization.

Mrs. WINSTON. As far as I know, it is.

Senator SPARKMAN. He says it is, and he quotes those words directly from that.

Then he says this:

Perhaps the first reliable statement of the expectation of mental illness in the population of the United States was made in 1929 by two of the country's leading sociologists and statisticians, Ogburn and Winston.

Mrs. WINSTON. Yes.

Senator SPARKMAN. 1929, that is 20 years ago. Were you writing books that far back?

Mrs. WINSTON. I was student of Dr. Ogburn's.

Senator SPARKMAN. He says further:

In that year they published the statement that "The chances of a white person 15 years old, in such a State as New York or Massachusetts, being committed to a hospital for mental disease during the course of a lifetime are about 1 in 20 and very probably the chances of developing a psychosis or severe incapacitating neurosis, whether sent to a hospital or not, somewhere near 1 in 10."

That was in the Frequency and Probability of Insanity, published in the American Journal of Sociology.

Ogburn and Winston based their calculation on the experience of Massachusetts and New York, for the reason that it was only those States which had suitable statistics. They indicate, quite clearly, that the ratios would hold for any State with a large urban population. It must be borne in mind, too, that these scientists made their estimates under conditions prevailing in the 1920's. It will be shown below that the prevalence of mental illness has undoubtedly increased since that time.

There are several other various quotations, and I will not take the time to read them. I will just comment for our benefit, that they say as we get older, the chances are still greater.

(The document referred to follows:)

FEDERAL SECURITY AGENCY,
December 14, 1949.

HON. JOHN J. SPARKMAN,
Chairman, Subcommittee on Low-Income Families,
Joint Committee on the Economic Report,
United States Congress, Washington, D. C.

DEAR SENATOR SPARKMAN: In my testimony before your subcommittee I made the following statement which appears at the bottom of page 5 of my Summary Statement on Problems of Low-Income Families:

"As to prevention, we have hardly scratched the surface. Basic research in child development is a major gap. Nobody really knows how many millions of children are mentally or emotionally maladjusted. But estimates by some authorities are appalling—perhaps 3 children in every average classroom of 30 pupils are destined to spend part of their lives in a mental hospital. It is estimated that 3 million of the 30 million children now in school suffer from serious emotional and behavior problems."

You have asked me to provide the committee with evidence supporting these statements. The real question raised by the supporting data is whether or not there will be enough mental hospital beds and enough physicians and nurses available to accommodate these unfortunates when they become ill.

EVIDENCE FOR THE ESTIMATES

The estimate that "perhaps 3 children in every average classroom of 30 pupils are destined to spend part of their lives in a mental hospital" is to be found in the Guidance Newsletter (April 1949) published by Science Research Associates, a reputable Chicago firm engaged in the dissemination of scientific information. The estimate is based on the best researches of qualified scientists.

Perhaps the first reliable statement of the expectation of mental illness in the population of the United States was made in 1929 by two of the country's leading sociologists and statisticians, Ogburn and Winston. In that year they published the statement that "The chances of a white person 15 years old, in such a State as New York or Massachusetts, being committed to a hospital for mental disease during the course of a lifetime are about 1 in 20, and very probably the chances of developing a psychosis or severe incapacitating neurosis, whether sent to a hospital or not, somewhere near 1 in 10." (Ogburn, W. F., and Winston, Ellen B., *The Frequency and Probability of Insanity in American Journal of Sociology*, March 1929.)

Ogburn and Winston based their calculations on the experience of Massachusetts and New York, for the reason that it was only those States which had suitable statistics. They indicate, quite clearly, that the ratios would hold for any State with a large urban population. It must be borne in mind, too, that these scientists made their estimates under conditions prevailing in the 1920's. It will be shown below that the prevalence of mental illness has undoubtedly increased since that time.

In 1945 the director of the Bureau of Statistics of the New York State Department of Mental Health made new estimates which showed that in 1940 (in New York State) 9 in every 100 children 10 years of age could expect to be admitted at some time in their lives to an institution for the care of the mentally ill. (Malzberg, B., *Trends of Mental Disease*, American Psychopathological Association, 1945.) Since the number of persons entering mental hospitals is increasing (see below), there is little question but that somewhere in the neighborhood of 10 children out of 100 and, therefore, 3 in the average classroom of 30 can expect serious mental illness. Likewise, there is every reason to believe that New York State figures would apply to any State having adequate hospital facilities. In the States with insufficient mental hospital beds, large numbers of mentally ill remain as sick, untreated persons in their home communities.

Hospitalization for mental illness is growing and would be even greater than it is were sufficient beds available. The New York State study, cited above, reports that there was a 75-percent increase in the expectancy of hospitalization

between 1920 and 1940. For the United States as a whole there was a 30 percent increase in the rate of first admissions to hospitals for mental illness during the single decade, 1937-46 (Bureau of the Census, Patients in Mental Institutions, 1946, U. S. Department of Commerce, Washington, D. C., 1948). It is a matter of general knowledge that today's mental hospitals are overcrowded and that there are long waiting lists of persons who need hospitalization. It is the universal experience that additional beds are filled almost as soon as they are made available.

THE NUMBER OF MENTALLY ILL IS INCREASING

Important though it would be to do so, there is no way at the present time to determine precisely the number of mentally ill persons in our population. Facilities for diagnosing suspected cases are grossly inadequate. The cases that are diagnosed are not reported and, hence, cannot be counted unless they are admitted to a hospital. It has been stated above that the hospitals are by no means able to care for all who require treatment. Thus, the number of hospital admissions cannot be taken as a measure of the amount of mental illness in the population.

Nevertheless, there is striking evidence that mental disease is far more prevalent than we like to recognize. Conservative estimates set the number of Americans suffering from mental illness of some kind today at more than 9,000,000 (Limburg, Charles G., *The Need for Psychiatrists and Psychiatric Training Facilities*; paper read before the American Psychiatric Association, Washington, D. C., May 17, 1948). There are just under 600,000 persons in mental hospitals at any one time. Stanley Cobb, another outstanding authority, has cited evidence that there are from 600,000 to 2,500,000 more persons outside of such hospitals who legally could be committed (Cobb, Stanley, *Borderlands of Psychiatry*, Harvard University Monograph in Medicine, and Public Health No. 4; Harvard University Press, 1944).

Workers in the field estimate that nearly 3,000,000 children now in school suffer from serious emotional or behavior problems (Guidance Newsletter, Science Research Associates, Chicago, November 1949). These children are not all immediate candidates for mental hospitalization but they are in the formative age periods when personality is developing in either an orderly or disorderly fashion. They, and others not in school, are the potential mental patients of the future.

Even worse than these data indicate, however, is the probability that the number of mentally ill persons in the population is increasing. Psychiatrists are convinced, now, that much mental illness arises out of the strain of living in a complex and disordered environment. No one can deny that our present civilization is complex or that during the "hot" and "cold" war periods there are many conflicts which the individual has to reconcile for his own peace of mind. Many fail to find it.

Then, too, our changing age distribution is producing an increase in both the number and the proportion of mentally sick persons. The incidence of mental illness requiring hospitalization rises sharply with age, being approximately five times as great after age 65 years as at ages under 20 years (Dorn, Harold F., *The Incidence and Future Expectancy of Mental Disease*, in *Public Health Reports*, vol. 53, No. 45, Nov. 11, 1938). During the past 50 years average life expectancy has increased from about 47 years to about 67 years. Thus, each of us lives on the average 20 more years into the age periods of rapidly rising incidence of mental infirmity and disorder. One authority has estimated that, because of this factor and because of the normal increase in population, there will be twice as many persons in 1960 who will require hospitalization for mental infirmity or illness as there were in 1930 (Dorn, cited above).

Sincerely yours,

JOHN L. THURSTON. *Acting Administrator.*

Mr. RICH. NOW, Senator, since I suggested the other day we give all people in Government a mental test, do you not think, since they are trying to substantiate those figures given by the Commissioner, that we ought to pass a law requiring—

Senator SPARKMAN. I do not know about the law. I will be very glad to see everybody given an opportunity to determine their mental fitness; and, since it gets worse as we get older, I would like to take mine right away. [Laughter.]

Mr. RICH. So would I, but we should not give them an opportunity; we should make it a request, make it a demand.

Mr. BUCHANAN. By people in Government, would you include the Members of Congress?

Mr. RICH. Absolutely; I would not let them out for any reason. [Laughter.]

I think, as I said the other day, we ought to start at the White House, and we ought not to miss anybody in Government.

All these department heads—I think we have got a lot of department heads that certainly want to be examined. [Laughter.]

That includes Members of Congress.

Senator SPARKMAN. You just made the statement that we ought to pay more attention to the well-being of children and, frankly, that is what reminded me of the letter, and I wanted to know whether you would want to comment on it.

Mrs. WINSTON. I will be glad to send you a copy of the entire paper.

At the time this publication came out, I was studying with Dr. Ogburn, and we had noted that there were no estimates with regard to the incidence of mental illness.

As the quotation indicates, we had at that time the best data from Massachusetts and New York.

There are now additional States which have adequate data, and there have been a number of studies in more recent years, all of which tend to substantiate the fact that the chances if you live to be 21 are about 1 in 20 of sometime spending a period in a mental institution. We know that as we provide better environments for children, as we give them security while they are growing up—and there we mean not only financial security but also the opportunity to grow up in stable homes—we are providing the best insurance against the development of serious mental disorders in later years.

Mr. RICH. Do you believe that those who are in authority and trying to operate the greatest business in the world should be given the test?

Mrs. WINSTON. I would hesitate to go quite that far. You have a considerable degree of selectivity, so that ordinarily the people who carry the greatest responsibilities have been selected out.

Mr. RICH. Well, if they are unable to stand the test, then they should not be in places of great responsibility; should they?

Mrs. WINSTON. A person who is emotionally unstable can cause a great many problems if he is in a position to affect the lives of many people.

Mr. RICH. Is it not just good common sense to do that? I am not reflecting on anybody. I think it is just good common sense that we do it. I think it ought to be done, especially since we have had this report come to our committee that 1 out of 10—1 out of 10 children, they say—goes into a mental institution. If 1 out of 10 children before their span of life is ended does that, it may be in the higher brackets, and I think we ought to be very careful in those who are directing the affairs of Government, the biggest business in the world.

I think it would be just a fine thing, and I say that sincerely. I do not say it with the thought just of levity; I do not think it is humorous. I think it is too important. That is my opinion of it.

Now, do you agree with me?

Mrs. WINSTON. We certainly agree with you that there should be such environmental situations so that children have the opportunity to grow up as well-rounded, well-adjusted children, and so into adult life. We recognize the fact that when we do not provide basic securities we tend to create problems.

We think that, in addition to seeing that children have the type of security of which I am speaking, they should also have available both as children and as adults, if necessary, proper services to help meet their needs, if they become emotionally, seriously mal-adjusted or if they become mentally ill, just as we are trying to see that they have available adequate medical services.

Mr. RICH. You give your children in North Carolina a physical test, do you not, in your schools?

Mrs. WINSTON. Yes.

Mr. RICH. And if the statement that the Senator was trying to make in quoting this individual, that 1 out of 10 is mentally incapacitated, then would you not recommend it for going beyond children, say during steps of life, say every 20 years? We could go that far, say, when a person becomes 5 years of age, give him a test, and then when he is 25, give him a test, and then when he is 45, give him another one, and when he is 65, give him another one. In that way we would weed out the incompetents.

Mrs. WINSTON. It is much more difficult, of course, to determine their ability to carry on from the point of view of emotional characteristics and psychotic development than it is to indicate that a child has a club foot or that he has some other gross physical difficulty.

Mr. RICH. You think it is now that the psychiatrists cannot determine that?

Mrs. WINSTON. I am not saying that. I am simply saying that it is more difficult to do an across-the-board type of examination of the kind you are suggesting.

Mr. RICH. Well, it is difficult, but is it not essential?

Mrs. WINSTON. I do not think I would be prepared to go with you on it that far at this point, but rather to say that we need to place more emphasis on prevention.

Mr. RICH. You are not afraid to express yourself because we happen to be Members of the House and Senate, because I think these fellows—I can agree to get them to take the examination.

Mr. BUCHANAN. First, I would want to know who is going to examine me.

Mr. RICH. Well, we will get a psychiatrist to examine you.

Senator SPARKMAN. I just started to ask a while ago, who was going to examine the examiners. [Laughter.]

Mrs. WINSTON. I think you should address your questions to the psychiatrists, because they are better able to tell you how far they have progressed.

Senator SPARKMAN. Well, your argument is that we do have an obligation to do everything we can toward creating good surroundings for the children whose minds are in the formative stage.

Mrs. WINSTON. Yes, and that as we provide more effectively for children, in turn, we are laying the foundation for an economically self-sustaining adult population. In so doing, we need to place special emphasis on these children who are at the bottom of the eco-

conomic ladder, who have the greatest need for the provision not only of financial assistance in families but also of specialized services, so that we can push up from the bottom in order to work toward a better-rounded population.

Senator SPARKMAN. By the way, you are vice president of the American Welfare Association. I wonder if you would tell us just what is that organization.

Mrs. WINSTON. The American Public Welfare Association has in its membership primarily persons who are connected with the actual administration of public-welfare programs at the Federal, State, and local levels, which means that in a typical State, such as Alabama, you have a very large membership from the staff of the State department of public welfare, and from your county welfare departments.

It is the concern of this association that we provide as effective a public-welfare program as possible; we recognize the fact that it is a shared responsibility on the part of localities, States, and the Federal Government. In that connection we are concerned that there be adequate Federal legislation.

Senator SPARKMAN. Anything further?

Well, thank you very much, Dr. Winston. We appreciate your appearance here.

The committee will stand in recess until 2 o'clock when Secretary of Agriculture Brannan will be here.

(Whereupon, at 12:05 p. m., the subcommittee adjourned, to reconvene at 2 p. m., of the same day.)

AFTERNOON SESSION

Senator SPARKMAN. The committee will come to order.

We are glad to have with us this afternoon the Secretary of Agriculture, Mr. Brannan, and also Mr. Dillard B. Lasseter, the Administrator of the Farmers Home Administration.

I may say that Mr. Lasseter's name was not on the schedule, but I personally asked him if he had the time, if he would come along with the Secretary because we might run into some problems relating to the activities of his particular agency, and it might be helpful to have him here. He is here at my invitation.

Mr. Secretary, do you have a prepared statement?

Secretary BRANNAN. I do, Mr. Chairman, and I believe there are copies available for the members of the committee.

Senator SPARKMAN. Yes, there are. You just proceed in your own way.

Secretary BRANNAN. Well, Mr. Chairman, if the committee has adequate time, I think the statement is worth reading in its entirety.

Senator SPARKMAN. Go right along as you wish.

Secretary BRANNAN. I would like to do that.

I should also like to say, Mr. Chairman, by way of adding to what you have just said, that Mr. Raymond Smith, of the Bureau of Agricultural Economics, is also with us today, and may be able to supply some answers.

Senator SPARKMAN. Why not let him come to the table, too, if he would like.

STATEMENT OF HON. CHARLES F. BRANNAN, SECRETARY OF AGRICULTURE; ACCOMPANIED BY DILLARD B. LASSETER, ADMINISTRATOR, FARMERS HOME ADMINISTRATION, DEPARTMENT OF AGRICULTURE; AND RAYMOND C. SMITH, ASSISTANT CHIEF, FARM POPULATION, BUREAU OF AGRICULTURAL ECONOMICS, DEPARTMENT OF AGRICULTURE

Secretary BRANNAN. Mr. Chairman, I appreciate this opportunity to testify concerning the problems of low-income farm families, some of the means of improving their incomes and the relationship between low farm income and national economic stability.

Before proceeding, however, I would like to commend the Joint Committee on the Economic Report for appointing a subcommittee to study this often neglected but very important problem.

I should also like to commend the Subcommittee on Low Income Families for their two very valuable reports published on November 9, 1949.

At the outset I would like to call the committee's attention to the fact that a very large number of the people of the United States firmly believe that there are no low-income farmers. Many believe that all farmers became rich during the war and that farmers, as a group, profited from the war to a greater extent than any other segment of our population.

Nothing could be further from the truth.

It is true that a few producers of food reaped fortunes, but compared to our total farm population their number is infinitesimal.

Most farm people, including small farm operators, tenant farmers and hired farm workers, just didn't hit the jackpot. Many farmers did not have the land or the capital to cash in on the high prices. Wages were high for farm workers, but living costs were higher. In the end, most of these families were right back where they were when the war started—broke.

I have been keenly interested in the problems of low-income farm families for many years. Farm families, all of them, are our most valuable agricultural resource and certainly one of our most valuable national resources. They have legitimate aspirations to win for themselves and their children as high a standard of living as that enjoyed by any of our citizens.

In a democracy we must consider the aspirations of all of our people, not just those of the fortunate few. They are entitled to equal opportunities for the economic and social self-development afforded to any other segment of our population.

Please let me emphasize that just because some of these farm families have low incomes is no reason whatsoever to consider them as a group apart from the rest of our people.

We in the Department of Agriculture consider them to be very much a part of our farm population. We classify them as "low income" only for the purpose of finding out what special action by the whole people is needed to help them solve their particular problems; not to set them apart as a special or separate group.

The necessity of keeping this clear in our minds is forcefully brought to our attention by the fact that the average farmer is a low-

income farmer. That is, his family income is lower than we, as a nation, can afford to permit it to be.

Low incomes on the farm and in the city alike are a constant threat to the economic stability of our Nation. If we as a nation fail to recognize this threat and fail to take the steps necessary to ultimately remove it, we are taking a serious and unneeded risk.

I am convinced that much can be done to provide greater opportunities for low-income farm families to improve both their levels of production and of consumption. Any step we take to help them will be a step taken to help the Nation as a whole.

I am very much in accord with the statement in one of your recent reports to the effect that the unfilled wants of American families now subsisting on inadequate incomes constitutes a great underdeveloped economic frontier. As you have pointed out in this report, it is very difficult to define a low-income family. Depending upon the number of members in the family, their ages and other facts, an income that is adequate for one family might be entirely inadequate for another. We note that this subcommittee, using Bureau of the Census figures, has estimated that 3.3 million, or about half of all the families in agriculture, received family cash incomes from both farm and nonfarm sources of less than \$2,000 in 1948, and that one-fourth received less than \$1,000. I presume that all of these families might well be considered as low-income families.

Represented in this group would be families of owner-operators, of tenants, of sharecroppers, and of farm laborers.

While it is difficult to define precisely a low-income family, I would say in general terms that a family's income is too low if it does not permit its members to enjoy what we have come to boast of as the American standard of living. Every family should at least have the opportunity to be an efficient producing unit in our society and also an efficient consuming unit.

While there are more low-income farm families in some areas than in others, there are many low-income farmers in every State in the Union.

SPECIAL PROBLEMS OF LOW-INCOME FARMERS

Low-income farmers have about all of the problems of other farmers and, in addition, some special ones of their own. Like others, they are affected by the general disparity between farm and urban people in income and in facilities and services such as housing, health, and schools. But this general disparity is only a mild aspect of the low-income problem.

One of the main problems of low-income farmers is that many of them do not possess adequate resources for earning an acceptable living. Their farms simply are too small or too poor. Such farms do not provide their operators with enough days of productive work in a year.

Because of this underemployment, these families cannot earn enough from their farms to provide their families with an American standard of living.

This would not be too serious if part-time jobs were available near their farms to enable them to supplement their farm income with earnings from off-farm work. The lack of such supplemental em-

ployment opportunities in many rural areas is another important problem faced by low-income farm families.

Many farmers who lack the capital to improve or enlarge their farms up to economic family size have been unable to obtain credit under reasonable terms to make such changes. Neither have enough of them been able to obtain appropriate types of credit for readjusting farming systems from one-crop farming, for example, to diversified farming, including livestock enterprises. Improved livestock and good varieties of crops all have too often been missing from many farms. The productivity of the labor of low-income farmers often has been held down also by lack of adequate farm machinery.

While the percentage of tenancy has gone down markedly in recent years for the Nation as a whole, there are many counties, particularly in the South, where more than half of the farms are operated by tenants. Insecurity of tenure, short-time oral leases and frequent moves from farm to farm have contributed to low incomes at the same time they have indirectly hastened soil erosion and soil depletion.

Rural schools have failed to give many a farmer a good basic education, and this has handicapped such farmers in operating their farms. Many rural communities have no vocational agricultural courses. To be a good farmer one requires a good basic education to begin with, and a means of continuously acquiring technical knowledge and skills so as to keep up to date on rapidly changing methods of farming.

Many farm families, through accidents or ill health, or through drought or floods causing crop failures, have been reduced to a low-income status. Because of the scarcity of doctors in many rural areas, their services have often not been obtainable when needed. In many cases it was too far to the hospital when special care was required.

Poor housing has contributed to the poor health that reduced earning capacity.

This is not a pretty picture. I know that you gentlemen are interested in the truth, even if it is painful, rather than in nice speeches. Low-income farmers need more than lip service. Action will cost more than words, but as I will try to show, investment in helping low-income farmers to help themselves is one of the best forms of investment that our Nation can make.

PRESENT PROGRAMS NOT MEETING THE NEED

It seems to me that a fair question would be: How well are the present programs of the Department of Agriculture meeting the needs of the low-income farm families? The answer is that not enough is being done.

Last April I made some proposals to Congress for improvements in the agricultural price support program. In that respect, I said that "It provides farm people with price and income supports and the general economy with a large measure of stability." I then called attention to the fact that even an adequate price support program "does not close the gap between farm and nonfarm income. It offers a realistic beginning. The price and income supports I have suggested, in common with all other price-support systems, falls short of meeting the needs of those operators who lack enough good land and

enough capital to produce the necessary volume with the necessary efficiency for a good standard of living." I went on to indicate that additional work was needed directly with low-income farm families.

For a properly balanced farm program, much more assistance must be rendered to low-income farm families to complement the programs that are geared more directly to the needs of their more fortunate brothers.

While the Farmer Home Administration was created especially to assist low-income farm families, the scale of its operations has been much too limited.

Moreover, the Farmers Home Administration has been able to make operating and farm ownership loans to only a fraction of the eligible farm families who have requested them. In the last 2 years, for example, we have been able to make loans to only 30 or 40 percent of those applying for operating loans and a mere 2 or 2½ percent of those applying for farm ownership loans. And, of course, the number of applications is an incomplete measure of the need for these types of credit.

The very effective special teaching methods through which low-income families were provided with farm and home management assistance through the Farmers Home Administration have never been adequately implemented.

The educational services of the Extension Service are available to all farmers. However, the difficulties and problems of carrying on educational work with low-income farm families are much greater than those encountered in reaching families with average and above-average incomes. The result is that low-income families are less well provided with educational information.

The Farm Credit Administration activities provide assistance in improving and stabilizing net incomes. But many low-income farmers have no basis for this type of credit. For them the benefits, at best, are indirect, deriving from the existence in their communities of cooperative credit institutions or of cooperative associations financed by them.

The Department's price support, production adjustment, marketing and soil conservation payments programs all are of benefit to low-income farmers, but usually only to the extent that they have products to sell. Of course, price supports do not meet the fundamental problem of the operator who cannot produce a large enough volume to make a good return at any price.

Through aid to soil conservation districts, on-site assistance has been rendered to some low-income farm families, although large numbers have been unable to take advantage of such assistance due to lack of capital or credit to finance needed conservation measures.

It is important to add that there are some problems of low-income farm families, such as health problems, for the solution of which the Department of Agriculture is not primarily responsible. But the Department desires to cooperate with other agencies and to assist them in meeting the needs of low-income farm families.

It is clear that much more should be done by the Department than it is now doing to help low-income farm families. Present programs must be improved and expanded and aimed more directly toward rehabilitation of the low-income group both in and out of agriculture,

if serious consequences including unnecessary waste of human resources are to be avoided.

NEEDED NEXT STEPS

Having reviewed the problems and present programs, let us turn our attention now to the types of action which are needed.

I suggest to you that we not only need additional ways to deal with the problems of low-income farm families but also a broader, more comprehensive policy on which to base our programs. Our starting point should be a clear concept of our objectives. Most certainly we need to make available to these families a broad gage and integrated combination of programs of which they can make use in working to improve their income and productivity. Most certainly these families require a broader opportunity to escape the penalties of chronic underemployment on farms that are too small or ill-equipped. However, we must keep an eye on the total economy as we work in this one segment.

Broader opportunity can be provided both within agriculture and outside. We must set our sights on an expanding economy and take steps to keep it expanding at a rapid rate. To do so will provide nonfarm opportunities to absorb some of the underemployment from agriculture, without at the same time causing an oversupply of labor in urban areas.

At the same time, we need to provide additional information and assistance to those farm families who desire to take advantage of expanding nonfarm opportunities.

Expanded opportunity in nonfarm work for some low-income farm families will make possible expanded opportunity for farm enlargement and reorganization of farms by those families who remain in agriculture.

We cannot compartmentalize our thinking or our programs in this field. We will make a grave mistake if we do not agree upon a consistent over-all policy and provide for cohesive administration of the programs designed to carry out such a policy.

A broad gage combination of programs to provide greater opportunities to our low-income farm people should, in my opinion, encompass at least three related types of action. Authority should be clearly available for administering all three types of action so that they will supplement each other. These three types of programs are:

1. A special readjustment or redevelopment program for small farms, for those farm families who are likely to continue to find their best opportunities in farming.

2. Stimulation of further industrial development in underdeveloped rural areas and special assistance to low-income farm families or persons living on inadequate farms who desire to engage in nonfarm work either full or part time.

3. A program for the benefit of families or persons who gain their living principally as hired farm workers.

With respect to the readjustment program for small farms, most of the tools to do the job are already available, but their use is so limited or restricted that we are able to reach only a very small portion of the families who want this type of assistance.

These tools include authority to lend money for farm improvement or enlargement, or for improving or replacing houses and other farm buildings. They also include the authority to make loans for production purpose. Such loans would play an important part in bringing about needed changes in farming systems.

For example, they would make it possible to finance the purchase of needed livestock, the improvement of pastures, measures to increase soil fertility, and the conservation of soil and water resources.

The Department has the know-how to carry on such activities and to tie them all together through assisting each low-income farm family to work out an integrated individual farm and home management program. Minor changes in present authorizations would permit more efficiency in carrying out such a broad program. For example, present loan limits and repayment terms and conditions might have to be relaxed. Reestablishment of the variable repayment plan authorized under the original Bankhead-Jones Farm Tenant Act also would be helpful. The mortgage insurance program for farm-ownership loans to low-income farmers should be expanded.

The Department needs authority to assist groups who are trying to help themselves, such as groups who, through cooperative techniques, could jointly own and use farm machinery, sires, and other farm necessities, and who can profitably participate in cooperative marketing, purchasing, health, and other group activities.

New adjustment aids would be helpful for such purposes as soil- and water-conservation measures; obtaining equipment, fertilizer and lime, seeds, and breeding livestock; pasture improvement; land clearing; water supply for livestock and irrigation; building repairs or remodeling needed in shifting to other systems of farming; and to enable low-income families to join with their neighbors in cooperative efforts of various kinds.

As I have indicated, the cornerstone of such a program would be the individual farm- and home-management program. An indication of the kind of increased productivity and income that can be attained in this way is given by the figures on the financial and family progress of Farmers Home Administration borrowers. Our experience over the years shows that low-income farm families can make phenomenal progress if a little opportunity and assistance is made available to them.

In 1948, 50,000 borrowers graduated from FHA's production-loan program. After adjusting the figures for the rise in prices these families had practically doubled their net worth and gross cash income during the average of 4 years they were in the program. Farm-ownership borrowers of FHA did equally well and are well ahead of schedule in repaying the loans on their farms.

The second of the three suggested activities is the stimulation of further industrial developments in underdeveloped rural areas, particularly where there is serious underemployment on farms, and the inauguration of a program of special assistance to low-income farm families or persons living on inadequate farms who desire to engage full time or part time in nonfarm work.

As I have pointed out on other occasions, we are in the midst of a technological revolution in agriculture. Looking at the problem in terms of long-time trends, changes in technology are having the effect

of reducing the man-hour requirements in agriculture. Full-time or part-time jobs in nonfarm work may be the best answer to the twofold problem of raising the level of living of some low-income farm families and contributing to economic stability.

The development of new manufacturing industries in rural areas, around available raw materials, would enable low-income farm operators or other members of their families to get full- or part-time jobs near their homes in such industries or in the service industries that would likely be developed at the same time. This would balance the agriculture already there and strengthen the whole economy of the local community.

While the Department of Agriculture would not hesitate at all to undertake such a program with the cooperation of other agencies, we recognize, on the other hand, that an agency created for the purpose might not necessarily be lodged in the Department of Agriculture. Probably the logical first step would be to study this problem carefully. The approach proposed in S. 1092 of the Eighty-first Congress would seem to be a good place to begin.

Whether they continue living in their present homes and work in new industries that may be established in rural areas, migrate a short distance to nonfarm jobs in their own general areas, or move a considerable distance to a new farm or a job in a city, low-income families now on farms will need special aids to make these shifts. These might well include a program of job training or retraining, with financial assistance to cooperating industries in the training program; financing transportation and moving costs to new job opportunities with special attention to nearby areas; subsistence grants to new employees during the training period until they are able to earn the regular wages paid for the new job; and expansion of recruitment and placement facilities in areas of heavy agricultural underemployment, with particular attention to the placement on a full-time or part-time basis of low-income farm people in nonfarm jobs.

In addition to these special aids, more adequate vocational training in the public schools in nonfarm skills would be helpful to farm boys and girls who may move to town to earn their living.

There is a need for some kind of a vocational guidance or adjustment program to tie together all of these activities directed toward assisting underemployed farm people in getting nonfarm jobs. A part of this program would be to study the problem of individual low-income farm families seeking assistance and make available to them consultation and advice on possible vocational adjustments.

In addition to these special aids to families desiring to make use of them, let me say again that increased opportunity for these families is dependent upon our success in providing for an expanding economy.

The third suggestion I listed earlier is to develop a program or programs to assist hired farm workers who do not participate in the many benefits the public has provided to nonfarm labor.

Many of us have assumed that the conditions about which John Steinbeck shocked the Nation in *Grapes of Wrath* were things of the past—products of a depression that only our middle-aged generation can remember. No assumption could be more false.

Only last month 11 children died of malnutrition—died of malnutrition in one of the richest agricultural areas on the face of the earth, the heart of the San Joaquin Valley of California.

The death of these 11 is the rotten fruit of a condition which will continue to grow worse unless action is taken and taken at once. More than 110,000 migrant cotton pickers and their dependents jam this area now. Many of them are able to find only part-time work at this time, the peak of the harvest season.

Cotton picking will probably be over by Christmas. That means that these families will be without earned income until spring, when the vegetable harvest begins.

To attempt to pinpoint the blame for this condition is futile. It is no one individual's fault. But democracy cannot tolerate this sort of thing.

Of the more than 4,000,000 people who work for wages for farmers in the course of a year, 70 percent live on farms and are a part of the farm population. An additional 20 percent live in rural nonfarm areas. More than a half million farm laborers are themselves operators of low-income farms or are sharecroppers who supplement their income by working for wages for other farmers during some part of the year. Others are members of farm-operator families who do unpaid family work on their own farms, and in addition work for pay on other farms. Still others are the regular, more or less year-round hired hands who live on their employers' farms.

In addition, there are large numbers of the local and migratory seasonal workers who play an important role in getting the crops harvested, although some of them move in and out of the farm population.

Existing price-support programs for agriculture have no provisions with respect to wage and labor standards for hired farm workers except in the case of the Sugar Act. Minimum wage and child-labor prohibitions are written into the Sugar Act, and Government benefit payments to sugar producers are made conditional upon compliance with these provisions. However, most hired farm workers can benefit from the existing farm price-support legislation only in an indirect way—namely, to the extent that these programs sustain employing farmers' wage-paying ability, and then, as a rule, only if the supply of farm labor is in relatively close balance with the demand.

Better housing, both in the form of migratory labor camps and permanent homes, is a problem of major importance to the hired labor group. The protection afforded by wage and hour standards, social security, unemployment insurance, workmen's compensation, and other measures is not available to farm laborers. Ways should be found of adapting these types of legislation to meet the needs of hired farm workers.

In addition, special job placement aids, transportation assistance, relaxation of State residence requirements for health and welfare services, and more adequate educational facilities for their children are greatly needed by migratory workers.

Administration of these activities will require a division of labor to be worked out between the Department of Agriculture, the Department of Labor, the Federal Security Agency, and other Federal and State agencies.

In addition to these three principal activities, a few other steps would need to be taken, some in fields where the Department of Agriculture has primary responsibility, and some in fields of other

agencies. In these latter activities the Department would to best advantage cooperate with and assist the other agencies.

Certain advantages already available to low-income farmers such as minimum agricultural conservation payments and minimum acreage allotments should be examined to see whether there is an opportunity to increase their benefits.

Expansion of the school-lunch program would directly benefit the children of many more rural and urban low-income families as well as contribute toward assuring a wider market for the products of all farmers.

Among the important activities that would benefit all farmers, including those with low incomes, and which presumably would be administered outside of the Department of Agriculture, would be a program for the improvement of rural schools.

Another would be the provision of more adequate health facilities and services in rural areas. And still another would be the adaptation and extension of more of the benefits of the social-security program to both the self-employed and hired workers in agriculture. Also the benefit payments in old-age and other assistance programs should be increased.

The views of the Department with respect to these activities were elaborated at some length in testimony before the congressional committees on agriculture in October 1947. I will not take your time by discussing them further here, except to say that all of them are needed as elements in a well-balanced program for farmers.

And, like the other measures I have proposed, they would be directed toward eliminating dire poverty in rural areas, toward bringing about higher levels of living and toward increasing purchasing power and stabilizing the national economy.

EFFECTS ON NATIONAL INCOME OF RAISING PURCHASING POWER OF LOW-INCOME FAMILIES

The incomes of a large segment of our farm population are so low that any increase would immediately be spent for consumer and capital goods. As I pointed out earlier, low-income families constitute our greatest underdeveloped market. They do not have to be sold on the idea that they need additional food and other goods. No farm family needs to be educated to the fact that the children need shoes, the mother a new dress or the father new farm implements.

Increased purchasing power in the hands of low-income people would have a significant effect on the demand for agricultural and manufactured products. Let me give a few examples.

As I pointed out in the spring of 1947, if all families consumed food at the same rate as those with incomes over \$2,000 in 1941, the demand for food might be as much as 20 percent above the rates of food consumption per capita at that time.

At the present time, about one-fifth of our population consumes less than the average rate for the prewar years 1935-39. If the consumption of these people were raised to the prewar average of the country as a whole, not an overly ambitious objective, the domestic demand for food would be increased by about 7 percent. If the in-

creases in food consumption were limited to bringing the diets of low-income families up to the minimum low-cost diet, the average requirements for food in the United States would increase by 3 percent. Consumption of cotton, wool, and tobacco likewise would increase.

A survey made by the Bureau of Agricultural Economics in January 1947 indicates that manufacturing and service trades would gain substantially if present low-income farm families consumed at the rate of higher-income farmers. There were approximately 2,400,000 farm-operator families in the United States whose 1946 gross incomes from farm and nonfarm sources combined were under \$2,000. If it were possible to raise the incomes of all of these families up to the next income bracket of \$2,000 to \$3,000, and if they spent their money in the same ways as those now in this higher group, their expenditures for family living alone would be increased by about \$589 per family.

Increased expenditures of \$589 per farm-operator family for major items in their level of living, if they followed the pattern of the next higher-income group, would amount to well over a billion dollars and would add even more to the national income. These expenditures would be distributed as follows:

	Per farm-operator family	Total for United States
Total food and household expenses.....	196	\$476, 000, 000
Automobile expense.....	57	138, 500, 000
Clothing.....	50	121, 000, 000
Furniture.....	49	119, 000, 000
Doctors and dentists.....	44	108, 000, 000
Toys and movies.....	34	82, 000, 000
Repairing and painting.....	29	71, 000, 000
Education and reading-matter expense.....	25	59, 500, 000
Life and accident insurance.....	21	51, 250, 000
Contributions.....	17	39, 500, 000
Haircuts and cosmetics.....	10	24, 000, 000
Electricity.....	8	19, 300, 000
All other expenses.....	49	119, 000, 000

These sums do not cover the additional hundreds of millions of dollars that would be spent for farm equipment, fertilizers, and supplies by that portion of the 2,400,000 families who remained in agriculture.

Even if raising the incomes of farm families had no such beneficial effect on the national economy, the intangible gains would be more than enough to justify the expenditure.

Down through the centuries grinding poverty has always bred political discontent. People suffering from malnutrition, inadequate shelter, and insufficient clothing are fertile seedbeds for propagandists. Democracy must work for all our people, not just for the few on the top of the economic pile.

Moreover, a disproportionately large number of the citizens of tomorrow are coming from these farms with the highest birthrate in the Nation. If these children reach maturity embittered by the experiences of their early lives and ill-equipped for the economic struggle, the effect on the American future will not be good.

Poverty is not inevitable. We can made tremendous strides in eliminating it from our farms if we have the courage to attack it boldly on all fronts.

As I said in the beginning, I feel that the work of your subcommittee is of the greatest importance. You are stimulating a reexamination of the problems of low-income farm and nonfarm families. You have in effect raised the question as to whether or not, from the standpoint of economic stability, we can afford to neglect the problems of low-income people.

Are investments in low-income people justified? My answer is that public investments in disadvantaged people can be justified wholly on the grounds of furthering the democratic ideal of equal opportunity. But it happens that they do not have to be justified on such grounds alone. In my opinion they are fully warranted by their economic return, just as are public investments in roads, fire departments, or the development of new plant varieties. Broadening of the national economy benefits all of us.

I am firmly convinced that a positive program can contribute significantly to a lasting solution of the low-income problem.

In agriculture we have learned much about how to assist low-income farm people to help themselves. While the programs to meet the special needs of low-income farmers have been small, they have been of great value. Experience has been gained from operating them.

It has been demonstrated that farm people can be rehabilitated either in agriculture or in some other occupation if opportunities are provided. It is time to move from demonstration into full-scale performance of the job. I hope a green light is forthcoming soon. Let us as a Nation give ourselves the twofold benefit of such a program. Let's help low-income people help themselves and at the same time help to expand and stabilize our economy for the benefit of all.

Senator SPARKMAN. Thank you, Mr. Secretary.

Are there any questions?

Mr. BUCHANAN. Mr. Secretary, would you care to give us an estimate of the cost of a redevelopment program for small farms under your proposed steps?

Secretary BRANNAN. Mr. Congressman, I am not sure that I am prepared to do that today. We certainly can submit figures to your committee. It would call for an acceleration or an increase in the funds now available to Farmers Home Administration by a substantial amount.

Some of the factors which you would take into consideration would be: How rapidly we would like to move the program forward, whether we tried to get the whole job done in 2 or 3 years, or done in 10 or 15 years.

There would be a lot of factors going into making up the estimates. But we would be vary happy to try to make them and submit them to you if you would care to have them.

Mr. BUCHANAN. I think it would be very interesting to break it down on the entire three steps, so far as the points outlined.

Secretary BRANNAN. All right, I will do that.

Mr. BUCHANAN. All right.

Senator SPARKMAN. We will be very glad to have it.

Is that all you have?

Mr. BUCHANAN. That is all.

(The estimate requested follows:)

TENTATIVE ESTIMATE OF COST

This tentative estimate covers the cost of the programs recommended for low-income people in agriculture.

Present farm operators.—There are approximately 2.2 million farm-operator families who can participate advantageously in special programs designed to enable them to earn incomes that will support acceptable standards of living. In an expanding national economy and with these programs about half of these families might find opportunities in full-time farming operations, and the other half by obtaining work largely off their farms.

Of the 1.1 million estimated to remain in agriculture, probably 1,000,000 would need additional capital which, under present credit standards, they probably would be unable to obtain from cooperative or private credit agencies. It is estimated that over a period of 10 years loans to this group to carry out the program would amount to as much as 8.5 billion dollars. The cost of making and collecting these loans and of extending farm and home-management assistance would total 1.5 billion dollars. This assumes that all would need operating loans to acquire working capital and to meet operating expenses and that half of them would require farm-ownership loans, including funds for land improvement, farm enlargement, and repair or replacement of houses and other farm buildings.

Losses on loans, allowing for a substantially higher rate than experience so far would indicate, would amount to about 0.5 billion dollars. Interest collections should approximate 3.2 billion dollars. This indicates that, at current rates of interest, such loans would not only cost the Government nothing but under the conditions assumed would return \$1,000,000,000 above cost.

Special adjustment aid payments totaling 1.5 billion dollars over a 10-year period would be necessary to enable this million small farmers to make desirable changes in their systems of farming.

In an expanding national economy the remaining 1.1 million low-income farm families might find better opportunities than in full-time farming operations. I have recommended a special vocational readjustment program to help some of these families. If half a million of them sought such assistance as retraining, subsistence during the retraining period, and transportation and moving expenses, the cost, including assistance to industries who offered training, and administrative costs of the agency carrying out the program probably would amount to around \$450,000,000.

Hired farm workers.—The social-security programs recommended for the benefit of hired farm workers would be on a contributory basis and would entail no costs other than the ordinary costs of such programs for workers as a whole. However, extra costs no doubt would be involved in making adequate housing and health services available. Moreover, I have made no estimates for improvements in rural schools.

Of the 4,000,000 hired workers who are employed in agriculture during some portion of the year, about 1.6 million engage in such work as their major activity. The 1.6 million include about half a million of the 880,000 migratory workers who work on farms during some portion of the year.

Nearly all of these half million migratory workers are in 225,000 households which also include 540,000 nonworking dependents. It is estimated that 100,000 of these 225,000 households need permanent homes including a couple of acres for a garden and chickens. An additional 100,000 families need substantial repairs or remodeling of the homes in which they now live. Additional migratory camps also are needed.

The 1,100,000 local hired farm workers of the 1,600,000 hired workers who engage in farm work as their major activity consist of some single individuals and of workers in 475,000 households. Most of these families need improved housing.

Such a housing program for both migratory and local workers, if handled on a loan basis, might require over a period of 10 years around \$2,100,000,000 to assist 600,000 of the 700,000 households. We do not know at this time whether or not the benefits from the other programs recommended for farm workers will be made available. If these programs are adopted, farm workers would be enabled to repay housing loans without significant loss. Even if over a period of years needed subsidies or loan losses on housing of \$1,000 per family together with costs of administration, including construction and operation of migratory labor camps, and the provision of health services to camp occupants and 100,000 additional

hired workers, amounted to an additional \$1,000 per family for the 600,000 families, or a total of around \$1,200,000,000, the cost would appear to be more than justified, particularly since it appears that the whole sum probably could be recovered in the interest collected on the housing loans.

This tentative estimate does not cover programs for farm operators over 65 years of age nor for part-time farmers who work more than 100 days off their farms, since most families in these groups could not participate advantageously in programs involving major farming adjustments or redevelopment of farms. Neither does it cover the cost of needed training and expanded placement programs for hired farm workers.

In deriving these tentative costs estimates it was expected that existing programs to provide farm ownership credit for those who desire to buy farms and operating credit for farm families suffering misfortune as well as for beginning farmers, would be continued and expanded.

The tentative estimates do not take into account the interest the Government would pay on the money it used. Neither do they consider the increases in income taxes to be collected from the families benefited, many of whom have paid none at all in the past, nor the beneficial effect on the national economy of the increased productivity and purchasing power of these families.

Senator SPARKMAN. Congressman Huber?

Mr. HUBER. I appreciate very much hearing your statement, Mr. Secretary. I liked particularly what you said that good farmers require, as you called it, good basic education.

I think there is one school of thought in this country that feels that, well, anybody could be a farmer, and as a city boy I am glad to see that it is recognized that it is just as scientific an operation to run a farm as anything else.

One of my colleagues said during a debate on the farm bill that an old farmer in his district said, "You cannot tell me about farming. I have worn out three of them already." There is something to that. [Laughter.]

You touched on 110,000 cotton migrant pickers alone, and the gentleman who testified this morning told us that there were 322,000 persons who had been eliminated from agriculture in 16 Southern States, 114,000 white, and 208,000 nonwhite, which brings me to the point that we probably should have legislation for displaced persons, a displaced-person bill for Americans. I think something of that kind, to transport these people, might be in order.

Secretary BRANNAN. I think it would, Congressman Huber. As a matter of fact, there was some of that done during the war, when there was a real need for the movement of some of the people out of areas of overabundant supplies of labor into areas where there were shortages of it.

I might refresh your memory—the committee probably will recall when I speak of it—that we ran into a great deal of difficulty from State legislation. As a matter of fact, in one of the States, the Department's people were thrown in jail for attempting to indicate to some men that there were jobs elsewhere in the war factories for them. This was pursuant to a law on the books, so it is fraught with difficulties, and that is part of the area for consideration that I understand the committee wants to undertake.

Mr. HUBER. Well, as one who supported the so-called displaced-person bill, and would vote to amend some of the discriminatory features of it, I think we might well consider such legislation.

I understand the chairman has a bill that will incorporate that.

Senator SPARKMAN. It provides for that, among other things.

Mr. HUBER. Many other things. I like that.

You mention the large number of citizens of tomorrow who are coming from the farms with the highest birth rate in the Nation. You say, if these children reach maturity embittered by the experiences of their early lives and ill-equipped for the economic struggle, the effect on the American future will not be good.

Now, everybody talks about communism nowadays. In fact, some people go off on a tangent on it, and we are in the habit of blaming the large cities.

Well, of course, I suppose New York has more Communists—they probably have more church people and everything else, but I am wondering if that would not be our best bulwark against communism, to try to help these farm families who, because of the discouragement on the farm, go to the cities, and then we have this problem of discontented people. I wonder if that would not be our greatest bulwark right there to help these people before they go in and live in these teeming slums and still are not able to help themselves?

Secretary BRANNAN. I think it would.

As you know, some folks say that the most important crop exported from American farms is the children to the cities. The birth rate in rural areas has generally been higher than in the urban areas, and it is people from the farm who have gone to and made up our large cities from time to time.

So, I am sure I am in agreement with you when I say that the sooner we get started on educating them to really understand what democracy stands for, the better job we will be doing.

On the table in your statement, I noticed that entertainment was not reported in that.

Mr. BUCHANAN. Toys and movies.

Secretary BRANNAN. There are toys and movies in there.

Mr. HUBER. I missed that, toys and movies.

Secretary BRANNAN. And entertainment would also be in "All other expenses" down at the bottom.

Mr. HUBER. That was the \$49. I was thinking that if some of these farmers smoked a pack of cigarettes a day, it would cost them 17 cents a pack, \$62 just there, and I think maybe some of them might take an occasional bottle of beer or some other thing. [Laughter.]

That is all.

Senator SPARKMAN. Mr. Rich.

Mr. RICH. Mr. Secretary, you have a very large department of government, have you not, the Department of Agriculture?

Secretary BRANNAN. Yes, sir. There are in the neighborhood of a little over 50,000 full-time employees, and around 70,000, or a little better, of full-time and part-time employees together.

Mr. RICH. Fifty thousand people, and seventy thousand part-time—

Secretary BRANNAN. No, full-time plus part-time runs up to about 70,000.

Mr. RICH. Oh, I see; 70,000 all told?

Secretary BRANNAN. In the aggregate; yes, sir.

Mr. RICH. What does it cost a year to operate your department of government?

Secretary BRANNAN. Our annual budget runs in the neighborhood of a billion dollars a year, sir.

Mr. RICH. A billion dollars a year? That is a thousand million dollars to run your Department.

Senator SPARKMAN. May I ask, that includes the support program, the benefits, too?

Secretary BRANNAN. Yes.

Senator SPARKMAN. That is not the administrative expense.

Secretary BRANNAN. Oh, no; oh, no.

Mr. RICH. That is the Department of Agriculture, a thousand million dollars a year.

Secretary BRANNAN. That is \$300,000,000 for conservation practice payments alone. It includes export benefits, all school-lunch programs, and many other types of assistance which run outside of the agricultural area alone.

Mr. RICH. And subsidies to the farmers for all branches of the operation of their farms.

Secretary BRANNAN. As and when some of those are determined, they are put in separately from time to time.

Mr. RICH. The Department of Agriculture of our Government in the last 15 years has increased to what extent?

Secretary BRANNAN. It has decreased by about 35,000 people from its peak.

Mr. RICH. You mean it had 105,000, and now it is only 70,000?

Secretary BRANNAN. Yes; we had 105,000 at one time. We have been cutting down every year since the war, as we have been withdrawing from the wartime types of operations, sir.

Mr. RICH. How many of those employees are located here in Washington?

Secretary BRANNAN. There are around 9,000 of those employees in Washington, between that and 10,000.

Mr. RICH. Sixty-one thousand, then, are located out in the field?

Secretary BRANNAN. Yes, sir. As I indicated, some 20,000 or 25,000 of those people are part-time employees.

Mr. RICH. That is right.

Secretary BRANNAN. Who are known as WAE and the limit on their salary is probably around \$25 to \$30 a month. They cannot make more than that.

Mr. LASSETER. Five dollars a day, about \$20 a month for our committeemen.

Secretary BRANNAN. Yes. That is true of the field people of the Production and Marketing Administration; they have a limited income.

Mr. RICH. And you have a pretty big leeway in the operation of that Department under the law in aiding and assisting the farmers in order to make the condition of their farming much better, and to give them greater improvements?

Secretary BRANNAN. Well, Mr. Rich, without appearing to complain at all about the law, I do not think it is fair to say that we have wide leeway. Many of the programs are spelled out in great detail, great detail.

Mr. RICH. And you are not permitted, then, to do many things that you would like to do, is that it?

Secretary BRANNAN. Well, I think there are some. If we go area by area, I would like to indicate that I would welcome some latitude of authority; yes, sir.

Mr. RICH. This morning we had a witness before us, Mr. Ernest E. Neal, from Alabama, who spoke of the land-grant colleges, and the aid and assistance to the States. He made the statement that there were probably 27 of those—I may be wrong—

Senator SPARKMAN. Seventeen.

Mr. RICH. Seventeen of those schools in the South, and that the larger of the farms received the greater amount of the benefits that accrued through the land-grant colleges than the small farms, and I told him I was going to try to help him.

Now, what can you do to help the small farmers in the South through the land-grant colleges, so that the larger farmers do not get the benefits—that much of it should go to the smaller farmers?

Secretary BRANNAN. Well, I would refer you to the Farmers Home Administration legislation.

Mr. RICH. Do not refer that to me. Help Dr. Neal. I want you to help Dr. Neal.

Secretary BRANNAN. I was referring to you by way of a suggestion with respect to that legislation. It is geared to assistance of the low-income farm people of the South and elsewhere in the country, and again I make the point that the South does not have a monopoly on the low-income farm people. They are in almost every State, and in that legislation there are clear statutory limitations or confinements to the low-income group.

Mr. RICH. Dr. Neal is not here, is he?

Mr. BUCHANAN. Yes; he is.

Mr. RICH. I hope Dr. Neal will get an opportunity to discuss this with you because I told him I was going to try to help him, and I am going to do that, and I hope you will have some of your department heads to discuss that with Dr. Neal so that he knows that the low-income farmer group in his part of the country is going to be helped. I made that comment this morning, and I hope that we will carry that out if we can, and that you will give him some attention, and I hope Dr. Neal will see you after this meeting is over.

Secretary BRANNAN. We certainly will.

Senator SPARKMAN. By the way, I suppose we have available some copies of his statement. We would like very much to give you a copy and to have you read it at the first opportunity you have, because it was one that was full of substance.

Mr. RICH. Understand, I am not trying to interfere in your program any more than I want to make good a promise that I made to the witness this morning, unless your program is wrong. If it is wrong, then it is my duty to try to interfere.

Secretary BRANNAN. Mr. Rich, you are welcome at any time.

Mr. RICH. Now, Secretary Brannan, you say:

Many farmers do not have the land or the capital to cash in on the high prices.

During the war wages were high for farm workers, but living costs were higher. You say:

In the end, most of these families were right back where they were when the war started—broke.

What do you mean by that statement? During the war I understood that the farmers all received great benefits from the agricultural program, and I understood that the people on the farms were about

the happiest that they have ever been, and you say that they were broke. I would just like to know what you mean by that.

Secretary BRANNAN. Well, sir, take the substantial number of farmers who would have an income in normal times, in prewar times, of, say, \$500 a year from cotton.

Now, let us say that any particular time cotton was selling in the market place at 20 cents a pound, their \$500 income was based on cotton at 20 cents a pound.

Cotton during the war went to 40 cents, let us say. That would mean that these folks got a thousand dollars, gross return.

Well, during the same period of time their costs of operation went up, which cut down their net earnings, which meant that their net earnings were not increased by 100 percent, but more importantly than that, even though families had a thousand dollars net income, they still were only buying the basic essentials, and were not getting anywhere near the luxury class or even the fair standard of living class.

Mr. RICH. Were not the families that were working on the farms, were they not much better off than the low-income families that worked off the farms in the urban centers?

Secretary BRANNAN. No, sir; no, sir.

Mr. RICH. They were not?

Secretary BRANNAN. No; that is a broad and quick answer, but I would say that the relative improvement in rural areas was not as great as it was in urban areas.

Mr. RICH. The rural families, were they not able to get foodstuffs and more opportunity to grow their own foodstuffs, so that they had more things to eat than the families who lived in the cities?

Secretary BRANNAN. Well, Mr. Rich, the illusion that all farm people raise all the things they need is not too well founded, because in many areas where there is a one-crop system, every bit of the land is practically devoted to that one crop, and there is no opportunity to raise livestock or the livestock products that those people need, and there is no money available to invest in the cow.

Mr. RICH. Do not most of these people have their own gardens?

Secretary BRANNAN. Most of the farmers—well, I would say in many areas of the South, there are no gardens on lots of the small farms.

Mr. RICH. Is that right?

Secretary BRANNAN. Yes, sir; and I would say that in many areas of the Midwest they are getting to be less and less, the gardens on the farms.

Mr. RICH. Why so?

Secretary BRANNAN. Because it is easier to go in town and buy it in the can.

Mr. RICH. In other words, they can buy it cheaper than they can grow it?

Secretary BRANNAN. Well, it is easy.

Mr. RICH. And they still have the farm—

Secretary BRANNAN. It is easier.

Mr. RICH. Oh, easy. We are hunting an easy way.

Secretary BRANNAN. Is not every human being hunting the easy way?

Mr. RICH. I know everybody in Washington is hunting the easy way. [Laughter.]

Mr. RICH. And the easy way is not always the best way, and that is the one thing that I am trying to get at. I think we have got to the point where everybody is looking for something easy, and the easier it gets, the more they want of that easy stuff, and the less opportunity we are going to have for people to give themselves things that are better for them.

I think this business of easy, easy get, easy spend, easy more. They want more all the time, and the more we give them, the more they want, so I just wonder where we are headed for in that respect. Do you think we are headed for better conditions in this country by trying to get the easy way?

Secretary BRANNAN. Well, Mr. Rich, of course, I got it from my own experience, and I have got to differ from your premise. I do not think most people are seeking the easy way. I think most people—the farmers that we work with and come in contact with all the time—are seeking a fair opportunity, an opportunity to use their labor a reasonable time of the year, an opportunity to get a fair price in the market place for the commodities they are able to produce.

I do not see any of them looking for ease. Every one I talk to—

Mr. RICH. I am not speaking of farmers altogether. I think the farmers are the hardest working people we have got, but I am thinking of everybody in this country who is looking for the easy way. They would rather than work to get something, and rather than cook a meal, just go to a can and open it up, and eat out of the can, as it were.

Secretary BRANNAN. Well, Mr. Rich, that makes business for a lot of people, too.

Mr. RICH. Oh, sure it does.

Secretary BRANNAN. And I must confess to you right now that we in the Department of Agriculture are helping those industries which do good food processing to improve their methods so that more people can have access to the foods that are grown, in better condition, and at further distances away from the source of production.

Mr. RICH. Do you subsidize any of those people?

Secretary BRANNAN. I would say "No," although there are some assistances which are given from time to time, which you might want to term as subsidies; somebody else may not term them subsidies.

Mr. RICH. Do you term assistance as a subsidy? Is not assistance a subsidy, or maybe you do not like that word; maybe you would rather say "assistance," and if you do, we will use the word "assistance" this afternoon, instead of "subsidy." [Laughter.]

Secretary BRANNAN. Well, all right, I do not care which term you use, but the Agricultural Research Administration is working every day to improve varieties of crops, to improve methods of preserving crops.

As soon as they get that information they pass it out to all farmers. Now, many people call that a subsidy. Others call it assistance. It is a subsidy in a broad sense of the word. It does give the fellow something that he did not have before. He paid his tax money for it.

Mr. RICH. If we call education a subsidy, we might as well call education a subsidy, and if we educate them that way—but I am thinking of the dollars that you pass out, more particularly, instead of the canners and the ones that produce canned food, whether you pay them any money for canning.

Secretary BRANNAN. We subsidize no canners. During the war, they made some cash payments to canners so that they could keep their prices within OPA range, but that is not the situation now.

Mr. RICH. When you subsidize and pay people to do their work, it costs the Government more money to do that, does it not?

Secretary BRANNAN. Well, if you are now talking about giving them money, every time we give them money, sure, it costs the people money.

Mr. RICH. It costs the taxpayer more. In other words, we have got to raise more taxes in order to meet those expenses.

Secretary BRANNAN. Right.

Mr. RICH. And we are subsidizing now the Department of Agriculture pretty heavily, are we not?

Secretary BRANNAN. Not any heavier than we are in other segments of the economy, and not as heavy, in my opinion.

Mr. RICH. You would like to have more?

Secretary BRANNAN. No, I would just like to have equality, that is all I have been working for.

Mr. RICH. You mean equality with what?

Secretary BRANNAN. Of opportunities to earn a fair return in the marketplace for the American farmer.

Mr. RICH. The only thing every department of Government is after, is the same thing, and when they all get after it, 10 or 12 of them, they just keep us busy, and we just do not know where to get the money. We are having a hard time, and we are going in the red at the rate of 7 to 10 billion dollars this year, and I think we are in bad shape, and I am wondering, with all the things you have suggested in your program this afternoon, I thought a thousand million dollars ought to go pretty far in trying to give us the information that you say you would like to find from the farming public, as per the statement that you read here to us.

There are a lot of things that you want to know. You say if you get it, that is going to mean a greater increase in the size of the Department of Agriculture, is it not?

Secretary BRANNAN. Yes, but not an appreciably large increase. As a matter of fact, we can do many of these things with a very small augmentation of our existing staffs.

Mr. RICH. What I was going to try to find out, is with the existing staff that you have, why could you not do a lot of the things you have stated this afternoon? If you can answer that question, there are a lot of questions I can ask that I can get along without asking you.

Secretary BRANNAN. As I pointed out in the statement, we now have the authority to do many of the things that we have recommended, but the funds are not there to do it with, neither the funds to augment staff, nor the funds to make production loans, for example, to make loans which will permit farmers to adjust, let us say, out of cotton or out of one of several crops into a livestock type of operation and to buy livestock or to build dairy barns if they could get into the dairy business.

Mr. RICH. We have departments of Government that are giving you that permission, those funds.

Secretary BRANNAN. I say we have the authority, but we do not have the funds to supply all of the applications for loans.

Mr. RICH. You want more?

Secretary BRANNAN. Yes.

Mr. RICH. And the same thing, only more of it?

Secretary BRANNAN. That is right, Mr. Rich, and I want to point out to you, that those loans are repaid with interest. Sure, in some cases we take losses, but remember we are dealing with the most difficult financial strata. But a remarkably high percentage of those loans are paid. The farm ownership loans are repaid almost 100 percent, and ahead of schedule, so it is costing nobody anything, really.

Mr. RICH. How about your insurance, crop insurance?

Secretary BRANNAN. Crop insurance? The present program is working quite successfully.

Mr. RICH. I am thinking of the program you started 8 or 10 years ago, until we, the Congress, cut it down. That was pretty rough on the taxpayers, was it not?

Secretary BRANNAN. Well, there were some losses. Remember, that the money all went back to help build up the consumer——

Mr. RICH. To the farmer.

Secretary BRANNAN (continuing). Build up the consumer purchasing power of the American farmers, and made it possible for American farmers to buy the things that were produced in some of the factories in the cities, and, therefore, was a stimulus to our economy.

Mr. RICH. Did you approve of that, the things that were done in that crop insurance?

Secretary BRANNAN. Oh, no, they were not actuarially correct, but remember this too, Mr. Rich, that here your Government was going into a field of insurance in which practically all other private enterprises had failed to go, and is still failing and refusing to go because of the lack of knowledge and risk.

Mr. RICH. Who would go into an insurance like you do? For instance, let me cite some of the things where you planted cotton, pay the farmer to get the cotton, get the cotton insured, insured the crop, and then the farmer let it go and never did a thing with respect to it, and let it grow in weeds, and then paid him more at the end of the year, and razed the crop. That was dishonest insurance, was it not? You had a lot of cases like that, too many of them.

Secretary BRANNAN. I am ready to admit that some of our programs have not been 100 percent successful, but I would like you to give credit to the people in the Department who worked on those programs, that as fast as they saw the defects they cured them, and as a result today we do have a good program.

Mr. RICH. I think a lot of that was cured because the Congress got after you and just would not stand for it any longer, and cut it down. They wanted to go on with it, but we just refused to do it. We had a hard fight to cut it down.

Secretary BRANNAN. I do not think you can put your finger on anything in the Department of Agriculture——

Mr. RICH. Oh, yes, I can. I can take you to one congressional district where you lost \$9,000,000 in that very way in 1 year. That is a lot of money.

Secretary BRANNAN. Not, Mr. Rich, because the employees wanted to lose it.

Mr. RICH. And you had a lot of wheat farmers who were told by the Agriculture Department to let the wheat stand in the field rather

than to harvest it, and they would get more money for it, and they did, and then after they got their pay they went out and cut it and fed it to the pigs. I know that from personal experience. I told the Department of Agriculture about it at the time.

Secretary BRANNAN. Mr. Rich, we are not doing it now. If we are doing anything which is actuarially or administratively wrong in our crop-insurance program, you point it out to me, and we will take steps to correct it at once.

Mr. RICH. We are going to watch you and we want you to watch it very intensely.

Secretary BRANNAN. We are watching it intensely. We have a special committee.

Mr. HUBER. Will the gentleman yield?

Mr. RICH. I want to yield to my colleague.

Mr. HUBER. Give me more than one question, I want to go back—

Mr. RICH. We are not going to have an argument here between you and me.

Mr. HUBER. We are going back 8 years, and I think we ought to go back to 1922 to 1928, and examine the policies in agriculture and see what happened to agriculture during those days, when all our factories were closed, and I want to say here that this aid that the Government can give to many of these people, it is simply the Government making a loan in order for these people to rehabilitate themselves.

Secretary BRANNAN. That is right.

Mr. HUBER. And it takes the future drain away from the Government. If they can make a loan, they can pay out, and in many cases they have shown that they will, and then it takes the drain away from both the Federal Government, the State, the local subdivision and all, and is good for the people, and is money well spent, self-liquidating in many cases.

Secretary BRANNAN. Mr. Huber, if I may just add one sentence to what you said, the crop-insurance losses nowhere equaled the price insurance losses of the old Wheat Board.

Mr. RICH. I do not know anything about that, but I know your losses were about a hundred million dollars in crop insurance.

Secretary BRANNAN. The Farm Board loss I referred to was a half billion.

Mr. RICH. In 3 years of operations. That did not include the cost that you had in the Department of Agriculture, because—

Secretary BRANNAN. The administrative cost?

Mr. RICH (continuing). The administration costs, which were all paid for outside of the crop-insurance program. It was bad, and I hope you do not let it get that way again, Mr. Secretary. I hope you will keep your eye on it.

Secretary BRANNAN. We will do our best.

Mr. RICH. Now, in reference to the program as you increase the prices of the farm produce, these commodities, you therefore also increase the cost of living, do you not, to the ones who do not work in agriculture? In other words, their prices are increased for these commodities which the farmer produces. That is natural, is it not?

Secretary BRANNAN. Well, it does not—it is not actually working out that way right now.

Mr. RICH. When you pay for the cost of agricultural products, and you have a guaranteed price, naturally the farmers' produce you buy, you have to pay more for it, do you not?

Secretary BRANNAN. Yes, if you do it by the loan-and-purchase method.

Mr. RICH. Sure it is; you know it is, and I know it is. When you subsidize wheat, and you want the Department to give the farmer—when you want the farmer to get $2\frac{1}{2}$ dollars for wheat, instead of wheat, as he said, a dollar a bushel, it costs the fellow who buys it that much more.

Secretary BRANNAN. That is correct, sir.

Mr. RICH. That is right, sure. Then, if you bake a loaf of bread, and when bread was down to 5 cents a loaf, you raised it up to 22 cents a loaf, and it costs the fellow who wants to buy a loaf of bread that much, does it not?

Secretary BRANNAN. That is right. But the difference in increase in the cost of bread did not all go to the producer of it, by a long shot.

Mr. RICH. No, the consumer, the consumer had to pay for it.

Secretary BRANNAN. Yes, but he was not paying the farmer except only a very limited portion of it.

Mr. RICH. I am not talking about the farmer, only about general conditions.

Secretary BRANNAN. Yes.

Mr. RICH. When you raise the farm commodities and all the other profits that go into it, the consumer has to pay the high price, and it is responsible, in its part, for the high prices.

Secretary BRANNAN. Well now, Mr. Rich, do not get me on record as saying that I am for high prices; I am for fair prices.

Mr. RICH. Let me ask you this, if a manufacturer of flour made bread, if he paid a dollar for wheat, it would cost him so much to make his bread. If he paid a dollar and a half or two dollars for wheat, it would cost him that much more, would it not, to make a loaf of bread?

Secretary BRANNAN. I imagine if you increase the price of wheat to the miller by 50 cents, he would not have to increase the price of his bread to the customer by more than a quarter of a cent a loaf.

Mr. RICH. But he would have to increase the price. He would have to increase the price is what I mean. I just wondered—

Secretary BRANNAN. What he would do? He would increase it considerably.

Mr. RICH. My colleague was getting on something a while ago. I heard the statement made last year that we raised the price of commodities to the farmers, and we raised the price of labor, but the Republicans are responsible for the high prices of foods.

Mr. HUBER. That is right. [Laughter.]

Mr. RICH. So we just get in these joyful occasions once in a while in our committee hearings; and I just like to air them out. [Laughter.]

That is part of my duty here to keep these other fellows straight. [Laughter.]

Mr. HUBER. Will the gentleman yield?

Mr. RICH. I just will not yield to you now.

Mr. HUBER. After 2 years the voters corrected that mistake in the Eightieth Congress.

Mr. RICH. Yes; but here is one thing, you asked for certain changes in the laws, and he is speaking about the Eightieth Congress. You asked for changes that you would like to have. Did not the Chief Executive say last year that if "you give me a Democratic House and a Democratic Congress, in 2 weeks I will change the laws any way you want"? Who is responsible for your not having the authority that you want in your Department? Whose fault is it? If you do not get what you want, are you going to blame that on me? [Laughter.]

Well, let us go on there, there are a lot of things that are very important here in this program.

You say—

new adjustment aid would be helpful for such purposes as soil and water conservation measures; obtaining equipment, fertilizer and limes, seeds, and breeding livestock; pasture improvements; land clearing; water supply for livestock and irrigation; building repairs or remodeling needed in shifting to other systems of farming; and to enable low-income families to join with their neighbors in cooperative efforts of various kinds.

I thought you had all those powers to aid and assist the farmers in those things.

Secretary BRANNAN. In some areas and under certain circumstances we have the bulk of those powers. In other areas, we do not have the powers, and in some areas where we have the powers, they are not coupled with the availability of funds.

Mr. RICH. What do you mean, that you can do things for the farmers in Pennsylvania that you cannot do for the farmers in Alabama?

Secretary BRANNAN. No; I am talking of areas of subject matter, not geographic areas.

For example, I suppose you can properly say that the Farm Credit Administration could loan for a new barn.

Mr. RICH. That is right.

Secretary BRANNAN. But it cannot loan to a fellow who has no credit or has very little credit, and we are now talking about the people who have little or no credit; therefore, the authority basically to loan for the building of a barn is not going to be useful in helping the fellow who has no credit and cannot apply and secure a loan under the farm credit system.

Now, that fellow may be able to get some assistance under the Farmers Home Administration system, because their rules are more lenient, but even to dip down to the lower levels in the economic strata, I am talking exclusively of this group—I suggested that we are going to need some relaxation of the Farmers Home Administration rules because they were tightened up during the war, and are still a little tighter now than they should be.

Mr. RICH. Then the only thing that we can do to help the fellow who has not got anything himself, does that mean, Mr. Secretary—and I am sincere in this—now to the extent that some of the poorer families that have nothing, is it because they do not have any chance or opportunity at all or is it because they may be indolent and shiftless and they do not want to get ahead?

Secretary BRANNAN. Well, we are talking about the people who want an opportunity. The others come under different kinds of assistance.

Mr. RICH. And the man who wants an opportunity, do we not have some way in agriculture, in the Department of Agriculture, so that we can help that fellow?

For instance, if he wanted to get a piece of land or he has a piece of land and he wanted some improvement on it, is there not some way we can lend him some money through your Department?

Secretary BRANNAN. Under the Farmers Home Administration that fellow may be eligible for a loan to buy a farm, but we are only able, with the funds available to us, to make loans to two and one-half percent of the people who apply for that very kind of loan.

Mr. RICH. Then if we would make additional amounts for that particular purpose available, you could aid and assist a lot of low-income families?

Secretary BRANNAN. A lot of farmers.

Mr. RICH. You think that the proportionate share of these people would work and strive earnestly to try to take care of their obligations if they were given the opportunity?

Secretary BRANNAN. I certainly do, sir, and I do so on the experience of having personally watched many of those loans being made and repaid.

Mr. RICH. Do we have many losses from the ones who are given larger loans, and whom you naturally think are responsible and are going to pay the loan, but do not pay it?

Secretary BRANNAN. Well, the reason for failure to repay the loans in the limited number of cases in which those loans are not repaid are manifold. Something may have happened to the head of the family after the loan was made. He may have had a heart attack; he may have lost his arm; he may have just gone berserk—people do in all walks of life.

Mr. RICH. That is right, I appreciate that.

Secretary BRANNAN. And we do lose money on some of these loans.

Mr. RICH. We could tell a lot of your farmers to go to the RFC and get their money there, because it is pretty easy money down there now. [Laughter.]

If you want a hundred million or two hundred million, you can get it pretty easily.

Mr. HUBER. I do not believe that is true. I would criticize the RFC for demanding more collateral, more kuaranties than people have to make for loans in their home town bank.

Mr. RICH. You mean from some people.

Mr. HUBER. From a great many people.

Mr. RICH. That might be true now.

Mr. HUBER. That is happening in my district right now. Responsible people who have been in business for many years—

Mr. RICH. Responsible people who want to get a loan can go to banks in their own home towns and get a loan.

Mr. HUBER. Much easier than they can get it from the RFC under present conditions.

Mr. RICH. Why go to the RFC when they can go to a bank in their own community? That is all poppycock.

Mr. HUBER. That is why it was set up; Herbert Hoover set it up.

Mr. RICH. He did not set it up for good, responsible people, because they do not have to go to the RFC.

Senator SPARKMAN. That is a little above the low-income people. We know they are not going to go to the RFC. Let us talk about these low-income people. [Laughter.]

Mr. RICH. Mr. Secretary, in your statement you speak of the minimum wage and child-labor prohibition written into the Sugar Act and into other benefits. Do you not believe that if the 75-cent minimum wage is good for one segment of our people it ought to be good for all?

Secretary BRANNAN. Well, I think that is a proper premise; yes, sir.

Mr. RICH. And then we ought to try to cover everything in the minimum wage, so that those who are left out are going to have a handicap, because others received it?

Secretary BRANNAN. Well, I think there are variations and degrees in which you try to achieve these objectives, and I think we have to just be realistic about it, but I see no reason why the individual who does a good, full hard day's work in a field is any different from the fellow who does a good hard day's work in a factory. Now, maybe it cannot all be done at once, because the factory employer and the farmer are two different types of individuals; maybe they are in two different economic situations, but as an objective, I do not see how anybody can argue with you.

Mr. RICH. I think it is. I think anything that ought to be good for one old-age assistance, ought to cover the farmers just the same as it covers the workers in industry. I think that the assistance that we grant lots of our people, and if we leave one segment of our people out, it is not fair because we ought to treat everybody alike, and I think that those things ought to be given consideration, and if we did that, we are going to help the low-income group, are we not?

Secretary BRANNAN. That is right, sir.

Mr. RICH. That is right. Mr. Chairman, take a note of that.

Senator SPARKMAN. I would like to make a comment right there, if I may.

Mr. RICH. All right, you have my permission. [Laughter.]

Senator SPARKMAN. Thank you.

There are a lot of things about farming that are considerably dissimilar from industry, are there not?

Secretary BRANNAN. That is right.

Senator SPARKMAN. For instance, the farmer has no control over the setting of the price of his products, does he?

Secretary BRANNAN. That is right.

Senator SPARKMAN. And furthermore he cannot shut his factory down for a week or for a day or for any other time. He has got to work it at the right time, hasn't he?

Secretary BRANNAN. Yes.

Senator SPARKMAN. And that usually calls for long hours in certain seasons.

Now, as a matter of fact, a farmer could not pay 75 cents an hour for a long day's work. I mean on the small farm, the kind of farm you are talking about, he could not do that and sell his cotton at the present price, could he?

Secretary BRANNAN. No.

Senator SPARKMAN. Or sell his farm products at the present price structure, over which he has no control.

Secretary BRANNAN. I think that is right, Mr. Chairman.

Senator SPARKMAN. So it is not something that can just arbitrarily be applied.

Secretary BRANNAN. That is exactly right, that is what I am saying, although you and I know that on big mechanized farms they are paying more than 75 cents an hour.

Senator SPARKMAN. Yes. I am not talking about that. I am talking about a low-income farm where, perhaps, the man and his family do most of the work, but where they have to hire labor for the chopping, and they have to hire labor for the picking.

Secretary BRANNAN. That is right.

Senator SPARKMAN. I just make that statement in order that we do not accept a general statement so easily and so readily, particularly in considering the type of farmer we are talking about today on the small farm.

Secretary BRANNAN. That is correct, sir.

Mr. RICH. Nor would you want time and a half after 8 hours on the farm.

Senator SPARKMAN. I say there are some practical difficulties that would have to be studied.

Mr. RICH. That would have to be worked out.

Mr. HUBER. The 40-hour week principally.

Senator SPARKMAN. Well, he cannot use it; the farmer usually works 40 hours in 3 days, instead of 7 days.

Mr. RICH. I do not think there is any man in business today who is putting in harder hours than the man on the farm. You know those cows give milk 7 days in the week, and you do not even have Sunday off; you have got to milk them, Mr. Chairman.

I was in business one time, and I know the cows gave milk 7 days in the week, and I wanted to get out of it.

Secretary BRANNAN. Mr. Rich, we are getting them geared up to where they give three and four times a day. They used to give milk in the morning and in the evening; now they are being geared up to give more milk, more often than that.

Mr. RICH. What do you feed them?

Secretary BRANNAN. Well, we will take you up to Beltsville sometime and show you some of the dairies. [Laughter.]

Mr. RICH. Only one more question, Mr. Secretary. I have heard a good amount of talk and discussion with respect to the Brannan plan, where you are going to see that the farmers get more and the people buy for less. I suppose that would take quite a while to explain to this committee, but I am interested in the people's getting it for less. At the same time I am interested in trying to see that the people get less taxes. Do you take that into consideration in your plan?

Secretary BRANNAN. I do, sir.

Mr. RICH. And we will have a balanced budget by it?

Secretary BRANNAN. Well, sir; the Department of Agriculture does not have that function. That is done in other administrative branches of the Government. but I do say this to you, with respect to the proposals which were made, and which have somehow come to bear my name, and which I am thoroughly proud of, so that you will not think that they hooked the name on me—

Mr. RICH. Generally anybody who introduces a bill, if I were to introduce a bill it would be called the Rich bill, and would not pass.

[Laughter.] It would not make any difference what it was, so I let the other fellow introduce the bill. [Laughter.]

Secretary BRANNAN. I hope they do not hook your name on these proposals because they are having trouble enough now, Mr. Congressman. [Laughter.]

All I am saying about it is, which is apropos of this situation here, that what we are searching for is an opportunity to make it possible for the reasonably diligent farmer to earn a fair return for the things he produces.

If we can do that, then we have accomplished one of the principal objectives of any kind of good farm price-support and other programs. That is the objective of all of them, as a matter of fact.

The second thing is that you and I are living in a country which can produce more of many commodities than it absorbs domestically and can export in a dollar-starved world. Therefore, if you have a surplus of any commodity sitting in the middle of this table today, it presents a problem to you of two kinds: Either you find a way to move that in the market place or you go back and shut off the production of it.

Mr. RICH. Rather than destroy it, you would give it to the ones who need it; would you not?

Secretary BRANNAN. Yes, but first of all I would like to move it into the market place before I talk about acreage limitations or marketing controls, and that is the other aspect of the problem, because I am sure that, of this 4,250,000,000 bushels of corn, that there is only one way we are going to use it, and that is to convert it into hogs, cows, dairy products, chickens, and eggs, and sell them in the market place, because people do not eat corn as corn.

Mr. RICH. When you use that corn and raise hogs, you are going to see that the people in this country get it at a price they can afford to pay for it rather than kill the little pigs and destroy them. That was the worst thing that ever happened to this country, plowing under the cotton and burning the wheat just to get rid of it.

Secretary BRANNAN. While we are putting those things in the market place and moving this big surplus, we have got to do it in such a way that we do not destroy the farmers' purchasing power because they are the greatest potential consumers of almost every industrial product that is produced in the factories of the cities, and that is all there is to it.

Mr. RICH. Mr. Secretary, I am not going to endorse your plan, because I do not know enough about it, but I certainly commend you for trying to see that the people of this country who need the food get it, instead of destroying it; that is to your credit, and I hope that you will carry it out, and that you will never allow anything to go to waste. But you see that our people can get all the food they want at the cheapest price possible, and that when we fill a man's stomach, and we give him the food that he needs, he is going to be well protected and well cared for so far as foodstuffs are concerned, and that is what we are trying to do, and I want to see that happen.

I think that that is one of the principal things of the Agriculture Department, to see that we have foodstuffs enough.

Now, how many bushels of surplus wheat do we have?

Secretary BRANNAN. In my opinion, we have not any.

Mr. RICH. What is that?

Secretary BRANNAN. We have not any.

Mr. RICH. You have not any surplus in wheat?

Secretary BRANNAN. We have about 300 million bushels of wheat in private and public ownership in this country, and, in my opinion, anywhere from 300 to 500 million bushels carry-over annually is in the public interest.

Mr. RICH. And we have no surplus?

Secretary BRANNAN. No. Our surpluses—

Mr. RICH. I was under the impression that we had a surplus of about 800 or 900 million bushels of wheat.

Secretary BRANNAN. Oh, no, sir.

Mr. RICH. Then, I am wrong.

Secretary BRANNAN. Our surpluses are of just two or three types. Our potential surplus is corn, and a potential big surplus in cotton, but the real surpluses we are talking about today are 64 million pounds of dried eggs, about 80 million pounds of dried nonfat skim milk, the canned meat which comes out of the Mexican hoof-and-mouth program, and I do not want to create the impression that they are canning the sick animals; they are canning the animals in the good part, and the noninfected part, to keep the pressure off from getting them infected, you see.

Mr. RICH. I see.

Secretary BRANNAN. And three or four other commodities are all that are really surplus today.

We have 80 million pounds of butter in surplus; but, if you look at the stocks of butter in private hands, they are the lowest they have been in many years, and I anticipate that a good part of that 80 to 90 million pounds of butter will go back into the normal channels of trade, and that some other parts of it can be moved in the school-lunch program, and that we will not have much of a carry-over of butter, but I would just like to give you one example of why I say this surplus problem is not as grievous today as it is talked up to be.

We have got 65 million pounds of dried eggs. It takes 3 pounds of shell eggs to make a pound of dried eggs. Therefore, we have in dried eggs the equivalent of about 200 million dozen of shell eggs which are surplus.

The only people that I know who use any appreciable amount at all are doughnut manufacturers, and they will not use much.

We accumulated that over a period of almost 3 years. There are a 150 million people in the United States. Therefore, if each of the 150 million people had consumed about a dozen and a quarter more eggs in shell form in the period of almost 3 years, we would not have 64 million pounds of dried eggs on our hands, and I say to you that, if we could have put those eggs in the marketplace at just a slightly more attractive price to consumers, we would not have had that at all.

Mr. RICH. Why were you drying them; was it in order to conserve them?

Secretary BRANNAN. We dry them as a means of conserving them in the cheapest form. We also have frozen eggs. According to all of our anticipations, those will go back into the private channels of trade and be consumed industrially. But you get to a place where it gets so expensive and becomes so much of a tax on the present refrigerated warehousing facilities of the country that you have to dry some

of them and put them in the Atchison cave or some other cheaper form of storage.

Mr. RICH. Can ECA use those?

Secretary BRANNAN. We try to shove them into ECA channels, and we have had success.

Mr. RICH. Is ECA cooperating with the Department of Agriculture?

Secretary BRANNAN. We have fine cooperation with ECA. But dried eggs are a hard thing to use. There are many places where people are hungry where if you gave them the dried eggs they still would not have much to mix them with and would not know how to mix them. You would have to can them or put them in some preservable form, which would be more expensive.

Mr. HUBER. I would like to say at this time I do not understand all the complexity of the farm problem, but we were told by Mr. Pace and Mr. Cooley that the adoption of that recommendation might have alleviated this great surplus of eggs.

Secretary BRANNAN. That is my firm belief, because that would have allowed eggs to go into the market place at the supply-and-demand level of price.

Mr. RICH. You do not agree altogether with the Members of Congress? I do not agree with them, and you do not agree with all the Members in everything they propose to you, do you?

Secretary BRANNAN. No; I do not. And they do not agree with me, and that is what makes the country the great country that it is.

Mr. RICH. I am very happy to have had the pleasure of coming here myself, and it has been a pleasure to have you here, and I hope we will be able to keep the Agriculture Department to aid and assist the farmers and help the people of this country, because we all need food and have to have it.

If you can make some suggestions here where we can help these low-income groups, if you will help those low-income farmers, those colored farmers in Alabama, I will think we have accomplished something this afternoon, rather than the wealthy landowners getting the results; if you can help those poor people down there, I will appreciate it.

Senator SPARKMAN. Mr. Secretary, I was interested in what you said about the egg situation and how easily the surplus could have been avoided—rather, I will not say “how easily” but by such a small additional consumption which would have avoided the surplus. What about corn?

Secretary BRANNAN. Well, Mr. Chairman, may I interpose one other sentence? That is equally true of butter. We are going to have about 30,000,000 pounds surplus of butter. That is one-fifth of a pound per person.

Senator SPARKMAN. Less than one stick a year?

Secretary BRANNAN. Sure. The same is true of the dry skim milk, nonfat milk. I imagine just a quart or two consumed over the period this milk was accumulated by every person in the United States, and it would have completely disappeared.

Senator SPARKMAN. Even those on a diet?

Secretary BRANNAN. Yes, sir. To get to corn, the corn problem is simply this—and I would like to be very frank with the committee because it is one of the toughest problems I know.

We have had two big corn crops in a row, almost three big corn crops in a row. We will have anywhere from 700,000,000 bushels of corn; we will have upward of that as what was normally considered a carry-over, over and above what will go into normal domestic channels.

You do not export corn as corn, because there are not uses for it overseas. I imagine 50,000,000 bushels which we exported in 1948 was about the maximum of corn that we had ever exported in any year.

The corn price support is a mandatory level of 90 percent, rigid as can be.

Congress took the price off of hogs, and off of chickens. A few folks said that solves the problem. If you drop the price of hogs and drop the price of chickens, you will have no more surplus of corn. The only place for that corn to move is hogs, chickens, beef, and milk and dairy products.

I do not know of any farmer who is foolish enough when he has an assured guaranteed price for corn at \$1.44, which let us say is parity for corn, why he would take a risk on converting corn into hogs, and take a risk on selling the hogs in the market place at an undetermined price because he can sell it right to the Government.

He can put it in his bin and sell it to the Government for \$1.44.

If he converts it into hogs, he takes the hogs to the market place, if we have no price support or a low price support and he takes his chances in the market place. Maybe he gets a good price; maybe he gets a low price. He has gone through a lot of work, converted his corn into something that he is not sure about in the market place.

With our corn we are in a real problem. I do not mind saying we have got to put the price of hogs and chickens in a relationship to corn where we can get the corn moving into those commodities. If we do not, the bin program we had this year will look like child's play alongside of the bin program we will have to have next year if we get another fair corn crop.

Senator SPARKMAN. Do I understand it is your contention that we do not produce too much corn; that we just have not worked out a proper scheme for the consumption of it?

Secretary BRANNAN. That is exactly my contention. We consume in this country per capita about 10 pounds less of meat than we did during the peak of the war, and that is 165 pounds. Incidentally, if I were just to ask you to name a country which has a low diet in Europe, any one of you might well pick out Ireland. Yet the Irish eat 158 pounds of meat a year, and it is not unreasonable for us to shoot at some kind of diet which we once had, much less a diet that the Irish have in meat. If we can find a device—and I do not care whether it is the Brannan plan or any other, which will make it possible for us to convert that corn into livestock and things that people want and get it into their hands and into their stomachs at reasonable prices, we are not going to have to for some period of time go back and ask for acreage limitations and marketing quotas, and so forth.

Mr. RICH. May I ask this? If they have got the price of corn so high and it is not in relation to hogs and cattle and things that you produce from corn, then you would have to change the ratio of the corn price? That would be the question; would it not?

Secretary BRANNAN. That is one of the things:

Mr. RICH. You would either have to change the corn price or raise the others up so they could benefit by the use of feeding that corn?

Secretary BRANNAN. Yes.

Senator SPARKMAN. Of course, it is his contention that you should take away the effect of the support program by letting the commodity reach its own price level in the market; is that right?

Secretary BRANNAN. Yes.

Senator SPARKMAN. Let it sell on the market according to the demand.

Secretary BRANNAN. Yes; but if that does not bring enough return to the farmer to maintain his purchasing power—

Senator SPARKMAN. Make that payment independently on the other end but not as part of the market price.

Secretary BRANNAN. Again may I point out, for the first time today, but I have said it many times, farm income has dropped 20 percent; gross farm income dropped 20 percent since 1947 and will go down some more next year.

Net farm purchasing power is down from \$18,000,000,000 in 1947 to around \$12,000,000,000. I just simply ask the question: How much lower can we afford to allow it to go? That purchasing power is one of the things that really is helping keep the factories in the big cities moving. It is the farmer's demand for all the things he hooks up to his REA, his electrical refrigerator, his water heater, radio, and if he wants, a television set. It is his demand for automobiles, his demand for good machinery, his demand for all the rest of the things which is keeping a lot of people working in the cities.

Therefore, not in the farmer's interest alone, but in the interest of the entire economy, we should not set in motion any kind of a program which, even though it would move these surpluses into the marketplace, does so at the expense of the purchasing power of the American farmer.

Mr. RICH. Didn't the Congress vote to give billions of dollars to ECA to help all the people of the world in order to give you that purchasing power and instead of giving it to our farmers, they gave it to the Europeans?

Secretary BRANNAN. We got a good share of that European market that was created by ECA dollars for American agricultural products. However, Mr. Rich, both by the timetable and plan which was examined carefully by the Congress, and by good logic, as far as I understand it, the European economy is getting more self-sufficient agriculturally and is buying more durable goods.

Therefore, their purchases of our wheat—and it is chiefly wheat and cotton that they have bought—are decreasing some.

Mr. RICH. They were supposed to give ECA so much money to buy wheat from our own farmers, and when they met, the Secretary of State, he took that right away from you and gave the money to Britain so they could buy the Canadian wheat. That left Europe's farmers sitting high and dry.

If he had helped you buy some of the corn, you would not have had that surplus.

Secretary BRANNAN. That is an entirely different story.

Mr. RICH. That is a fact, though.

Secretary BRANNAN. Well—

Mr. RICH. It might be a story, but it is a bad story for the American farmer.

Secretary BRANNAN. I concurred in it. The Secretary of State asked me about it, and I concurred in it. I know I am asking for part of your criticism when I say so, but I did, and I still think it made sense, and I understand we are going to have to explain it many times when Congress convenes.

Mr. RICH. I did not know you were part of that.

Secretary BRANNAN. I must confess now to you I was consulted and did not object.

Senator SPARKMAN. Mr. Secretary, one other question I want to ask you with reference to this surplus program.

You mentioned cotton. Do I understand correctly that cotton is in surplus because of two unusually big crops that we have made, last year and this year?

Secretary BRANNAN. Well, certainly, Mr. Chairman, that is part of it.

Senator SPARKMAN. There was no surplus until last year. We carried over last year about $3\frac{1}{2}$ million bales?

Secretary BRANNAN. Yes.

Senator SPARKMAN. This year the carry-over will be about five and one-half or six?

Secretary BRANNAN. It is estimated to be six to seven. I think the problem—

Senator SPARKMAN. That is added to last year?

Secretary BRANNAN. Yes.

Senator SPARKMAN. Total carry-over?

Secretary BRANNAN. Yes; around seven. Mr. Chairman, I think one of the reasons that we have our surplus problem in cotton is, of course, that loss of dollar-purchasing power in the world. We have lost some world markets and about half of our cotton normally has been exported in foreign markets; a very substantial portion. The world does not have enough dollars to buy all the cotton they used to buy.

That is outside the ECA countries.

The second thing is that the American mills are switching more and more spindles to synthetics, and I say to you that as long as we hold an arbitrary price of 30 cents a pound for cotton, we are giving an open invitation to every textile manufacturer who can produce a semi-competitive or reasonably competitive product or fabric or textile to cotton at less than 30 cents, we are offering him all the spindles, and the American spindles in the mills are going more and more to synthetics.

Senator SPARKMAN. The same thing applies there; your same argument applies there as to corn, to wheat, and these other commodities.

Secretary BRANNAN. That is right.

In other words, we have to find a device for putting cotton into the market place at real competitive prices or we are going to continue to build up greater and greater reserves.

Mr. RICH. Didn't we have the Agriculture Department send men down to South America to teach them how to raise cotton and aren't they raising more cotton down there now than they did several years ago?

Secretary BRANNAN. There is some cotton being produced in some of our South American countries. The private interests in this country went outside of the United States and stimulated the production of cotton.

Mr. RICH. Our Agriculture Department, they even took our farmers down there and paid their expenses and taught them how to raise cotton so that they could raise their own cotton.

Secretary BRANNAN. I do not think that has gotten into the position of where it is competitive for our world markets.

Mr. RICH. It will be.

Secretary BRANNAN. It may be, but if they ever learn to raise any appreciable amount of cotton down there and get their mills, they will have all the markets for all their fabrics at the factory door and not have to go on the world markets.

Senator SPARKMAN. As a matter of fact, the great need we have in this country and all over the world is proper distribution and consumption, is it not? It is not one of production?

Secretary BRANNAN. No, sir.

Senator SPARKMAN. Mr. Secretary, I do not believe you touched on the proposition of extending social security to agricultural workers. I wonder if you would care to comment on that?

Mr. RICH. He mentioned that.

Secretary BRANNAN. Yes; as one of the things to be explored.

Senator SPARKMAN. I overlooked it, then.

Secretary BRANNAN. It was rather a long statement, and I read it too fast, Mr. Chairman.

Senator SPARKMAN. You mentioned off-farm employment, and I think that is a field that we do need to explore and develop. It was one of the things Dr. Neal suggested this morning in his discussion with us. I wonder if you have any concrete suggestions?

Secretary BRANNAN. The TVA has shown us some patterns for operating in that area. Their power policy, their power-sales policy, has had a tendency to decentralize manufacturing of some textiles and other things into the rural areas.

Senator SPARKMAN. You have mentioned the bill, S. 1092, which was introduced by Senator Pepper, several other Senators joining in in the introduction of it, of whom I was one—and, by the way, I might say the history of this legislation is rather interesting. It was first introduced in the Senate by Senator Bailey, of North Carolina, back in his lifetime, and in each Congress since that time there has been a similar measure introduced to provide some kind of Government assistance in the development of undeveloped areas of the United States. You would endorse some such legislation as that?

Secretary BRANNAN. Yes, sir; and I did in this statement.

Senator SPARKMAN. That was what you were particularly referring to, some such method as that, to provide for help in those areas and perhaps in the transportation of people from one depressed area into another area where the job opportunities might be better?

Secretary BRANNAN. That is right.

Senator SPARKMAN. I do want to ask a few more questions, but not take much more of your time. You have been here a long time.

Perhaps this is more properly directed to Mr. Lasseter, who is head of the Farmers Home Administration.

Mr. Lasseter, I think perhaps it was fairly well covered in some of the things the Secretary said. Your program has been successful from a financial standpoint, has it not?

Mr. LASSETER. I would say so; yes, sir.

Senator SPARKMAN. I asked you to get up some information for me. I wonder if you would care to give us briefly a statement relating to it?

Mr. LASSETER. Mr. Chairman and gentlemen of the committee, I have this brief statement here, which merely comprises the progress of the farmers who have borrowed from us. One group of figures shows their progress in 4 years, the time they first borrowed from us and the time they stopped borrowing from us. In other words, at the time they reached a point where they could get credit from regular borrowers.

I do not think it would be interesting to read that. It just shows their net worth increase in the different sections of the country.

Senator SPARKMAN. If you prefer, you may just submit it for the record.

(The material referred to above is as follows:)

PROGRESS OF REAL ESTATE LOAN BORROWERS OF THE FARMERS HOME ADMINISTRATION

A study made by the Farmers Home Administration shows changes that have occurred in the net worth and gross cash income of active tenant-purchase borrowers since they received real-estate loans. The figures produced by this study for the United States and geographic areas are as follows:

	United States	East	Midwest	South	West
Net worth:					
Net worth, end of year ¹	\$2,058	\$2,681	\$3,424	\$1,637	\$2,792
Net worth, end of 1948.....	6,839	8,252	10,900	5,574	9,336
Gross cash income:					
Gross cash income ¹	1,563	2,573	2,200	1,252	2,701
Gross cash income, end 1948.....	4,378	7,956	6,360	3,439	7,781

¹ Before receiving loan.

The difference in these figures for the year before receiving loan and for 1948 are accounted for in part by changes in prices. However, when prices are adjusted upward for the year before receiving loan by the change in the indexes of prices, substantial increases remain. The figures then appear as follows:

	United States	East	Midwest	South	West
Net worth:					
Net worth, end of year adjusted for price change ¹	\$3,253	\$4,022	\$5,136	\$2,588	\$4,188
Net worth, end of 1948.....	6,839	8,252	10,900	5,574	9,336
Gross cash income:					
Gross cash income adjusted for price change ²	2,336	3,787	3,437	1,871	3,975
Gross cash income, end 1948.....	4,378	7,956	6,360	3,439	7,781

¹ Change in prices paid.

² Change in prices received.

Both are varied by area according to average length of time on program.

These figures are for about 33,000 active tenant-purchase borrowers in the United States. Of this number 1,477 are in the East, 6,482 in the Midwest, 23,045 in the South, and 1,304 in the West. These figures do not take credit for the general higher gains made by 13,000 farm families who have paid real-estate loans in full from farm income. On the other hand it is not lowered by

those who have failed. The group that has failed, however, has caused little loss of loan funds advanced. Nationally the total loss to the Government on the \$354,000,000 advanced to all real-estate borrowers in direct loan funds is approximately \$278,000 or eight one-hundredths of 1 percent.

Mr. LASSETER. One is operating loans, and one is real-estate loans. I might refer to Mr. Rich's question about the repayment record and those who have been able to purchase farms through our program. So far the taxpayer has suffered a loss of approximately \$70,000 out of \$250,000,000 that has been loaned, and I think that reflects the character—

Senator SPARKMAN. You mean suffered a loss? You mean that much has not been paid off. There has been interest, so there really has been a profit.

Mr. LASSETER. That much we had to repossess and sell. We repossessed more than that, of course, but very often when they would leave the farm or turn it back to us, we would resell it.

Mr. RICH. Only had \$70,000 loss?

Mr. LASSETER. \$70,000 loss.

Mr. RICH. Out of \$200,000,000?

Mr. LASSETER. \$250,000,000.

Mr. RICH. That is good.

Mr. LASSETER. Yes.

Senator SPARKMAN. That is dealing with the lowest income group.

Mr. LASSETER. We are very proud of it and I knew you would be interested in that.

Mr. RICH. I think that is fine.

Mr. LASSETER. On the other loans the repayment record runs approximately from the beginning of the depression, the worst years, just about 87 percent, nearly 90 percent on the operating loans, which are crop loans, and I might, with your permission, sir, get out of our records a study we made in, I think it was Missouri, of our borrowers there, their own progress, and the extra amount of taxes that they paid as a result of this extra wealth they created, to show that not only did we get our money back, but the communities also benefited by this extra wealth that was created there.

Senator SPARKMAN. That is a particular case study that you made in that one area?

Mr. LASSETER. Yes.

Senator SPARKMAN. We will be glad to have it.

Mr. LASSETER. With your permission, and not desiring to consume any of your time, I would like to have these placed in the record.

Senator SPARKMAN. Fine.

(The study referred to above is as follows:)

INDICATION OF PROGRESS AMONG OPERATING LOAN BORROWERS OF THE FARMERS HOME ADMINISTRATION

A comparison has been made by the Farmers Home Administration of the income and financial position of farm families the year before they received operating loans and the income and financial position of borrowers paying their loans in full.

This kind of a study is not the same as comparing the income of a particular group of families before they received their loans with the income and financial position these same families had at the time they paid their loans in full. Instead, this study creates the same type of result that would be obtained in the educational field by comparing the educational level of freshmen with the educational level of seniors.

The difference between the educational level of the freshmen and the educational level of the seniors indicates the increase in the educational level attained by the students by the time they moved from freshmen to seniors. By the same token, this study indicates the change in income and financial status that occurs to borrowers while they were on the program.

The study shows the following for the United States and the large geographic areas of the Nation.

	Borrowers entering the program	Borrowers leaving the program
United States:		
Cash family income year before acceptance.....	\$1, 536	\$2, 804
Working capital.....	1, 433	2, 650
Net worth.....	2, 352	4, 155
East:		
Cash family income year before acceptance.....	3, 456	7, 277
Working capital.....	2, 895	5, 971
Net worth.....	4, 513	8, 531
Midwest:		
Cash family income year before acceptance.....	1, 711	3, 979
Working capital.....	1, 712	4, 659
Net worth.....	2, 297	6, 054
South:		
Cash family income year before acceptance.....	1, 282	2, 124
Working capital.....	1, 120	1, 742
Net worth.....	2, 009	3, 158
West:		
Cash family income year before acceptance.....	2, 483	5, 453
Working capital.....	2, 793	5, 355
Net worth.....	4, 450	8, 454

You will notice from the United States figures that the difference in income between borrowers entering the program and borrowers leaving the program represents an increase of 83 percent, or a total difference of \$1,268. The borrowers leaving the program have been operating their farms with Farmers Home Administration loans for an average of 4.4 years. Thus, the figures indicate that these families had increased their income at the rate of about \$290 per year. The difference in the working capital represents a change of 85 percent. Most of this was probably obtained when the loan was first made. But the fact that the families had more things to work with and have had a higher income has made it possible for many of them to increase their working capital with their own income.

The difference in net worth represents a change of 77 percent or a total change of \$1,803. Considering that the borrowers have been on the program 4.4 years, this would indicate that they have increased their net worth at the rate of about \$410 per year.

The figures for borrowers entering the program represent 58,000 new borrowers in 1947 and 1948 and the paid-up figures represent averages for approximately 50,000 borrowers paying their loans in full in 1948. At the present time there are 126,621 operating loan borrowers of this type with loans outstanding to the Farmers Home Administration. These are borrowers making major adjustments in their farm and home operations through the credit and supervisory assistance given by that organization.

Senator SPARKMAN. I suppose you do have some pretty knotty problems in handling these loans, both production loans and farm purchase loans.

Mr. LASSETER. Yes, sir. I will say this. The strongest feature of that loan program is that the loans are made in the county, and no one in the Government can lend one dime of that money, sir, unless the county committee, who are neighbors of these applicants, approve it.

Two of those must be farmers, and very often the other man may be a merchant or a banker. They know the community and I attribute the repayment record more to those people and to the man that

actually does the work than I do to our organization. I have to be frank about that.

Senator SPARKMAN. If they get into difficulty, you try to help them work it out?

Mr. LASSETER. Yes, sir; we do. We do need some change, though, in the West. The Secretary referred to that. Our loan limits in the West will not permit us to help these farmers and settlers out there, particularly in the reclamation areas, to get into business.

Senator SPARKMAN. That is the acreage and dollar limitation?

Mr. LASSETER. Yes; the \$3,500 is the most we can lend in 1 year, and they cannot owe us more than \$5,000.

I spent some time in Mr. Horan's district this summer with him, and we found that \$3,500 will not establish a man.

Mr. RICH. That is less than three-tenths of 1 percent in 3 years, and I think that is less than one-tenth of 1 percent a year, and that is very good, a very good record.

Mr. LASSETER. We are very proud of the people who borrowed from us. They made the record.

Senator SPARKMAN. Again that does not represent a net loss.

Mr. LASSETER. No, sir.

Senator SPARKMAN. It just means you failed to collect that much.

Mr. LASSETER. We have collected interest all along with that, sir. Of course, I will have to be frank and say we have had some operating costs, too. You have to include those.

Senator SPARKMAN. Mr. Lasseter, this morning in talking about some of the difficulties of low-income families we talked about some of the big families. You have some big families in your field, do you not?

Mr. LASSETER. You mean big from the standpoint of members in the family? We have some big families; yes, sir.

Senator SPARKMAN. I had a letter the other day from one of your borrowers down in Alabama. He starts off by saying:

As a veteran of World War II, I am writing you concerning our farm. I served in the Navy in the South Pacific in the Third Fleet on a Navy tanker. We are buying our farm through the Government. Have been here 3 years and have had a bad crop year each year. This year we are a little over one payment behind. And it seems as though the FHA is going to take our farm. I am wanting to know if there is anything you can do to help us. We have 11 children, ages ranging from 9 months to 15 years. We feel like they are just getting old enough to be a help to us on our farm and it would be very hard for them to have to give it up.

He enclosed a picture from a paper. The farmer is 33 years old, and the picture of the children shows a perfect ladder going up, with this little postscript, "One new addition has been added."

Mr. LASSETER. I do not think he should worry about losing that farm.

Senator SPARKMAN. I wrote to your man in Alabama and I told him with such a family as that we certainly ought to go as far as we can in giving help.

Mr. LASSETER. I might say that to our borrowers the minimum wage is not very much of a problem because with families like that they do not hire very much outside labor.

Senator SPARKMAN. They do not hire much labor, do they?

Mr. LASSETER. No, sir.

Secretary BRANNAN. At least, he did not have crop failure in one aspect.

Senator SPARKMAN. He did not have all his eggs in one basket. Are there any more questions?

Mr. Smith, do you have anything to add?

Mr. SMITH. No, sir; I think not.

Senator SPARKMAN. We appreciate the fact that you gentlemen have come up here and given us these statements, and I think it has been quite revealing to us, particularly in setting out one fact that I think a lot of people fail to understand. That is that this so-called farmers' prosperity is not at all real, so far as many of our farm families are concerned.

Mr. RICH. I have one question. Are we receiving imports of farm commodities that compete, to any extent, with our farmers?

Secretary BRANNAN. No. The tariff barriers take care of it. The commodities that come in are such items as bananas, coffee, and things like that which we do not grow competitively. Once in a while we get a complaint that we have let in too much of one or the other of a competitive commodity in the field of tree nuts and a few things like that, but on the commodities which go chiefly to making up farm income, no.

Mr. RICH. You have no complaints from the importation of farm products?

Secretary BRANNAN. No, not major ones, but in certain of the areas we do.

Senator SPARKMAN. You have one in reverse on sugar, do you not?

Secretary BRANNAN. Yes, sir.

Senator SPARKMAN. Thank you very much. The committee will stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 4:10 p. m., an adjournment was taken until 10 a. m., Friday, December 16, 1949.)

LOW-INCOME FAMILIES

FRIDAY, DECEMBER 16, 1949

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON LOW-INCOME FAMILIES,
JOINT COMMITTEE ON THE ECONOMIC REPORT,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10 a. m. in room 224, Senate Office Building, Senator John Sparkman (chairman) presiding.

Present: Senators Sparkman and Flanders; Representatives Huber and Rich.

Also present: Grover W. Ensley, Associate Staff Director, Joint Committee on the Economic Report, Samuel L. Brown, Economist, Subcommittee on Low-Income Families, and Elizabeth G. Magill, Research Assistant, Subcommittee on Low-Income Families.

Senator SPARKMAN. Let the committee come to order, please.

We have with us this morning Theodore W. Shultz, sometimes known as Ted, who is professor of economics at the University of Chicago and a recognized authority in the field of agricultural economics.

Dr. Schultz presented a paper called *Reflections on Poverty Within Agriculture* at the meeting of the American Farm Economics Association in Laramie Wyo., last August, which prompted us to suggest that he be invited to testify here.

Dr. Schultz is accompanied by Dr. D. Gale Johnson, who is a colleague of his on the faculty of the University of Chicago, and also a specialist in agricultural problems.

He has prepared two outlines for us, one on low income farmers and Federal agricultural policies, and one on needed research on low-income problems in American agriculture. We have had duplicated the one on low-income farmers and Federal agricultural policy. Dr. Johnson published a most interesting article in the *Journal of Farm Economics* last August, called *High Level Support Prices and Corn Belt Agriculture*, in which he estimates the effect of the Brannan plan on the distribution of farm income.

Dr. Schultz has prepared a brief summary of his remarks. It is a four-page mimeographed statement which is available.

Dr. Schultz, do you and Dr. Johnson wish to participate jointly or successively?

Dr. SCHULTZ. May I say a few things by way of introduction. Then Dr. Johnson should take over, and I shall make a few concluding remarks.

Senator SPARKMAN. Proceed in your own way. We are delighted to have both of you with us.

STATEMENT OF DR. THEODORE W. SCHULTZ, PROFESSOR OF ECONOMICS, ACCOMPANIED BY DR. D. GALE JOHNSON, UNIVERSITY OF CHICAGO

Dr. SCHULTZ. This comment is by way of introduction. We have, at the University of Chicago, during the past several years, been carrying on fairly extensive researches with the support of foundation funds, trying to determine why the earnings of people in parts of agriculture seem to be so low, and trying to get at the economic causes that lay back of it. This is the main reason why we are interested in the work of this committee and its concern about the low-income problem in agriculture.

Senator SPARKMAN. Dr. Schultz, if I remember, you testified before the full Joint Committee on the Economic Report.

Dr. SCHULTZ. Yes, sir.

Senator SPARKMAN. Also before at least one of the subcommittees on the consumer price study, made jointly between the House and Senate last year.

Dr. SCHULTZ. Yes, I had the privilege of being at the round table which the joint committee attempted. I don't know how pleased you were with so many economists around the table at the same time, but all survived, and I enjoyed it.

If it is agreeable to you, I will suggest the following procedure: I will address myself to the general question: Why has the United States accomplished so little during the past 15 years in diminishing poverty, consisting of many communities, in large areas within agriculture? But I am going to do that after Dr. Johnson has presented his testimony, which is, as you indicated in the introduction, based on two memoranda. These memoranda grow out of his researches and thinking, and the one that you indicated, the effects of Federal programs upon the low-income problem, and the other indicates a real gap in research.

I would be pleased, if it is your wish, to let Dr. Johnson go ahead at this point, and then I will take advantage of some of his testimony in my remarks at the end. Is that agreeable?

Senator SPARKMAN. That is quite all right.

Dr. Johnson, we will hear from you.

Mr. RICH. Who is Dr. Johnson?

Senator SPARKMAN. His colleague, a colleague of Dr. Schultz.

Dr. SCHULTZ. We are both on the faculty at the University of Chicago, in the Department of Economics, with primary interest in agricultural problems.

Dr. JOHNSON. I do not know that I will attempt to read, as such, the memorandum that you have here.

Senator SPARKMAN. You may proceed as you wish. We are informal. We are not held to any formal proceedings, as you will probably find out.

Dr. JOHNSON. Have you had a chance to read it?

Senator SPARKMAN. No, it has just been given to us. We have not had a chance to read it.

Dr. JOHNSON. Then perhaps I should go through it.

Senator SPARKMAN. You proceed as you wish.

Dr. JOHNSON. In the memorandum that I have prepared I have tried to show the effects of changes in the economic conditions and the

types of Federal farm policy which we have had since the early thirties upon the distribution of farm income. My emphasis has been upon whether or not low-income farmers, as such, have tended to gain in any relative sense compared to the higher-income farmers. In other words, have the combination of Federal policy and changing economic conditions since the beginning of the thirties, appreciably improved the relative or absolute position of low-income farm families?

The data that one has to draw upon are not quite as satisfactory as one might hope, but yet I believe they are adequate to support several conclusions which I will state at the end of my discussion of the first memo.

One set of data that I drew upon was the distribution of gross farm income as indicated by census data. Of course, as we all realize, the level of farm prices has changed appreciably over the last few years, say the last 20 years, going down and then gradually up in the latter half of that period. And so, in order to use these data, certain adjustments were necessary to take into account the change in the level of farm prices, and those adjustments are indicated in the memo itself.

But if you look at the three different time periods for which we have data, 1929, 1939, and 1944, we find that roughly the same percentage of all farm families had a total value of products of less than \$600, in terms of 1939 prices; 47½ percent in 1939 of the farm families had less than \$600 in value of products; in 1929, which was the last year of the prosperity of the twenties, 46 percent of the classified farms had less than \$950 in value of products, which was equivalent to the \$600 in 1939; and in 1944, which was about the peak year during the war period of farm income, 45.6 percent of the farms had less than \$1,230 in value of products, which again was equivalent to \$600 in 1939.

Mr. RICH. Is the University of Illinois a land-grant college?

Dr. JOHNSON. Yes, it is, but Professor Schultz and I are at the University of Chicago.

Mr. RICH. Yes, but is the University of Chicago a land-grant college?

Dr. JOHNSON. No, sir.

Mr. RICH. Who compiled these figures?

Dr. JOHNSON. I did, from census reports.

Mr. RICH. You took them from the census report of the Federal Government?

Dr. JOHNSON. Yes. If one looks at the other end of the income scale in agriculture and takes that group of farms which in 1939 had sales or value of products in excess of \$1,500, and performs the same sort of analysis as I did for those of less than \$600, you get roughly the same picture. About the same proportion of the farms in each of these three periods had a value of products greater than \$1,500, when valued at 1939 prices, which indicated that between 1939 and 1944, with the doubling of farm prices, that the higher-income groups gained as much or perhaps slightly more, proportionately, than did the lower-income groups.

In other words, the gap between the low-income families and high-income farm families was not closed at any time during this period.

I might summarize here that these data suggest that neither the

changes in economic conditions nor changes in government policy had any appreciable effect upon the relative positions of low-income and high-income farms. About the same proportions of the farms fell below the lower limit of \$600 in 1939 prices in each of the 3 years.

The same was true of the proportion of the farms above the \$1,500 figure in 1939 prices.

If one looks at the changes in cash farm income by regions, you get much the same picture, that there has been no significant change in the relative positions of those regions which have low farm incomes compared to those which have high farm incomes.

For example, the region that had the lowest cash income per farm in 1929 was the South Central. Of the region that had, say, the second highest at that time, the West North Central, both had roughly the same percentage changes in the value of farm marketings between 1940 and 1948; and between 1929 and 1948, the West North Central region fared much better than did the South Central. The same thing was true of the West States, which was the highest income region in the country in 1929.

The following tabulation is the changes in cash farm income by regions:

TABLE A—Changes in cash farm income, by region

Region	Gross farm income			Rank of region in cash income per farm, 1929	Percentage		
	1929	1940	1948		1940 1929	1948 1929	1948 1940
	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>				
North Atlantic.....	\$1,152	\$970	\$2,886	3	84	251	298
East North Central.....	1,982	1,698	5,790	4	86	292	341
West North Central.....	3,068	2,054	8,539	2	67	278	410
South Atlantic.....	1,061	839	2,890	5	79	272	344
South Central.....	2,390	1,404	5,663	6	59	237	403
West.....	1,877	1,452	5,251	1	77	280	362
United States.....	11,379	8,418	31,019	-----	74	272	368

If these data are broken down to include not regions but smaller groups, such as States table B indicates comparison of five high-income States and five low-income States:

TABLE B

State	Cash farm income			Percentage		
	1929	1940	1948	1940 1929	1948 1929	1948 1940
	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>			
California.....	\$773	\$655	\$2,207	85	286	332
Nebraska.....	491	226	1,061	46	216	469
Iowa.....	768	672	2,335	88	307	350
Illinois.....	600	549	1,836	91	306	334
Wisconsin.....	397	311	1,146	78	289	368
Georgia.....	223	149	538	67	241	361
North Carolina.....	242	203	760	84	314	374
Arkansas.....	195	139	577	71	296	415
Mississippi.....	232	135	540	58	233	400
Alabama.....	188	88	435	47	231	494

Senator SPARKMAN. Before you get into that, may I ask about the right-hand column of the three columns, percentage, what does that percentage relate to?

Dr. JOHNSON. The first column is 1940 over 1929, the percentage that the 1940 income is over the 1929 income. The next is the percentage of the 1948 income over the 1929, and the last column compares 1948 to 1940.

Senator SPARKMAN. Does that relate to dollar volume?

Dr. JOHNSON. Yes.

Senator SPARKMAN. And not necessarily adjusted?

Dr. JOHNSON. These are not necessarily adjusted. We have the incomes for the same years within each region.

Mr. RICH. Were these figures made out by the Census Bureau?

Dr. SCHULTZ. If you take the second column that you were looking at, the percentages, and take what Dr. Johnson said, and go across from the West North Central, he is indicating that in 1948 the gross cash income was 278 percent of 1929, where in the South Central it is 237 percent. That is correct, is it not?

Dr. JOHNSON. That is right. Between 1929 and 1948, the South Central actually lost out in comparison with the West North Central.

Mr. RICH. I cannot quite understand that. For instance, you say the gross farm income of the South Central was \$2,390,000,000, and in 1940, \$1,440,000,000. Now you give the percentage over there, you say in 1940 it is 59. What does that represent?

Dr. JOHNSON. That represents the percentage that the farm income in the South Central States, in 1940, represented of the 1929. It fell from \$2,390,000,000 to \$1,404,000,000, which meant in 1940 it was only 59 percent as high as it had been.

As you see there, the South Central suffered the greatest decline in income between 1940 and 1929.

Mr. RICH. In 1948 you have 237 percent.

Dr. JOHNSON. Yes. That is the comparison of 1948 over 1929. That was the change from \$2,390,000,000 to \$5,663,000,000.

Mr. RICH. What about the next figure, 403 percent?

Dr. JOHNSON. That is the comparison of 1948 with 1940, what has happened during this last period of price rises. It indicates that 1948 is 403 percent of 1940. That was the second highest of the increases between 1940 and 1948, the West North Central States increasing slightly more.

Comparisons [see table B] of the five high-income States with five low-income States indicated that there was no real relationship between the changes in farm income and the level of income at the start of the period. In other words, that the low-income States did not gain on the higher income States. The greatest increases between 1929 and 1948 did happen to come among two of the high-income States. However,—I am sorry, it came in North Carolina, which is one of the low-income States, but the next two largest increases were in Iowa and Illinois, two high-income States.

To summarize these two sets of data from the regions and the States:

Changing economic conditions and farm policies have not improved the economic position of low-income areas relative to high-income areas since 1940. The region with the largest increase in the value of farm marketings between 1929 and 1948 was the East North Central States, though the West North Central and the West were not far behind. The region that fared the worst was the South Central. This region suffered the greatest decline from 1929 to 1940 and had a

slightly smaller recovery from 1940 to 1948 than did the West North Central.

State data reveal much the same trends. Five high-income States had smaller declines from 1929 to 1940 than did five low-income States—this is on the average—(to 80 and 66 percent, respectively) and larger increases from 1929 to 1948 (to 283 and 264 percent). The low-income States showed slightly greater recovery from 1940 to 1948. The low-income States had an index of 399 in 1948 (based on 1940) while the high-income States had an index of 355. Of course, the absolute increase in farm marketings per farm was much higher in the high-income than the low-income States.

The next set of estimates that I attempted to prepare are estimates that were made by the writer on the basis of data available from the Bureau of Agricultural Economics and Census data but should not be attributed to those organizations. I have attempted to estimate the net labor income from farming, the amount that would be left over to the farmer for all labor, and this includes hired labor as well.

(The estimates referred to are as follows:)

TABLE C.—*Estimated changes in net labor income per worker from farming, 1940 and 1945 (estimates are from the Bureau of Agricultural Economics and the Bureau of the Census data)*

1. NET LABOR INCOME FROM FARMING

Region	Labor income to all labor (dollars per year)			Region	Labor income to all labor (dollars per year)		
	1940	1945	$\frac{1945^1}{1940}$		1940	1945	$\frac{1945^1}{1940}$
East south central.....	260	540	210	Mountain.....	505	1,560	308
South Atlantic.....	260	710	274	New England.....	505	1,090	215
West south central.....	320	760	349	West.....	530	2,200	414
West north central.....	500	1,750	350	Middle Atlantic.....	565	1,100	195
East north central.....	505	1,460	289	United States.....	385	1,135	296

¹ Calculated from unrounded data.

Senator FLANDERS. That includes himself?

Dr. JOHNSON. Yes, sir, it includes himself. And it is the average in dollars per year after he has paid all other expenses on his farm, including the rent on the land, or a return on the land, if he happens to own it himself, as well as a small return on his own capital.

Mr. RICH. Let us get that straight. For instance, we will take the East South Central, the first figure there, 1940, you have 260. What do you mean by that?

Dr. JOHNSON. That meant that all the labor used on farms in the East South Central average would return only \$260 per year per worker.

Mr. RICH. You mean that the man who worked and labored only got \$260 in 1940?

Dr. JOHNSON. Yes, sir.

Mr. RICH. At the time we had the big high-support prices?

Dr. JOHNSON. 1940, of course, was before this recent rise in prices. There were support prices at that time, true.

Mr. RICH. Then, in 1945 he made \$540 a year?

Dr. JOHNSON. That is right.

Mr. RICH. What is the next figure in 1945, \$210?

Dr. JOHNSON. That is the ratio of 1945 over 1940, the percentage, and that indicated 1945 was 210 percent of 1940.

The three regions with the lowest incomes per worker—East South Central, South Atlantic, and South Central—run about half of the rest of the regions. They had much smaller increases in labor income between 1940 and 1945 than did the North Central regions, the Mountain, and Pacific regions. Only the middle Atlantic region had a smaller increase than the lowest region—East South Central. Even so, the middle Atlantic region had in 1945 a labor income per worker twice that of the East South Central region.

Mr. RICH. When you speak of the worker, we will take this East South Central which we had a few moments ago, \$260; is that all that that worker received during the year?

Dr. JOHNSON. This takes into account the value of products that farmers produce and consume themselves or give to their workers as perquisites, and it also includes an estimate of the value of housing on the farm.

Mr. RICH. You mean you estimated his housing to be taken care of, all the produce and substance that he received from the farm, and his wages, and yet he only received \$260?

Dr. JOHNSON. That is right.

Senator FLANDERS. Does that \$260 include subsistence?

Dr. JOHNSON. Yes, sir; that he gets from his labor on the farm.

Senator FLANDERS. I don't think he lasted the year out.

Mr. RICH. Where did you get those figures?

Senator FLANDERS. This is a census of graveyards.

Mr. RICH. I would like to know where you got ahold of these figures.

Dr. JOHNSON. They are based upon an analysis of my own from data from the Bureau of Agricultural Economics and Census. For the years 1939 through 1945, the Bureau of Agricultural Economics made estimates of net farm income by States and by regions, and most of this information is based upon that.

Senator FLANDERS. If it is net farm income, that does not include produce raised and eaten.

Dr. JOHNSON. It does. Every estimate that the Bureau of Agricultural Economics publishes of net farm income also includes an estimate of housing and the value of produce consumed on the farm.

Senator SPARKMAN. But it is net, not gross.

Dr. JOHNSON. That is right.

Senator FLANDERS. And if he has a wife and six children, it is still only \$260?

Dr. JOHNSON. I should say this is his labor income. If he owned his farm, he would have a return on his land and for whatever machinery he happens to own, which, in the East South Central would not be very great per farm. There is a little return attributed to him for this. This is an attempt to get a figure that would be comparable to a wage income of a person who worked for hire.

Mr. RICH. Were any of these figures prepared by the Agriculture Department?

Dr. JOHNSON. The Agriculture Department has not attempted an estimate of labor income to farm people.

Mr. RICH. You mean the Agriculture Department, which has 80,000 employees in this country, and spends a thousand million dollars a year, has not tried to figure that out? Do we have to go to the Chicago University? Did you ever work on a farm?

Dr. JOHNSON. Yes, sir.

Mr. RICH. The University of Chicago is not a land-grant college. You are living in the city, and you are figuring out all this for the country people?

Dr. JOHNSON. In partial defense perhaps of the Bureau of Agricultural Economics on this, the estimates cannot be made with quite the same accuracy, perhaps, as it requires some certain types of assumptions which they might not be willing to make because they feel their data should be collected more directly from specific empirical information. That does not mean that I do not have confidence that these figures are right within 10 or 15 percent. They could even be off by 50 percent.

Mr. RICH. You say they may be off 50 percent?

Dr. JOHNSON. I say they could be. And still these comparisons would show up.

Mr. RICH. If they are off 50 percent, then they are not worth while presenting to our committee.

Dr. JOHNSON. I don't say they are. I would say that the maximum error is somewhere around 10 percent, at the outside.

Mr. HUBER. If they were, it is still a bad picture.

Senator SPARKMAN. All you are trying to do is to draw a comparison among the regions and the States, isn't it?

Dr. JOHNSON. Yes.

Senator SPARKMAN. In other words, you do not present these figures as being necessarily figures that we would study in regard to the welfare of the individual farm family as such, but more as a comparison of what has taken place between the high-income areas and the low-income areas?

Dr. JOHNSON. That is very true.

Senator SPARKMAN. It is comparative?

Dr. JOHNSON. Yes.

Mr. RICH. But he is a professor in the University of Chicago, and if he gives these figures out to his students, he can start it and it can go out like a pebble in a pool. It radiates out all over. They should be absolutely correct and not 50 percent discrepancy or 10 percent discrepancy, in my judgment; especially when you are talking about a man who gets \$260 a year for everything that he gets. It may be true, but it just seems so low that I can hardly believe it.

Senator FLANDERS. I take it that these first two columns are for the sake of the third column; is that right?

Dr. JOHNSON. That is right.

Senator FLANDERS. It is the third column that we are supposed to be looking at?

Dr. JOHNSON. For the comparison I am making now, it is essentially the third column that is important.

Senator FLANDERS. And even if there were 50 percent discrepancy in the first and second, you would not be willing to admit 50 percent discrepancy in the third column?

Dr. JOHNSON. I would not be willing to admit 50 percent in the first two, either. I would expect somewhere in the neighborhood of

10 percent. The data on which one has to base such estimates are perhaps not as accurate as one would like. The Census itself admits errors of magnitude.

Dr. SCHULTZ. If I may interrupt, a little later Dr. Johnson wants to emphasize the importance of getting certain kinds of data whereby work of this sort—I think it is very important—could be done more accurately. He is saying that of necessity, with the data now available you have allowable errors of 10 or 15 percent. But one gets a lot of insight nevertheless. If this is an important problem, it is extremely important that we get research and data which are even firmer and more solid in terms of knowing the actual facts than is now possible.

Mr. RICH. We had the Agriculture Department, Secretary Brannan, here yesterday, with some of his headmen. We were talking about the low-income groups, and he did not give us any impression of anything of this kind. With all the research that they have in the Agriculture Department, and all the employees that they have, and the fact that we are spending \$1,000,000,000 a year in agriculture, I wonder why, when talking about the low-income groups, they did not bring in such data as these. I cannot understand why we had to go to the University of Chicago to get this information.

Dr. SCHULTZ. It is exactly this point that I want to emphasize later. I shall indicate the circumstance under which the Department of Agriculture was forbidden to do this kind of work.

Mr. RICH. Who forbids it?

Dr. SCHULTZ. The Congress of the United States.

Mr. RICH. Forbids what?

Dr. SCHULTZ. Forbids them to study this problem, a very controversial subject. We can do it at the University of Chicago freely and without worry and concern. But there is plenty in the legislative record of the late '30's in which appropriations were cut off when this kind of research was attempted. So I think the answer is not far to seek. This is politically explosive material. We do not always want to—

Mr. RICH. We are trying to explode something now?

Dr. SCHULTZ. Yes, indeed.

Senator SPARKMAN. This is the situation: The Bureau of Agricultural Economics, in conformance with its instructions from Congress, or its legislative authority from Congress, gathers certain data, and they simply present that data as information. What Dr. Johnson has done has been to take those data, study them, and work out certain conclusions of his own from them. And it is those conclusions that he is putting forth here.

Dr. JOHNSON. That is right.

Mr. HUBER. That brings up a question that I want to ask. I realize the difficulty of changing farm prices from your census information. Are you familiar with the questions that will be asked by the enumerators in the coming census of the farm people?

Dr. JOHNSON. Yes; I have seen a schedule.

Mr. HUBER. Do you feel it will result in adequate data or that there should be additional questions asked to give a truer picture of the farm situation?

Senator SPARKMAN. I may interject there, I think Dr. Johnson is prepared to make some suggestions later with reference to that, are you not?

Dr. JOHNSON. Yes, sir.

Senator SPARKMAN. In connection with the data that you think should be collected?

Dr. JOHNSON. That is right.

Senator SPARKMAN. A second statement has just been handed to me which he has prepared, which has unfortunately not been mimeographed.

Doctor, let me see if I get this straight, too. Mr. Rich has correctly referred to the testimony by Mr. Brannan yesterday. But if you will recall, in every instance when Mr. Brannan used figures, he used them as being farm family income figures. Dr. Johnson is using figures relating to the individual worker. I assume that if a farmer has five children who join him in making that crop, then you would have six laborers to divide into the farm income.

Dr. JOHNSON. Of course, all such children are not counted as members of the labor force.

Senator SPARKMAN. I did not say all, but if they join fully in the production of the produce.

Dr. JOHNSON. In the East South Central region there would be probably two workers per farm, roughly.

Senator SPARKMAN. But they are taken into account and each one is taken into account as an individual and not a family?

Dr. SCHULTZ. This is not the same as income of the family.

Senator SPARKMAN. I understand that. It represents the labor. In other words, it is the figure that would go into a change of parity formula in the event labor should be included. I do not mean necessarily in figures, but it is a similar figure.

Dr. JOHNSON. I think that is right.

Senator FLANDERS. If a man is a tenant farmer, this is all he would get?

Dr. JOHNSON. He might have as many as two workers on his farm.

Dr. SCHULTZ. He may have some property, some machinery.

Senator SPARKMAN. This represents his personal labor.

Dr. SCHULTZ. The human effort.

Senator FLANDERS. I am still disturbed about it, but go on.

Dr. JOHNSON. In the East South Central States this would probably represent a farm-family income from agriculture in the neighborhood of \$600. It does not represent \$260 for the family.

Mr. RICH. In the South Central?

Dr. JOHNSON. East South Central.

Mr. RICH. You say now it would be \$600?

Dr. JOHNSON. For the family, his family income from agriculture, assuming that there are roughly two workers per family.

Mr. RICH. Then you do divide it up, and you have it down to the individual now, where the farm-family income would have been \$600.

Dr. JOHNSON. Roughly that figure. I would not want to depend too much on my memory.

Mr. RICH. Let me ask you, Senator, in reference to our Agriculture Department: Did you know that we would not dare let them explode the information to the people of this country if a man on a farm was

only getting \$260 a year, that they would not be permitted to tell the Congress that?

Senator SPARKMAN. You know I am not an explosive expert.

Mr. RICH. It is contrary to the laws of our land that we got so bad as that. What are we trying to do, scare the people of this country?

Senator SPARKMAN. No; but I imagine if the Agriculture Department came out with a statement like that, where they were drawing certain conclusions, there would surely be many controversial statements relating to it, and charges of politics, and that we were trying to get across some New Deal policy, and push the Brannan plan, and something like that. Therefore, they do not dare do it, and they do not dare do it because they know Congress does not want them to do it. But Dr. Schultz and Dr. Johnson are independent and able to stand on their own feet and reach their own conclusions, as I understand it.

Mr. RICH. I never knew that. I never knew that the Agriculture Department could not give us any information that we asked them for.

Senator SPARKMAN. I think if we asked them for the answer to this question, they would say that they did not have sufficient information on which they would be able to make conclusions. I think that is what you said.

Dr. SCHULTZ. If you ask them, and authorize it, obviously they would do the research.

Mr. HUBER. We are having an awful fuss just asking every fifth person about their income. If you asked these farmers, the great individualists they are, we would probably have a civil war here.

Senator SPARKMAN. Proceed, Dr. Johnson.

Dr. JOHNSON. This is about all that I want to say at this time about the fate of these various regions in the effects of the combination of economic conditions and Federal policy upon them. I want to reiterate that the lower-income areas have not gained relative to the higher-income areas. I would like to turn now for just a moment to how the Government payments, under the various programs we had in effect from 1939 through 1943, were divided among the areas to indicate whether or not they were given largely to low-income farmers or not.

Table D includes data which show two main things. First of all, they indicate the level of net operator income per farm for 2 years, 1939 and 1943.

(Table above referred to follows:)

TABLE D.—Government payments to agriculture from 1939 through 1943 in relation to net operator incomes by regions

1. GOVERNMENT PAYMENTS

Region	Net operator income per farm		Government payments to operators as percent of net operator income, 1939-43
	1939	1943	
North Atlantic.....	826	1,704	3.6
East north central.....	829	2,498	6.9
West north central.....	866	3,192	11.2
South Atlantic.....	619	1,497	7.3
South central.....	573	1,497	12.4
West.....	1,058	4,027	4.5
United States.....	735	2,192	9.0

Source: Bureau of Agricultural Economics.

Senator FLANDERS. May I stop there long enough to say that this table under 1939 looks very different from the other one. What makes that difference?

Dr. JOHNSON. The difference here can be stated very clearly. If you take the South Central—this is the combination of the East and South Central, in this particular estimate, and you will find there a net operator income of \$573. If you look at East South Central and West South Central, you have \$260 in the first region and \$320 in the second for labor income.

Now, the reason for the increase from, say, roughly \$290 on the average of those two regions, to \$573, takes into account two main things. First of all, that there was more than one worker per farm in these cases, running up to close to 2.

Senator FLANDERS. This is income per farm?

Dr. JOHNSON. That is right. And this includes not only labor income, but any return to his own capital, including his land.

Mr. RICH. You got that information from the Census Bureau?

Dr. JOHNSON. No, sir; from the Bureau of Agricultural Economics.

Mr. RICH. How do you know how many people are on each farm?

Dr. JOHNSON. That is gotten from the Census Bureau.

Senator SPARKMAN. These are Department of Agriculture figures?

Dr. JOHNSON. Yes, sir.

Senator SPARKMAN. I think that perhaps illustrates the point you are trying to make. You took these figures, and then by certain information from the Census Bureau, you worked out this table yourself.

Dr. JOHNSON. That is right. As can be seen, there is not much relationship between the proportion of Government payments to farm operators had to the level of net operator income. The one relatively well-to-do region, the West North Central, was treated rather handsomely. The farm operators there got over 11 percent of their net income for the 5 years, 1939 through 1943, from Government payments. A poor region, relatively poor region, on the average, South Central, also received important cash payments to the amount of about 12 percent of its net operator's income. But another relatively low-income region, South Atlantic, received only about 7 percent of its net operator income from Government payments in these 5 years.

Senator FLANDERS. I do note that my own region got the poorest help from the Government.

Dr. JOHNSON. Yes; they got less than 4 percent. If I had New England separate from the North Atlantic, it would be even less than that.

Mr. RICH. Let us consider the West. The farmer there made \$1,058 in 1939, and in 1943, \$4,027. Why is it that they get so much more in the West per farm than they do in the South Atlantic States? Or the South Central?

Dr. JOHNSON. This is part of the over-all problem of disparities in agriculture. In the West your farms are much larger. They have from 2 to 4 times as much land and capital per farm and much higher proportion of capital and land per worker than they do in the South Central. Generally speaking, we find from analysis that the higher amount of land and capital, including machinery and livestock, and so on, that you have per worker, the higher will be the level of farm income in those areas. This is just an expression of that disparity in

the amount of resources, land and capital, that each man has to work with. Where he has very little to work with, say a mule and a plow and his own hands, he does not produce very much. But where he is able to combine his efforts with a tractor and a string of machinery, he produces much more.

Senator FLANDERS. When considering this net income for a stock raiser, for instance, do you take into account the capital value of his herd and take that from the net income?

Dr. JOHNSON. Yes. Table C, where I was indicating labor income to farm workers in say the Mountain States, the important area in cattle production, that figure is arrived at after deducting a return to the amount of money he has invested in his capital.

Senator FLANDERS. What percentage of return?

Dr. JOHNSON. It was a relatively modest return, about 5 percent—5 percent, to be exact. I should not say exact. It would vary a little bit by the region. The interest rates vary in the regions. They are higher in the West than they are in the Midwest and the East.

Senator FLANDERS. Is that about what the stock raiser has to reckon with in getting capital for carrying a herd?

Dr. JOHNSON. Yes.

Senator FLANDERS. It is based on that?

Dr. JOHNSON. Actually, it was based on a farm mortgage interest rate, because the data on that are much better than they are on the short-term loans. He might have to pay another one-half of 1 percent over and above that.

I should state here that the last column in table D represents the percentage that Government payments were to net operator income for these 5 years. They have no relationship to the percentage change in net operator income per farm from the beginning to the end of this 5-year period. They indicate that the West North Central got 11 percent of its net operator income from Government payments, and so on. But we should note, in comparing these percentages, that the payment per farm was obviously much higher in the West North Central States than it was in the South Central. For the 5-year period the payments averaged about \$900 per farm. That is not per year but for the 5-year period.

Mr. RICH. In those farms in the West they have a greater acreage, they have more facilities for the operation of those farms in mechanized equipment, more capital invested, and it requires fewer hands to do the work, so that it would easily be explained why they have a greater income than the small farm. Do you think that the small farm should receive the same amount as the large farm?

Dr. JOHNSON. The comparison I am making at the moment is to the amount of income that these operators got from the Government, which was granted to them for carrying out Government programs, or given to them as direct subsidies.

I am raising the question now whether these Government subsidies had any real relationship to the degree of poverty or level of low incomes in an area.

Mr. RICH. If a man raised wheat on a 50-acre farm and a man raised wheat on a 2,000-acre farm, naturally he would get more subsidy because of the larger farm and the greater number of bushels he raised than the small fellow.

Dr. JOHNSON. Yes, sir; in the way the program was worked out.

Mr. RICH. You are going to try to show us that we ought to pay the same amount to the small fellow?

Dr. JOHNSON. No, sir; I am not trying to come to any conclusion with respect to the way this program should be operated. I am only trying to indicate how it was operated and that it did not add appreciably to the income of low-income farm families, that it actually worked to the benefit more of the larger-income farm families, though there was no real relationship.

Mr. RICH. I think we all understand that. Go ahead.

Dr. JOHNSON. That was the only point that I wanted to make, that the higher-income regions in certain cases, though not in every case, received much more from the Federal-payment programs between 1939 and 1943 than did the lower-income regions and that there was no real relationship between the level of payments made by the Government under these programs and the degree of poverty in the area. In other words, these programs did not get at—

Mr. RICH. And the Government paid in accordance with what they raised on the farm, whether a small farm or large farm, in accordance with the subsidy program that they had adopted.

Is there anything in the program that was not carried out in accordance with the law, to your knowledge?

Dr. JOHNSON. As far as I know, no.

The last bit of statistical material that I present here deals with the distribution of family money income in rural farm areas and reveals nothing particularly different than what I said before.

(The table above referred to follows:)

TABLE E.—Distribution of family money income in rural farm areas

1. THE DATA

	1941	1944	1945	1947
Median income (dollars).....	800	1,272	1,410	1,963
Percent less than half of the median.....	27	27	27	25
Percent more than twice the median.....	21	22	18	20

Sources: Bureau of Census and U. S. Department of Agriculture.

2. These data are consistent with the census data discussed above. A more than doubling of the dollar income and perhaps a 40-percent increase in the median real income of farm families did not seem to change the relative position of low income and high income farm families. Roughly the same proportion of the families had less than one-half of the median income in each of the 4 years. Likewise, about the same proportion had more income than twice the median.

What I tried to show here is that the estimates of family farm income derived from money would indicate that if you took the median income, the income of the middle family as you ranged from highest to lowest, and take two bench marks, one for those farm families that received less than half as much as the median, and as the other bench mark those farm families that received more than twice as much as the median, you find that these two groups did not change appreciably in this period from 1941 to 1947, even though the median level of income more than doubled.

For 1941-44-45, 27 percent of the farm families had less than half as much as the median, which means that for 1941, 27 percent of the families had less than \$400 income from money. This is money income

only and does not include the value of food consumed in the household or the value of housing.

Looking at the data of those farm families that received more than twice as much as the median, which would be \$1,600 in 1941, there again there is relatively little change, 21 percent in 1941, 22 in 1944, 18 in 1945, and 20 in 1947.

These data are consistent with the census data discussed above. A more than doubling of the dollar income and perhaps a 40-percent increase in the median real income of farm families did not seem to change the relative position of low-income and high-income farm families. Roughly the same proportion of the families had less than one-half of the median income in each of the 4 years. Likewise, about the same proportion had more income than twice the median.

The last section of material that I want to present deals with the high levels of support prices or increasing support prices upon the distribution of farm income. An attempt has been made to spell out, with considerable detail, in the article that Senator Sparkman referred to earlier, the effect of high-level support prices in the Corn Belt agriculture, and in general it indicates the States with high farm incomes would receive much greater gains than would low-income States.

Senator FLANDERS. Is that percentagewise or an absolute value?

Dr. JOHNSON. Percentagewise, there is not too much difference.

Senator FLANDERS. I would judge so from the preceding document.

Dr. JOHNSON. Though where the farm family consumes much of what it produces, as is the case with many subsistence farms, they obviously receive no gain from their income from raising the prices of those products. They receive a gain on paper, so to speak.

Senator FLANDERS. But it does not increase the number of corn stalks or sow bellies.

Dr. JOHNSON. That is right. A couple of figures might be drawn from the data I presented. I indicated that if you assumed the support prices were 10 percent higher than what they would otherwise be in the marketplace, straight across the board for all farm produce, that this would involve a certain amount of net subsidy to the farmers. According to the calculations that I have made, after excluding part-time farms, not counting in certain other odds and ends of farms, the average amount of subsidy to a farm operator that he would be able to retain as an increase in his income would be \$69 in Mississippi, \$300 in Iowa, and over \$600 in the State of California. If you look at these data in terms of income groups within a given area, you would find, for example, that farmers in Iowa, which fell in the classification the census made of economic classes, class 1, large-scale commercial farms which generally had a value of produce in excess of \$20,000, they would receive a net subsidy of about \$1,450 per year, in a year, whereas, intermediate levels of farms, what they have defined as moderate-scale family farms, generally with a value of produce of \$3,000 to \$8,000, would receive less than \$230 per farm.

When you go down to the essentially subsistence farmer, where the value of the produce was between \$500 and \$1,200, he would get only \$33 per farm, as a gain from a 10-percent increase in farm prices.

The burden of this material is that high-level support prices pass on most of the gains to high-income farm families and do relatively little for low-income farm families. This is particularly true when

you are considering the low-income farm family that consumes a lot of what it produces.

Mr. RICH. Then, would you or would you not recommend greater subsidies for farm prices, as we have them now?

Dr. JOHNSON. If the objective is to do anything about the position of the low-income farm families, the answer to that is "No." I would not recommend higher-level support prices as a means of tackling the problem of low-income farm families.

Mr. RICH. What would you suggest might be recommended to the Congress by this committee to help the low-income group families on the farms and not increase the price to the highest farmers, if that would be necessary?

Dr. JOHNSON. Could I delay answering that question for a moment? It is essentially a problem that I will deal with in a second memo. It is a very complicated issue.

Mr. RICH. Very well.

Dr. JOHNSON. I would like to conclude this part of my remarks with what I have labeled "Relevant Proportions," and I hope that is what they are.

First, higher prices, whether due to market forces or Government price-support policy, have not improved the position of low-income farm families. By emphasizing cash income in our data, we have in many cases overemphasized the net improvement of the position of low-income farm families.

Higher farm prices do not appreciably increase the level of living of low-income farm families. Many low-income farm families consume much of what they produce. Thus a 10-percent rise in prices will not increase their money or real income by nearly as much. There were 923,000 farms that had value of products of \$500 to \$1,199 in 1944 and on which the farm operator worked off the farm less than 100 days. On these farms, the farm families consumed 35 percent of what they produced. So, a rise in prices would not affect this 35 percent.

A full employment situation, by itself, is insufficient in many instances to appreciably change the relative position of low-income farm areas compared to the higher-income farm areas. Enough farm people do not migrate out of such areas to sufficiently offset the high birth rate. Except for the West South Central States, the Southern States have almost as large a farm population in 1949 as they had in 1940. Farm population for the United States as a whole declined by 8.2 percent between the two dates, but in the South Atlantic States the decline was only 3.4 percent. The East South Central decline was 9 percent, but it would have to drop from 30 to 40 percent to appreciably increase the level of labor productivity in the region. The West North Central States, where the need for migration is much less, had a substantial population decline.

Senator SPARKMAN. That is farm population?

Dr. JOHNSON. Yes, sir.

Fourth, there are two main causes of low incomes in agriculture—an economic depression and an excess of farm population (usually associated with an obsolete technology). Even in the higher-income commercial areas of agriculture, a prolonged depression will force many farm families into low-income categories—families that under

conditions of full employment would be able to make a satisfactory income. In the areas of chronic low income, the main and continuing cause is that of excess farm population and an outmoded production technology. A depression worsens the situation of these people, but prosperity by itself is not sufficient to alleviate it. Most Federal policies do not seem to affect the relative position of low-income farm families. The gains from research and extension activities are quickly passed on to consumers of farm products. The same is true of better market information. Farm cooperatives have probably been more important in the high-income areas than in the low-income areas. With the exception of the Farm Security Administration, now the Farmers Home Administration, and the feed and seed loans, most credit activities have tended to favor the larger farmers. There does not seem to be adequate evidence to appraise the effect of the Farm Security Administration upon the economic well-being of low-income farmers, but one might not be far wrong in arguing that it did no more than offset the advantages given to larger farmers through easier access to credit by Federal agencies.

Are there any more questions covering that material?

Mr. RICH. Now, I would like to ask my question what you would recommend in order to increase the low-income group over and above that of the higher-income group on farms.

Dr. JOHNSON. I would like to give my answer to that in two parts. It seems to me that there are two things that should be said:

First of all, it would seem to me that before a definite program, where you actually got down to operations, could be started on an important scale, it would be necessary to know considerably more about the nature of the low-income problem in agriculture than we now know, and for that reason I have prepared certain notes as to the necessary data that we might have to collect.

Secondly, on the basis of what we now do know, it seems that in broad outlines actions along two or three lines are required. First of all, as I indicated before, in these areas with chronic low incomes there are simply more people in those areas than can obtain, even with the best methods of production, a satisfactory income from agriculture. Where a man works on a 40- or 50-acre farm with maybe 20 or 30 acres of cropland and produces a crop such as cotton or peanuts, he simply cannot produce enough total value of products ever to give him a satisfactory level of income.

The first part of any policy or measure to improve the position of these low-income areas would be to take steps that would increase the mobility or migration of farm people out of those areas. This migration or mobility could take place in one of two ways: It could either involve bringing other forms of employment to the areas, such as expansion of factories in rural areas, such as I understand has occurred to quite an extent in many sections of North Carolina and other parts of the South but not to a sufficient extent, or to actually urge the people to go to urban and rural nonfarm areas either in the same general area or into another region of the country.

However, even if it were possible to move out the farm people, or enough farm people, there would still be a task of extension and research that would be involved in helping the people who remained in these agricultural areas to make the best of that situation. In

other words, there would be a required economic reorganization in the low-income agriculture areas, such as producing different types of crops, and changes in farm size, which would require more capital. You would have to find some way of getting more capital to the farmers.

Mr. RICH. I understand from Mr. Brannan yesterday that the Agriculture Department is making a study of trying to find additional work for the farmers for part-time work in various localities. Am I correct in that?

Senator SPARKMAN. He said that he recommended that as one thing that needed to be done.

Mr. RICH. In order to aid these farmers who do not have enough land to keep them busy all the time, to supplement their income.

Dr. JOHNSON. We have under way at the University of Chicago at the present moment a study which is along the same lines; to try to indicate the possibilities of bringing farm employment of a part-time nature to the areas, so that a person who has a farm that can keep him busy only a half-year or so—

Mr. RICH. You worked on a farm?

Dr. JOHNSON. Yes, sir.

Mr. RICH. When you worked on a farm, didn't they keep you busy from daylight to dark?

Dr. JOHNSON. There is a difference between keeping busy and doing work that really adds to income. In many areas of these small-farm areas I am quite sure that the farmer does keep himself busy.

Mr. RICH. I do not mean keeping busy by getting an automobile and riding over the country. I meant working on the farm. When you are on the farm, as I understand it, most everybody has to work, and they work from daylight to dark in order to keep their farm operating. That is in the farms that I know of in Pennsylvania.

Senator FLANDERS. What kind of farm were you raised on, a 20-acre farm?

Dr. JOHNSON. No, sir; a quarter-section farm in eastern Iowa.

Senator FLANDERS. 160 acres.

Mr. RICH. Is it a fact that the farmers in eastern Iowa work 8 hours, or do they put in a good day's work?

Dr. JOHNSON. I do not think I am advocating a low-income farm measure for most of the farmers in eastern Iowa. They are not the farmers in need of assistance of this sort. It is essentially the farm areas that run down through the Appalachian region, Piedmont area, and into the South that are involved mostly in this problem. There are also other spots, communities of low farm incomes, in the regions around the Lake States and other areas which can be delineated.

The great bulk of this problem comprises a farm population of 2,000,000 families which stretches from the Piedmont to the Old South.

Mr. RICH. In your knowledge, on the higher-paid farms, are you recommending anything, from your knowledge of farming, that anything be done for the higher-paid farmers?

Dr. JOHNSON. My feeling on that is that given conditions of full employment, that our agricultural regions in say, the North Central States and certainly the West and mountain regions in large part, and extending certainly into Pennsylvania areas, New York, New Jer-

sey, and the better farming areas in New England, that these areas are ones in which farm families under conditions of full employment can, by and large, earn a satisfactory income. That does not mean that there will not be a few, a small proportion of the farm families in these areas which will have low incomes. Even in our most prosperous cities there are low-income families, as your committee has shown by the data it put together, but the problem of low incomes in these areas that I mentioned is that not 5 percent or 10 percent of the families living in that community have low incomes, but 90 percent, or practically every one in the community has a low income. That is a very different problem.

Mr. RICH. How does that, to your knowledge, compare with the incomes of people who do not live on the farm?

Dr. JOHNSON. As I stated in this article referred to here, I would say that the commercial farms in the Corn Belt certainly have incomes that are roughly comparable to what nonfarm people earn, in 1947-48.

Mr. RICH. Do you find more low-income families on the farms there than you do elsewhere in this country? You spoke about 90 percent of the people on the farms in the low-income group.

Dr. JOHNSON. I did not mean to say that. What I meant to say was that we have large areas in agriculture in which community after community, area after area, 90 percent of the farm families, would fall into the category of families with less than a thousand dollars of net income, and even lower limits than that. Whereas, in your urban areas you do not have these large blocs in a given city in which the whole city has incomes of a poverty nature.

Of course, in much of the agricultural communities, in the North and West, you do not have many communities with these large blocs of low-income families. But in the area that I described as the Appalachian and Piedmont area and into the old South, you simply have county after county in which a very large proportion—I used the figure of 90 percent—have incomes which would fall below in the category described.

Senator SPARKMAN. The question which you asked is pretty well answered in table 2 of page 10 of our committee report.

Mr. RICH. This committee report was made up by our staff, was it not?

Senator SPARKMAN. Yes.

Mr. RICH. And they get most of this information from either the Census Bureau or the Agricultural Department.

Senator SPARKMAN. And other agencies.

Mr. RICH. A great many people that have been witnesses have referred to our own committee report for the information that they get. Of course, the committee report was printed, as you know, after it was gotten up by the staff. It has our names on it, but we never looked it over before.

Senator SPARKMAN. I would not say that. However, this is just a factual statement. The question you asked did not involve conclusions. And the factual information is given there.

Mr. HUBER. I have been wondering, Doctor, if I should not ask you about Mexican labor. Each year we have a Mexican farm labor bill. I don't recall guaranties paid to those workers, but it is sub-

stantial, plus transportation. Why, with this vast reservoir of hundreds of thousands, do we have to bring in these Mexican farm laborers?

Dr. JOHNSON. I would say that the Mexican farm laborers have, of course, been brought in essentially to fill a need, the need for migratory farm workers, who generally do not stay in the same community. They move around. I think most farm families that do have a home and a farm resist this type of movement. Even though they might be able to improve their economic conditions, they simply would not like to go to the difficulties and trouble of moving away from the home farm to take these jobs that run for, say, a 3-months' period, which may mean that one has to move a thousand miles to keep full employment.

Mr. HUBER. They might want to recruit them for that period of time, with all their expenses paid, and bring them back.

Dr. JOHNSON. A considerable amount of that was done during the war, in the various farm labor programs that were actually conducted then. I think people familiar with that program found there was quite a bit of resistance to the Federal Government trying to get people to move from one agricultural area to another. I do not know that that resistance would be true now. What is true at the present moment is that a number of farm people who are willing to be migratory workers—there are a number of American farm people who are willing to be migratory farm workers—is not a large enough group to meet the needs of harvesting crops which require a very high labor peak at the time of harvest.

Mr. HUBER. I suppose that is true. There are a hundred-some-odd thousand in California. While it is an oversupply most of the time, when the peak comes, it is needed.

Dr. JOHNSON. Yes, sir. When the peak comes, it is a little on the short side.

I would like to add a few comments on what more we need to know about the low-income people, and what would be helpful to know in order to formulate policy and to conduct research in this area.

First of all, we need a considerable expansion, I would say, in the amount, quality, and type of income data that we have. It would, first of all, be helpful if we had estimates of farm income by States similar to those made available for 8 years—1929, and then 1939 through 1945—and which have not been made available since that time. State income estimates should go somewhat beyond what was made available before, I believe. They should not only be an estimate of the agricultural income of these farm people, but they should also try to get at the income from nonagricultural sources.

In none of these data that I presented to you today has it been possible to take into account the income to farm families from nonagricultural sources. I should state, however, that as far as the major low-income areas, particularly the East South Central and South Atlantic area, that by and large off farm work is not an important outlet as yet for farm people to increase their incomes. The West North Central has as large a proportion of people working off the farm as do the much poorer areas, such as the South Central.

Thus we need to get information on income from nonagricultural sources. On that score, the 1950 census will provide us much more data than we have had before. These might be supplemented by special surveys. The State income estimates, of course, give you only

an over-all picture for the State, as helpful as that is. There are States that are border cases, and have some high and low-income areas. When you average the two together, you may cover up the low-income areas. So, in addition to the State income estimates, it would be very helpful if we had more data than are now made available, for example, more specific break-downs than are made available by the census work in this score, which is extremely valuable.

I have indicated in this outline some of the characteristics that that data might well take. We should get estimates of money income for families in rural farm and rural nonfarm areas that, first of all, are agricultural in origin, and secondly, come from nonagricultural sources. We also need information on nonmoney income, because, as we know, farm families get more income from that score than do non-farm families.

Mr. RICH. Suppose the Census Bureau, conducting the survey for 1950, should ask all the questions you are interested in and give you the data on the farms. Within a year after you received that it would be changed very, very materially, would it not?

Dr. JOHNSON. I think the one thing the data that I presented here earlier indicated was the constancy or permanency of the low-income situation. Certainly this was true for the period of 1929 through 1948. Even if the data are 1 or 2 years late in coming, and it takes a year to prepare it, I think it would be valuable information that we do not now have.

Mr. RICH. If it takes a year to work it up after you get it, that would be 2 years after you take it; and it would be certainly very, very much changed because of the migration and changes in families moving from one place to another.

Mr. JOHNSON. That is where current estimates on State incomes would help. We would not only have these data that you would get from the 1950 census or special studies made in 1950, but you would have good studies of changes occurring by the current data we have on farms and so on.

Mr. HUBER. If a complete history were taken one year, then through scientific sampling every so many months you would have a current picture.

Dr. JOHNSON. Yes, sir. It would bring us up to date. I might call attention to some of the other headings in terms of needed data on measurement of income of farm families, and its distribution. We need studies of the purchasing power of income received by rural farm families, and the rural nonfarm families and urban families.

For example, one will see estimates that the average income of farm families is \$900; the average income of urban families or the rest of the people is \$1,500. That may or may not indicate a real difference in the average level of well-being of the two groups of people because we all know that a dollar will go further on the farms in buying certain things than it will in urban areas.

There are also certain other things that a farm dollar will go further in buying in urban areas than in farm areas.

Mr. HUBER. Is that the average of all cities, the figures you quoted?

Dr. JOHNSON. For 1948, the average income of farm people from farm and nonfarm sources, runs about \$915.

Senator FLANDERS. That is the farm family?

Dr. JOHNSON. Yes, sir, per farm family. And the average income of nonfarm families from all sources runs right at \$1,500.

Senator FLANDERS. That again is the family and not the individual?

Dr. JOHNSON. Yes. And as I say, you cannot make a direct comparison between those two figures as indicated in the level of well-being of farm and nonfarm families. Much of the food, for example, or part of the food the farm family consumes, is valued at farm prices which are roughly half of urban prices.

Mr. HUBER. Does that figure include the food?

Dr. JOHNSON. Yes, but it is the value of farm prices, whereas the urban person pays retail prices. It is differences of that sort in purchasing power that make the final difference.

Mr. HUBER. We had testimony that of \$2,000 income of urban families they spent approximately 50 percent of that for food.

Dr. JOHNSON. I made a misstatement earlier. The figure of \$915 and the figure of \$1,500 is the income per capita, not per family. It is income per member from all sources.

Mr. RICH. And that difference is represented in the fact that the man on the farm can buy the things that he needs so much cheaper than the fellow who lives in the city?

Dr. JOHNSON. What I should state is that part of that difference will be explained by that fact, and that a farm family is not receiving an income that would buy only \$900 in urban areas. His income, if you take into account the differences in the cost of his living, might be worth \$1,100 or \$1,200 in urban areas. I am not arguing all the difference can be so explained.

Mr. RICH. You have not any figures that you could submit showing what the same wage in the city would equal, compared to the same wage on the farm, after you considered the cost of living in a particular locality, have you?

Dr. JOHNSON. The Department of Agriculture, and your witness this afternoon, have both done a fair amount of work in this area, based on data largely taken from the 1935-36 consumer purchases study. Some of this material has been published. It would indicate there is a difference of perhaps 20 to 30 percent in the purchasing power of income in the farm areas and rural nonfarm areas, which you might wish to ask Dr. Reid about this afternoon, because she has done quite a bit of work in that field.

The next area is comparison of levels of living of farm families with comparable families in the rest of society. This again depends on getting data on the income received by these various groups.

Finally the heading under "Income data" required would be delineation of areas in which farm families have real income roughly comparable to those of nonfarm families where farm families have lower levels of real income. In other words, if we could define areas or communities by counties or groups of counties in which there is a real disparity, we could know quite a bit more about how to tackle the problem. That does not argue that there are not some data available for that at present, but more could be useful if obtained.

The second main heading is that of the factors responsible for the existence of large areas inhabited by farm families with low income. Here you have the problem that Dr. Schultz first of all has dealt with in his paper, namely, relationship of low-income areas to urban areas and the development of industrial employment—an attempt

to measure the degree of isolation of such communities and areas and the effects of economic progress upon the communities.

Secondly, some attempt might be made to really determine the native capacities of the people that live in these low-income areas, try to compare their levels of skill and capacities with nonfarm people in general. From some work that I have done I would doubt very much if you take communities as a whole, say a county, with 20,000 people in it, that the average level of mental or physical capacity of those people in low-income farm areas is any different than the average level of capacity or any capacity, mental or physical, of 20,000 people picked out of an urban area.

There are certain aspects of their environment, perhaps, the low level of education and so on, that might affect the ability of these people to earn income at present. But I doubt very much that there is an innate difference.

The measurement of the relationship between education and income skills is, of course, important in this area, to determine the extent to which an increase in the educational facilities available in these areas will be at least a partial solution to the problem, for the migration of farm people, as I indicated earlier, is very important to this problem.

We need to know why it is that more farm people have not migrated out of these areas; in other words, why an adjustment has not actually taken place that has been sufficient to improve the level of living or level of income in the low-income farm areas.

Senator FLANDERS. Have you any reason to believe that in the Old South, for instance, the colored population has been more or less mobile than the white?

Dr. JOHNSON. From 1930 to 1940 the estimates of the Department of Agriculture, based on census data, would indicate that there was no perceptible difference, and the same thing was true of the census report from 1935 to 1940. However, since 1940 census estimates in this area would indicate the Negro population in the South to have been much more mobile than has the white. The Negro farm population has declined, I think, somewhere in the neighborhood of 30 percent in the Southern States, whereas the over-all decline, as stated earlier, might average 10 percent or 12 percent.

So under the conditions of employment prevailing in the last 8 or 9 years, the Negro has been more mobile than the white.

Senator SPARKMAN. Has he been moving to other remote areas, seeking job opportunities, or is he simply moving into town, or the edge of town?

Dr. JOHNSON. For the period since 1940 I cannot say. From the period 1935 to 1940, for which we have the most concrete data from the 1940 census, he moved pretty largely to southern urban cities. He did not move to the smaller towns of the South.

Senator SPARKMAN. During the war years he moved to the industrial areas.

Dr. JOHNSON. I suspect that is true.

Senator SPARKMAN. I wonder if, since the war period is over, the war work period, he has still been moving out to industrial areas.

Dr. JOHNSON. I could not say.

Senator FLANDERS. Will we get any line on that from the 1950 census?

Dr. JOHNSON. Yes. The 1950 census will tell definitely where the southern Negro has gone. It will indicate directly where those have gone who migrated during the year 1949. And by recognized manipulations of the census data we will be able to tell what has happened for the whole 1940 decade. As I indicated earlier also, it is not only necessary to move many farm people out of these areas, there will also be a task of reorganization in the low-income agricultural areas, and this reorganization involves getting adequate farm sizes and in other cases where perhaps it is possible, to integrate agricultural employment and nonagricultural employment and find a satisfactory combination in that way.

The Roman numeral V that I have in my prepared memorandum is purely suggestive in terms of the elements of a policy for improving the mobility of farm people in low-income areas; the task of improving educational opportunities; and then finally taking more positive aids to mobility, which as a suggestion might include increasing the available knowledge of alternative employments which perhaps could be done by an extension of the Employment Service.

Secondly, reducing the risks of migration. By that I mean by aiding the individuals perhaps to get jobs prior to the time of movement so that they will not have a period of hunting for work which for many farm families would be a very great risk because of their low financial assets. And it might actually be necessary in some of the lowest income areas to give financial aids to migration, either in terms of loans or grants, because a farm family that has been living on incomes at present prices, at less than a thousand dollars, is not likely to have any large reserve of assets to make a move possible. If they move any distance with a family it is costly. That concludes my statement.

Senator SPARKMAN. Thank you very much, Dr. Johnson.

Dr. SCHULTZ. My comments are in part a restatement, and in substance, an interpretation of aspects of what my colleague, Dr. Johnson, said.

As I indicated I am going to discuss really very briefly the question of why it is that so little has been accomplished during the last 10 or 15 years in diminishing the poverty that exists in large parts of the United States. It is very important to see one point Dr. Johnson has made repeatedly, that we are discussing low-income or poverty that encompasses whole communities.

I am not talking about the 5 percent, or the 10 percent of low-income families that one might find in any, say, normal community, whether it is urban or agricultural. My comments are directed to the hundreds of agricultural communities, counties, or neighborhoods in which nearly all of the farm people have very low incomes.

Eastern Kentucky is an example. One can identify these communities far up into the middle States, and at the periphery of the Corn Belt. The lower third of Indiana is in marked contrast to central Indiana. It was customary around Iowa State College to refer to southern Iowa as the low-income area of the State. It had come about very rapidly. The available evidence seems to suggest that up until the turn of the century, perhaps up until 1905 or 1910, in southern Iowa, 160-acre Corn Belt farms, had just as good income per family as did farms in central and northern Iowa. Then something happened. And by the time the thirties came on, into the

forties, they had dropped way behind. This again refers to communities, or counties taken as a whole. There were always a few farmers who did well, but when you took the great bulk they had very low incomes compared to the large majority of farmers in central and northern Iowa.

Take the income conditions that Dr. Johnson has discussed. We have had a vast number of agricultural programs, and we have had a decade of prosperity for most Americans and business generally, yet this low-income problem in the sense of whole communities in agriculture continues to be with us.

Why has so little been achieved? This is really the question I want to explore.

Mr. HUBER. You say in south Iowa something happened. Do you know what it was?

Dr. SCHULTZ. No, sir. I don't think we really know. I do not know. We might have hypotheses and guesses, but we cannot put our hands on the causes. When you get to the basic causes of this poverty which has developed in America so rapidly in our history I do not think we really understand why it has come about.

Take another example. Eastern and western Kentucky were settled by the same people, under similar frontier conditions. And in a relatively short history they have moved very far apart in terms of income per capita.

Mr. HUBER. Is there a difference in the soil, land, terrain?

Dr. SCHULTZ. This is sometimes advanced as a hypothesis, yet you can go into many areas where we have poor lands and poverty has not occurred. In the milk sheds, where there is often very poor land, one does not find whole communities of farmers who are exceedingly poor.

In northwest South Dakota there is very poor land. The question is whether sheep can walk far enough to find grass enough to keep going. Eastern South Dakota has much better land, but the higher level of living was in northwest South Dakota. They were able to send their children to schools, high schools and colleges, more so than could the farmers in eastern South Dakota, although farmers in the northwest section were on much poorer land by every count.

Mr. RICH. Is it not a fact that the Pilgrims who came to this country and all the people who inhabited it in the beginning were poor, and that they worked and increased their standard of living? I understand we have kept increasing our standard of living all over the United States from time to time, and working at it continually.

We are getting in better shape every day. Now you tell me we have dire poverty in so many areas, which I did not know that we had.

Dr. SCHULTZ. We do. You are absolutely right, Congressman, that the groups—these communities—probably started very much under the same frontier conditions.

I suspect even up to 10, 15, 20 years after the Civil War, say 1870-80, the lower third of Indiana was probably no different in income levels than the middle or upper third. Yet in a few decades southern Indiana has lost ground and is poor relative to other parts of that State.

Mr. RICH. Have we got poverty areas in the United States today?

Dr. SCHULTZ. Yes, we have.

Mr. RICH. Then we are certainly the most foolish people in the world for spending billions. We have been giving \$6,000,000,000 and

\$10,000,000,000 a year to aid the people in foreign countries. We should have been looking after our own people, it seems to me, with a lot of that money. A billion dollars goes a long way.

If we look after our own poverty-stricken people, as you say—and I did not know we have them to that extent in this country—

Mr. HUBER. They are hungry, let alone enslaved.

Mr. RICH. I want to help our own people.

Dr. SCHULTZ. The reason I am drawn to the work of your committee is because it seems to me you have a chance to bring this problem into focus. Certainly Professor Johnson and I do not have easy ways in which you can get at it, as you sensed from his testimony. Yet I certainly feel that it is highly important to get this problem identified, described, so that we know what it is, what is fact and what is fancy, and separate the two.

If I may address myself to the question that I put earlier, why have we accomplished so little, I should say that—if I take our agricultural programs, which have been the positive aspect of our policy, leaving aside what they have contributed to the rest of agriculture, but to this particular problem on which Dr. Johnson has already commented—I would say that the agricultural programs have not been designed to diminish low-incomes within agriculture for essentially two reasons: One, the causes of poverty are not understood.

Senator FLANDERS. It seems to me that you gave very good evidence as to the causes of poverty, for example, the old South or parts of the Appalachian area where the population was outrunning the possibility of agricultural production. You spoke about the old South being overpopulated, the agricultural old South.

Dr. SCHULTZ. They were all overpopulated in some sense, but the question is Why have some areas improved their position while others have not? If you look at certain stages in history you will find—again if I take Indiana—the size of the families—

Senator FLANDERS. I am going back to statements which you made earlier which would seem to indicate that in parts of the old South, at least, we could see it where it is not so easy to see it in Iowa and Indiana.

Dr. SCHULTZ. I am not sure that we can even see it there, the cause of it, under certain circumstances that one can identify. We have some theories, but I do not think these theories have been put to test.

A very common hypothesis is that it is the quality of the land. But one is forced to dismiss it in so many instances. The Mississippi Delta is the richest of land. Then if one goes to the prosperous areas one finds much poor land.

All I want to say is that I still think we do not understand the causal aspect of this problem. We can do something to diminish this type of poverty but it will probably reoccur unless we understand why it has arisen and get at the basic causes.

Second, the reason why so little has been done or why the programs have not been addressed to this problem, the agricultural programs, is because the poor people living in these poor areas have little political influence in making policy.

Mr. RICH. They vote, do they not?

Dr. SCHULTZ. Let me develop this aspect.

Senator FLANDERS. They vote for the parties and the officials that provide the assistance to the prosperous farmers.

Mr. RICH. We know at that point, Senator, what these checks we have been passing out the past few years have done, very recently.

Dr. SCHULTZ. Let me make some comments on why the farm families in these low-income communities have relatively little influence on shaping policy. I am talking about policy and programs. One is that they are not organized. That is just a fact. Second, they are not strong or influential in the councils of our major farm organizations. One needs to recognize, however, that the Farm Union, the Grange, and the Farm Bureau have expressed a concern about this problem, but their concern is not driven through to the point of policy and legislation.

At a meeting earlier this week in Chicago, the Farm Bureau gave an unusual amount of attention, particularly in the address of its president, to the low-income problem within communities that you are discussing, and it was an intelligent presentation recognizing that this problem cannot be solved by price-support programs. So when I say the organized groups have not recognized it, I make these exceptions.

Nevertheless, by and large, as the committee work goes on in the major farm organizations, it is not the low-income problem, but it is the price of fruits and vegetables, or of dairy products, or of this commodity and that commodity, that receives major attention.

Politically the low-income farm families—unfortunately—do not reside in the important pivotal political States. Politically it is, therefore, not strategic to make an appeal to them in the political process.

Mr. RICH. Doctor, is it not a fact that the farm organizations are trying to do like any other organization, to get as many people into their organizations so that they have more votes?

Dr. SCHULTZ. Yes, indeed.

Mr. RICH. And the more votes they have the more they can control things in this country?

Dr. SCHULTZ. Yes. However, in the main this group of families, farm families, are not in a central strategic position in the discussions of the boards and committees that make policy in any of the major farm organizations.

Mr. RICH. It is your object now to move these families out where they will count more when they vote?

Dr. SCHULTZ. No. I am explaining why they have little political influence. If you want to understand why they have relatively little influence in shaping policy I would say that these are the causes as such.

Mr. HUBER. I might say to my colleague, for these groups in the South, the election was won without the South; and, if they move them up North, they are all Democrats anyhow, then you never will win again.

Mr. RICH. As long as we keep subsidizing and giving everybody Government checks, nobody can win until we have a smash, and that is just going to happen as sure as little apples grow next spring, because everybody votes for this check.

Dr. SCHULTZ. I may make one comment on this remark. A very famous Harvard professor came to Iowa State College and made a lecture in the late thirties, and this was his thesis—he was worried about Government checks going to farmers. Someone in the audi-

ence, a little on the brash side, said: "Unfortunately, if you look at the elections since the early thirties by congressional districts, the higher the level of the check in relation to the farmer's income, the quicker farmers return to the Republican fold in the States of South Dakota, Montana, Iowa, Minnesota, and that general area."

Mr. RICH. They have a lot of sense there; have they not?

Dr. SCHULTZ. I am merely reporting a correlation between Government checks and elections.

Mr. RICH. Doctor, you have to be careful because the first thing our chairman said was that we were not getting into politics.

Dr. SCHULTZ. This is a fact, too.

Senator SPARKMAN. Following that up, was it not the fear that that check was going to be taken away from them that very largely changed the results in your section this past year?

Mr. RICH. Not in those States he mentioned, because they had sense enough to get away. They know we are going to have a wreck and they do not want that.

Senator SPARKMAN. I said in his section.

Doctor, before you get away from it, and seriously—this other is more or less facetious I take it; we can talk of political matters facetiously—I want to be certain that in the statements that you and Dr. Johnson are making, you are not condemning the farm programs that we have had; you are not saying that they have been bad for the farm economy as a whole.

What you are saying is that they, within themselves, are not sufficient to remove the disparity, the variance, between low- and high-income families.

Dr. SCHULTZ. They have not and they will not, because they are really not addressed to that problem.

Senator SPARKMAN. I can remember back a few years. Those farm families that we call high-income families on the farms, I can remember when they were struggling to stay out of bankruptcy.

Dr. SCHULTZ. Professor Johnson said that a prolonged depression pulls many farms into the low-income group, and that happened in 1932 and 1933.

As an outsider looking at policy making here in Washington, one feels both Congress and the Department of Agriculture have been so engrossed and become so involved in the other programs, mainly the price-support programs, that they—meaning Congress and the Department—have literally bypassed the low-income problem that besets so many farm families.

Actually it is really quite amazing that we have gone through all of these good times and have not realized that we had large areas engulfed in chronic low income. Moreover, we could have done something about the difficulty when we had this very tight employment in 1946-47-48. Yet, to my knowledge, neither in the Economic Council, on the executive side, nor in any group here in Congress, nor in the Department, was there any comment, any study, any hearing as to how one could bring some relief, diminish to some extent these low incomes in so many parts of agriculture.

Mr. RICH. I do not know why you bring the Agriculture Department into that, because if they would blow up because of the fact that Congressmen would ask them certain questions they would be afraid to do it.

So, the censure should be on the Congress altogether. We should relieve first the Agriculture Department from any cause that they might blow up because we do not want to blow them up and we should give them the privilege of telling the Congress what is necessary for these low-income group families.

Dr. SCHULTZ. What you say certainly applies to the technical research. But on the policy-making level, the Secretary and Under Secretary, can—

Mr. RICH. For 20 years we have been working on this problem, and we have not gotten to the point of relieving them yet.

Senator FLANDERS. The point is that we have not on this problem.

Mr. RICH. That is what I say. For 20 years we have been supporting this agricultural program to the tune of a thousand million dollars just last year, for example, a great sum. Yet the Agriculture Department cannot do a thing for them and they dare not talk about it because the Congress will blow them up if they do.

Mr. HUBER. Because we will not let them.

Dr. SCHULTZ. I want to say a few things on why it is that we understand so poorly the causes of poverty within agriculture. This is getting back to your point, Senator Flanders. The one obvious observation one should make and a very simple one: We simply have not been studying the problem. To go beyond Congress and policy-making, it is a fact we have not been looking at this in a systematic research fashion.

Mr. RICH. It seems strange to me that we do not do that, and that we have to wait until we get people to come to the city to tell us that the farmers and the Agriculture Department have not been taken care of. I just cannot quite understand it. There is something wrong.

Dr. SCHULTZ. I am not sure it is wrong. But for the moment I want to make an additional observation. From my point of view it is extremely regrettable that whenever an agency in Government, in the last decade—and this is certainly true at the end of the thirties—began to get into research on this low-income problem and especially in agriculture, Congress has been excessively critical and has in fact forbidden the continuation of that kind of research.

Senator FLANDERS. Can you give dates and times and projects?

Dr. SCHULTZ. The adverse treatment of the BAE during the late thirties, when they were forced to discontinue various kinds of research, is a case in point. The bitter experience of the Bureau of Agricultural Economics as a study in valuation conflicts has been covered by a colleague of mine, Prof. Charles M. Hardin, under the title "BAE Under Fire."

Senator SPARKMAN. Could you give us a reference to that?

Mr. RICH. Who would stop that in the thirties?

Mr. SCHULTZ. To being with the appropriate committees in charge of preparing the budget for the Department of Agriculture.

Senator FLANDERS. Specify that, if you will, quite directly for the record, giving the instances. I think we ought to have that.

Dr. SCHULTZ. First, let me ask do you want the article by Professor Hardin to go into the record. It gives in so much more detail the legislative history on this issue than I can.

Mr. RICH. How long an article is it?

Dr. SCHULTZ. A comparatively short article that appeared in the Journal of Farm Economics in 1946.

Mr. RICH. I think we ought to know what it is. If it is something that the Congress refused to permit and it is information that we ought to have, it might be well to get it.

Senator FLANDERS. I suggest that we put it in the record.

Mr. RICH. If anybody would stop the Agriculture Department from giving out that information, then I think we ought to have it.

Dr. SCHULTZ. That is what it is.

Mr. RICH. It tells who did that?

Dr. SCHULTZ. It gives the political situations, the dates, the time, and the underlying conflicts. They were policy conflicts obviously.

Senator SPARKMAN. If you supply us with that article, we will make it a part of our files in connection with your statement. I think I can say that I remember quite well the instance to which you refer. I was in the House of Representatives at the time and I well recall the fight that was made.

Mr. RICH. Can you tell us now who stopped that?

Senator SPARKMAN. Congress stopped it.

Dr. SCHULTZ. That is the honest answer.

Senator SPARKMAN. If I recall, there was an explicit limitation written into the appropriations.

Dr. SCHULTZ. Private agencies and universities ought to undertake these studies, for one, because of the value conflicts. If there are any problems we ought to be working on because of the academic protection we enjoy, it is these issues which involve conflicts and controversy with regard to the problem of values and social relations.

I regret we have not done more. The reasons are partly because of a lack of awareness of the problem and partly because of insufficient resources.

Mr. RICH. We have to be careful that we do not get too much explosive around because they are talking about atomic energy and atomic bombs, and the first thing you know something is going to happen to us.

Dr. SCHULTZ. Let me close by calling attention to the fact why it is that we understand the problem as poorly as we do. Going back to Senator Flanders' observation: The causes of the large and widening gaps in the income per capita among communities that have come into existence as economic progress has taken place in our country, affecting adversely so many communities in agriculture, are, I am convinced, exceedingly complex and difficult to understand.

I have attempted to lay down a theoretical approach which relates these low-income areas or tries to relate them to economic progress itself. The concept and analysis suggests that in large part what we have are communities that have been bypassed by industrial progress.

Eastern Kentucky is probably not any worse off than it was when the territory was settled, even though the farm people in that area are extraordinarily poor by present standards. But they have, and so have many other communities, in some sense been bypassed by the whole stream of economic development and economic progress.

Rather than burden you with certain fairly technical considerations, today let me refer to the paper, which has been referred to, which might go into the record if you should want to study it. I do not want to burden you with it here, although you have a summary before you.

Mr. HUBER. Is it not true that these folks are continuing to live a pioneer existence?

Dr. SCHULTZ. Yes; in many ways.

Mr. HUBER. As Mr. Rich spoke, there were days when everybody lived with practically no conveniences, and mostly it is that they have not kept pace with the rising living standards of other people.

Dr. SCHULTZ. They have been bypassed. They have lost out. The question is: What conditions have been responsible? This is the question we have to bring into our research. While we are getting closer to a description of the problem, and while we have some ideas of what might be done about it, we still do not know why low incomes have emerged so rapidly in some sections in agriculture.

Mr. RICH. Do they not have these local agencies in all the States with welfare information regarding the people? When you speak of dire poverty, I did not think we had very much of it in this country. I did not think that that existed. We have always been shouting to the housetops that we are the best country in the world and that we have the best schools and the best of everything. Then you say we have dire poverty.

Dr. SCHULTZ. Poverty is always relative. I have had the privilege of inspecting and studying the agriculture of a number of countries in western Europe, eastern Europe before the war, India, and in South America. I think it is absolutely true that we have a large number of communities in American agriculture that have a level of living that is lower than anything one can find in western Europe, say in Denmark.

Mr. RICH. And we are spending our billions of dollars in Europe now when we ought to be spending them here in America. You ought to come to Congress.

Dr. SCHULTZ. May I complete the observation? The observation is that we have levels of living in many communities, having low incomes which are below some that one would find in eastern Europe, for example in Czechoslovakia before the war.

Actually there are some communities in American agriculture which fall below the level of a country as poor as India.

Mr. HUBER. You will not find slums in very many countries compared with those in Philadelphia and Pittsburgh, and some in Ohio, I do not believe.

Dr. SCHULTZ. You introduce a comparison about which I do not feel I have as firm a grasp as I do about the facts of agriculture.

Mr. HUBER. Do you have studies on Ohio and Pennsylvania reflecting the rural side, in Ohio and Pennsylvania?

Dr. SCHULTZ. The urban I do not know, except as a layman.

Mr. HUBER. And the rural?

Dr. SCHULTZ. In southern Ohio, the same problem that I have tried to identify for Indiana has come into existence. There is a low-income problem in agriculture in southern Ohio that is similar to the one that has emerged in Indiana.

Mr. RICH. You had better vote for this foreign money to be spent in Ohio and not to be sent to foreign countries.

Mr. HUBER. I knew it existed all the time. Tell us about Pennsylvania now.

Mr. RICH. Then look at his vote and mine when it comes to trying to save that money and helping our people. I believe in helping our people. When you say that they are in better shape in some of those foreign countries where we are spending our money than they are in this country, then I think more than ever that we ought to be censured.

Senator FLANDERS. I suggest that Dr. Schultz be permitted to finish his observations.

Dr. SCHULTZ. I am through now. Thank you.

Senator SPARKMAN. You said something about the full-length paper. We would be very glad to incorporate that into the record.

(The complete statement submitted for the record by Dr. Schultz is as follows:)

REFLECTIONS ON POVERTY WITHIN AGRICULTURE*

(By Theodore W. Schultz, of the University of Chicago)

There is room for a lament on the state of ideas held and cherished with regard to poverty within agriculture. There is the widely held belief of farm people, many of whom are well up the income ladder, and of their leaders that poverty is basically not a concern of the public but of the farm family that is poor. Thus bypassing the issue, agricultural policy is left free to concentrate on the economic problems of farmers who are substantially above the poverty rung. The chronic problem of poverty of long standing in many parts of agriculture is viewed by them as mainly a private and personal affair of the families who are poor and without social roots or major social implications. There is also the belief now firmly established among many industrial-urban people that most farm people are poor most of the time. The lament becomes deep and mournful when one sees the formation of agricultural policy proceed as if all farm families were poor and when one observes the failure of agricultural programs to come to grips with the poverty that actually exists within American agriculture.

Poverty, the state of being in need, is an acceptable state socially; the poor have always been with us (and, of course, respectable, for it is not an unknown academic state). It is neglected in research about agriculture, since thinking on this issue is not always received with favor; and it is ill conceived in the formulation of agricultural policy and misused in seeking public support for agricultural programs. Poverty within agriculture is acceptable, for it is looked upon as natural. It is natural (1) because poor farmers gravitate to poor land and there is much poor land in the United States; (2) because many farm people prefer to stay poor rather than make the effort to improve their lot; (3) because in farming, although people may be poor in dollars, they are nevertheless rich in those valuable appurtenances that go with being close to nature and with the free independent living of farm life; and (4) because the Negro and the Mexican, of whom there are many in agriculture, are naturally poor. So run the mythology and folklore of our day, making poverty not only acceptable but necessary.

The neglect of the study of poverty within agriculture is understandable. It is understandable because the poor in agriculture are politically impotent. Although political influence may gradually come to them, such influence is still in the distant future, and those who administer research are necessarily sensitive to the immediate political repercussions of such research. If they were inclined otherwise, they would do well to look back and reflect on the fate that befell the rural sociologists, on the fire that was directed against the Bureau of Agricultural Economics, and on the frigidity of the Congress toward proposals to help the poor in agriculture no longer ago than the early forties. But this neglect runs deeper, for those who do research are not prone to accept passively political coercion curtailing their freedom of thought when they feel strongly on the issues at stake. The inference is that they do not believe that poverty in agriculture is an important social problem. This belief may exist because, for the most part, agricultural research workers have been trained in an intellectual climate that gives little emphasis to the strong, liberal, and humanitarian currents that have characterized our western culture; because their research prob-

*This paper was prepared for and presented at the meetings of the American Farm Economics Association, held at Laramie, Wyo., August 17-20, 1949, and it will appear in the February issue of *Journal of Political Economy*, February 1950.

lems have not brought them into close contact with the poor in farming; and, probably most important of all, because they have been inclined to accept the prevailing folklore about poverty in agriculture. Thus, since thinking and ideas must precede social action to diminish poverty, it should surprise no one that the formation of policy with regard to poverty is ill-conceived and misapplied.

I. PRELIMINARY CONSIDERATIONS

To analyze the economic aspects of the poverty that has gradually become embedded in agriculture, it is necessary to have some conception of economic development. The classical economists had a theory of economic growth and progress which, however, as I shall show, does not have sufficient generality to deal with the type of economic development that has come to characterize the history of the United States. The task at hand consists of three parts. The first entails an attempt to describe the salient characteristics of the poverty that has emerged. This characterization is presented in the form of a series of propositions. Next, there is the task of selecting an analytical framework sufficiently comprehensive to include conditions under which economic progress can give rise to increasing disparity of income. And, finally, there is the difficult undertaking of determining the conditions that are necessary for increasing disparity in income to occur. It is my belief that the results of this approach are meaningful in the formation of policy to diminish poverty in American agriculture. The policy implications, however, are left for another occasion.

In this paper, I take the American scene as it has developed during the comparatively few decades that have elapsed since the settlement of this continent as the empirical setting of the problem. I neglect, for the most part, the effects of sudden changes in the main economic magnitudes of either World War I or II or of the great depression upon poverty in agriculture. Accordingly, in order to make my task manageable, I abstract from short-run fluctuations in the basic argument. I define poverty to mean being too poor to afford the level of living¹ that has become generally established and that most people can afford. I am not, however, concerned with the poverty of any particular farm family but, instead, with that of an aggregate consisting of all of the families located in a given community or neighborhood.² More specifically, whenever I refer to level of living or to income, I mean the average level of living or the per capita income of the community. Accordingly, this study does not focus upon isolated farm families, no matter how poverty-stricken they may be, but upon a group of families comprising a community or neighborhood. Thus in any given community one or more families may be beset by poverty compared to the average level of

¹The concept of "level of living" refers to the possession of goods, services, and opportunities. It consists in what people have; that is, the opportunities available to them and the goods and services they use and consume. For the distinction between "level of living" and "standard of living" see *Rural Life in the United States*, by Carl C. Taylor and others, Alfred A. Knopf, 1949, ch. 17.

Margaret Jarman Hagood, of the Bureau of Agricultural Economics, has made a number of studies concentrating on the level of living of farm people. Her study, *Farm Operator Family Level of Living Indexes for Counties of the United States, 1940 and 1945*, U. S. Department of Agriculture, Bureau of Agricultural Economics, May 1947, is exceedingly instructive. With the United States county average for 1945 equal to 100, one finds that her indexes of the level of living for the 10 lowest counties in Kentucky range from 5 to 16 as follows:

1945 level of living index (10 lowest counties in Kentucky)

Counties:			
Breathitt.....	5	Magoffin.....	13
Leslie.....	6	Clay.....	14
Elliott.....	9	Lawrence.....	15
Knott.....	12	Lee.....	15
Owsley.....	13	Knox.....	16

Her data for the 10 highest counties in Iowa show indexes ranging from 188 to 196, as follows:

1945 level of living index (10 highest counties in Iowa)

Counties			
Ida.....	188	Wright.....	191
Buena Vista.....	189	O'Brien.....	192
Hamilton.....	189	Sac.....	192
Charokey.....	190	Benton.....	194
Marshall.....	190	Grundy.....	196

²I am inclined to follow fairly closely the idea of a community (or neighborhood) as it is set forth in *Rural Life in the United States*, op. cit., ch. 4. For most of the conditions under consideration the rural neighborhood can be used instead of the community. Accordingly, I shall use the two terms "neighborhood" and "community" as being quite interchangeable.

living of the community. This within-community poverty is not, however, the object of this study. The analysis is restricted to between-community comparisons. It follows, therefore, that not all of the families in a poor community are necessarily equally poor, and some families in such a community may be better off than are many families located in a comparatively rich community. In order to simplify the problem let me treat one of the empirical propositions as an assumption at this point. Let it be assumed that these communities had about the same distribution in wealth and natural endowments at the time of settlement or at the time of the developments associated with the industrial revolution began to make their impact. This means that within a community some families had more than average talents while others fell below that mark, for even at the outset of settlement it is only reasonable to suppose that some families were poorer than others both in natural endowments and in material possessions, including the "investment" that had already been made in themselves in ways that enhanced their productive capacity. I take it to be a rough approximation of the facts that the distribution of "talents" and "capital" within most, if not all, communities at the time of settlement or at the time industrialization began to make itself felt was probably not significantly different from one community to another. Meanwhile they have moved far apart in income and, therefore, on that score the distributions of families have come to differ greatly. Whether, however, a similar drift has occurred in the case of the endowments of people within communities is a disputed point. Although the evidence is tenuous, it may be held that whereas there are now poor and rich communities in agriculture they are still essentially more alike than they are unlike one another in the distribution of natural endowments.³

II. SIMPLIFYING EMPIRICAL PROPOSITIONS

The propositions that follow are intended to direct attention to certain salient characteristics of our economic development. They are an attempt to describe one of the economic aspects of that development; namely, the differences between communities in the rates of growth or of progress expressed in terms of per capita income or level of living. To isolate this aspect it is necessary to simplify greatly and in the process leave aside many other historical facts and issues. Nor is it my belief that no qualifications are required along the way. These propositions may be stated as follows:

(1) In general, with few exceptions, the differences in per capita income and level of living among communities were not significant at the time people pioneered new areas or at the time industrialization began.⁴ Poverty of the whole community type did not generally exist under pioneering conditions because levels of living were in their essentials quite similar, although looking back, people were undoubtedly exceedingly poor by present-day standards.

(2) Significant differences have emerged within agriculture not mainly because of a deterioration on the part of those communities in which people are now living under conditions of poverty but largely because of the increases in per capita incomes that have been realized by people in other communities.⁵ This proposition means that families in some localities have been virtually stationary in their level of living. Others have advanced somewhat in their level of living, and still others have shown marked advances. The gap between the first and third type of community has become exceedingly wide, is becoming

³ Prof. Dorothy S. Thomas, in reviewing the research that has been done on selective migration, finds that four conflicting hypotheses have emerged as to the direction of this selection and its effects upon rural areas: "(1) Cityward migrants are selected from the superior elements of the parent population; (2) cityward migrants are selected from the inferior elements; (3) cityward migrants are selected from the extremes, i. e., both the superior and the inferior elements; and (4) cityward migration represents a random selection of the parent population." Professor Thomas concludes that there is some evidence to support each of these hypotheses. Although the evidence is tenuous it is nonetheless probable "that selection does operate positively, negatively, and randomly, at different times, depending on a variety of factors that, up to the present, have not been adequately investigated." (See Selection Migration, Milbank Memorial Fund Quarterly, vol. 16, No. 4, October 1948, pp. 403-407.)

⁴ Prof. Chester W. Wright, *Economic History of the United States*, McGraw-Hill, 1941, discusses the agriculture of the late colonial period in these words: "The outstanding feature that characterized colonial agriculture was the fact that the greater portion of the products raised was for the family's own consumption. This was typically the situation except in the regions such as the southern plantations where . . . tobacco, rice, indigo dominated" (p. 89). For an account of the level of living about 1770, covering housing, food, clothing, and medical care, see pp. 1010-1022.

⁵ A cogent study of this point is that of Mandel Sherman and Thomas R. Henry, *Hollow Folk*, Thomas & Crowell Co., 1933.

ever wider, and will continue to do so as long as the first type remains stationary or advances less rapidly than does the third.

(3) These gaps, consisting of differences in level of living, are basically consequences of the way in which the economy of the United States has developed and not primarily the results of any original differences in the cultural values or capabilities of the people themselves

Each of these propositions is meaningful in the sense that it is possible by making an appeal to empirical experience to determine whether each is a valid statement about economic history. Actually the first two are not essential to the argument proper, for they merely specify a particular set of conditions at the beginning of settlement and about the changes that have occurred in the relative positions of neighborhoods since that time. It is the third of these that is central and most important to the argument, as may be seen when it is stated as follows: The differences in the per capita income and the level of living that have come to exist among neighborhoods in agriculture are basically the consequences of the way in which the economy of the United States has developed. The principal difficulty that arises in putting this statement to test is largely in specifying the components that go to make up the way in which the economy has developed and in determining their effects upon the local fortunes of people. Before undertaking this task, however, it should be possible to clear away some underbrush by calling attention to several fairly obvious implications of this formulation of the problem of poverty in agriculture.

If poverty, as herein defined, is the result of economic development, it cannot be a consequence of the differences in the physical characteristics of land unless it can be shown that the differences in land per se are a significant factor in that development. It will become evident as I proceed that there are strong reasons for believing that the differences in land suitable for farming in itself have not been an important factor shaping the course of our economic development. The industrial Ruhr of the United States developed across the Middle States to the North not because the farm land of the Corn Belt was better than that of the Cotton Belt generally, but for quite other reasons. The main effect has been the other way around; that is, the economy, essentially as an independent variable, has developed in such a way as to give some farm land a comparative advantage in potential adjustments to economic progress over other land. This statement means that people who settled on poor land located in or near the main stream of economic development have benefited from the economic progress growing out of that development as much as have people situated on highly productive land in or near this stream. On the other hand, people who settled on good land that was located away from the centers of active development and thus at a disadvantage in terms of making the necessary social and economic adjustments lost ground relative to those people who settled on either poor or good land located in or near the main stream. The term "disadvantage" in this context is not a matter of physical distances, and therefore cannot be measured in miles. It must be expressed in terms of adverse effects upon efficiency and capacity of the entry and exodus of resources that can be transferred, especially of the human agent. The milksheds are a case in point supporting firmly these remarks regarding the role of farm land. The milksheds are the closest of all farm land to the active centers of the main stream of economic development because of the overwhelming importance of the industrial-urban sectors in generating economic progress. The differences in the physical characteristics of land among major milksheds is exceedingly great, some of it consisting of rough hilly poor land by any standards and some of level highly fertile land. Yet nowhere within a milkshed attached to a major industrial-urban area can it be said that there exists whole communities of poverty-stricken farmers as is the case in large parts of American agriculture located at a disadvantage relative to such areas

The main import of these remarks on land is simply that studies concentrating on land may describe the location of poverty, but they cannot analyze its underlying causes inasmuch as land is essentially passive in the process that has brought about the poverty under consideration.

Another implication of the argument set forth above pertains to the drift of prices. It may be stated thus: If poverty is the result of economic development and if this development is not incompatible with changes in the level of particular prices, the long-run decline (or rise) of a farm-product price is not necessarily a factor contributing to the poverty that has come to exist among communities in agriculture. Product upon product may be cited where over the

years the price has declined relative to other prices and the industry producing the product has prospered, in that it has attracted additional capital and labor into its productive effort. On the other hand there are many cases where a decline in price has necessitated less output, and the adjustment has been made without generating poverty. It can, therefore, be demonstrated both in theory and in practice that a decline in a price is not incompatible with economic development; in fact, on the contrary, it has been an essential part of the process. This is not to argue that prices that fluctuate greatly are as efficient in guiding production as are steadier and more dependable prices.⁶ Nor do I wish to imply that contraction is necessarily easy, certainly not in the short run. An appeal may be made to certain obvious empirical observations with regard to agriculture. Take any major farm product, and regardless of whether the price has declined or risen over the years relative to other farm products, there are farmers, in fact, whole communities of farm families, who are distinctly well to do, and who are mainly dependent for their income on that product. The view that I am advancing is simply that long-run price flexibility has not brought about the kind of poverty that is under consideration in this paper. It has, of course, enhanced greatly the efficiency and the size of the national product.

III. ECONOMIC PROGRESS CAN BRING ABOUT INCREASING DISPARITY IN INCOME

Progress that increases income may be viewed either in aggregate or in per capita terms. The argument on which this paper rests presupposes an economy in which both are increasing and in which the per capita income in some communities seems to remain virtually stationary while that of others increases, although the rates of increase may vary. To gain perspective it may be helpful to look afresh at the classical conception of economic progress; the older economists—Ricardo, Malthus, Mill—conceived of “the dynamics of political economy”⁷ as a process in which the aggregate income increases under circumstances where per capita income tends to remain constant. Their analytical apparatus was built around the rates of change of two important magnitudes; they were inclined to call one of these the “power of production” and the other the “power of population.”⁸ Various rates of increases in production are considered, but under their assumption it did not matter whether production moves forward gradually or takes a sudden spurt, extra population soon takes up the slack. Their theory in its main outlines is simple and remains powerful. Whenever conditions are such that the growth in population absorbs any increase in production to the point that per capita incomes tend to remain constant, it necessarily follows that the power of production becomes the limitational factor not only of the size of the population but also of economic progress expressed in terms of increases in aggregate income. The conditions on which this classical conception of dynamics rests are no longer generally applicable, but as a special case they continue to apply to much, perhaps to even most, of the world. And where they do apply, a great deal of insight can be had by the use of this apparatus.

We need, however, a formulation with greater generality; for it is clear that when the concept of economic progress is restricted to an increase in aggregate income with per capita income remaining constant, it is conceived altogether too narrowly. The following is proposed: economic progress consists of an increase in aggregate income with changes in per capita income unspecified, except that no community becomes worse off. Actually, the most important part of this undertaking is to specify and identify the conditions that are necessary in economic progress, that generate disparity in per capita incomes, and that perpetuate these inequalities functionally considered, once they have become established.

A few observations on the economic developments that have characterized the industrial revolution of western Europe suggest that there is a close parallelism between those developments and the central propositions underlying the main argument of this paper regarding poverty in American agriculture. There is no firm basis for believing that the level of living that existed in most of the communities (or neighborhoods) comprising the bulk of the population of western

⁶ The effects of variations in prices, in terms of the economic uncertainty that these impose upon farmers, on the production plans of farmers is the central subject of my article. *Spot and Future Prices as Production Guides*, *American Economic Review*, *Papers and Proceedings*, vol. 39, May 1949, pp. 135-149.

⁷ This is John Stuart Mill's phrase in opening Book IV, “Influence of the Progress of Society on Production and Distribution.” *Principles of Political Economy*.

⁸ Best expressed in David Ricardo's *The Principles of Political Economy and Taxation* (Everyman's Library Edition), ch. 5.

Europe prior to the events associated with the industrial revolution were significantly different one from another.⁹ The level of living of the mass of the people was obviously very low everywhere compared to those that emerged subsequently, if we neglect the courts and a few of the trading towns. They were, with few exceptions, low in virtually all communities and therefore did not differ importantly from one community to another. It is noteworthy that the way in which the economy developed increasing over-all production, the per capita income and level of living began to rise in the countries experiencing the increases in production. One should note also that instead of a migration of people from other parts of the world toward these countries, attracted by the rising per capita incomes and levels of living, there occurred, in fact, an extraordinary migration out of western Europe not only to the United States but to Asia and to other countries overseas.¹⁰ Was it the poor, the people in the communities that were being bypassed by the industrial revolution, who migrated abroad, and did they do so because they found it easier to go abroad than to participate in the growing fortunes of people generally in communities benefiting from economic progress?

This brief reference to the economic history of western Europe since about 1650 suggests that the advances in technology and in economic organization usually ascribed to the industrial revolution, gave rise (1) to a much larger aggregate production; (2) to an increase in per capita income and in level of living generally in Europe despite the fact that the European population has multiplied five times from 1650 to date;¹¹ (3) to an increasing disparity per capita incomes and in levels of living between western Europe (certainly up to World War II) and those parts of the world that had not benefited from the process of industrialization,¹² and (4) to conditions which impeded the migration of non-Europeans into Europe, a development that would have equalized returns to human agents of European and non-European communities had it occurred in sufficient numbers. But what actually occurred was a migration of millions of Europeans to other parts of the world.

IV. CONDITIONS NECESSARY FOR INCREASING DISPARITY IN INCOME

There can be no doubt that the economic progress that has characterized the industrial development of the western world, including our own, has brought about a disparity in incomes. One observes that the disparity in per capita incomes between advanced and the undeveloped industrial countries has become ever greater, and similarly within a country like the United States, communities at or near centers of economic progress have pulled farther and farther away in terms of productivity and income per head from those communities situated less

⁹ In *Review of Economic Progress*, vol. 1, No. 4, April 1949, Colin Clark presents data that permit the following comparisons among countries in terms of levels of real national product per man-hour, showing the period when they reached a specified level (in International units):

At 0.03 :	Japan 1922 (0.10)
France before 1800	Turkey 1927 (0.10)
Germany before 1800	Ecuador 1940 (0.11)
India by 1860	Brazil 1946 (0.11)
Japan by 1890	At about 0.30 :
China by 1930	Britain 1890 (0.31)
0.10 to 0.15 :	United States of America 1890 (0.34)
Britain before 1800 (0.14)	Denmark 1913 (0.30)
France 1850 (0.10)	Germany 1913 (0.31)
Sweden 1860 (0.10)	Netherlands 1913 (0.29)
Greece 1880 (0.13)	Norway 1920 (0.33)
Eire 1880 (0.11)	Spain 1920 (0.31)
Belgium 1890 (0.11)	Sweden 1920 (0.30)
Italy 1890 (0.10)	France 1924 (0.30)
Norway 1890 (0.14)	Switzerland 1925 (0.31)
Switzerland 1890 (0.15)	Eire 1926 (0.30)
U. S. S. R. 1900 (0.15)	Belgium 1930 (0.33)
Estonia 1913 (0.11)	Argentina 1935 (0.35)
Hungary 1913 (0.14)	Finland 1937 (0.32)
Portugal 1913 (0.11)	

¹⁰ Dudley Kirk in his book, *Europe's Population in the Interwar Years*, League of Nations, 1946, chap. III, puts the migration out of Europe as follows: "The number of Europeans living outside of Europe was negligible in 1650; it has been estimated that since that time some 60,000,000 Europeans have sought homes overseas. * * * Millions more crossed the low barriers of the Urals to settle in Siberia and the interior of Asia."

¹¹ Dudley Kirk, *op. cit.*, chap. III, p. 17.
¹² The increasing disparity in income per head is documented by a wealth of data brought together by Colin Clark, *The Conditions of Economic Progress*, Macmillan, 1940, especially in chap. IV. In my paper, "Food, Agriculture, and Trade," *Journal of Farm Economics*, vol. 29, 1947, p. 7, I drew upon Mr. Clark to show how rapidly this disparity had occurred since about 1870.

favorably.¹³ I shall endeavor to indicate the conditions responsible for the increasing disparity in incomes.

The accumulation of capital that is put to productive uses will, of course, increase the income of those who are the recipients of such earnings, other things being equal. The concentration of productive assets in the hands of people of advanced industrial countries is a commonplace; the unequal distribution of such assets among families within a country is also well known. This aspect of the growth of capital and its effects on the distribution of income is certainly not new. Nor has it been neglected in economics. In the formation of policy for agriculture, however, sight is often lost of the fact that many farm families possess valuable property that earns for them very considerable income, and that such families are not necessarily poor even when farm prices are low.

Abstracting from changes in income contributed by the growth of capital other than that "invested" in the human agent, there are three sets of conditions inherent in economic progress, each of which can bring about a disparity in income. A disparity will occur in favor of people in communities located at or near the centers of economic progress under each of the following conditions: (1) Those that alter the proportion of the population engaged in productive work in one community relative to that of another; (2) those that change the abilities of a population to produce, of one community relative to that of another; (3) those that impede factor-price equalization of comparable human agents between communities.

(1) *Conditions determining the proportion of a population that contributes to income.*—The ratio of contributors to noncontributors becomes larger as communities participate in economic progress. Obviously this ratio is important, for if only a few people are active at productive work there will be less income per head than if many people in a given community are contributors, other things being equal. The conditions that determine this ratio arise out of a number of complex developments: (1) There are the changes in composition of the population associated with economic progress, (2) the changes in the continuity of employment and in the specialization permitted by the division of labor that emerge as a result of economic developments, and (3) differences that arise from the way in which income is measured and in which the income accounting is done.¹⁴

Probably the most important of these developments is the demographic evolution of the population of a community. Students of population have observed that there are, from a demographic point of view, basically three population types in the world at present.¹⁵ The first of these is the preindustrial type with very high birth and death rates, with a large proportion of the population in the lower age brackets of the population pyramid and with a short life expectancy. It fulfills the essential conditions of the Malthus-Ricardo-Mill idea of dynamics inasmuch as the potential increase in population is such that it can readily absorb substantial increases in production should they occur and thus tend to keep the level of living constant. The basic consideration in this context, however, is the fact that a large proportion of the population consists of nonproducers. The second type of population is usually referred to as transitional, with its diminishing birth and death rates but with the death rate dropping first¹⁶ and

¹³ It may be of interest to note that taking Colin Clark's figures appearing in *Review of Economic Progress*, vol. I, No. 4, April 1949, and assuming that his \$0.03 per hour (in terms of his International unit) is the lowest level of real national product per man-hour, we get the following spread between the low and the high countries:

<i>Number of times the highest country is above the lowest</i>			
	<i>Times</i>		<i>Times</i>
Before 1800-----	5	1930-----	25
1800-25-----	7	1940-----	33
1910-----	17	1947-----	39

The last figure, that for 1947, is obtained by assuming that China has not risen above the \$0.03 reported for 1930 and relating it to the \$1.19 reported for the United States of America. That the level-of-living index of farm operators in the United States in 1945 should also show Grundy County, Iowa, 39 times as high as Breathitt County, Ky. (see footnote 1), is a similarity that should not be dismissed too lightly.

¹⁴ I will not elaborate the third (3) in this paper because it would take me somewhat afield and because it would require an entire paper to do it satisfactorily.

¹⁵ An excellent essay on this subject is that of Frank W. Notestein, *Population—The Long View in Food for the World*, edited by Theodore W. Schultz, University of Chicago Press, 1945. See also, Warren Thompson, *Population and Peace in the Pacific*, University of Chicago Press, 1946, chap. II.

¹⁶ To quote Professor Notestein, *op. cit.*, pp. 39-40, on this point, "Fertility was much less responsive to the processes of modernization. So far as we can tell from available evidence, no substantial part of the modern population growth has come from a rise in

for a time faster than the birth rate and with a marked increase in population taking place as a consequence. The advanced industrial type comes into existence when the birth and death rates are again approaching a balance at rates about one-third to one-half as high as those that characterize the preindustrial populations. Life expectancy becomes fully twice as high, and the age distribution characterizing the population pyramid is such that a large proportion of the people are in the ages where they can contribute to productive economic effort.

We are inclined to think of the United States as approaching a demographic stage characteristic of an advanced industrial country, but it is true that within agriculture the preindustrial and the transitional demographic population types predominate. Moreover, one of the major consequences of these demographic differences is to be found in the proportion of the farm population that can contribute to production. For example, in comparing Grundy County, Iowa, with Breathitt County, Ky., we find that in 1940, 62 percent of the farm population of the Iowa county was 21 years of age and over as against 42 percent of the Kentucky county.¹⁷ The farm population 70 years of age and over in both cases was slightly more than 2 percent.

A second development altering the proportion of the population that contributes to income arises out of changes in the continuity of employment and the specialization afforded by the division of labor as economic progress has proceeded. Again, it may be assumed that until industrialization got under way most communities were essentially alike in this respect, but they have drifted apart because some communities in agriculture have emerged with more continuous employment and with work more specialized than have the communities that have been bypassed in the course of economic development.¹⁸ The result is fairly obvious; in the communities that have been favored, people who can work may do so more of the time during the year; and the division of labor has been carried further, thus permitting them to specialize to better account. Here again, to illustrate the consequences one needs only to refer to farming in central Iowa compared to that in eastern Kentucky.¹⁹

We conclude this section with the observation that it would appear from even these brief explorations that the conditions that determine the proportion of a population of a community that contributes to income is a consequence of the social evolution of our society set in motion by the character of our economic development.

(2) *Conditions that determine the abilities of a population to produce.*—It will be convenient to classify abilities into those with which people are naturally endowed and those which they acquire. As to the first, we have already indicated that it would seem plausible that most communities at the time that industrialization began or at the time of settlement were roughly the same in the distribution of native talents. Moreover, communities in agriculture at present may not differ substantially on this score.²⁰ However, as for the abilities that can be acquired, differences have arisen as a result of the way in which our economy has developed. We can achieve considerable insight on this matter by abstracting from certain social and physical aspects in order to isolate (1) the

fertility. On the other hand, neither did fertility decline with mortality. The reasons why fertility failed to decline with mortality are clear enough in general terms. Any society having to face the heavy mortality characteristic of the premodern era must have high fertility to survive. All such societies are therefore ingeniously arranged to obtain the required births. Their religious doctrines, moral codes, laws, education, community customs, marriage habits, and family organizations are all focused toward maintaining high fertility. These change only gradually and in response to the strangest stimulation. Therefore, mortality declined, but a fertility high enough to permit survival in an earlier period began producing rapid growth."

¹⁷ Based on data from the 1940 census. Note that this Grundy County had a level-of-living index of 196 while that of Breathitt was 5 in 1945, according to the Hagood study, *op. cit.*

¹⁸ Underemployment, which is unproductive employment in the sense that a person produces a smaller product than he could elsewhere in the economy, is not included here, for it properly belongs under the set of conditions that impede factor-price equalization.

¹⁹ There are many clues in the available statistics although the data are not on a county basis. One comparison may be cited. In the fall of 1945, an attempt was made by the Bureau of Agricultural Economics by means of an enumerative survey to ascertain the average hours that farm operators worked during the week September 16 to 22. These data by type of farming regions show that in the dairy areas farm operators worked nearly twice as many hours (59) as did those in the general and self-sufficing areas (31). For the Corn Belt, the equivalent figure was 37 hours. From table 60, *Rural Life in the United States*, *op. cit.*, p. 475.

²⁰ Howard W. Beers in *Mobility of Rural Population*, Bull. 505, Kentucky Agricultural Experiment Station, June 1947, on p. 40, advances the hypothesis that rural-urban migration has selected the less able youths, leaving on farms those who are most capable. For a more comprehensive review, see Dorothy S. Thomas, *Selective Migration*, discussed in footnote 3 above.

process by which capital is "invested" in human agents; (2) the amount of capital thus invested; and (3) the effect of this investment upon the productivity of a population.

An analysis of the formation of capital in this sphere is beset by many major difficulties. It is exceedingly hard to draw a line of demarcation between inputs for consumption and those that act as capital. Many of these inputs undoubtedly make contributions both ways, and when it comes to measurement, the existing capital market gives us little or no information because it is not organized to finance investments that enhance the abilities of people as producers. Where men are not slaves but free, a mortgage on capital which in the process of formation becomes embedded in a person requires the kind of instrument that has had no appeal to financial institutions, even though the earnings on such investments in many cases would prove very attractive.²¹ Consequently, as one would expect, the supply of capital employed to improve the abilities of a population have come from two major sources, from the family and from the community in which he lives. Furthermore, with few exceptions, the capital is made available without recourse, that is the individual is under no obligation to repay his family or community. In substance, then, we have for all practical purposes no capital market serving this need. The institutions that exist, namely the family and the community, bear the brunt of this function; and the results are all too evident. The amount that is invested per human agent is extremely unequal from one community to another. Where the community is poor, families are also poor, and therefore, neither of them can afford to make these investments; the converse of course is true in a rich community. The implications of this process to our argument are clear; economic development has been uneven; some communities have been left behind; these communities and the families in them have few resources per head and fewer still per child at hand to train and rear their children; while the communities and families situated in the main stream of economic development have many resources available for these purposes.²²

There is not much that one can say on the amount of capital that is invested in human agents except to express the belief that it has become very large indeed in countries with an advanced industrial economy and especially so in the best situated communities in the United States. Any attempt to measure this outlay encounters major obstacles for reasons already touched upon.

There remains, then, the effects of investments of this nature upon the productivity of a population. It will be useful to distinguish between (1) the effects that alter the comparability of human resources in terms of abilities to do a given type of work equally well; and (2) the effects that express themselves in awareness of alternative opportunities, in the capacity to communicate and in willingness to migrate. In the case of the first of these two effects, that pertaining to comparability, it is evident that where the investment consists of preparing an individual for a task that requires years of careful and systematic training, such as is required to become a doctor, lawyer, scientist, or skilled technologist, the person who has received this training is no longer comparable to a person who has not had similar preparation. What about the bulk of the work in agriculture where advanced technology is employed and in industry generally? It appears that in the short run a significant difference in productivity exists between those who have had the advantages that go with this class of investment compared to those who have not. To illustrate, a young migrant from eastern Kentucky would probably find himself at some disadvantage on a typical Iowa farm or in doing a given job in industry compared to a young migrant from a rich farming community and from a fairly prosperous family in western Kentucky, but this margin of disadvantage in most cases is likely to disappear rather rapidly. The two men would differ appreciably in the short run, that is, for a month or two or even for as long as a year, but after that, they would be on about an equal footing in terms of the abilities that are required to do such work. The second of these effects involving awareness of opportunities and a willingness to migrate, so it seems to me, is by all odds the more important of the two in accounting for the unequal incomes earned per person within agriculture. These effects, however, are basic in getting at the imperfect factor-price equalization that exists, and therefore, takes us to the third set of conditions underlying the disparity in incomes under consideration.

²¹ Prof. Earl Hamilton has called my attention to the excellent observations of Marshall of certain aspects of this problem (*Principles of Economics*, eighth edition, London, Macmillan, 1930. See especially pp. 560-563).

²² In 1938, Mississippi allocated about 5.4 percent of its income to the support of secondary and elementary schools while Iowa used about 3.9 percent of its income for this purpose and yet the amount that was available per enrolled student was about \$22 in Mississippi compared to \$74 in Iowa.

(3) *Conditions that impede factor-price equalization.*—We have explored briefly the conditions that increase the proportion of the population contributing to income and that improve the abilities of a population to produce, and I have endeavored to show how the forces of economic development expressing themselves through the existing family and community institutions alter these conditions. There still remains a third set of conditions which appear to play an important role in contributing to the growing disparity in income among communities within agriculture.

Two questions may be helpful in putting certain aspects of the problem of achieving factor-price equalization into focus. Does economic progress, as we have known it, require a vast and unprecedented transfer of human agents? The answer is, I am sure, without qualification in the affirmative. Does economic progress give rise to major impediments to migration? The answer to this query may seem to be less unequivocal. It will become evident, however, as we proceed that an equally affirmative reply is warranted. What happens in this connection is about as follows: We have seen how economic development sets the stage for the emergence of the advanced industrial demographic type of population alongside what was formerly a common form, that it, the preindustrial demographic type. As the differences between these two types increase, the cultural impediments to migration become greater. It is these impediments to a transfer of the human factor that brings about a series of short run equilibria which, as time goes on, fall increasingly short of achieving an optimum in the allocation of resources.

Two aspects require further elaboration, namely, (1) the comparability of a typical human agent located in a poor, preindustrial demographic-type community and the typical person situated in an advanced community, and (2) the nature of the cultural impediments and their role as costs to the economy. Before touching on these, an observation on factor-price equalization among preindustrial communities may be instructive. Let us take two communities of this demographic type with the same cultural values, including similar standards of living, and let us assume further, that the fortunes of the one improves. To make this concrete, let the increase in production come from an irrigation project without cost to the community. Is it necessary for people to migrate from the less fortunate community to the one that has the windfall afforded by irrigation in order to attain factor-price equalization? The answer is that even without a common market for either factors or products, that is without either migration or trade, factor-price equalization will occur as a consequence of the upward surge in population in the community with the new irrigation project under the assumptions as I have formulated them. Factor-price equalization, however, cannot occur when the community benefiting from a windfall is of the advanced industrial demographic type and the other a preindustrial community, unless a transfer of factors takes place.²⁴

The question of comparability of human agents as factors in this context raises a number of issues which are exceedingly difficult to resolve. Entirely too little work has been done on this problem;²⁵ and, as is obvious, the answer must come in the last analysis from an appeal to empirical reality. All that one can do with the fragmentary materials now available is to express one's belief on the matter. It seems to me that most of the people located at present in poor communities within agriculture are essentially comparable to most of the people situated in rich communities in terms of their capacities to produce if allowance is made for the short-run acclimatization required for the improvement in abilities which I have already considered. If this is true, it follows that the cultural impediments are indeed a heavy burden because the income earned by these (human) factors is very unequal between communities. Is it possible that the cultural impediments can be so great and so costly? Here the researches of the sociologists are making important contributions, and their results indicate quite clearly that it is no easy matter for people to pull up their roots and leave the

²⁴ P. A. Samuelson in two recent articles in the *Economic Journal*, *International Trade and Equalization of Factor Prices*, vol. 63, June 1948, and *International Factor-Price Equalization Once Again*, vol. 69, June 1949, has attempted to show that free commodity trade will under certain conditions inevitably lead to complete factor-price equalization. The conditions that are specified in his analysis are, however, far removed from the hard realities that underlie the existing geographical inequalities.

²⁵ A major research program made possible by a grant from the Rockefeller Foundation on the malallocation of resources that characterize agricultural production is under way at the University of Chicago being carried forward largely by Prof. D. Gale Johnson. This research program has as one of its objectives the determination of the comparability of resources within agriculture and between agriculture and other sectors of the economy and in the connection focusing primarily on the human agent.

folk society with its strong local-personal-informal relations, and transplant themselves into an impersonal-formal less locally oriented urban-minded community. The economist must leave it to the sociologist to isolate and identify the nature of these cultural impediments;²⁰ the economist, however, can and should come to grips with the cost aspects. The burden of these impediments is obviously a continuing one. If anything, measured in terms of the unequal factor-prices that exist, they have become greater over time. If the price of eliminating, or be it only substantially diminishing, these impediments is a nonrecurring cost for any given migrant, then the probabilities are high that society could achieve a very considerable gain by taking positive actions to diminish the adverse effects of these impediments upon factor-price equalization and in so doing diminish significantly the disparity in incomes on which we have concentrated our attention in this paper.

(The paper entitled "High Level Support Prices and Corn Belt Agriculture," submitted by Dr. D. Gale Johnson, is as follows:)

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HIGH LEVEL SUPPORT PRICES AND CORN BELT AGRICULTURE

(D. Gale Johnson, University of Chicago)

If any benefits are to accrue to American agriculture as a result of a farm program similar to that advanced by Secretary Brannan in April of this year, the Corn Belt is in a position to command a large proportion of the benefits.¹ The Corn Belt had something less than 20 percent of the farm population in 1945, and sold roughly 28 percent of the total farm marketings in 1947 and 1948.² With 18 percent of the agricultural labor force, the six States produced 27 percent of the total agricultural income in 1945.³

Any program that will increase farm income by increasing prices will have a "favorable" impact upon a commercial agriculture with a relatively high productivity per labor input.

The economic effects of the Brannan proposals may be considered under two heads—resource effects and income effects. Since part of the resource effects will depend upon the income effects, I shall consider the latter first.

INCOME EFFECTS

The income effects of the Brannan proposals will depend upon the relation between the support levels and the levels that would otherwise prevail in the market. If market prices should be above the support prices, the main impact of the program would be to reduce price uncertainty. I believe this would make the income distribution within agriculture somewhat more equal. The small farmers are subject to a greater degree of capital rationing and are in general somewhat less venturesome. This would make it possible for them to expand the quantity of resources at their command to a somewhat greater extent than the farmers with larger firms.

²⁰ When factor-price equalization is based upon given wants, the cultural differences under consideration are taken as attributes of the existing pattern of wants. When the problem is approached in this way, the cultural differences between a community that has been bypassed by economic growth and progress and a community located at or near the centers of industrialization are not impediments to factor-price equalization but a part of the existing wants of the people in the two communities. It follows from this formulation that the two communities may be in equilibrium in terms of resource allocation although great differences in the level of living exist. Another approach, the one on which this analysis rests, proceeds on the assumption that wants are not given and constant but that they are the result of cultural developments which are not independent of industrialization. One may view the changes in wants that emerge as industrialization proceeds as a movement away from a preindustrial pattern of wants toward a new, more dominant industrial-urban pattern and that the differences in wants are the result of lags in this adjustment. It is better, however, in order to simplify the analytical problem, to introduce a value judgment explicitly in this connection. This value judgment is simply to the effect that the wants that characterize the communities that have been bypassed by industrial growth and progress are inferior relatively to the wants which are emerging in the main stream of industrialization. Given this valuation, it follows that the cultural factors that isolate the backward community and press upon it the relatively inferior wants operate as cultural impediments and as such impede factor-price equalization.

¹ The Corn Belt, as I view it, includes the eastern portions of Kansas, Nebraska, and South Dakota, the southern half of Minnesota, the northern half of Missouri, and all of Iowa, Illinois, Indiana, and Ohio. However, my analysis is based on data for the six States: Minnesota, Missouri, Iowa, Illinois, Indiana, and Ohio.

² BAE, Net Farm Income Situation, January 1949, p. 6.

³ *Ibid.*, July 1946, p. 18.

But I cannot believe that a 10-year moving average of prices, adjusted by the purchasing power of farm marketings, would almost exactly reflect the equilibrium prices for farm products. No one will question that individual product prices will depart from the prices indicated by such a formula. It is also unlikely that the average level of market prices will approximate the average level indicated by the formula. I would guess that after the current heavy export demand for United States food subsidies to roughly its prewar aggregate quantity level, farm prices will be at least 15 percent below the average suggested by Brannan's formula.⁴

How will the income benefits from the Brannan proposals be distributed? Given our general values with reference to income equality, we would like to have the plan make incomes more equal than is now the case. At least this is the criterion I shall use—the plan should reduce the inequality in distribution of income. Three comparisons will be made: (1) within the Corn Belt; (2) between the Corn Belt and other agricultural areas; and (3) between the Corn Belt agriculture and nonagriculture. In general it does not seem that the subsidies will make the distribution of income more equal than it would otherwise be.

The Brannan proposals will have the same effect upon the distribution of income within agriculture as a price increase for farm products.⁵ If the Brannan program results in a 10-percent increase in farm prices and farm-price returns, the income distribution effects within agriculture will be equivalent to a 10-percent increase in farm prices in the market place. If production controls and marketing quotas are imposed upon individual farms in terms of historical bases, the above conclusions would not require substantial modification.

The above comments can be made more vivid by indicating in a rough way how the Brannan proposals would affect the distribution of income. This will be done by showing the final incidence of the subsidy by broad income or size groups of farms.

The following assumptions will be made:

1. Price returns are increased (by the proposals) by 10 percent on all products sold.
2. The distribution of income from sales of farm products is the same as reported by the census for 1944, and the level of prices without the Brannan proposals would be those prevailing in 1944.

⁴ The data on food consumption and relative food prices indicate a gradual yet perceptible decline in the demand for food at retail. With a decline in per capita consumption of about 4 percent, relative food prices have fallen since 1947. Part of this decline may be temporary, but it is unlikely that retail food prices will be as high in 1949 as they were in 1947. The demand for food from farmers has declined by more than the demand for food at retail. This is as one would expect. Marketing costs have been rising and are not expected to decline. Consequently all changes in food prices at retail will be reflected twice over at the farm level. The parity ratio was 106 for the first quarter of 1949—roughly the level indicated by Brannan's proposal.

We should also consider what has been happening on the food production and utilization side. In 1935-39, exports constituted 2.5 percent of the 1935-39 food utilization. In 1949 it is estimated that military (which includes food for American armed forces) and shipments and exports will require 12.3 percent of the 1935-39 food utilization. Making some allowance for United States armed forces personnel, a return to the prewar level of exports would permit about a 7 percent per capita increase in consumption from a given level of production. If food production should rise to 140 percent of 1935-39, per capita food consumption could go as high as 118-120, even if exports are twice the 1935-39 quantity.

In any case, it is difficult to visualize a fall in relative food prices at retail of less than 10 percent (from 132 to 119-120) over the next few years. If this occurs, farm prices will fall by about 20 percent (from 262 to 210 if other prices remain constant) giving a parity ratio of roughly 85 percent.

⁵ We do not have empirical data that show exactly what happens to income distribution when only the prices of agricultural products change. Most pertinent data seem to be those showing the distribution of net money incomes of farm families in 1941 and 1947. A rough measure of changes in income distribution between the two periods is the percentage of families having two or more times the median income, and having half or less than the median income. In 1941, 21 percent had an income two or more times the median, while in 1947, 20 percent fell in this group. In 1941, 27 percent had half or less than the median income; in 1947, the percentage was 25 percent. (The medians were \$800 in 1941 and \$1,903 in 1947.) These data would seem to indicate that within agriculture, rising prices increased the incomes of income groups in about the same proportions. Since income-earning opportunities off the farm improved, it is not unlikely that higher farm prices—nonfarm wages and job opportunities unchanged—would make the distribution of farm income relatively more unequal. The upper income groups receive a much greater absolute increase in real income than the lower income groups, of course.

Sources of data: Statistical Abstract, 1947, p. 274; and Bureau of Census, Series P-60, No. 5, p. 16.

3. The census classification of farms in classes I to VII by size, degree of commercialization, and extent of dependence upon agriculture represents a meaningful classification of income groups.

4. Only part of the gross subsidy will be retained by the farmer actually receiving it. Prices paid for factors will be higher because of the subsidy. Class I farms will retain 45 percent; classes II and III, 50 percent; and class IV and other classes, 55 percent.

5. There is no upper limit on the amount of production payments per farm.⁶

Table I indicates the effects of the proposals on net operator incomes in the Corn Belt. The net subsidy per farm operator on class II farms—large family farms—is roughly 12 times what it is for class VI farms—family subsistence farms.⁷ The operator on class II farms would receive roughly five times as much as the class IV farm operator—small-scale family commercial farms.

TABLE I.—Distribution among farm operators of net subsidy resulting from an increase of 10 percent in farm price returns¹ (based on 1944 gross income distribution)

State and farm class ²	Number of farms	Farm population	Gross subsidy (millions)	Net subsidy (millions)	Net subsidy per farm	Average value of products sold or used
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Iowa:						
I.....	6,366	40,190	\$20.4	\$9.2	\$1,445	\$32,768
II.....	49,297	223,031	48.6	24.3	493	10,349
III.....	87,225	334,538	39.9	20.0	229	5,004
IV.....	39,804	132,082	6.8	3.7	93	2,021
VI.....	9,019	25,439	.5	.3	33	829
Illinois:						
I.....	8,309	57,560	22.0	9.9	1,191	26,979
II.....	44,245	200,057	40.4	20.2	457	9,522
III.....	55,724	213,634	24.8	12.4	223	4,808
IV.....	40,648	133,573	6.6	3.6	89	1,911
VI.....	16,489	48,062	1.0	.6	36	823
Ohio:						
I.....	1,573	16,800	5.5	2.5	1,589	35,606
II.....	13,164	76,796	12.7	6.4	486	10,098
III.....	53,256	230,990	23.1	11.6	218	4,696
IV.....	54,915	201,891	9.1	4.6	84	1,945
VI.....	23,074	69,129	1.4	.8	33	833
Indiana:						
I.....	1,888	17,551	6.1	2.7	1,430	33,792
II.....	15,100	81,593	14.5	7.3	483	9,998
III.....	45,109	186,079	19.3	9.7	215	4,606
IV.....	47,461	167,823	7.6	3.8	80	1,881
VI.....	17,102	51,415	1.0	.6	35	808
Missouri:						
I.....	1,569	14,101	6.4	2.9	1,848	41,229
II.....	9,244	46,073	9.2	4.6	498	10,450
III.....	46,375	190,595	18.8	9.4	203	4,474
IV.....	84,946	307,787	12.8	7.0	82	1,874
VI.....	40,319	123,846	2.2	1.2	30	831
Minnesota:						
I.....	1,351	9,215	4.8	2.2	1,628	36,174
II.....	15,464	78,622	15.1	7.6	492	10,325
III.....	77,194	338,864	33.0	16.6	214	4,770
IV.....	56,429	205,527	9.6	5.3	94	2,053
VI.....	12,907	37,556	7.9	4.3	33	846

¹ Data from United States Census of Agriculture, 1945, Special Report, 1945 Census of Agriculture, table 29.

² Farm Class defined in *Ibid.*, p. 16.

Class I: Large-scale commercial farms—generally with a value of products in excess of \$20,000. Some farms with a value of land and buildings in excess of \$70,000, and a value of products of \$5,000–\$19,999 were included.

Class II: Large-scale family commercial farms—generally with a value of products of \$8,000–\$19,999.

Class III: Moderate-scale family commercial farms—generally with a value of products of \$3,000–\$7,999.

Class IV: Small-scale family commercial farms—generally with a value of products of \$1,200–\$2,999.

Class VI: Family subsistence farms—farms with a value of products of \$500 to \$1,999, a value of land and buildings of less than \$8,000, and the farm operator working off the farm less than 100 days in 1944.

⁶ Laudable as the objective of fostering the family size farm may be, Secretary Brannan's proposal of limiting the benefit of his program to a total of 1,800 units is hardly workable. Since the price of some products would be maintained in the market place—corn, wheat, and cotton—farmers specializing in these products would get the full benefit from the proposals. Brannan's proposals would discriminate against large-scale producers of perishable products as compared to the large-scale producers of durable products.

⁷ Farms in class II would not be affected by the upper limit referred to in the previous footnote.

TABLE II.—Average subsidy per farm for operators in classes I, II, III, IV, and VI for certain states

	Number of farms in groups I, II, III, IV, and VI	Total net subsidy to groups I, II, III, IV, and VI (millions of dollars)	Net subsidy to farm operator for the groups (dollars)
Mississippi.....	212,969	14.6	69
Alabama.....	151,991	10.8	71
West Virginia.....	37,700	3.0	80
South Carolina.....	108,790	9.7	89
Georgia.....	170,818	15.4	90
Louisiana.....	94,095	9.0	96
North Carolina.....	223,220	24.9	117
Missouri.....	182,453	25.1	138
Texas.....	271,930	48.5	178
Indiana.....	126,660	24.1	190
Minnesota.....	163,345	35.9	220
Ohio.....	145,982	32.8	225
New York.....	101,198	25.0	247
North Dakota.....	66,669	18.3	274
Kansas.....	120,865	33.6	278
Illinois.....	165,415	46.7	282
Massachusetts.....	19,644	5.6	285
Florida.....	39,244	11.4	291
Iowa.....	191,711	57.5	300
Colorado.....	36,942	12.2	330
California.....	105,235	66.4	631

Source: Calculated from U. S. Census of Agriculture, Special Report, 1945 Census of Agriculture, table 29.

Given the greater proportion home consumption on small as compared to large farms, relative real incomes will probably be increased by the same or greater proportion on the large farms.

Table II shows the estimated average net operator subsidy for the United States and selected States. As one would anticipate, the State with high incomes receive the most. Iowa farm operators dependent upon agriculture for their livelihood would receive more than four times as much as Mississippi farmers; California farmers would receive nine times as much. In general, the Corn Belt would receive much more per farm than the United States average.

Would the Brannan proposals reduce any inequities in the distribution of income between Corn Belt farm families and families not dependent upon agriculture? There is no evidence to indicate that the farm operator families in the Corn Belt that would receive the bulk of benefits from the Brannan proposals have had smaller incomes than comparable nonfarm families during the last several years.

TABLE III.—Average farm labor income on all farms and sales number and population of farms in classes I to IV as percent of the total for Corn Belt States

	Average farm labor income, 1945 ¹	Sales of classes I-IV as percent of total sales, 1944 ²	Number of farms in classes I-IV as percent of total, 1944 ²	Farm population in classes I-IV as percent of total, 1944 ²
Iowa.....	2,320	99.2	87	90.7
Illinois.....	1,850	98.0	73	78.3
Minnesota.....	1,640	97.9	80	85.0
Indiana.....	1,380	96.0	62	67.6
Missouri.....	1,290	93.6	56	64.7
Ohio.....	1,270	94.9	56	61.6

¹ Estimate made by author. Data estimate annual average labor income per worker on all farms, not just for farms in classes I-IV.

² Census of agriculture, 1945, Special Report of 1945 Sample Census of Agriculture, table 29.

It seems that the Brannan proposals might well result in net farm incomes slightly in excess of the 1945 dollar level of 16.9 billion dollars implicit in the estimates in table III.⁸ Farm marketings valued at 26.2 billion dollars might result in a net agricultural income of 16.5-17 billions, assuming the same level of production expenses as in 1948.⁹ Actually, production expenses would fall below 1948 because of the decline in feed and livestock costs implicit in the fall of the value of farm marketings.

As shown in table I, the bulk of the subsidy will go to farmers in classes I, II, and III. Assuming that roughly one-half of the gross income is required to meet production expenses, the net average family operator income of the class III farms in 1944 was roughly \$2,200 to \$2,500, plus the value of the housing. This average income of the lowest of the three classes might be compared with the median family incomes of various nonfarm groups in 1947. The median family income for rural nonfarm families was \$2,800 in 1947. Families in towns and cities of 2,500 to 49,999 had median incomes of \$3,119.¹⁰ There do not seem to be any important differences between the real purchasing power of the incomes being compared.

If only labor income is compared, much the same result is apparent. In 1947, the average wage of employed industrial workers was about \$2,500. Table III gives the average labor income for all labor on all farms as well as certain other data on farms in classes I to IV compared to the State as a whole. Even without making any adjustment for the low productivity of the farm labor on classes V, VI, and VII farms, the real income of farm labor in Iowa was in excess of employed industrial workers. It seems safe to assume a difference in purchasing power of 20 to 30 percent.¹¹ In Illinois, the case also seems to be fairly clear-cut—the average real labor income on farms in classes I to IV would be equal to or in excess of \$2,500 based on urban purchasing power.

Some further examination of the Ohio data is required: it is safe to assume that classes I-IV will have 95 percent of the total labor income and probably not far wrong to assume that 70 percent of the labor was employed on these farms.¹² This adjustment would give a net labor income somewhat in excess of \$1,700. On an urban purchasing power basis this is roughly \$2,100 to \$2,300. The Missouri and Indiana labor incomes on farms in classes I to IV would be slightly higher.

There is a real question whether class IV farms should be included in the calculations. In Ohio, for example, about 77 percent of the total subsidy would go to farms in classes I, II, and III, while only 17 percent would go to class IV farms. Yet class IV farms are 81 percent as numerous as classes I-III, and have 62 percent as many people living on them. If class IV farms were eliminated from the calculation of labor incomes, casual observation indicates that the average labor income of the included groups would rise above \$2,500, measured in urban purchasing power.

The proposal that we have been analyzing cannot be considered as one furthering income equality in terms of its impacts upon the Corn Belt. Within the Corn Belt, the high income farmers would receive much more than the low income farmers. The relatively well-to-do Corn Belt would receive much more from the program than the poorer agricultural areas. And there is no evidence that the labor on the farms which would receive three-fourths or more of the

⁸ These estimates are based upon data given in *The Farm Income Situation*, July, 1946. The national estimates of income and expenses were later revised, but no new State estimates have been provided. On a national basis, the final realized net income from agriculture was 16.3 billion dollars, or 0.6 billion dollars less than indicated above.

⁹ In 1950, Secretary Brannan estimates, the income support level would be roughly 26.2 billion dollars. One might assume that if all prices were at the calculated support level, the cash value of farm marketings in 1950 would be 26.2 billion dollars for a normal 1950 crop. But one would be in error in doing this. When farm production is rising, the quantity of marketings will be higher in any given year than in the previous 10 years, random fluctuations in output aside. For 1940-49, the average level of farm production for home consumption and sale was about 126. In 1947 this index stood at 137. If the index were 137 in 1950, the price supports implicit in Brannan's proposals, under the assumptions indicated in his speech of April 7, 1949, before the House and Senate Agriculture Committees, would result in cash receipts from farm marketings in excess of 28.5 billion dollars. This is due to the fact that the Brannan proposals use the average level of marketings for the previous decade to arrive at the level of support prices.

¹⁰ Department of Commerce, Bureau of Census, *Current Population Reports*, Consumer Income, series P-60, No. 5, p. 15.

¹¹ See Nathan Koffsky, *Farm and Urban Purchasing Power*, in *Studies in Income and Wealth*, vol. XI (National Bureau of Economic Research, 1949), pp. 156-178.

¹² The 1945 Census of Agriculture does not estimate labor use by value of product groups or by the classes used here. Estimate for Ohio is a rough estimate based on data on population and cash wages paid and data for East North Central States from the 1940 Census of Agriculture.

total subsidy within each State have lower real incomes than individuals of comparable skills in other occupations under the economic circumstances implicit in Secretary Brannan's proposals.

Some comment on the functional distribution of income is in order. In the short run, one might anticipate that the broad factors of production—land, labor, and capital—would gain in roughly the same proportion and by perhaps slightly more than the increase in gross agricultural income. In the longer run, it seems likely that the least mobile factor (most inelastic supply) would gain the most. In the case of Corn Belt agriculture, this would be land. This will mean that a disproportionately large part of the subsidy would go to current owners of land. And I can think of no good reason why the present owners of land should be so aided.

RESOURCE EFFECTS

It was argued earlier that the Brannan proposals would result in support prices at least 10 percent—perhaps 20 percent—higher than the market prices would be. Presumably this would be true only for a time; in 7 or 8 years the formula should catch up. But will it? I don't believe so, if the Brannan program is carried out to guarantee 100 percent of the support standard. Not only will the formula not catch up, but in the process of "trying to catch up" it will result in a serious misuse of agricultural resources in the Corn Belt.

The most important relative agricultural prices in the Corn Belt are the feed-livestock ratios. Next most important are the ratios of one livestock product to another. This discussion will be limited to the former.

Secretary Brannan wishes to support the main feed grains, particularly corn, by the use of loans and purchase agreements. Assuming sufficient storage space is available, the support price for corn will thus change in response to only one factor—change in the index of prices paid.¹³ Changes in the demand for or supply of corn will not affect its market price and consequently cannot affect its price support level. This is hardly what one would expect in a formula that "will keep price relationships among commodities on a moving, up-to-date basis."

There is no easy answer to this basic dilemma of using supported prices in a formula to determine the level of future support prices. One might argue that production payments on corn is the answer. In one sense it is. If production payments were made on corn, stocks would not accumulate, but two other things would happen. The corn farmer would get the benefit of two subsidies on his corn, and the cost to the Government would be very high indeed. If there were no storage program for corn, the price of corn (for an average crop) would reflect the support prices of the livestock prices. This would keep the market price of corn high and there would be only a gradual diminution in the support price for corn. Under the assumptions we have made, however, during the first decade or more of the program, corn producers would receive the benefit of the subsidy to livestock directly in the demand for corn, thus maintaining the market price of corn for insertion in the formula, and a subsidy to make up the (small) difference between the market price and the support price.

I can but conclude that one of the worst features of the Brannan proposals is the method of calculating support prices. This method, when combined with the high level of supports, is completely unworkable if the criterion of economic efficiency is given any consideration. The formula used for calculating relative support prices is workable—and then only in a limited sense of the word—if the support prices are almost always below market prices. The above argument is in addition to any consideration of the effects of using price relationships for the past 10 years as a guide to future production.

The Corn Belt has achieved a relatively favorable resource position. There does not appear to be any considerable excess of resources. The Brannan proposal, if operated over a period of years, would only result in worsening the resource position. It would encourage resources to stay in agriculture which might otherwise find employment elsewhere. If a depression should come or the Brannan program fall into disrepute and be abandoned, the Corn Belt agriculture would find itself with excess resources that should have found employment elsewhere. Farm incomes would then be lower than would otherwise be the case.

The attraction of additional resources into Corn Belt agriculture could be avoided only by stringent production controls. If the production controls were really effective, then much of the income transfer to agriculture would result in higher land prices. A significant subsidy to the present land owners would occur. Is this a group warranting an income grant?

¹³ This is a slight understatement. If the quantity of farm products marketed is changing through time, the "multiplier" in the formula will be changed slightly.

GENERAL CRITICISMS

Anyone familiar with the Corn Belt and the other prosperous areas of agriculture must seriously question the need for any scheme designed to maintain farm prices above "free" market levels during periods of high levels of employment in the economy. What objective does such a program achieve? It obviously worsens resource use by stemming the desirable resource adjustments that such areas as the Corn Belt are capable of making when resources are fully employed in the economy. Do we, as a Nation, wish to say that everyone employed in agriculture in 1949 is entitled to roughly the same real income as he earned from 1940 through 1949 and that he is to be permitted to earn that income in agriculture? Unless we as a Nation wish to restrict entry into agriculture, we will also try to give anyone who wishes to engage in agriculture an economic opportunity of the same sort. In permitting entry, most of the income gains of those in agriculture when the program started would be dissipated, except in the case of land owners.

The most serious limitation of the program is its failure to tackle the problem of poverty. Despite the generally high level of incomes in the Corn Belt, there are tens of thousands of farm families with relatively meager incomes. Not only does a high level support price program fail to meet the needs of low-income families, but the cost of the program is likely to be so great that it will preclude Congress' taking any action to meet the problems presented by low incomes in agriculture.

Senator SPARKMAN. Are there any further questions?

Senator FLANDERS. I want to remark that the contribution made by Drs. Schultz and Johnson seem to me to address themselves more directly to the problem that we set out to investigate than any testimony that I have listened to, at least. There may have been some others that I did not hear.

It seems to me it is a direct contribution to the problem we are faced with.

Dr. SCHULTZ. I appreciate your remarks. It has been a privilege to appear.

Senator SPARKMAN. I agree with you. I wish that Dr. Johnson and Dr. Schultz could—I am not asking them to do it at this time—I wish that they could spell out some of the positive things that we could do toward correcting these conditions.

Senator FLANDERS. Again going back to the area which I thought he had explained fairly logically, as I remember it, it was the question of over population of the available possible agriculture production area, and the industrialization in that area seems to be a helpful possibility.

Senator SPARKMAN. I agree with that but I am thinking more with reference to a changed agricultural program also. In other words, it has pointed out, I think, undoubtedly, not weaknesses necessarily in the present program but inadequacies, perhaps.

Dr. SCHULTZ. I agree fully, sometime we ought to really examine our agricultural programs, as you have formulated the issue.

Senator SPARKMAN. I realize it is too big for the closing minutes of this closing session.

Dr. SCHULTZ. It was not out intention to address ourselves to that problem today.

Senator SPARKMAN. I know that.

Dr. SCHULTZ. The principal question would be: Given the policies that we have, given the programs, and looking at their effects, can they be made to contribute to the solution of low-income problems? That is a major inquiry in itself.

Mr. JOHNSON. In response to Senator Flanders, the point that he is making, that the present reason for low incomes in these areas is the existence of too many farm people with too few resources to work with, it can certainly be looked upon as a basic cause.

I think Dr. Schultz in his attempt here has been trying to go behind that, he is really raising the question of how did this come about; that is you have to really ask the question why is it that the Plains States have been able to get out of the serious position they were in in the thirties. They got out because roughly 30 or 40 percent of the people left.

These things did not happen in the poorer communities in the South. In the Plains States, with these changes, it is now one of the richest agricultural areas in the country. If it had the same number of people as it had in the thirties it would be down the list quite a way.

Professor Schultz addressed himself to why did not the communities in the Piedmont actually make these adjustments whereas other communities did make them.

Mr. HUBER. In these Plains States when so many people got out that meant that the fellow with 160 acres was operating perhaps 500 acres.

Senator FLANDERS. It took less people to operate 160 acres than it did a generation ago. They could operate with less labor.

Senator SPARKMAN. Going back to that, is it not true that there was a mass migration from those areas in a relatively short time whereas from my section of the country, the South, we have a continuing migration which may very well, over the years, exceed the migration there? We have the other problem which you have to take into consideration and that is the high birth rate in our area as opposed to a relatively low birth rate in that area. So we cannot look for just one migration that stops.

It is a continuing problem year after year.

Dr. SCHULTZ. On this point, Senator Sparkman, it is quite valid to explain the behavior of people in the Plains States as follows: If a people have their level of living suddenly reduced very substantially as they did in the Plains States in the early thirties, a great deal of mobility is induced thereby.

Senator SPARKMAN. Out of desperation.

Dr. SCHULTZ. It was desperation. Whereas if it comes slowly, if the poverty creeps up over a decade—

Senator SPARKMAN. There is a tendency to maintain a status quo.

Dr. SCHULTZ. The low incomes may become imbedded.

Senator SPARKMAN. We are indebted to both of you for these very helpful statements that you have given us.

Mr. RICH. With the recommendations we have we might be able to do more for a lot of these people in our own country if the Congress gives consideration to those points in our recommendations.

Senator SPARKMAN. Certainly, when we sit down following these hearings we are going to have a lot to think about.

Mr. RICH. I wish the doctor would give us if he can a list of certain sections of the country that need this attention most.

Dr. SCHULTZ. I do not know if we can go beyond what we have said.

Mr. RICH. They are generalities to me.

Dr. SCHULTZ. Dr. Johnson did speak quite specifically about the regional characteristics.

Mr. RICH. He spoke about several sections.

Dr. SCHULTZ. If the testimony is not sufficiently explicit on that we will try to make it more explicit.

Senator SPARKMAN. Thank you very much. The committee will stand in recess until 2 o'clock.

(Thereupon, at 12:15 p. m., a recess was taken to reconvene at 2 p. m.)

AFTERNOON SESSION

The committee reconvened at 2 p. m., upon the expiration of the recess.

Senator SPARKMAN. Let the committee come to order, please.

Our first witness this afternoon is Dr. Margaret Reid.

Dr. Reid, will you come around, please? Doctor, you are from the University of Illinois, are you not?

Dr. REID. That is right.

Senator SPARKMAN. We are glad to have you with us, Dr. Reid. You have furnished us with a copy of your statement. You may proceed in your own way.

STATEMENT OF DR. MARGARET REID, PROFESSOR OF ECONOMICS,
UNIVERSITY OF ILLINOIS

Dr. REID. I thought it would be a good idea for me to tell you a little bit about what area I am interested in presenting. In general, in economics I am considered as a consumption economist and have studied how families spend their income and how certain policies affect the consumption of families, both through affecting their income and through affecting the prices that they have to pay, and hence the kind of housing and other goods that they have.

There are a great many different types of consumption goods. I have happened to study food consumption a great deal. That is, I presume, why this committee wants me to comment on food consumption.

Mr. RICH. I suppose you will also give us an idea of what the low-income families spend their income for, and if it is most beneficial to the low-income families.

Dr. REID. In my report prepared for the committee I may not have brought together the type of thing that you would like to have. If so, I would very much appreciate if you would raise questions. And insofar as I do not have the data here I would be glad to prepare summaries of the particular points you would like.

In this statement I have few figures. It briefly reviews certain specific issues. It may be that you would like to have more of the facts which I used in reaching my conclusions.

Mr. RICH. I would rather you use your own judgment rather than take the figures of some department of Government because as a rule we get that. Whenever they quote some other department of Government we just get a reshuffle. We would like your personal opinion from your experience and knowledge rather than taking it from some Government reports.

I do not base all of my calculations as being 100 percent correct when I get Government reports.

Dr. REID. I would like to say for the Government reports that they are the main kind in this field to give one any idea outside of his own personal observation. I do not feel that any single individual can go very far in getting a very sound judgment about food consumption just from his own observation, because food consumption is something extremely private, and to get even a fairly complete picture families have to be systematically surveyed.

So that the information that I have used as a basis for my conclusions are largely from the Government reports. And they are very largely of the type summarized for the committee in its report.

I made use of the materials that were either in this report or from the agencies that supplied these data. So I would not like anybody to feel that my conclusions here were simply dependent on any limited observation that I could make.

Mr. RICH. Mr. Chairman, would it not be a good thing if, in making this study, we should have the information from the people back in the districts in which we find these low-income groups, as was suggested by the professor this morning, rather than to have the college professors and the departments of the Government give us this information?

Senator SPARKMAN. Of course, I wish very much that we had the time and the funds to go out into these areas as a committee and to make our studies on the ground, or even send our own staff members there to make actual case studies. But unfortunately we are not equipped to do that. What we are trying to do, as I understand it, is to take all of the facts and figures that are available to us—and this is very largely a compilation of available facts, census figures, studies made by the Bureau of Agriculture Economics, by other agencies—facts and figures that have been gathered from many sources.

As I understand what Dr. Reid says, it is this: That she has taken the same figures often from the report itself, and using them as basic figures, reached her own independent conclusions.

Dr. REID. That is right.

Mr. HUBER. To go into such investigation we would need doctors for one thing.

Senator SPARKMAN. It would entail considerable expense and considerable time. So we are relying upon Census and Agriculture figures, but we are trying to get some experts in here who spend their time in that field and who can tell us what those figures mean.

Mr. RICH. As I understand it, Dr. Reid has made a study of the Government reports and she will give us a summary of her conclusions, that would be wise for us to have.

Dr. REID. It seems to me in view of the type of questions raised in this report that I might confine my remarks to three rather broad topics: The first one that I selected to discuss is the relation of low incomes to the adequacy of diets. Facts adequacy of family diets have been collected covering several periods of time. Every study that has ever been made shows that families with high incomes are much more likely to have an adequate diet than families with low incomes. So that increased income for the low-income group should be looked upon as a very important way of improving the adequacy of their diets.

It is not the only way. All the studies that have been made show that at even low incomes some families get adequate diets. But the likelihood of a family having adequate diet increases greatly with the income.

The adequacy of diet in these studies is determined by getting from the families a full report on the food that is consumed during a week and comparing the calories and the nutrients in the food as they consumed it, with the standard or recommended dietary allowances of the National Research Council.

In that way it has been shown that the income is very important in determining whether a family has an adequate diet or not. But it also indicates that education is one of the things that would help a good deal.

The reaction one gets to an educational program for low-income families often is: "We would be very glad to drink more milk and have more fruits and vegetables if we could afford them." So it is apparent that education is not enough. Many people themselves feel that they have to have a higher income if they are going to have additional milk and additional fresh fruits and vegetables.

The desire and need for other consumer goods is very obviously something that limits the adequacy of the diets. So if a family has to spend a great deal for housing they may find that in itself is something that limits the adequacy of the diet.

When one studies how families feel about the adequacy of diet it is apparent that they want more of many types of consumer goods. They do not want just more or better food. So the high prices on other things become something that limit the adequacy of the diet as well as the high price of food itself.

One of the issues that has been raised by the committee is as to whether the low income is in some manner self-perpetuating so that low-income families stay low-income families year after year, and are not so able to take advantage of their economic opportunities.

The low-income people do have poorer diets and thus they are likely to have lower physical vitality, and to lose more days from sickness.

It is also important to note that on the average they have less opportunity to get an education, and they tend to live in poorer housing. Poor housing imposes certain handicaps on health.

So it is very difficult in examining the consumption of low-income families to say which it is of the many things, that limits their ability to get ahead. Maybe if they had better food they would get ahead, but also if they had better housing and better education earnings would increase.

So I think that you cannot take out just food as a separate thing and say "We are going to improve the food and that will cure the 'ills' of these families." What may be needed is to improve the consumption all along the line. Although food has a specific significance in terms of health, so have the other things. Thus, though I am concentrating my attention on food, as such, I do feel that it is very important to look at the whole consumption pattern.

Mr. RICH. Isn't it a fact that today in practically every community we have welfare workers that go around and visit the various families to try to determine if any of them are not up to par, and then try to give them aid and assistance?

Dr. REID. If people are eligible for relief then I am sure they will get assistance under relief. But there are people whose diets are limited by low income who are not in that particular class.

Mr. RICH. How far would you want to go beyond what they are doing in the relief at the present day?

Dr. REID. I think it would be better if I leave that as an over-all point to later on, if I may. I was not thinking here so much at this point about what programs are needed.

I wish to point out that in dealing with poverty too much emphasis is at times placed on one thing so that the bearing of poverty on family living as a whole is overlooked. The emphasis on the bad effects of low food consumption of low-income families comes in part from those looking for a market for farm surpluses.

So the thing that I want to emphasize is this: That you can go and study the diets of people and you will find that as the income increases then the adequacy of the diet increases. But as the income increases so also does the housing improvements, so also does the educational opportunities. And there is a question as to whether you can go ahead with any kind of a program that is concerned with low-income families with just special stress on one segment of the budget, and whether you do not have to see this thing as an all-around improvement of the families.

That was the point I wanted to make here.

Another question that was raised by the committee is: Does unequal income distribution affect economic stability? This question has come up for a great deal of discussion in the past 10 years, ever since we had—perhaps I should make the time longer than that—ever since the great depression, and the concern about the maintenance of purchasing power in the economy. So people are asking: If we had a more equal distribution of income, would we have greater economic stability? A portion of my prepared statement relates to this and I would like to refer to it. Would more equal distribution of income increase economic stability and reduce the likelihood of the recurrence of a major depression? In other words, does the pattern of expenditures and savings that exists in our society because of the inequality of income tend to bring about recurring periods of underconsumption that contributes to economic instability?

The committee is not likely to get the same consensus of opinion on this question that it would to an inquiry bearing on the physical effects of various inadequacies of diets. The relationships that lead to economic instability are very complex, and systematic analysis and investigation made to date leave many unresolved issues. Some historical facts and the investigation of important interrelations should, however, be helpful to the committee.

The American economy for many decades has had a rising per capita income. I think with all this talk of poverty it is very important to keep that fact in mind, that as you look back decade after decade, we have had a rising level of real income in the sense of per capita consumption in goods and services.

Our concern about poverty now is one very largely of our increasing concern for welfare in general more than the fact that we are poorer than we were. We actually are richer than we were.

Mr. RICH. One question right there, in that first paragraph. You say the committee is concerned with whether a more equal distribution of income would increase economic stability. Do you get the idea that this committee wants to have everybody receive the same income?

Dr. REID. No, I did not get that opinion at all. It is only a matter of "more."

Mr. RICH. And everyone wants more?

Dr. REID. No; that the committee feels it would be well to consider whether a more equal distribution of income would contribute to—

Mr. RICH. How far would you go in that? For instance, suppose we cut down the fellows who get \$10,000, and bring them down to \$7,500, and the fellow who gets \$2,000, bring him up to \$5,000.

Dr. REID. I would like merely to point out that this is one of the questions raised in the report of this committee. I presume it was one of the issues that you would like to have some comment on.

Mr. RICH. I am trying to find out how far our committee has led the committee to believe—

Dr. REID. I would never assume that this report would lead anybody to believe that you wanted equal distribution.

Mr. RICH. There are a lot of people in government now advocating that everybody get the same thing. We have to keep watching them because we do not know whether they are going to let us have private initiative and men who want to work more than 8 hours a day, to get out and better their condition, or whether we want everybody to work 8 hours a day and have the Government take care of us.

Mr. HUBER. Dr. Reid, may I ask a question there? I certainly believe in the free-enterprise system. I have been in Moscow and I know what we have, and what we wish to preserve.

Mr. RICH. I am not referring to you.

Mr. HUBER. I know that. The average income of a city person is \$1,500 a year, and the average farm income is nine-hundred-some-dollars a year. Now, we know that some people get only \$200 and some \$200,000. We certainly do not want to socialize that.

Let us assume that we did, that we gave every wage earner in the city \$1,500 and every farm wage earner \$900. Would their general health be better, would they have better nutrition, or would they be worse off?

Dr. REID. I do not know what the answer to that would be excepting that one of the things you have to look at is production. And basically the only way in which we are going to have higher levels of consumption is by higher levels of production.

I think too often those get disconnected. I do not know whether that answers your question or not.

Mr. RICH. And the man that produces more ought to get more.

Dr. REID. We certainly use income as a system of rewards. And I think in our society we would have a very hard time breaking away from that. The question is: How far will we go?

Mr. RICH. The trouble with that is that I am afraid that the Government is trying to break it down, as we are doing it now. We are trying to break that system down. I still am of the same opinion that you are, Doctor, that the more a man produces the more he ought to be paid for it, because you cannot set a level on what every man is worth.

He is going to show, by his initiative, his ability, and his desire to put forth every effort, and he should receive more than the fellow who sits around twiddling his thumbs and expecting the Government to keep him.

Mr. HUBER. I agree with that. But I think we are trying to deal with those who have not the ability, whether they have initiative or not, or whether for reasons of health they are unable to take their place in competitive society today.

Now, they have to be technicians or something else to get along in complex society. Previously all they needed to do was drive a team of mules.

Senator SPARKMAN. As I understand you, we are getting better from the standpoint of real income, real goods actually consumed.

Dr. REID. That is right.

Senator SPARKMAN. I am glad to hear you say that, because to be perfectly frank with you, in listening to the testimony this morning and yesterday I had been made to wonder if we were making any progress.

I remember a few years ago President Roosevelt said that one-third of our people were ill-fed, ill-clothed, and ill-housed. And I was wondering if we were making any progress or simply running on a treadmill.

You think that even though the same disparity exists between low income and high income that at least the low-income people have a better chance now than they had a few years ago?

Dr. REID. They have moved up their level. And this is a rather curious thing about this one-third: Whether a person is below a minimum standard depends on what society thinks is a minimum standard. This question was brought up in my class about 2 weeks ago; somebody was very concerned about it.

I said you have to look here: We at the present time accept shoes as a minimum standard, shoes for everybody. That is something that is relatively new in this society. We think people in cities ought to have running water in their dwelling as a minimum standard. That is relatively new. So we have moved up our ideas as to our minimums, because we can afford more.

One of the reasons we consider that 30 percent of the population is poorly housed and poorly fed is because we feel that they should have more in order to have what we look upon as an adequate standard. So our ideas as to what is necessary change with further knowledge of need and also because we have a greater potential production. We do not like to see waste in our society, nor do we like to see one group in the society too far away from the others.

Senator SPARKMAN. When I saw the very first topic that you were discussing, that is, minimum dietary requirements, the thought occurred to me that undoubtedly in recent years we have made improvement in that field, have we not?

Dr. REID. Yes; we have.

Senator SPARKMAN. We do not have big areas of pellagra anymore, or any diseases indicating dietary deficiencies.

Dr. REID. That is right.

Senator SPARKMAN. But a few years ago we did have.

Dr. REID. Quite a lot. There has been a reduction in that, but we still feel that people should have more.

Senator SPARKMAN. I am not bringing this up to indicate I am satisfied or willing to accept it as having done enough, but it is at least a little hope that all of our efforts have not been in vain, and that the world is getting better.

Dr. REID. If you look at increasing food consumption and declining death rates, progress is evident. Even so, there is a large group in the population that we as a society feel should be better housed and better fed, and generally consuming at a higher level.

Senator SPARKMAN. One of the papers remarked on the increasing span of life. Where 40 years ago the average span was 47, now it is 67. But it went on to say, though, that in that span there was a higher incidence of mental break-downs.

Mr. HUBER. Isn't that part of our problem, all these people that are reaching this greater age?

Senator SPARKMAN. It was pointed out as being a real problem.

Mr. RICH. I think Dr. Reid is giving my idea of what I believe, as you do. If you listened to the professor this morning he kind of knocked the pins out from under me with the idea that we had so many bad areas in this country, and that they are worse than any country in Europe. He just knocked the props out from under me, because I just did not believe it. I just do not believe it yet.

Senator SPARKMAN. I think that both doctors this morning were speaking of this disparity between low and high income. Dr. Reid recognizes that disparity but she brings out what I think is a very essential point that we ought to keep in mind, that while that disparity is there, our own standards have been raised, our perspective has been changed. And whereas these low-income people today are much better off than they were a relatively few years ago, they still have a far distance to go.

Mr. HUBER. As my colleague, Mr. Rich, said, the gentleman who testified this morning said that whole sections of our country have gone to pot and he does not know why.

Senator SPARKMAN. I did not quite understand him to say that. He said there were certain areas in which poverty was more rampant than in others. And it was hard to explain the difference there.

Mr. RICH. The lesson we want to learn here is that the teachings of the University of Illinois are preferable, in my mind, to those of the University of Chicago.

Dr. REID. I would not want you to draw that conclusion.

Senator SPARKMAN. Maybe that is the reason you were trying to put them this morning in the University of Illinois all the time.

Mr. HUBER. Another thing here is the impact of the war, and the two-hundred-odd-billion-dollars spent, giving high war wages to millions of our people. Would we have had this progress without this terrible and costly war?

Dr. REID. The progress that we have written in the statistics that I see is something that was a long-time thing. Surely our real income fell during the depression. It fell because of the large amount of unemployment and this brought a drop in production.

Senator SPARKMAN. All levels of our economy fell.

Dr. REID. That is right. But this thing that I was talking about is a long-run trend that you could easily drop a war out and still have it in the picture.

Mr. RICH. Dr. Reid, I think you said something very pertinent this afternoon in reference to the proper kind of food. Considering my own home, when we were raising our children my wife always tried to get a diet that was going to be well-rounded. She made a study of it. I did not know anything about it. I left that to her. And she did a good job, because we raised four fine girls and they are in good health, and I thank the Lord for a good wife and the privileges that we had.

Many people, if they do not give a study to the right kind of food would be spending their money for things that, even if they did have a low income, probably would not be the best for the family. It is necessary for us to educate our people to have the right kind of a diet and then, if they are unable to furnish it themselves, we ought to aid and assist them in trying to get those things that are essential and beneficial to their health.

Senator SPARKMAN. This may be jumping a little ahead, but that is the very reasoning in back of the school-lunch program.

Dr. REID. It certainly has that in it. It is more complicated than that, but it is a matter of having good food where children are likely to get it, and so they would not, for example, have lunches of soft drinks, hot dogs, candy bars, and other things readily available near the school. School lunches are also important in an educational program.

Senator SPARKMAN. In many places that I know of it goes far beyond that, because it means that children are going to get a nutritious lunch who otherwise would have no lunch at all.

Dr. REID. I will mention the programs a little later on. This matter of the relationship of the income distribution to economic stability is one of the things that has come up in connection with low-income families, partly of course because in a period of depression you have more low-income families. But it has meaning beyond that.

So I thought I would like to say something about food consumption in this connection. So let me go back to my prepared statement.

The American economy for many decades has had a rising per capita income, and no evidence exists that the distribution of income during the period was appreciably different from that which now exists. In any case, national income throughout American history in general has been far from equal. Throughout our entire period we have had a good deal of inequality. Yet American consumers as a whole have displayed a great willingness to match the rise in their incomes with a rise in consumption. This seems to have been true of families at all income levels. With greater income no increase has occurred in the percentage of the national income saved. Data available indicate that with a marked rise in real income the percentage of total national income going to consumers goods has remained approximately the same. American people, as their incomes increased, have provided a market which absorbed the increased volume resulting from the greater productivity of American industry in general. The rising standard of living, that is the goods and services people came to look upon as essential, has in the long run kept pace with increased income.

Even though, in the long run, there appears to be no tendency for demand for consumers goods to take a smaller part of the national income, there is a question as to whether the unequal distribution of

income does not lead to a lag in the expansion of consumer demand which is critical in initiating depressions. Studies of the effect of a lag in consumer demand that might be ascribed to unequal distribution of income does not as yet warrant much importance being attached to it as a factor accounting for depressions. If incomes were more equal it seems probable that a larger percentage of the national resources would go to the production of consumer goods and a smaller percentage would go to the expansion of capital goods. The percentage increase in consumer goods is, however, not likely to be very great, since consumer expenditures now take a very large part of disposable personal income.

In 1948, for example, consumer expenditures were 94 percent of disposable personal income. If, by making incomes more equal, consumer expenditures were to take 97 percent of personal disposable income, for example, some increase might occur in economic stability since the cyclical fluctuations in employment have tended to be greater in the industries producing capital goods than in those producing consumer goods.

In weighing the merits of such a shift, it would be necessary to compare the advantage of more equal consumption in a given year together with the possibility of some increase in economic stability against the loss of future productive power that would come from a smaller expansion of capital goods. There seems to be little doubt that even if income were more equally distributed, major forces making for economic instability would still exist that would have to be taken into account in policy formulation.

To me, it would seem that the desirability of having income more equally distributed lies chiefly in the possible benefits to human welfare that might come from more equal sharing. Greater economic stability will have to be achieved by methods other than those directly related to making incomes more equal.

Very strong arguments can be presented for having more equal distribution of income as a means to greater welfare in society. This greater equality as a long-run condition may, however, contribute a little to the prevention of depressions. The prevention of depressions calls, therefore, for programs other than those designed to make incomes more equal. If and when a depression occurs and special measures are needed to deal with poverty an increase in the income of low-income families will make for greater welfare and will also contribute to an expansion of consumer demand—a condition needed to increase employment.

I have brought up this point because some people seem to feel that if we have more equal distribution of income and the expansion of consumer demand in consumption that would follow that we would avoid depressions.

I do not feel that it will. I feel there is merit in the more equal distribution of income from the standpoint of welfare but I feel that preventing depression is a different kind of problem that cannot be taken care of by programs that we are likely to initiate that would bring up the consumption of the lower-income group.

Equal distribution as on a long-run problem has its importance in terms of welfare rather than in giving greater stability to the economy.

The third topic that I present here for discussion is conditions leading to an increase in food consumption.

If you look at the various programs that are proposed, that relate to the increase in food consumption, you will find that they relate to two things. Some of them stress the reduction and frequency of inadequate diets.

In other words, they say we have too many families with inadequate diets and hence we ought to increase them.

Others stress the need for stability and raising the level of agricultural income. They feel that because of the need of raising and stabilizing agricultural income food consumption should be expanded.

Mr. RICH. Why do you confine it to agricultural income?

Dr. REID. Because the people who want to raise the level of agricultural income see the increase in food consumption as one way of giving the farmers more income, and if there is the food available some way must be found to get it consumed.

Mr. RICH. Why don't you say here the income of all the low-income families, whether they live in the cities or whether they live on the farm?

Dr. REID. That is right. Probably this is not stated very well.

Mr. RICH. No, no. We have had so much on the farm. These are farm days. You people, all the witnesses today, come from the city, and are telling us what to do on the farms. I think there are a lot of people in the cities and towns that need help as well as those on the farm.

Dr. REID. If you are going to have a program to increase income, it is a program to increase all consumption, not especially food consumption. So when you look at the programs that are especially designed to increase food consumption, they either stress the inadequacy of the diet or stress the need for an expanded market for agricultural products. And if you were having a program to raise the incomes of low-income families, you would not pick out food as an especial thing, it would be food consumption, housing, medical care or the others.

Mr. RICH. Food is the most important because you cannot go very long without that.

Dr. REID. You cannot go very far without housing.

Mr. HUBER. You have to produce automobiles, television, and other things so people will have the incentive to produce food, do you not?

Dr. REID. The first thing that I would say is "let us use productive power fully and distribute income in such a way as to facilitate the maintenance of a high level of production." That would certainly take care of a large number of the low-income problems.

Senator SPARKMAN. I understand the statement that you just made was not for the purpose of setting aside the low-income farmer from the city dweller.

Dr. REID. No.

Senator SPARKMAN. You started off by saying "to increase food consumption" you would have to do these things.

Dr. REID. The people are concerned about the need to increase food consumption.

Senator SPARKMAN. To do that you have to stabilize the production of it, which is on the farm.

Dr. REID. That is right.

Senator SPARKMAN. In other words, it is tied in with that.

Mr. RICH. We are not short in production. We are just short on consumption. I do not think we are short on production of anything.

I think we raise everything in this country, almost, that the people need.

Dr. REID. That is the point that I have developed here.

Mr. RICH. And some things they do not need; even trouble.

Dr. REID. We certainly raise a lot of trouble, don't we?

Mr. RICH. I have heard a good many things suggested in the poor-income families, but today is the first time I ever heard that we are talking about getting them television sets.

Mr. HUBER. You can shut down all your electrical plants and automobile factories, and the farmers are certainly going to have trouble. The farmers are not prosperous, and the factories won't be operated.

Mr. RICH. But we cannot get them television sets.

Senator SPARKMAN. Dr. Reid did not bring in television sets.

Mr. RICH. If we pass out deep-freezes, I wonder when we are going to get television set. I do not have any.

Mr. HUBER. The point that I was making is new products, whatever they may be, television, automobiles, refrigerators—

Senator SPARKMAN. To raise the standard of living.

Mr. HUBER. To raise the standard of living. The old model T came along and changed the standard of living. Maybe television will do the same thing, and create jobs for people.

Mr. RICH. When you advocate television and automobiles for the man who needs food and clothing for his family, then you are on the wrong track, because his family had better have food and clothing and some of the necessities of life rather than some of the things he could get along without.

Senator SPARKMAN. It would not be on the wrong track to advocate a deep-freeze unit for that farmer.

Mr. RICH. No; if he had a deep-freeze, but he may have to do like we did, to put up a little ice in the winter and put it in the refrigerator.

Senator SPARKMAN. He would have a hard time doing that down my way.

Mr. HUBER. A deep freeze, toaster, washing machine, vacuum cleaner—all those things go to a more adequate life. Radio repairmen and automobile repairmen have been a dime a dozen. Here is a whole new field for people to learn television, to get work. That is the only thing we have is progress.

Mr. RICH. I do not know. We got along pretty good before we had a lot of those things, and we had a great country. I do not want to go quite so fast for fear we stumble and fall down and then wreck everything.

Senator SPARKMAN. Dr. Reid, suppose we discuss this larger food supply that you say is needed.

Dr. REID. Yes. I say you cannot approach any kind of a program to increase food consumption without recognizing that production and consumption are tied together. You have to have larger production to have larger consumption, aside from wasting food or putting it in storage. So first I want to stress that programs to increase food consumption have to be accompanied by a program of a larger food supply.

Mr. RICH. When we raise millions of bushels of potatoes and then let them go to rot instead of giving them to people, we are on the wrong road.

Dr. REID. All programs to increase the stability or to raise the level of agricultural income are not designed to increase food consumption. Some of them, in order to raise or to maintain prices, call for a reduction or a restriction of the volume of various foods produced or moving into retail stores. It is important to note that if food supplies are not increased, those who feel that they need more of a given type of food in order to have an adequate diet can get it only if the consumption of that food by someone else is reduced, or if a cut occurs in the waste or various losses in the handling of food. In the midst of a great deal of publicity that greater food consumption is necessary for a higher level of nutritional health for the population as a whole, programs restricting the supplies of important foods are likely to appear to many people as undesirable and not in accordance with general welfare.

The relation of increased food consumption to better diets has several aspects. The improvement of diets does not always call for an increase in food consumption. A certain amount of malnutrition among American consumers occurs for the sole reason that too many calories are consumed. For protein, vitamins, and minerals there are no prescribed maxima. For adequate diets there is only one prescribed maximum, and that is for calories. Some people can achieve adequate diets merely by cutting down on calories. Other people need to cut down the quantity of high-calorie foods consumed in order to permit an increase in the consumption of foods that will give them the additional nutrients which they need without at the same time having diets with excess calories. Thus, a comprehensive nutrition program has to take account of the need of some people to cut their consumption of such foods as refined cereals and sugar that provide high calories and little or nothing else.

Educational programs to aid low-income families stress the benefits that could be secured from substituting low-cost foods for high-cost foods which would be just as good for people or would give them the nutrients most needed or would give them greater returns for every food dollar. Families might, for example, be advised to use oleomargarine for a bread spread or to substitute certain whole cereals for some of the meat usually consumed. If this kind of economy were practiced by the majority of families a marked shift in consumer demand as a whole would occur. The American people could, in fact, have an adequate diet even if there were substantial shrinkage in the per capita food supply as it is commonly measured. A shift in this direction is, however, not likely to be looked upon with great favor. American consumers appear to place high on their preference scale many of the more expensive types of foods. Among these are foods which would supply the nutrients often lacking in diets.

Even though it would be physically possible to have adequate diets for everyone using the current volume of food supplies or an even smaller per capita supply, the high level of productive resources that exists in our society reduces the need for producing only those foods that provide the necessary nutrients at least cost. All factors considered, it would seem reasonable to look upon increased food supplies as one of the suitable ways of raising nutritional levels.

Mr. RICH. Do you believe that we could educate our low-earning-group families to use certain kinds of food when it would be to their advantage? Would you recommend that?

Dr. REID. I think that an educational program in nutrition is very important. I think we need one in which the emphasis is on helping families to make the best use of such resources as they have.

Mr. RICH. If that came out of the Government, the fellow who wanted them to use his food would raise Cain.

Dr. REID. That is right. You can see what a problem you get into in your educational program.

Mr. RICH. I was distressed this morning when I learned that the Agriculture Department could not recommend certain things because if they did somebody would blow them up.

Mr. HUBER. Congress.

Mr. RICH. I think if there is value, and there is a need, and we can do it economically, we ought to do it regardless of where the chips fall. Wherever we can help the people to help themselves, we ought to have backbone enough to go ahead and try to do it.

Dr. REID. I think we should. But I also think we have to recognize that we do not want to restrict our production simply because people could get along on the cheaper foods. That is the point I want to make.

Mr. RICH. I am not thinking of that. I am thinking of the things that are best for that family, and that is going to be most economical for them. I think it is going to help our country.

Dr. REID. We ought to have an educational program that would help people make the best use of resources, which would mean it would be free of any kind of pressure to use that food or this food because the producer wants to sell it.

Mr. RICH. What would happen to the University of Illinois if they started that program?

Dr. REID. I do not think the university has had much difficulty on that score, yet.

Mr. RICH. They could go ahead with it?

Dr. REID. Yes. They might have difficulty with oleomargarine.

Mr. RICH. I suppose we could transfer that duty to the University of Illinois rather than the Agriculture Department.

Dr. REID. Difficulties might be encountered. In some States there might be an attempt to persuade families to buy food produced within the State even though the family food dollar would buy more if it went in considerable part to out-of-State foods. I think there is danger in having the program too localized in the State, because then it might be used to push the products of that State, and thus would not give families information useful to them. After all, we are a great country with a great deal of interregional specialization and interstate trade. You might get a distortion from the point of view of a family from a program too much centered in the State and using that as a means of selling products of the State itself.

Mr. RICH. If we get into trouble doing that in our States, what will happen when we get these reciprocal trade agreements working right and we begin to use the foodstuffs from all the foreign countries and leave ours sitting on the shelf?

Dr. REID. We have a hard time understanding the basic principles of trade and exchange of goods. That is a difficulty that we run into, even between the States. And it is a much greater difficulty when it occurs between countries.

Mr. RICH. I believe this—let's prognosticate this between you and me, and not let the rest of these fellows know it, because they might think it is political: Wait until these countries get on their feet, and after we teach them to raise these things, and then we will wonder what our farmers will do with their surplus, and there will be a different story.

Dr. REID. The main point I was making with respect to supplies is that we could get along with less if we could persuade the people to shift over to cheaper foods. But in view of our large productive resources there is no reason to do more than to allow the production to expand, and at the same time help families individually to choose the food to the best advantage to them.

Mr. HUBER. Dr. Reid, I do not know if this is in your field or not. We have been told repeatedly about families in the low-income bracket where the father is incapacitated, or of a widow or deserted mother with children. I am wondering about the effect of the purchase of alcoholic beverages. I know it does go on. Does that not deprive families of an adequate living standard?

Dr. REID. I do not know about that. People are perfectly glad to tell you how much round steak they bought, but it is hard to find out how much they spend for alcoholic beverages. One of the reasons is that this information always comes from the wife, and the husband does not tell her how much he spends for alcoholic beverages.

Mr. HUBER. Aren't you experts able to tell the number of gallons of spirits used and prorate that among the population and estimate it?

Dr. REID. Yes; but you could not tell if the fellow in the low-income group used it or not.

Mr. HUBER. There are not enough rich people to drink all this liquor and beer.

Dr. REID. Low-income people report drinking beer rather than hard liquor.

Mr. HUBER. Very little champagne.

Dr. REID. The purchase of very little champagne is reported by low-income families. I think that we should realize that if we could cut out these things that we look upon as useless or of little value in the consumption of low-income families then these families could have more of those things we look upon as desirable. There is a question of how you are going to get the people to make better choices. For the most part we have relied on an educational program. Freedom of consumer choice is a freedom we prize highly. Even the freedom to have a few extravagances.

Some people insist that some low-income families would make better choices if they were able to live a little bit better, if they saw more possibility of the income that they had really providing a "decent" living. High consumption of alcoholic beverages is by some looked upon as an expression of frustration. Inability to improve consumption may be one reason that creates a sense of hopelessness and indifference to small savings.

Mr. RICH. You would not recommend that any family buy alcoholic liquors when they could use food for their children, would you?

Dr. REID. I certainly would not put that in the educational program that I would advocate; no.

I want to go on and relate this need for an increased food supply to what kind of a food supply we need.

It would be well if this increase in supply was greater for some foods than for others, with major increases occurring in foods such as milk and fresh fruits and vegetables that would contribute nutrients most likely to be lacking in diets. Some shrinkage in the supplies of certain foods could occur without reducing the quality of diets. Such a program of expanding food supplies is not compatible with an agricultural program which freezes production in a historic pattern. Such freezing does not take account of the types of nutrients in short supply; it does not even take account of the changes in consumer demand which have occurred because of greater knowledge of nutritional needs and of foods which will meet them. Some increase in nutritional knowledge has surely resulted from the widespread nutritional education which has been carried on. Further increase in knowledge and further effects of it on consumer demand are to be expected as nutritional education continues and further discoveries are made by nutritional scientists.

Increased food supplies in line with a historic pattern of production might maintain inadequacies rather than to reduce them. Thus increased food consumption is not enough. From the standpoint of consumption, there are two tests to be met as to what foods should be provided in increased quantities: Foods that would provide nutrients likely to be lacking in diets and foods that are acceptable in terms of existing tastes and preferences. These tastes and preferences are not fixed and are constantly being modified through experience with new foods and through education. There has been a trend in national food habits toward better diets. There seems no good reason why this trend should not continue. Furthermore, it should be noted that if families can afford more food they do not want just more of what they had before.

It is important that we get expansion in the food production that are in line with the consumer demand, and we need to influence that as much as possible through education so that people shift their demand over to those things that will increase the adequacy of the diet.

The second point that I have here as a means of increasing the food consumption is higher purchasing power for the family. In purchasing power I have included both the income and the price because, after all, what people need is purchasing power. Money income is not going to be very helpful to them if the prices are going up at the same rate.

Higher food consumption for the Nation as a whole is dependent first of all on an increase in food supplies. The consumption of individual families within the Nation is likely to be affected by many things. Among them their purchasing power is of prime importance. An increase in average purchasing power per person is to be expected in a society which year after year has a higher rate of productivity per worker. It is through increased purchasing power that families, for the most part, share in greater productivity. This increase in purchasing power occurs if money income rises without an offsetting increase in prices, or if a fall occurs in the prices of consumer goods and money income is the same. Food consumption is likely to be increased a little by a fall in the price of things other than food, even if food prices remain relatively high. However, food prices relatively

low to those of other consumer goods will tend to be more effective in bringing a high level of food consumption.

An increase in income, or a fall in food prices, will probably affect the various income groups differently. An increase in the income of those with low incomes will probably bring a greater increase in the consumption of food than an increase in the income of those at high-income level. This fact has been observed over and over again in family spending. In addition, it seems probable that an increase in food prices tend to cut down on the food consumption of low-income families more than on that of high-income families.

It is significant that during war years the combination of high incomes and relatively low food prices resulted in a high level of food consumption. The marked increase in food prices since 1946 have been accompanied by a cut in national per capita food consumption. The index of per capita civilian food consumption as reported by the United States Bureau of Agricultural Economics and the index of consumer food prices for moderate income families in large cities in the United States as reported by the United States Bureau of Labor Statistics, for the base period 1935-39 and for the years 1943-48, were as follows:

Year	Index of per capita civilian food consumption	Index of consumer food prices	Year	Index of per capita civilian food consumption	Index of consumer food prices
1935-39.....	100	100	1946.....	118	159
1943.....	109	138	1947.....	116	194
1944.....	112	136	1948.....	111	210
1945.....	114	139			

This shows that you have the peak of civilian food consumption in 1946. It has dropped from an index of 118 to an index of 111 for 1948. And at the same time you had a very sharp rise in price.

Data as to the eating habits for the Nation as a whole show that since 1945 and 1946, there has been a downward trend in the supplies of the most of the major nutrients available for consumption. It seems probable that the sharp rise in prices was the major factor in this drop in quantities consumed.

Mr. RICH. Then, the higher we raise the prices of food, the less they are going to consume?

Dr. REID. Yes.

Mr. RICH. We have to be careful in trying to raise the price of foodstuffs in one segment of our population that we do not injure too greatly the other segment who are the great consuming public, and especially the low-income families. That is one thing that must be watched by Congress in trying to put people on a more even keel. Where it aids one, it hurts the other.

Dr. REID. That is right.

Mr. HUBER. The time to have been concerned about that was when OPA was working.

Senator SPARKMAN. I do not understand one of your statements:

Data as to the eating habits for the Nation as a whole show that "since 1945 and 1946, there has been a downward trend in the supplies of most of the major nutrients available for consumption."

That does not mean the food supplies that have been on hand have been exhausted?

Dr. REID. They mean the food supplies that have been in the retail stores.

Senator SPARKMAN. The food supplies that they actually buy have been available but they have not been purchased?

Dr. REID. The way they use that term is the food supply in the retail stores. Retail stores never hold them long. But their point of measurement is at the retail store.

Senator SPARKMAN. It is a failure of the people to be able to buy them and not because they have not been produced?

Dr. REID. The only ones would be those that have been moving into storage.

The next point that I wish to consider relates to subsidies to encourage higher food consumption. I have not tried to deal with the matter of subsidies in all their aspects. I have been concerned with the bearing of subsidies on higher food consumption.

Mr. RICH. You mean subsidy to the farmer?

Dr. REID. Food subsidies involve many complicated relationships, in part because subsidies to producers of food cannot be entirely separated from those to consumers of food. Hence, it seems best to consider food subsidies in general and to confine my comments to a few major relationships of special importance to those wishing to appraise food subsidies as a means of increasing the consumption of low-income families.

Mr. RICH. You mean we give subsidies to farmers to raise the price of food, and now we want to give subsidies to the consuming public so they will buy more food?

Dr. REID. What I wanted to do here was to discuss the actual food subsidies that exist, or which have been proposed, and to look at them in relationship to the consumption of low-income families.

Some food subsidies take the form of the purchase of supplies of various foods in order to maintain or to raise prices paid to producers. These might well be described as income subsidies to producers. In this process food supplies may be withdrawn from market channels. This withdrawal may check an increase in or even reduce the national food consumption unless the food supplies thus removed from market channels reach consumers in some other way.

The supplies of food thus purchased with Government funds may be disposed of in several ways: For example; (a) some of them may be made available at low cost to other countries in which the per capita food consumption, as well as the per capita national income, is very low; (b) some of them may move into storage presumably as reserve against some future contingency; (c) some of them may be diverted to less important uses—for example, potatoes may be used in the production of alcohol or potato flour and wheat may go to animal feed; (d) some of them may reach consumers through channels other than retail stores, being made available free or at less-than-market prices. School lunches and direct distribution of surplus foods to relief families are examples of such means. Each of these five ways of disposing of food purchased with public funds raises separate issues. Only the fifth of these five ways can be looked upon as an important means of increasing food consumption, and hence as offsetting in part the limitation imposed on food consumption by the higher market

prices which have been induced. To the extent that there are general benefits arising from the other methods, they have to be found for the most part in things other than increased food consumption. I do not want to say that there is no merit in some of the other things, but rather that they are not programs that point to increased food consumption.

Mr. RICH. Doctor, if we pay subsidies now to the farmers in raising foods, and then the food gets so high that the people cannot buy it, and then we start to pay subsidies to the people in order to buy food, how are you going to finance this?

Dr. REID. I really do not feel that that is my problem. I am really talking here about things that we do.

Mr. RICH. Let us not do a lot of things that we are doing because we are overdoing it.

Dr. REID. That is possible.

Mr. RICH. We are only getting complicated. If you are going to put this problem back on the Members of Congress, you just do not know where you are going. You have reached a limit now, in my judgment. That is the reason we suggested in the last couple of days that we give mental examinations. The thing is getting too big. It really is. The Government is getting too large and the Government is getting too complicated. If we are going to do that, you are just going to sink the ship.

Dr. REID. I am not talking about what you should do. I am talking about things that you are doing.

Senator SPARKMAN. And you are not necessarily endorsing those things?

Dr. REID. No; I am not necessarily endorsing them.

Senator SPARKMAN. You are just repeating what Congressmen Rich, Huber, and I have done already.

Mr. RICH. I have been against big government in every way I possibly can, and when I listen to the people who come here and tell us how to run this thing, the more convinced I am that we are going socialistic and that they want us to get into a Socialist government; that they want the Government to do everything, to regiment everything, and to tell the people how much they shall eat, when, and how much. We are going to lose our freedom one of these days.

Dr. REID. I do not advocate those things.

Mr. RICH. You are doing a pretty good job up to now.

Dr. REID. I am only telling you what you are doing.

Senator SPARKMAN. She is not recommending these things but only pointing out to us the things that we are doing.

Mr. RICH. Then let us stop them.

Dr. REID. That is up to you.

Mr. RICH. This morning they recommended some things that I questioned. That was from the University of Chicago. Now the University of Illinois. I do not want them coming in here, or else we will have to have some professor from other locations to see what they have to say.

Dr. REID. What I have presented here are some of the types of subsidies. You have first of all those where you use them to purchase food and withdraw them from the market. Now the question is, those foods, in order to improve consumption, must be consumed. Can you get them back into consumption? In order to answer that

question you have to look and see what is done with these foods. I have laid out here five things that are done with those foods, and only one of these results in the foods coming back into the American consumption, No. 5, that is direct school lunches and distribution programs.

I have a brief summary of each of the five ways. The first is the shipment of foods to other countries under the Marshall plan; for example, this has undoubtedly played a part in the rise of consumer food prices in the United States since 1946. Few are likely to question the advisability of programs which insure some increase in the food supplies of nations whose people were at or close to starvation levels or far below their customary food-consumption levels because of the disruption of their economies by war conditions. There is a question, however, as to the extent to which public funds are to continue to be used in this way. Just recently, for example, a proposal was made by a working part of the Food and Agriculture Organization for an international commodity clearinghouse. This calls for a program which would make it possible for genuine surpluses to be channeled into areas of need outside the normal trade channels. What is to be the test of "genuine surpluses" on the basis of which the food consumption of people in other countries is to be subsidized? The existence of American consumers whose inadequate diets are obviously related to low purchasing power should indeed be a part of the test.

The building up during the thirties of large supplies of corn and wheat in storage through the use of Government funds helped during war years to make possible a high level of food production, especially high production of livestock products. Nevertheless there is a limit to which it is economical for a society to use its resources to move more and more of various staples in bins and warehouses throughout the country. The volume of food supplies to be moved into storage should, if resources are to be used efficiently, relate to some future need for food that is not likely to be met by current production. Weighing future against present needs is no simple matter. It seems highly probable, however, that some foods moving into storage would yield greater returns if they were currently consumed, either because they are of a type of food such as dried milk that is greatly needed now to make diets of low-income families more adequate, or a type of food such as dried eggs whose edibility at a future date is doubtful. Subsidies to move food into storage need to be scrutinized by those concerned with diets that might be improved by foods in storage and by those concerned with the need to use resources fully.

Some food supplies taken off the market in order to maintain or to raise prices are diverted to less important food uses or to animal feed. Although such methods are preferable to outright destruction, in general they are looked upon as wasteful by those concerned with low levels of food consumption or with over-all efficiency in the use of resources.

School lunches provide an important channel through which surplus foods reach consumers. For the most part they appear to be a very acceptable nonmarket channel. In addition to receiving so-called surplus foods, they get funds for their support from public sources. Such funds might well be looked upon as a food subsidy to consum-

ers. The surplus foods on the other hand are, as it were, a byproduct of an income subsidy to food producers.

A widespread system of school lunches priced so that no one is excluded because of cost from sharing in the school lunch would probably increase appreciably the adequacy of diets of children who are members of low-income families. In weighing the possibility of such benefits, it should be borne in mind that children are concentrated in families where the per capita income is low. One well-balanced meal a day will go far toward insuring an adequate diet. In addition, when children receive a school lunch at low or no cost there may be more left in the family food budget for the other meals at home.

This committee cannot, of course, assume that the school-lunch program as it now exists is entirely satisfactory. Expansion or modification may be desirable. In considering its operation it should be recognized that there are definite limits to the extent to which school lunches can provide a channel to consumers for so-called surplus foods. Some of them have relatively little contribution to make to adequate diets, and it is especially important for the meals served at school to be high in the nutrients likely to be lacking in the meals of low-income families. In addition, variety in menus is very important to insure appetizing meals.

The next one is direct distribution to needy families. A good deal of this occurred during the period just before the war. If such foods constitute an addition to grocery orders that the families would otherwise receive, or if their receipt brings no reduction in the cash payments made to families, the receipts of surplus foods probably contribute to more adequate diets. The attitude of many needy families and of those who work closely with them seems to be that the extra food does help. The enthusiasm for it appears to be only moderate, however. There seems little doubt that families would rather have an equivalent value of the food in income or even something less than this. Freedom of choice as to foods to eat, or even whether to have more food or go to a movie, is something which even the needy prize.

Food subsidies might take other forms. For example, Government funds might be used to increase the power of low-income families to purchase food. They would thus serve to improve diets of those receiving such subsidy and to increase the demand for food. Food plans for administering this type of subsidy vary a great deal in detail, but they are likely, however, to have certain common features. The participating consumers purchase their food at retail stores. In making purchases they use coupons of some sort which entitle them to purchase more food than they could buy with the money which they paid in order to secure the coupons. The food-stamp plan operating in the late '30's and early '40's had these features. Another major feature was that only those certified as needy were eligible to participate.

The food-stamp plan met with considerable popular favor, and there have been proposals to reestablish it. Even though there was a good deal of enthusiasm for its results, considerable opposition existed and, in general, appeared to increase as the plan came more and more into use. The objections in part related to certain administrative details which were not all a necessary part of such a system of food subsidy.

In part they related to the general philosophy of the plan. For example, those working with relief families disliked the use of stamps because their use in retail stores was a public identification that the family is needy. Many people also disliked the plan because of the restrictions it imposed on freedom of choice. Furthermore they felt that it was a piecemeal attack on poverty. The enforcement of rules raised difficulty. Some stamps were sold in place of being used for the purchase of food by the families receiving them, and other types of violations occurred. In some places counterfeit stamps appeared.

Some proposals to reestablish the plan have suggested that the right to participate be extended to all families. If eligibility were to extend beyond the needy who are certified by various social-service agencies for other purposes, then certifying boards would have to be established in all communities. This in itself would be a considerable stumbling block to such broad eligibility.

One other type of food subsidy should perhaps be mentioned, and this is one that is not in operation. The others have all been tried out.

Government funds might be used to make payments to producers when prices fall below a given level, and the foods would be sold in the market for what they would bring. Such a system of subsidy would give the farmer some security as to income, but the subsidy paid to him would not discourage consumption through the maintenance of high prices. Insofar as such a system of payments encourages larger production than otherwise and the larger supplies are allowed to come into the market, food prices would tend to be lower than if farmers received just market prices.

Mr. HUBER. Is that not one of the Brannan recommendations?

Dr. REID. This is one of the elements of the Brannan plan.

Mr. RICH. When she read that, I wondered whether Secretary Brannan did not get her to come in here.

Mr. HUBER. To get food into the market places, that is; that is the point that I remember about Secretary Brannan's testimony.

Dr. REID. This type of subsidy is proposed, but restrictions are also proposed that might lead to high consumer prices and the subsidy provided by public funds might contribute little or nothing to better food consumption.

Mr. HUBER. For instance, he said we would not have any surplus of eggs; if one and a half dozen eggs additional per capita were used we would not have a surplus.

Mr. RICH. Have you studied the Brannan plan?

Dr. REID. Not thoroughly, so that I would not be responsible for all the details of it.

Mr. RICH. You have not been requested to come here by the Brannan-plan advocates?

Dr. REID. I am not advocating it. I am trying to lay it out to you to show what the various ways are. That is all.

Mr. HUBER. You mentioned further aid and the Marshall plan. Do you feel these folks would have a more adequate diet if the Marshall plan had never been put into effect?

Dr. REID. I think that insofar as the higher prices were supported by the Marshall plan—and prices are a restricting element—that they would. But to the extent that you give other people our products and get nothing in exchange for it, you are really giving them some of our productive power. And the Marshall plan was to a large extent giving

people your productive power without anything in exchange. But we have not seemed to want to take anything in exchange.

Mr. HUBER. Without discussing the merits of it, as General Marshall said, it is a calculated risk, even maybe postponing the inevitable day of settlement. Has it not added to our present prosperity?

Dr. REID. I do not think so. If it has we are relying on a method which cannot be continued. We must find some way to be prosperous that does not call for giving away large volumes of products for which nothing is received in exchange.

Mr. HUBER. You mentioned dried milk. How would you go about making that available?

Dr. REID. Bread will carry a large amount of dried milk. Of course the stores of dried milk are available partly because of the high milk prices to start with.

Mr. HUBER. How are we going to get this? We have the surplus, and the people can use it. What are the mechanics of it? How can we go about it?

Dr. REID. A long-range educational program of getting such a thing as dried milk into use would help. This is needed because people do not know how to use dried milk. Such a program is needed. Even so, it is important to recognize that dried milk in storage is there because of the high milk prices. Milk consumption is related to the price of milk. As the price went up, the consumption of milk went down. The large amount of dried milk in storage is related to the increase in the price of fluid milk. So it has gotten there because of the price.

Now you say: How are you going to get the dried milk into use. That raises difficulties because people do not know how to use dried skim milk. So there are two ways in which it can be done: One, you can get some of it in through school lunches because in many of them they are large enough so that they have specialists, specialized people who learn to make use of such a thing as dried milk; or secondly, you can move it in through the bread products.

I do not know how much the price of dried skim milk is a factor which determines how much dried skim milk is used in the production of bread.

Mr. HUBER. I recently took a trip to the Far East and I never had any experience with dried milk, and I venture the average housewife is not familiar with it. But in Singapore, in all the faraway places of this world, they used dried milk. And it is excellent. I believe it is more palatable than the fresh milk.

Dr. REID. In some of the places in the South where they have not had adequate supplies of fresh milk they have tried out the dried skim milk in schools and found that children accepted it very readily.

Mr. HUBER. Are there any companies working on it, or is there any milk trust that is opposing the use of it in this country, or a dairy lobby?

Dr. REID. I heard—and I do not know how true it is—that the carrying on of the experiments in schools was dependent on whether the local milk interests objected.

Mr. HUBER. That is probably some of the people who rave about private enterprise.

Dr. REID. Exactly. As a people they are not consistent in their stands on private enterprise.

Mr. RICH. Why would private enterprise be against that?

Dr. REID. Because it might cut the local consumption of fluid milk if people learned to use dried milk, and dried milk is a cheaper product.

Mr. RICH. The difference between dried milk and fluid milk is that most of the dried milk is skim milk.

Dr. REID. Most of it. But there is a whole dried milk now.

Mr. RICH. You mean private enterprise would object to it because they could not can the milk?

Mr. HUBER. Here is a community with 10,000 people, for example. If 10,000 people start buying dried milk that comes from Chicago, I imagine the people in my district—

Mr. RICH. The farmers would kick, but why would industry kick?

Mr. HUBER. The Borden Co., for example, as an example of one large company, would be very much displeased unless they were putting out some, and other large companies as well.

Mr. RICH. We want to help the families, as well as the Borden Co.

Mr. HUBER. I just used that as an illustration of one big company.

Senator SPARKMAN. Suppose you proceed, Doctor.

Dr. REID. Many conditions will serve to increase the consumption of low-income families. Greater purchasing power is undoubtedly the preferred method from the standpoint of families. This can be achieved in one of two ways or by a combination of them: (a) By increasing the per capita real income so that there is more food, housing, clothing, and other consumer goods and services per person; and (b) by having more equal distribution of income so that there is a more equal sharing of those consumer goods and services which are available. If it is possible to maintain a high level of employment and economic opportunity, to bring into use the more efficient methods as they are developed, to shift resources from one use to another so that they can be put to their most important use, full and efficient use of resources will sustain purchasing power and make available a larger quantity of consumer goods. If American industry is to continue as it has in the past to step up year by year its productivity per worker, the volume of consumer goods per person will be progressively higher.

I do not believe there is any doubt that we all feel that we wish we could achieve this higher level of productivity as a way of eliminating some of the poverty that occurs.

In the process of achieving full and efficient production there would probably also be some tendency toward more equal sharing. Society would, however, probably feel that it was desirable when facts about specially disadvantaged groups were known to use progressive taxation and other means to increase further the equality of income. I do not believe that the problem of low-income families is solved entirely by higher productivity, but it certainly would be reduced greatly over the level that it has been in the past.

Mr. RICH. Doctor, we have this progressive taxation now in our income taxes so that the more a man makes the more he pays.

Dr. REID. That is right. I am not suggesting that it be increased, or anything else, but this is one of the ways we do go about it in our society.

Raising income levels might be described as the over-all approach to the improvement of consumption. In contrast with this or to supplement it there might be a piecemeal approach. Programs could be established to effect an improvement in each of the major types of consumption goods. Here it should be noted that consumer education, food and nutrition research, school lunches and grocery orders for relief families are really the major food programs publicly supported where consumer need has been a dominant interest. These major food subsidies might better be looked upon as income subsidies to producers. If other methods could be found for achieving satisfactory income for producers the attempt to expand food consumption because of "surplus" foods would disappear.

Senator SPARKMAN. You said "other subsidies." You meant better methods, did you not?

Dr. REID. Yes. Then we would not have this problem of food surplus. And if we did not have a problem of food surplus then we could take a much more rational and balanced approach to the improvement of food consumption.

As long, however, as this condition of food surplus exists, some method should be developed to utilize the food so that it will contribute to better consumption and at the same time will facilitate a movement toward fuller and more efficient use of our productive resources. We are really not going to get around to a program concerned with food consumption as long as we have in the way this problem of food surpluses. I do not think we can get adequate diet by simply getting people to eat more of the foods that are in surplus.

Mr. HUBER. Do you think our present storage of wheat is too great?

Dr. REID. I would not want to say, because I have not looked at the figures for a long time. But as I drive around the Corn Belt, there is an awful lot of corn in storage. I see that. I am not in the Wheat Belt.

Mr. HUBER. Do you know of any solution to get rid of this corn? Secretary BRAUNMAN said he was concerned with what to do.

Dr. REID. It may be that what is needed is to get some productive resources out of agriculture. Fewer people may be able to provide the increased food supply which will make possible better debts. Certainly building up large stores of food and inventing ways of disposing of surplus foods are evidence of waste of productive power. It is likely to appear that way to low-income families.

Mr. RICH. We would be in bad shape if we did not have large production. We would be worse off if we had too little production.

Dr. REID. The production that goes into storage and that is in excess of future needs does not do us any good.

Mr. RICH. The Agriculture Department has been regulating that. They ought to have it pretty well scientifically handled by this time. We have been regulating it for a good many years. Personally, I congratulate you on your statement.

Dr. REID. Thank you.

Senator SPARKMAN. Thank you very much, Dr. Reid. You have given us a very fine statement. I am grateful to you.

Mr. E. B. Whitten, executive director, National Rehabilitation Association, is our next witness. We are glad to have you.

STATEMENT OF E. B. WHITTEN, EXECUTIVE DIRECTOR, NATIONAL REHABILITATION ASSOCIATION

Mr. WHITTEN. Thank you, Senator Sparkman.

Senator SPARKMAN. We have been supplied with copies of your statement. You may proceed as you see fit.

Mr. WHITTEN. Since I have a rather concise statement I believe I will follow that and then answer any questions that any of you gentlemen have in mind. I will skip the first paragraph, since I have already been introduced.

The National Rehabilitation Association is an organization which includes in its membership a very large majority of all professional rehabilitation workers in the public and private rehabilitation agencies of the country, thousands of physicians, therapists, and other professional workers in related fields; and additional thousands who give much time to the problems of the handicapped, without having a professional stake in it.

The viewpoint we express is essentially that of professional workers who are giving their lives in service to the handicapped, often over and beyond the call of duty; whose training and practical experience have enabled them to understand the nature of disability and the psychology of the disabled; who day after day see for themselves the effect of disability on family relationships; and who have been able, often the hard way, to identify some of the problems of families where one or more members are severely handicapped. This reminds me that I did not read the title of what we are speaking about. We are speaking of the effects of permanent disability on low-income families.

Although we realize that this problem is no doubt touched upon in the reports of some of the official agencies, we have sought the opportunity to testify before this committee, in order to accent the importance of this particular problem of low-income families. We shall make no attempt to present a complete statistical picture, since there are others better qualified to do this. We shall confine our statement to disability among those of work age, although we realize fully that the presence in the home of a physically or mentally impaired child may often present a problem just as acute.

Permanent disability we shall consider under two headings; first, the incurables whose disabilities, often progressive, are so severe that they cannot be rehabilitated with present knowledge and facilities; and second, the much larger number whose disabilities may be overcome to the extent that they may earn all or a substantial part of their livelihoods. We shall not include the millions who have physical impairments not serious enough to interfere substantially with their ordinary daily tasks.

Significant is the fact that the problem of disabilities that constitute vocational handicaps is one of civilians, not veterans. For instance, approximately 18,000 members of the armed services suffered amputation of one or more limbs in 4 years of warfare. More than 60,000 civilians suffer the same type of disability each year. Since VA programs are adequately meeting the needs of veterans with service-connected disability, we shall not include them in this discussion.

It is estimated that at least $1\frac{1}{2}$ million adult Americans are so badly disabled that they may be classified as "unemployables." Prac-

tically all are victims of chronic illness such as heart disease, rheumatic ailments, kidney disease, tuberculosis, cancer, sclerosis, poliomyelitis, and so forth. Many of these people will live for years in hopeless dependency. Many require expensive medical and nursing services, these expenses usually becoming greater as the impaired person grows older. In many States, there are no public facilities available for the care of such people. Ordinarily, general hospitals do not want them, even if their families were able to pay their bills, which usually they are not. In many States, no public assistance is available except for those over 65 years of age. Most of us have in our own experience, or by observation of others, come to know the utter demoralization, economic and social, which may accompany disability of this type. It seems to us that any plan for the welfare of the Nation's low-income families should take into consideration the problem of the incurable or unemployable adult.

The group to which we shall give chief attention is the permanently disabled who, with suitable rehabilitation services, can be made employable, or at least partially employable. There is a backlog of about 2,000,000 such persons suffering from a wide range of disabilities, both congenital and acquired by disease or injury. As with the unemployables, the greatest cause of disability is chronic disease. Over 250,000 additional adults suffer permanent impairment annually, approximately 75 percent from disease, 25 percent from accident. Of the disabilities caused by accident, approximately 75 percent are non-occupational, only 25 percent being work accidents. The disabled include the amputee, the arthritic, the tuberculous, the cardiac, the blind, the deaf and the hard of hearing, the diabetic, and so forth. This means that approximately 1½ million families have either the housewife or a wage earner incapacitated or earning at far less than capacity, and that each year in over 200,000 additional families a wage earner or housewife is struck down by accident, injury, or disease. This blow falls with a terrific impact on the individual family and, when the problem is regarded as a whole, upon the Nation. This is particularly true when we realize that less than 5 percent of the handicapped have even temporary income resulting from their disabilities.

Let me say here that the disability of a housewife may be almost as severe a blow to the family economy as the disability of the chief wage earner. In many low-income families the housewife, in addition to regular household duties, contributes substantially to the family income by sewing, baking, part-time domestic work, or even garden and field work, and in many instances tries to carry on full-time employment, along with the husband.

Following World War I a rehabilitation program for disabled veterans was set up, administered by the Federal Board of Vocational Education. At the insistence of this Board and others cognizant of the problem, Congress in 1920 extended some of the benefits of rehabilitation to civilians injured in industry and otherwise. Between 1920 and 1943 this program grew slowly, while experience in rehabilitation techniques was being gained. In 1943 the Barden-La Follette amendment—Public Law 113—was passed liberalizing Federal participation in the program and expanding the range of rehabilitation services. Rather phenomenal results have followed the passage of these amendments. Federal appropriations have increased from slightly over \$10,000,000 in 1946 to \$20,500,000 in 1950. State appropriations have

increased from \$3,747,250 to \$10,399,509 in the same period, and rehabilitants, that is, people who have been successfully rehabilitated, from 36,106 to over 58,000 in 1949. Under Public Law 113, rehabilitation programs are administered under terms of contracts between the Office of Vocational Rehabilitation of the Federal Security Agency and the State boards for vocational education. The Federal Government assumed responsibility for reimbursement of 100 percent of necessary administration and guidance and one-half of the case services, that is, money actually spent on the handicapped person.

A study of hearings prior to the passage of Public Law 113 reveals that Congress felt that the importance to the Nation of rehabilitating its disabled citizens, making taxpayers of tax consumers, and increasing the productive manpower of the Nation, was so great that it could afford to enter into this what appears to be rather liberal financial partnership. When we realize that one family may easily consume tens of thousands of dollars of public funds during a life of dependence and that a severely disabled person may be fully rehabilitated on a small fraction of this amount, the strength of this argument is apparent.

Notwithstanding the significant progress that has been made in the rehabilitation of handicapped persons during the last few years, the objective of suitable rehabilitation service for all the disabled is far from being realized. For instance, the number rehabilitated by the State agencies in 1948-49—58,000—is less than 25 percent of those estimated to have suffered permanent disabilities during the same year.

The following steps are recommended as necessary before the Nation can be said to have met its full responsibility for the rehabilitation of its handicapped citizens.

1. Appropriations, both Federal and State, for rehabilitation purposes, must be more realistic in terms of the tremendous job to be done.

2. Additional legislation is needed for the following purposes:

- (a) To encourage the establishment and development of comprehensive rehabilitation centers offering coordinated services to the severely disabled.

Let me interpolate there by saying that one of the tremendous difficulties of rehabilitation has been that when you find a crippled person, you have to trot to 15 or 20 different specialists in order to get him rehabilitated. For instance, the surgeon cuts off the leg. Then the artificial-limb maker or the surgeon tries to shrink the stump. Then you carry him to an artificial-limb maker who tries to fit him. The limb does not fit. The doctor says it is the limb maker's fault, and the limb maker says the stump is not ready. We have in this country now real rehabilitation centers where these services are concentrated. The one that I would like to call the attention of the committee to is at Fishersville, Va., operated by the State Rehabilitation Vocational Administration and the University of Virginia, which furnishes the medical services. I hope many Members of Congress can see that in the next year.

Senator SPARKMAN. Is that center for use for physically handicapped of Virginia only?

Mr. WHITTEN. No, sir; it is being used as a regional center. There are six or eight States that have their most severely disabled people there.

Senator SPARKMAN. And they have a contract relationship, I presume?

Mr. WHITTEN. That is right. This is the only one of the centers that is operated like this. There are some privately operated smaller rehabilitation centers of the country. This is one of the few that has been able to keep its costs down to where the average individual can afford to pay. It will accept a patient who can pay his own way, if he can afford to do so. If he cannot afford to pay his own way, then he is referred to some of the agencies that might help.

Mr. HUBER. Where is that near?

Mr. WHITTEN. Near Staunton, about 120 miles from here. This is really, as we see it, one of the most significant developments in the whole field of rehabilitation, this matter of places where really co-ordinated efforts can be made to help the person. We believe it is bound to grow.

(b) To encourage the establishment and development of workshops for those so severely handicapped they can never work under competitive conditions.

We might illustrate that by saying here is a person who has been to a tubercular sanatorium. He spent years there. They can no longer render him substantial service, yet the doctor said you should not work more than 2 or 3 hours a day, and then you should only do a certain type of work. The question is, Is that fellow going back home to rust out the rest of his life sitting around home and being derided by many people who don't understand the nature of his disability, or is he going to be somewhere where he can work at least as he is able to work? There are no places in the country that I know of that have sufficient of these facilities.

(c) To encourage the establishment and development of programs for the rehabilitation of the home-bound disabled.

We have many home-bound disabled who for many reasons cannot be taken out of the home. In fact, I think that is one of the greatest needs we have at the present time, to try to get into the home in some way to teach handicapped persons to do something which will at least contribute to their support.

(d) To encourage the training of specialized rehabilitation personnel.

(e) To provide research in rehabilitation techniques.

H. R. 5577 and S. 2273, now before the Congress, are designed to meet these needs, and there are several other bills before the Congress.

Senator SPARKMAN. I was going to ask, Are you familiar with S. 1066?

Mr. HUBER. Who is the author of that, Mr. Chairman?

Mr. WHITTEN. The Senator is the author of that bill. The bill, H. R. 5577, is referred to largely because of the fact that it encompasses, I think you can say, all of these six or seven items that I have mentioned here. The purpose of the bills as I see them are identical, in trying to expand the services for the handicapped.

A report released by this committee indicates that 10,000,000 American families had incomes less than \$2,000 in 1948. In approximately 1,000,000 of these families, added to the usual difficulties of securing adequate food, clothing, shelter, education, and general family medical care, is the burden of a physically or mentally impaired housewife

or wage earner, often requiring expensive care. In a majority of instances, this problem can be relieved by the provision of adequate and suitable rehabilitation services. It is poor economy not to do this, since the average rehabilitated person pays back in taxes many times the amount spent on his rehabilitation.

I was very much interested at something said by the Representative who left awhile ago. He was not speaking of this, of course, but he was expressing approval of a general philosophy of Government helping people to help themselves. And if there is any one single sentence that could summarize the philosophy of rehabilitation, it is to help people to help themselves. It is by no means a charitable program and is not intended as such.

Very few people are opposed to the rehabilitation idea. The problem is often that of getting proper recognition for a program that still operates on a relatively small budget and serves a relatively small number of people when compared with such programs as housing, public assistance, and so forth. We are confident, however, that no money spent by the Federal and State Governments for the general welfare pays greater dividends in social and economic betterment than that spent on rehabilitation. This is one problem of small-income families that is tangible and can be dealt with effectively.

Mr. HUBER. That is a very fine statement. I appreciate the enthusiasm with which you address yourself to the subject. Tell me something about the National Rehabilitation Association. What kind of an organization is it? Is it voluntary, or does it have paid memberships?

Mr. WHITTEN. All the members of the National Rehabilitation Association are dues-paying members. I think we could say that they are divided into three classes, about equally. First, there are the professional workers in rehabilitation employed by the State-Federal rehabilitation program, by the Veterans' Administration and the various private agencies and organizations of the country. Second, there are physicians, surgeons, and other professional workers in what you call closely related fields. For instance, the occupational therapists, physical therapists, along with the doctors. Finally, about a third of our membership is composed of people who are serving in some lay capacity. For example, Kiwanis Club members, Lions Club members, who have their programs for the blind, and citizens who carry on in their various communities the voluntary efforts without which all of these programs would fail, and I think fail rather miserably.

Mr. HUBER. That is the point I was interested in. In the second paragraph of your statement you said:

* * * professional workers who are giving their lives in service to the handicapped, often over and beyond the call of duty.

So these people, without any hope of reward, but just for the satisfaction they receive from it, are doing this.

Mr. WHITTEN. The reason I inserted that notation about "call to duty," I am what has been called a "rehab" man. I was a counselor and have done everything that I suppose can be done on a grass-roots level. I know that this is the kind of thing that gets into the blood of people who work in it. For instance, a rehabilitation counselor cannot be an 8-hour-day man. I know of many counselors who after going through their regular itinerary for the day and not hav-

ing done all that they wanted to do, will meet clients in hotel rooms at night. In other words, it is just something that does get in the blood when you see that you are engaged in a constructive enterprise.

When you see one who is hopelessly dependent, after working with him for perhaps 6 months, a year, 2, or 3 years, you finally see him on his first job, earning his own living, carrying his own pay check home, and actually knowing that he goes down to the welfare office himself and tells them that he will not need their services any longer, that is the thing that drives a person to work beyond what you call a 40-hour week.

Mr. HUBER. I am glad to hear you say that. An officer with such devotion would make a good Congressman.

Mr. WHITTEN. I know that is true. I noticed this morning that Senator Sparkman was engaged in a number of meetings at night, and I know he is up here all day, also.

Mr. HUBER. That is best exemplified by the chairman of this committee who is always willing to give up any of his personal time for the common good of the country.

In your statement you say that "less than 5 percent of the handicapped have even temporary income resulting from their disabilities." Of course included in that are those receiving State compensation.

Mr. WHITTEN. Yes, sir. One thing about this in which there is considerable misunderstanding. When you consider the problem of the handicapped there are still more people getting crippled in automobile accidents, slipping in the bathtub, falling off ladders at home, getting their hands twisted off in corn huskers, or worst of all, through the diseases that strike us down, to where the total amount of disability that is in what you would call covered employment is a relatively small portion of the total.

Mr. HUBER. You also state:

Many require expensive medical and nursing services, these expenses usually becoming greater as the impaired person grows older. In many States there are no public facilities available for the care of such people. Ordinarily, general hospitals do not want them, even if their families were able to pay their bills.

That is amazing to me, that there are States that do not have any such provisions. Are there many such States?

Mr. WHITTEN. There are quite a number. I would not be able to say how many. I came from one of them. I have even had people write me when I was director of rehabilitation in Mississippi, asking me if I could advise them where a hopelessly incurable father could be sent to spend his last years. They said, "We are even able to pay; we do not mind paying, just find us a place," and I would not be able to recommend a thing.

Mr. HUBER. These people—is their plight spotty or is it general all over the country? Are there certain areas where there are more people incapacitated than in other areas?

Mr. WHITTEN. When you come to the total problem it is pretty general. But you will find again that the greater amount of disability is concentrated to a great degree among the low-income families. That is an amazing thing. It is true that a rich man may break his leg as well as anybody else, but particularly the chronic diseases seem to appear mainly in the low-income families. In Mississippi, for instance, the matter of determining economic need which we must do

today, if we were going to give a fellow surgery or pay his board while training him for a job, the matter of determining economic need is very simple. It doesn't even arise, you might say, in 9 cases out of 10.

Mr. HUBER. The rich man probably had follow-up X-rays to make sure bones were properly set, and that no bone disease developed.

Mr. WHITTEN. That is right.

Mr. HUBER. Do you feel that some program of national health insurance, by looking after the health of these people earlier in their lives, might prevent them from later on in life becoming a public charge?

Mr. WHITTEN. The matter of public prevention is something we are extremely interested in. The crippled-children's service which is also a Federal-State program but dealing with people under 21 years of age, is doing a splendid job in the picture. I believe future generations are going to have fewer of these children coming up from childhood carrying these difficulties with them.

Also, the Bureau carries on an infant- and maternal-care program which, for instance, is stopping a lot of blindness. I did not know until a few years ago that a great deal of blindness that we have among adults, particularly in the South among colored people, was from babies who were born of mothers who had gonorrhoea. It seems it is easy to prevent the blindness by putting something in the children's eyes at birth. But so many were born from midwives who knew nothing about that. Now the infant-maternal-care program is getting into that and there are going to be fewer blind children, and, hence, fewer blind adults.

Mr. HUBER. That is the Federal operation?

Mr. WHITTEN. Federal-State. They work on it together. So, I think we are making some progress. Of course, it would be no doubt definitely helpful to a family where this happens to an adult, if there is some kind of insurance in the family. I am happy to say that in rehabilitation we have run into an increasing number of people who, for instance, have the Blue Cross plan or some other plan of prepaid hospitalization, and hence, are able to at least soften the blow to a considerable degree when this happens.

You see, in rehabilitation we can only take people when their disabilities are, so to speak, static. It is not a general medical-care program. So that if an automobile wreck occurs, and two or three people are torn up, they cannot call the rehabilitation division. They get their general medical care, and after that is over, if it is determined they have disabilities that are going to be permanent and they are vocational handicaps, then the vocational rehabilitationist can step in. But it is the first shock, the tremendous expense of the first few days, the first few weeks, that ruins so many families.

Mr. HUBER. Is your group able to do anything with spastic children?

Mr. WHITTEN. There is more being done by far with them now than ever before. As a local illustration, just before I left Mississippi we had been able to set up the first spastic school that the State has ever known.

Mr. HUBER. That is a State school?

Mr. WHITTEN. Yes. The crippled-children's service was participating in it, and local organizations were helping out. The State is planning to increase its appropriations for that work as fast as it is demonstrated it can be used. For instance, the biggest problem we

had, after we got money enough to start it, was finding somebody that knew what to do with the children. There are very few people that you can hire that know how to teach them or that know how to give them the therapy that is needed to bring about what correction can be made. They cannot all, by any means, be cured, but most of them can be helped.

Mr. HUBER. A great many can become practically normal.

Mr. WHITTEN. That is right. The rehabilitation agencies, in trying to rehabilitate the adult spastics, have had a terrific job, and they have been criticized a good deal by virtue of the fact that they have not been able to rehabilitate some of these people. The truth of it, as we see it, is that after a person becomes 21 years of age you cannot do anything for him physically if he is a spastic. In other words, his physical improvement has to come before that. I think they want to start on them when they are just a few weeks old, as soon as they detect the signs of spasticity.

Of course, it is very, very difficult to rehabilitate badly spastic adults. You know the type of thing I am talking about. And it is also difficult to gain public acceptance of him if you are able to help him.

Mr. HUBER. A group of mothers recently called on me, and said there is nothing like that in Ohio. I am glad to know that Mississippi is taking steps in that direction, and that the Federal Government has been able to help.

Mr. WHITTEN. California was one of the first States to establish such a school. It is rather remarkable the benefit that can be given to some of these children who, up until a few years ago, were considered to be absolutely helpless and hopeless in their dependence.

Senator SPARKMAN. In that connection, I may say that a couple of years ago I was at the University of Alabama Law School on their law day. At that time they took in their honor society 12 members of the senior class. Out of the 12, 2 of them were what might ordinarily be called completely disabled—one blind and one spastic. They were taken in on the basis, very largely, of good scholarship and active participation. I happen to know both of them. They are both successful lawyers today.

Mr. HUBER. That is fine. And just a generation ago most spastics were thought to be practically imbeciles, and nothing was done to bring about any help. Many of them can now become ordinary people.

Senator SPARKMAN. I was speaking to a lawyer the other day about this spastic who practices at the same bar with him, and he told me that he is one of the most brilliant minds at the local bar. He has never called on people for help, he has always insisted on finding his own way.

He argues cases before a jury. He has a difficult time of it, but he goes right on just the same.

Mr. WHITTEN. I have seen quite a number of adult spastics that look so bad that you would not have thought that they had any sense at all, who, when we would give intelligence tests to them, found they had more sense than we had.

It is a hard thing to take a fellow like that and to know that he has the mental power that he can understand abstractions that we do

not know of ourselves. Yet all you can train him to do is some bench work.

So many fellows, although they shake, if you can get them concentrated to one little thing, they can control themselves pretty well. Many of them have been rehabilitated at jobs far beneath their real ability, which is very bad, we think, but maybe we will be able to do better as years go on.

Senator SPARKMAN. And that is made necessary because of the fiscal limitations that you are up against.

Mr. WHITTEN. That is right.

Senator SPARKMAN. I am very glad you came in with your statement. Mr. Thurston, of the Federal Security Agency, included something concerning the physically handicapped persons in the statement that he gave us. I wonder if by any chance you have seen a copy of his statement?

Mr. WHITTEN. Yes; I saw a copy of his statement yesterday, I believe.

Senator SPARKMAN. He said we were doing a pitifully small job. I asked him how many were rehabilitated last year. I think he said 58,000, the same figure that you gave. I asked him how many we should have, and he said we should have done 250,000.

Do you think that is about right?

Mr. WHITTEN. I expect so. And I think we all ought to realize at the beginning that there have really been no studies or censuses comprehensive enough and accurate enough for us to say that there are so many with any degree of positiveness, but the figures that the Office of Vocational Rehabilitation use, of seven per thousand, for instance, we say that there are seven adults out of a thousand that are handicapped badly enough to need rehabilitation services.

In a few instances where a selected county has been taken and an extensive survey made to find every handicapped adult in the county, we have found that seven out of a thousand is not too high. That is the basis on which they judge the number. We think that is probably pretty accurate.

Senator SPARKMAN. Of course, we are disabling that many every year.

Mr. WHITTEN. That is the tragic part of it. I do not think it would be fair to assume that if we are handicapping 250,000 a year and just rehabilitating 50,000 that that entire remaining 200,000 are just lying down to die. In other words, some of them are doing something.

Senator SPARKMAN. Many of them are able to go out without the necessity of rehabilitation.

Mr. WHITTEN. That is right. And then others are able to do something, but they ought to be doing far more and could be doing far more if they had rehabilitation.

Senator SPARKMAN. Would you recommend that the Federal Government set up a program, hoping for the cooperation of the States, much larger than what we are doing now?

Mr. WHITTEN. Yes. I think that Congress ought to encourage this work as much as it can. We have the State-Federal program and we like it. In other words, we do not believe we would ever want to federalize the program from top to bottom as for instance the Veterans' Administration is, because we have found that there is a lot of wonderful initiative that goes in the States where a State adminis-

trator, unfettered by having somebody in Washington tell him how to do things, would get out and utilize local aids much better.

Senator SPARKMAN. That is certainly true of job placement of these handicapped persons.

Mr. WHITTEN. Yes, sir. We feel that anything that Congress can do to encourage the States to do more, they ought to do it.

In 1943 when the amendments were passed, the amendments to which we referred in the statement, for a few years there was more Federal money than the States could well take advantage of because the States were a little slow to grasp the idea of the importance of expansion.

Senator SPARKMAN. That is not true now, is it?

Mr. WHITTEN. Now the reverse is true. The Federal Government is not being able to match, under the terms of the law, the funds that the States have made available.

Senator SPARKMAN. What would be your estimate of the number of nonfeasible cases, or cases that are so badly disabled that they are not capable of rehabilitation?

Mr. WHITTEN. To any degree whatever, you refer to?

Senator SPARKMAN. Yes.

Mr. WHITTEN. I would say there are probably a million and a half. During the WPA days they used to speak of three and a half million unemployables. That was too many. In other words, a lot of those people were unemployable only because they did not really have the opportunity. With rehabilitation services I believe that could be cut down to a million and a half.

You understand I have no real fundamental knowledge of numbers.

Senator SPARKMAN. As a matter of fact, we are almost totally lacking in definite information on it, are we not?

Mr. WHITTEN. Yes; and there is one step that it looks like this Congress has taken which may be helpful along that line. I notice that the Senate has passed a bill which authorizes, or rather directs, the Surgeon General to make a study of the methods by which he can best determine the incidence of injury and disabling conditions and report back to Congress in 18 months.

What I hope that is going to be is this: That he will discover how a study of these conditions can most effectively be made and then Congress will authorize him to make it and that it will be made in such a manner that it will be meaningful.

Just to say that there are 28,000,000 handicapped people in the country does not mean a thing in the world. But to say that there are 28,000,000 handicapped, of which 250,000 are blind, and so many are deaf, and so many spastics, would have a lot of meaning to the Congress and to the States.

Mr. HUBER. And unemployable.

Mr. WHITTEN. That is right. And say that there are so many with present methods are employable.

There have been some bills in Congress providing for adding two or three questions to the United States census for determining how many handicapped people we have. I do not think that would do any harm and it might do some good, but I think it is utterly futile to think that a census taker could give us any accurate information concerning disability in the country.

I just do not think we would ever be satisfied with it unless we were able to check what the census taker told us by, say, spot studies, intensive studies of 30, 40, or 50 counties over the United States, which could be used as a check against what the census taker found out.

Senator SPARKMAN. I assume that, with this 58,000 rehabilitated during the last year, you were able to get jobs for all of those. Suppose you rehabilitated 250,000. Would you be able to place them in jobs?

Mr. WHITTEN. That is an interesting question. When we speak of rehabilitating 58,000, we mean that they were actually on jobs at the time.

In other words, the rehabilitation counselor's definition of rehabilitation is that the process has been completed, the man has been on the job long enough so that there is a reasonable expectation that he is going to be on it permanently. But to answer your question, there is not any substantial backlog of unemployed handicapped people who have been prepared by the rehabilitation agencies for employment.

It is interesting to note that, even during the depression, when employment as a whole was down, down, down, the rehabilitation agencies were increasing their placements, their rehabilitations. So I would say this, Senator: if suddenly we had 250,000 that were trained, it might be difficult to place them. But with the gradualness with which this is going to grow, I believe we can absorb them as fast as we can train them.

I do not think that is a great deal to worry about right now, if we can get them ready for employment, where we can take them to a man and say, "This is a man who can do this particular job as well as anybody else," and know that that is true when we say it. We have not tried to place people who really are not placeable, who really are not prepared.

Senator SPARKMAN. We appreciate your presentation of this problem dealing certainly with a very important segment of our low-income people.

Mr. WHITTEN. We appreciate the opportunity of having been able to present it, Senator.

Senator SPARKMAN. The committee will stand in recess until 10 o'clock tomorrow morning, Saturday.

(Thereupon, at 4:15 p. m., the committee adjourned, to reconvene Saturday morning, December 17, 1949, at 10 a. m.)

LOW-INCOME FAMILIES

SATURDAY, DECEMBER 17, 1949

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON LOW-INCOME FAMILIES,
JOINT COMMITTEE ON THE ECONOMIC REPORT,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10 a. m., in room 224, Senate Office Building, Senator John H. Sparkman (chairman) presiding.

Present: Senators Sparkman (chairman) and Flanders; Representatives Huber and Rich.

Also present: Grover W. Ensley, associate staff director, Joint Committee on the Economic Report, Samuel L. Brown, economist, and Elizabeth G. Magill, research assistant, Subcommittee on Low-Income Families.

Senator SPARKMAN. The committee will come to order.

We have Dr. Ernest W. Burgess, from the University of Chicago, to discuss particularly, I believe, the problem of juvenile delinquency as it relates to low income.

Dr. Burgess, we are glad to have you with us and glad to have the statement you sent on ahead. You proceed in your own way, sir.

Mr. BURGESS. Would you like me to read the statement?

Senator SPARKMAN. I think it would be very good for you to read the statement in full and we will follow you, or you may summarize it. Just proceed any way you like.

STATEMENT OF ERNEST W. BURGESS, UNIVERSITY OF CHICAGO

Mr. BURGESS. The relationship of low income to juvenile delinquency will be considered under three headings:

1. Who is a juvenile delinquent?
2. How is low income related to juvenile delinquency?
3. Would an adequate income for existing low-income families reduce juvenile delinquency?

A boy or a girl is not a juvenile delinquent just because he commits a delinquent act. If so all boys and all, or practically all, girls would be delinquent. A delinquent is one who has been treated by society as a delinquent. He must be considered by the people in the community to be a delinquent. In other words, he must have an official record as a delinquent. The longer his record, other things being equal, the more delinquent is the child up to the point that he reforms.

The great majority of children are not official delinquents because the family checks delinquent acts. Or it may intervene if the boy or girl has been caught in delinquency by a neighbor, or even by the

police, and accept full responsibility for his future conduct. These children are not stigmatized by the community as delinquent. They do not consider themselves as delinquent. At most they think of themselves as "tough" and "wild" but not as delinquents or criminals.

Juvenile delinquents are then those children who have official records as delinquent. They have completed one or more stages of the process by which a child becomes delinquent. They have been arrested by the police. They have appeared in the juvenile court. They have been detained in the juvenile detention home. They have been placed on probation. They have been committed to an industrial school. They have been released on parole. Many have violated parole, have committed new delinquencies, and have been apprehended by the police, and then they go through the process of delinquency making again.

Official records of delinquency including arrest, appearance in juvenile court, probation, commitment to institutions, and later parole and recidivism characterize many children from low-income families. These are seldom experienced by children from well-to-do homes. The proverbial black sheep of good family is an exception and sooner or later generally obtains a delinquency record.

There is a great deal of confusion among criminologists as to how the delinquent should be defined. How is low income related to juvenile delinquency? Would an adequate income for existing low-income families reduce juvenile delinquency?

A boy or girl is not a juvenile delinquent just because he commits a delinquent act. I have often in my courses asked the student to write on "My First Delinquency," and I never had a student who could not write a paper on that subject. Almost all children commit delinquent acts, but in the great majority of cases the family checks these and the boy or girl ceases to be a delinquent.

Mr. HUBER. And those who are caught become delinquents, do they not?

Mr. BURGESS. That is the point I am making.

Senator SPARKMAN. And in a case of the usual boy or girl the corrective influence of the home is sufficient to make satisfactory adjustment?

Mr. BURGESS. The home, the school, the community. We all know about delinquent acts of young men, let us say, of the best families. At Harvard University and other schools after a football game the young people celebrate, crash into motion-picture theaters, take ice cream, steal wood for bonfires, and the community does not call that delinquency even if they are detained by the police. People do not stigmatize them as delinquent because of these acts. They just say that is college spirit.

A good deal of delinquency by boys in these poor areas is just group spirit or gang spirit, but they get apprehended, they are brought up before the juvenile court, they may be placed on probation. If they are from low-income families, and the judge feels their homes are not a proper place for them, they are sent to the State industrial school. They go back to the same neighborhood, the same condition that create juvenile delinquency, get into trouble again, and are sent to the reformatory. Returning to the community, they get into difficulty again and are sent to prison.

So it has been said, and I think with more than the proverbial grain of truth, the parental school is something like a grade school in educating children in delinquency because you gather there the truants from the low-income groups of the city; the more serious cases are sent to the industrial school, and that might be called a high school, educating these children in further delinquency; and then they go to the reformatory, it might be called a college; prison might be called graduate work in criminality.

In a certain sense, then, we are supporting institutions which instead of reforming their inmates are giving them further education in crime. Consequently they come to think of themselves as delinquents and criminals.

Many a boy from a family that is comfortably off or well-to-do may be somewhat wayward as an adolescent youth, but he does not think of himself as a delinquent. He thinks of himself as wild and tough. But when a youth begins to think of himself as being delinquent and criminal, and when the community thinks of him as delinquent and criminal, especially when he has an official record, he actually becomes a delinquent and a criminal. State industrial schools for delinquent boys and reformatories for delinquent youth do not reform. A study of one institution in Massachusetts by the Gluecks showed that 80 percent again became delinquents after they had been released from these schools. We have made similar studies in Illinois of our State industrial school and get the same percentage. Case studies show very clearly that the way in which society treats delinquents—by putting them in institutions called reformatories—actually does not reform.

Mr. RICH. Doctor, in delinquency you spoke about the college pranks after a football game, and some of them have been very disastrous.

Mr. BURGESS. Under the law they would be felonies.

Mr. RICH. Under the law they would be put in prison.

Mr. BURGESS. Yes.

Mr. RICH. For instance, this fall I know a couple of instances, after one game they went in a hotel and ruined everything in the hotel. The hotel took it up with college authorities and they are going to make restitution for all the damage that was done at that time, in order to keep these boys from being punished.

As a delinquent, the first act a boy or girl commits, as a rule, they generally censure them unless they happen to be in a town where they are not known. If they are in a small rural community where everybody knows them, they give those boys an opportunity and discuss it with the parents, but in a town where they would not know a boy and the boy committed a crime and they put the authorities onto him, the chances are that that boy, unless the judge was a little lenient, might get it for the first offense and it might be an offense very minor in comparison to many offenses that are committed like a college prank to which no attention is given.

Now, can you give us something definite as to how far a boy or girl can go in doing things that are wrong before you ought to term them "juvenile delinquents"?

Mr. BURGESS. It begins when they get an official record; it is definite when they are sent to an institution. Even appearing in the juvenile court tends to harden the majority of children. If we can keep children out of the juvenile court by having social or community agencies, especially neighborhood projects for the prevention of juve-

nile delinquency, cooperate with the juvenile court—it is possible to check the delinquency-making process.

Committed to an institution, where the boy is put with other boys, so-called bad boys from all over the State, he begins to think of himself as delinquent, and no longer as a boy just having adventure and fun as he may have when he was committing these delinquent acts.

When he is released and comes back to the community, even in these low-income areas, the nondelinquent children and grown-ups think of him as delinquent.

Mr. RICH. What responsibility has society to punish those who would become delinquent? I had a case several years ago during the war. Boys in high school, 18, 19, 17 years of age. We discovered a lot of these lumbermen's shirts, the big plaids, when they wore them 3 or 4 years ago, very popular, we manufactured them. We noted that certain boys had stolen a few. We asked the State police to investigate. He investigated those cases and when he ran it down we found there were 10 or 12 boys who had stolen and returned over a thousand garments.

Well, the question was: Was the court to punish them? They were boys that as far as we knew never had any trouble before. The court brought the boys and the parents in, and it came finally to making a sentence. The court asked me what I would do with these boys.

I said they are all ready to go to war, the Government is after them right now, I hope you do not have to send them to a juvenile-delinquent school—I said if they will volunteer to go into the Army immediately, let's forget the case and see what happens after the war is over and see if it does not make better men out of them. You give them a good lecture. He did that.

The boys all came back but one—he was left over in France. They are all good boys today. I have been watching them. There were five of them. They are all good boys, so far as I know.

Now, had we let them go to a delinquent school, there probably would be a stigma on them the rest of their days.

Mr. BURGESS. And they would have learned more about delinquency at the institution from the other boys.

Mr. RICH. Was that the right thing to do under the law?

Mr. BURGESS. What was the age?

Mr. RICH. Seventeen to nineteen years old. They were ready to go into the Army and after school was over they would have been drafted and probably taken in.

Mr. BURGESS. As to what would have been the proper thing to do if it had not been wartime—I think your advice was very good there, and I endorse it—in peacetime, with this as their first offense, they should have been placed on probation.

Mr. RICH. So far as I know, it was their first offense.

Mr. BURGESS. And it was good that the judge brought in the parents and placed the responsibility for the boys squarely upon the parents.

Mr. RICH. They not only stole them themselves, but they got people in the plant, they even took garments that were not completely finished, everything on them but the buttons, we will say, and they would take a dozen of those; so that you could see their thought was to steal, not for themselves, but to sell the garments.

Mr. BURGESS. My studies have convinced me that commitment to an institution should be the last resort for juveniles and youths. It should be the last resort after all other methods have been tried.

Mr. RICH. For the first offense they ought to receive a good censure from the court and probably put them on probation in the hands of their parents or some other individual, so that they do try to let them know that somebody is going to look after them if they do not look after themselves.

Mr. BURGESS. And very often some prominent citizen in their neighborhood is willing to take responsibility to assist them to go straight.

Mr. RICH. That is a big responsibility.

Mr. BURGESS. But it is of help to the parents and to the boy, because the boy looks up to this prominent person in the neighborhood.

Mr. HUBER. Doctor, while we are on this, what do you think the age should be? For instance, in Ohio it is 18, and I always felt that is a little bit old, especially here when we put boys into the Army at 18.

For instance, you might take one little fellow, he is 18 years and 2 months old, and he is charged with a felony and goes right before the grand jury and is on his way to a penal institution; while some other husky boy, maybe 6 feet 3, weighing 200 pounds, 17 years and 11 months old, he goes free as a baby.

It seems in this day and age, with education, et cetera, that age is too high at 18.

Mr. BURGESS. You are quite right in the fact that young people mature—that is, at least intellectually—earlier at the present time than they did in the past. Often, however, they are not as mature socially. That is, in our boyhood—at least in mine and Congressman Rich's—boys had a good deal of work experience and recreational activities of a sort, which a good many of the boys in the city cannot have so readily.

So intellectual precocity and social immaturity may enter into these problems. I think it is well to perhaps draw the kind of line we draw in Illinois. The juvenile court takes cases of boys up to 17, the boys court takes them from 17 to 21, making a dividing line between the juvenile and the youth. Our juvenile court has been recently turned into a Family Court, so the judge can call in the parents as well, have them present at the hearings and punish them if they are responsible for the delinquency of their children.

The histories of boys who get into trouble give us insight into the process of delinquency making. The life history of a boy, as written by himself is most enlightening. I have taken one case from *Brothers in Crime*, which was written by five boys, all of whom had had delinquent careers, and most of them had been in all the institutions beginning with the parental school for truants to the State reformatory.

In *Brothers in Crime*, by Clifford R. Shaw, University of Chicago Press, 1938, Shaw gives the official records and life history of five brothers of a family so poor that the mother as well as the father was compelled to work. In spite of all their effort their children became delinquent. The official record of each brother is long.

The oldest brother, John, had 23 items, culminating in commitment to a reformatory. The second brother, Edward, had 63, the last of which was being returned to a State reformatory as a parole violator.

James, the third brother, had 70 entries, including several commitments to a boys' school, a State industrial school, the house of correction, and the State reformatory. Michael, the fourth, had 57 different items on his record; and the youngest brother, Carl, had 28.

It is interesting to note the first recorded delinquency of each of the brothers. This was a family living in a low-income neighborhood with a very inadequate income, considering the size of the family. Both father and mother had to work to support the family. The oldest brother was 9 years old when he, in association with six other boys all older than he, was picked up by the police and charged with petty stealing.

His next younger brother was brought into court in company with his older brother on a petition alleging truancy from school, begging and petty stealing, a year younger than his brother, or 8 years old.

The middle brother was arrested charged with truancy, begging, and petty stealing when he was only 7 years old. The next to the youngest brother was arrested on the same grounds at 5 years old. The youngest brother also charged with the same offenses, was arrested and brought to the juvenile detention home when he was only 3 years and 3 months old.

That is, each boy entered delinquency at a younger age, being inducted into it by his older brother, the oldest brother being introduced to delinquency by a gang. We find in our studies that for the most part the type of delinquency that leads to official delinquency has to be learned. The delinquent gang in these low-income areas is the efficient teacher of the younger boys in those areas.

Mr. HUBER. What happened to him? I see later in your statement you say he was stealing a touring car, and that must have been several years ago. What happened to him?

Mr. BURGESS. Mr. Shaw not only got their life history, but he got jobs for them at the time when he made contact with one of the brothers. He secured employment for every one of those brothers, and they have all lived law-abiding lives afterwards. If he had not intervened, I am convinced that the contacts they had in the neighborhood, their gang associations, and the traditions of criminality in these neighborhoods, would have led at least the majority of these brothers to continue in crime, perhaps all of them. But it showed that by getting each one a job and having a friend to whom they could go, it was possible to break the delinquency-making process.

Now it is true that social agencies had been working with the families over this period, but the agencies did not have personnel who were skilled in dealing with delinquent boys. There are two main factors in dealing with a delinquent boy: One is having someone he regards as a friend, with a warm human interest in him, and the other is getting a job that he likes, and in which he can make a living.

The career of Carl, as officially recorded, is entered here in full to show the real difference between delinquents who have been officially stigmatized and have experienced police arrests, appearance in juvenile courts, supervision under probation and parole, and various types of institutional experience from the so-called delinquents of good families in residential neighborhoods who have sporadically engaged in delinquent acts but have seldom been treated as delinquent. At most they have received warnings from the police or their parents

have successfully interceded to prevent even official record of their behavior.

Carl's active career in delinquency continued over a period of approximately 13 years, during which time he was picked up and arrested by the police on 14 occasions, appeared in courts 16 times, served 6 periods of confinement in institutions, and was placed under the supervision of probation and parole officers 12 times. The detailed record of his arrests, appearances in court, and commitments follows:

1. Two years ten months of age: In company with his brothers Edward, age 11 years 7 months; James, 6 years 8 months; and Michael, 4 years 8 months, Carl was picked up by the police wandering about the streets at 10 p. m. He was released to the parents. Dependency petitions were filed on all the children.

2. Two years ten months: He was brought to court with Edward, age 11 years 7 months, James, 6 years 8 months, and Michael, 4 years 8 months, on petitions alleging dependency. Carl was placed under the supervision of a probation officer of the juvenile court.

3. Three years three months: While in the company of his brothers, Edward, age 11 years 11 months, James, 7 years, Michael, 5 years, Carl was brought to the detention home, charged with truancy from home, begging, and stealing. Released to the parents under supervision of an officer.

4. Three years seven months: He was brought to court with Edward, age 12 years 3 months, James, 7 years 4 months, and Michael, 5 years 4 months, on dependency petitions. The petition was continued and all the children except Edward were released and placed under the supervision of a probation officer of the juvenile court.

5. Four years five months: He was reported begging with James, age 8 years 3 months, and Michael, 6 years 2 months. The complaint was filed with a family case work agency by a resident of a nearby community.

6. Five years eight months: Carl, in company with Michael, age 7 years 5 months, was arrested and brought to the juvenile court charged with begging and petty stealing. He was released to his parents under supervision of a probation officer of the court.

7. Five years ten months: Carl was ordered brought to court on a dependency petition. When Carl was brought to court he was released to the parents under the supervision of a probation officer.

8. Six years five months: He was brought to court with James, age 10 years 3 months, and Michael, 8 years 3 months, on petitions alleging dependency. Carl was committed to the home for dependent children.

9. Seven years: Carl's father visited the home for dependent children and took Carl home without the consent of the authorities.

10. Seven years four months: He was picked up by the police in a railway station and returned to his parents. The incident was reported in the metropolitan press:

With 60 cents he had accumulated for the occasion, 7-year-old Carl Martin, 44 B Street, started out yesterday to "see Chicago first." He boarded an elevated train and apparently rode all over the city. His "roll" was exhausted late in the evening, so he walked to the Polk Street railway station, where he was picked up by the police. It was a tired but educated Carl who was turned over to his parents.

11. Ten years nine months: While in company with Michael, age 12 years 7 months, Carl was arrested and brought to court on a delinquency petition alleging burglary. He was released to his mother under the supervision of a court officer.

12. Eleven years: The mother was ordered to bring Carl to court on a petition alleging truancy from school, begging, and petty stealing. The court record reads:

Officer reports that the mother started with the boy who jumped off the street-car at corner and ran away. Officer states he (Carl) has done fairly well.

The probation officer was ordered to continue supervision of Carl.

13. Eleven years four months: He was brought to court on a petition alleging truancy from school. The court record reads:

Officer Howard reports boy is under supervision; has been guilty of serious truancy; that he understands the school authorities have instituted truancy proceedings but does not know the date of same.

He was released to his mother under supervision of the court officer.

14. Eleven years five months: He was brought to court on a petition alleging truancy from schools. Carl was committed to the Chicago parental school.

15. Eleven years eight months: He was paroled from the Chicago parental school.

16. Eleven years ten months: While in company with Michael, age 13 years 9 months, and Joseph Herman, 14 years 7 months, Carl was arrested and brought to court charged with burglary. Michael was returned to the St. Charles School for Boys. The hearing was continued in order that an investigation could be made in the case of Carl and Joseph Herman. Carl was released to his mother pending the investigation.

17. Twelve years: Returned to the Chicago parental school for violation of parole.

18. Twelve years six months: Paroled from the Chicago parental school.

19. Thirteen years two months: Arrested and brought to court on a delinquency petition alleging the theft of an automobile. The court record reads:

At 9:30 p. m. Monday this boy stole a Studebaker automobile from the ground of a suburban country club—touring car valued at \$950—the property of Frank Johnson. Two days later he was caught in possession of the aforesaid car in the vicinity of E____ and M____ Streets by Officers P____ and G____ of the police district. Auto recovered although the tools and an auto robe had disappeared.

Carl was committed to the Chicago and Cook County School for Boys.

20. Thirteen years three months: He escaped from the Chicago and Cook County School for Boys.

21. Thirteen years four months: He was arrested and returned to Chicago and Cook County School for Boys.

22. Thirteen years five months: He escaped from the Chicago and Cook County School for Boys but was returned 2 days later.

23. Thirteen years five months: Paroled from the Chicago and Cook County School for Boys.

24. Thirteen years, 9 months: In the company of Joseph Herman, age 16 years 6 months, Walter Kohler, age 14 years, Adam Krancer, age 22 years, John Olson, 24 years, and Homer Luda, Carl was arrested

and brought to court charged with larceny of two automobiles. In presenting the case to the court the probation officer charged:

On July 9th, 19—, at 1:00 a. m., the above-named boy and Joseph Herman 16 years, Walter Kohler, 14 years, did steal and drive away a Chevrolet touring car from the curb in front of 13— North H— Avenue, the property of Greta Lohner. The above-named boys were arrested at E— and M— Avenues while riding in the aforesaid automobile. Carl and a boy known as Ralph Palmer (never identified) did steal and drive away a Chevrolet sedan from the curb in front of 12— North O— Street, and drove it to an alley on B— Street, where it was stripped of tires by Adam Krancer, 22 years, John Olson, 21 years old, and Homer Luda, 21 years old. The car was the property of I. Greenberg, 40— North L— Avenue.

Adam Krancer was committed to the house of correction for a period of 60 days, John Olson was committed to the house of correction for a period of 4 months, Homer Luda was fined \$100 and costs, Joseph Herman was committed to the Chicago and Cook County School for Boys and Walter Kohler was placed on probation. Carl was committed to the St. Charles School for Boys.

25. Fifteen years, two months: Carl was paroled from the St. Charles School for Boys.

26. Seventeen years, eight months: He was arrested on suspicion and charged with disorderly conduct but was discharged the same day.

27. Twenty-one years, five months: Carl was arrested on a charge of disorderly conduct and discharged.

28. Twenty-two years, five months: He was arrested on suspicion and charged with disorderly conduct but was discharged.

In summary, a juvenile delinquent is a boy or girl who has an official record. He is stigmatized by the community as being delinquent. He tends to consider himself a delinquent and a criminal. A delinquent in the full sense of the term is one who has engaged in a series of delinquent acts and is directing his ambitions and goals to a criminal career.

From the practical standpoint those children that require official attention and supervision are the ones that are of interest to us in the study of effect of low-income upon juvenile delinquency. We do not need to concern ourselves with the delinquent acts of children from families in which parents have the financial resources and the ability to supervise and guide the behavior of their children without the intervention of the juvenile court.

Therefore criminologists who state that delinquent acts occur among children of families at all economic levels are beclouding the real point. Gabriel Tarde, the great French sociologist and jurist stated long ago that the delinquent and criminal are created not alone by their acts but by the ways in which society treats those acts.

Accordingly, it is my considered judgment that official records of juvenile delinquency and crime supply us with the best available evidence of who is a juvenile delinquent and a criminal.

Mr. RICH. In the low-income group do you find greater numbers than you do in, we will say, the medium class or the ones in families who are not able to earn as much? Are they more susceptible to stealing and doing things that are wrong than ones who are in a little better position?

Mr. BURGESS. Yes.

Mr. RICH. Mr. Burgess, since you have given that book to the Chairman, I suggest the Chairman read that book and inculcate the pertinent items in the report.

Senator SPARKMAN. I was just going to pass it over to you.

Mr. RICH. Let's go to the second point, then.

Mr. BURGESS. It is quite clear that the official juvenile delinquent, the person who considers himself as a delinquent, is the one who makes trouble for the community that the community cannot solve itself and which places the burden on the juvenile court, and on our so-called reformatory institutions.

From the different studies of juvenile delinquency certain facts of its relation to low-family income emerge. Among these are the following:

1. Official juvenile delinquents are concentrated in certain areas of every city. These have been called delinquency areas. They are thinly scattered in the better residential districts.

Shaw and McKay—Juvenile Delinquency and Urban Areas, Chicago, University of Chicago, 1942—in collaboration with six other sociologists in other American cities, studied 21 cities in the United States covering tens of thousands of official delinquents. In all of these communities they found that juvenile delinquency was concentrated in certain areas. They called these areas of concentration delinquency areas.

Delinquency areas are the slums of our large cities. They are drab districts with bad housing. They are often areas of overcrowding and are deficient in recreational facilities. Often they are around the central business district of the city. Frequently they are jammed up against industrial plants like steel mills, oil refineries or stockyards. Almost always these are residentially undesirable. They are inhabited by a succession of immigrants.

In Chicago which I know best because my studies and those of my students have been in Chicago, there was a time when the German and Irish furnished the high proportion of juvenile delinquents. They lived in these so-called slum districts. They moved out, and were succeeded by the Italians and Poles and other Slavic groups.

As the Irish and German moved up in income and moved out into the other areas, their delinquency rates went sharply down, and Poles, Lithuanians, and other immigrants that pushed them out, then had the high rates. Of course, now these are moving out and at the present time in Chicago Mexicans are coming in.

It is a very interesting fact and one that we want to go into more perhaps a little later, if you are interested, that a new immigrant group when it comes into one of these slum districts at first furnishes a very low proportion of juvenile delinquents. They have to learn to be delinquents.

The Mexicans have been in Chicago since World War I. At first they had practically no juvenile delinquents, now the rate is increasing.

We find two factors which prevent them from becoming delinquents. First, family and community control was very strong during the first years the Mexicans moved in. Second, the gang would not take in Mexican boys. They did not have any way to learn how to become delinquent. As the gangs take them in, they learn how to become delinquent, and we can predict that the rate for the Mexicans will increase, and it is now getting higher.

It is into the slum areas, slum conditions, low-income areas where the immigrants first come. After they have been there for a time they have the increasing rates of juvenile delinquency.

Mr. RICH. You speak of the different nationalities coming into that locality. One who wants to do wrong as a rule knows he is doing wrong and he does not want to take everybody in with him, he wants to know his companions, and he is not going to take someone in he cannot associate with, and especially if he cannot converse with him. He picks his companions. The old saying is, of course, that birds of a feather flock together, and if they are crooked, they want to know who is going to join them because they want to feel free to do things among themselves, yet they do not want somebody, as we call it in the language of the one who is crooked, he does not want somebody to squeal on him.

Mr. BURGESS. There is an iron code of secrecy.

Mr. RICH. That is right. In Congress if one fellow does something wrong, we squeal on him right away and try to let the public know it, and that is the way we keep straight. Once in a while a fellow gets off on the wrong foot and he gets caught.

Mr. BURGESS. That is the greatest crime in the gang, to squeal on your friends, and also among criminals.

Mr. RICH. I am here to watch these two gentlemen who are on the opposite side, of the opposite faith. They do not believe as I do. We have two schools of thought.

Mr. HUBER. These Mexicans that you refer to, I assume they are people of Mexican extraction, underprivileged, probably from California or Texas, who have migrated; is that right?

Mr. BURGESS. Normally they have come up through New Mexico and Arizona. It is interesting that in California the group at the present time with the highest delinquency rates is Mexican. They have been in California a long time, much longer than they have in our northern cities. But Mexicans in Chicago do not come from California. They come up this other way from Mexico into New Mexico, Arizona, and from the beet fields of the Southwest.

Mr. HUBER. A great many of these people are actually from Mexico?

Mr. BURGESS. Very few directly. They come through the Southwestern States, excluding California.

Mr. RICH. Maybe they learned that after they came to the States. Possibly it was not their fault because of their nationality, that as they come from their own country, they learned these tricks after they got in here.

Mr. BURGESS. Apparently after they come to Chicago.

Mr. RICH. They tell me Chicago is a pretty bad place.

Mr. HUBER. Most of them, a great many, I should say, are dark and they fall into the same segregated category as Negroes, too, do they not?

Mr. BURGESS. Even Italians, who are dark in complexion, draw the line against the Mexicans. But they get into these groups sooner or later.

Senator SPARKMAN. As I understand it, your point is that it is not necessarily the community, it is the community environment.

Mr. BURGESS. It is the slum environment, it is low income, and the whole complexity of factors that are associated with low income and bad housing.

Mr. HUBER. What can the Federal Government do about it?

Mr. BURGESS. With your permission, I would like to let you glance at some statistics, which I will come to in just a moment.

Some people dislike the word "slums." It is highly descriptive of housing and neighborhood conditions which are unfavorable for the wholesome development of the child. These too often are areas where children have to play in the streets because there is no space in backyards and no playgrounds are accessible.

2. Juvenile delinquency areas are highly correlated with poverty and with low income.

The following correlations with various indices of poverty are derived from the Pearsonian correlations reported in Shaw and McKay in their volume *Juvenile Delinquency and Urban Areas* (unless otherwise indicated) :

TABLE 1.—*Conditions correlated with delinquency*

	Percentage correlation ¹	
Chicago, families on relief, 1934.....	0.79	±0.01
Cleveland, families on relief.....	.86	± .02
Columbus, dependency, 1919.....	.69	± .02
Richmond, dependents.....	.61	± .02
Chicago, nonsupport, 1929-35 ².....	.76	
Boston, unemployed males.....	.72	± .02
Columbus, Ohio, median rentals, 1930.....	.71	± .02

¹ Percentage correlation indicates the percent of the delinquency rate that may be attributed to the rate of the specified conditions and the factors associate with these conditions. The percentage correlation is obtained by squaring the Pearsonian correlations reported by Shaw and McKay and Mowrer.

² Ernest R. Mowrer, *Disorganization, Personal and Social*, Philadelphia, J. P. Lippincott, 1942.

The evidence of the close association of areas of high rates of low income and of juvenile delinquency is overwhelming.

3. Areas with high juvenile delinquency rates also have high rates for other problems, as shown below :

TABLE 2.—*Rates for juvenile delinquency correlated with certain conditions*

	Percentage correlation	
Adult males arrested, Cincinnati.....	0.86	±0.02
Truancy rates (Chicago) 1927-33.....	0.81	±0.01
Boys' court rates (Chicago) 1924-26.....	0.81	±0.01
Tuberculosis rate (Chicago) 1931-37.....	0.86	±0.01
Mental disorder (Chicago) 1927-33.....	0.52	±0.01
Infant mortality (Chicago).....	0.41	±0.01

This evidence suggests that low income is highly associated not only with truancy, youthful and adult crime, but also with other social problems such as tuberculosis, mental disorders, and infant mortality.

I think the high correlation of the juvenile delinquency rate by city areas with the tuberculosis rate is a very interesting and significant one, because we cannot say that juvenile delinquency causes tuberculosis and we cannot say that tuberculosis causes juvenile delinquency. It means that both tuberculosis and juvenile delinquency tend to be correlated with certain unfavorable conditions in the neighborhood.

Senator SPARKMAN. Both tend to occur in the same place?

Mr. BURGESS. Both occur in areas of low income, bad housing, and overcrowding.

Mr. RICH. We had one of our witnesses the other day who told us that 3 percent of the children who go to school go through insane asylums from the cradle to the grave, that during that period 10 percent of our population goes into insane asylums. Do you believe that?

Mr. BURGESS. Yes, that is what the studies have shown.

Mr. RICH. Well, it seems awfully high to me.

Mr. BURGESS. That is during the whole lifetime. Now, if we are asking what is the percent of adult males who are arrested during a lifetime, of course, then you get a higher percent than this 1 or 2 or 3 percent I suggested here.

Mr. RICH. What would you say the percent of our population is arrested from the cradle to the grave?

Mr. BURGESS. Well, I have never tried and I do not recall any criminologist trying to make that calculation. One estimate that ought to be rather close would be to take the total number in our penal institutions any year and compare it with the total number in our mental hospitals.

Mr. RICH. All people that are arrested are not mental cases, are they?

Mr. BURGESS. No, but I meant these mental cases that are committed to hospitals, they are a very small percent, the number in the mental hospitals at the present time is a very small percent of the population.

Mr. RICH. It may be a small percent of the population, but if 10 percent of our children—and only 2,500,000 are not in schools—that means that all the rest of them outside of 2½ percent, 10 percent of that are subject to being in insane asylums from the time they are born until they die.

Mr. BURGESS. Yes. Then we could ask the same question that you did ask: What percent? As I recall, there is one-half of 1 percent—

Mr. RICH. That is what we used to have in beer.

Mr. BURGESS. Of the population in our reformatories and penitentiaries.

Mr. RICH. Mr. Huber, he is trying to give the percent of our population arrested—

Mr. BURGESS. I would not say arrested. I would say committed to institutions.

Mr. HUBER. Practically everybody is arrested.

Mr. BURGESS. When you take traffic violations, you get a very high aggregate. I think nearly 10 percent of the population—the number of arrests would be certainly 5 percent in any year of the population of Chicago. Of course, you have some who will be arrested 20 or 30 times during that period, and there are others who have been arrested only once. The number of different individuals arrested is not as significant as the number of those committed to institutions.

Mr. RICH. The ones committed to institutions would be the ones.

Mr. BURGESS. I think it would be between 2 and 5 percent during the lifetime.

Mr. RICH. That is pretty high, too; is it not?

Mr. BURGESS. It is.

Mr. RICH. Committed to institutions. Of course, when you consider an arrest for an offense, a small violation, that is only one way of ensuring our people that they are doing something they should not do, according to some of the rules and regulations laid down.

Mr. BURGESS. Yes.

Senator SPARKMAN. Doctor, to clear my own thinking, the figures that you give here are not to be taken at all as percentages of the happening of the particular thing as compared to the population.

Mr. BURGESS. No.

Senator SPARKMAN. It is the relation between—

Mr. BURGESS. These and juvenile delinquency.

Senator SPARKMAN. Yes; and when you made that statement that in order to get the percentage you would square the figure, you mean the percentage of one as it relates to the causes of the other?

Mr. BURGESS. Yes.

Senator SPARKMAN. In other words, take the case there of adult males arrested in Cincinnati, 0.93. Let's go to an easier one—boys' court rates, 0.90. The square of that would be 0.81.

Mr. BURGESS. Yes.

Senator SPARKMAN. Now, you mean by that that 81 percent of the boys' court cases would be attributable to the same conditions as those that caused the juvenile delinquents?

Mr. BURGESS. That is exactly correct.

Senator SPARKMAN. I believe I understand.

Mr. BURGESS. That is it exactly.

Mr. HUBER. Dealing with these principal cities—how about the delinquency in the rural areas? Do you have any information on that?

Mr. BURGESS. We had one doctoral dissertation on delinquency in Iowa. The comparison was between those coming from cities in Iowa and those sent there from small communities and towns. The rates were higher from the urban areas than from the rural areas.

Mr. HUBER. That is true generally, that there is more delinquency in the cities than in the rural areas?

Mr. BURGESS. The rural areas take care of the delinquency and it is not nearly as serious. In fact, sometimes rural communities consider acts as very serious that we do not consider so in cities, for instance, stealing chickens. In a rural community a person who steals chickens is given a very stiff sentence.

Mr. RICH. You do not have any chickens in the city, so how can you steal chickens in the city?

Mr. BURGESS. I mean what you might consider analogous crimes.

Mr. HUBER. They catch a burglar in a rural community and it is an event and they flock into the county seat. However, in a city you will read on page 18 of the paper that somebody killed somebody.

Mr. BURGESS. What was found in this study in Iowa was that the young men sent to the State Reformatory in Iowa from rural communities did not consider themselves as criminals.

Mr. RICH. In other words, the people in the country are considered less liable to commit crimes than they are if they live in the city?

Mr. BURGESS. And they do not have the delinquent gangs and criminal gangs. They may have gangs of boys, but they are not delinquent and criminal gangs with the same intensity of criminal acts as in the city. But the young men coming from the cities in Iowa such as Des Moines tended to have a conception of themselves already as being criminals.

Mr. RICH. Do you not attribute that to the fact that the boys in the country have more to do and are kept a little more busy than the boys in the city? After a parent goes to work and works all day or 8 hours and returns, his day is over, but out in the country the farmers work from sun to sun and mother's work is never done and the boys are supposed to help the mother.

Mr. BURGESS. That is very good; and then you do also have the 4-H clubs, which provide the adolescent with activities of the type

that he is going to get into when he gets older. In the city it is hard to give those same types of activity.

Mr. RICH. That is one reason the cities, if they have many recreational facilities, such as the YMCA gymnasiums, where they can have basket ball, swimming, et cetera, can keep their boys and girls in the YM's and YW's occupied in their spare time. If they can do that, they are not so liable to get into trouble as when they run the streets.

Mr. BURGESS. We have not made a statistical study of it, but we have a number of cases where a boy who was on the road to becoming a delinquent got into a YMCA or a settlement and went straight. But we find that in low-income areas it is necessary to have a specialized organization directed against juvenile delinquency.

Mr. RICH. And recreational facilities to keep them busy.

Mr. BURGESS. And for those who are tending to be delinquents—

Mr. RICH. Money spent by any community in those things pays big dividends in their citizenship.

Mr. BURGESS. Although I am getting ahead into my third topic, we find that a neighborhood community-committee can raise money in these low-income communities, from those who are better off than the others for preventing juvenile delinquency.

Mr. RICH. I want to be strictly understood. I am talking about those things supported by the local community and not the Federal Government. I do not want to have you come in and say that we should get the Federal Government to support recreational facilities. I want the people back home to do that.

Mr. BURGESS. You can be sure I will not make any such recommendations.

Mr. RICH. I want to keep that out. We have had everything under the sun.

Mr. BURGESS. Poverty is only one of a number of factors associated with juvenile delinquency. This conclusion is corroborated not only by statistics but by life histories of juvenile delinquents. Among these other factors are bad housing, broken homes, mothers working, parental negligence, overseverity, overleniency, rejection, boy-and-girl gangs, delinquent and criminal traditions, and other neighborhood conditions contributing to the delinquency of the child.

Both for the boy and girl delinquent a generalized pattern of the process of becoming delinquent in a low-income and delinquency area may be traced.

For the boy, the life histories by Clifford R. Shaw in the Jackroller, in Brothers in Crime, and the Natural History of a Delinquent Career present in concrete detail how the boy in an area of low incomes and of immigrant families becomes delinquent.

The family lives in poverty. The mother may have to work to supplement the family income. The parents do their best to prevent the boy from becoming delinquent. They are, however, with little or no education, ignorant of much of the American way of life.

I am not disposed to put the entire blame for juvenile delinquency on the parents, as is so often done. Even in the poorest families, the parents want their children to go straight. The immigrant parents particularly may not be able to help the children to keep out of delinquency.

Mr. HUBER. You do not believe in the old saying, "Show me a delinquent child and I will show you a delinquent parent?"

Mr. BURGESS. Not in these delinquency areas.

Mr. HUBER. That is a phrase I have heard used many times.

Mr. RICH. There is a great deal in the fact that if the parent does not give the time and attention to the child, the child is more liable to become delinquent than he is if the parents look after him.

Mr. BURGESS. I know cases in these delinquency areas where the parent keeps the boy in the back yard, does not allow him to associate with any other boys, and so insures that he grows up to be nondelinquent; but that is not a very wholesome situation for the boy.

Mr. HUBER. How much effect does drunkenness have on this? Nobody has mentioned that.

I can remember in my experience when I was in the prosecuting attorney's office for some years, a great many cases were attributable to alcoholic parents, drunkenness. Nobody mentioned that here.

Mr. BURGESS. I realize I have not touched on alcoholism, particularly of the father as a factor. Of course, the mother also is sometimes an alcoholic, as was rarely the case in the period of our boyhood, Mr. Rich.

Mr. RICH. Since we socialized drinking, both sides of the family now seem to do more of it.

Mr. BURGESS. But still in most cases it is the father.

Mr. HUBER. The progress we were making up until the time of the Volstead Act largely stopped.

Mr. BURGESS. Alcoholism of the father is a factor in the minority of cases, particularly in the low-income family. If the father drinks, it still further depresses the amount of the income that can be used by the family, and in certain cases it seems that the alcoholism of the father is due to just his frustration. He is caught in bad housing and in all these situations, and the tavern is a sort of social club for the men in these areas, as it is in other areas of the city as well.

I pointed out in this process of delinquency making that like the father and mother of Brothers in Crime, parents often resort to extreme methods, such as severe beating, to break the boy of delinquent behavior. The boy, however, has already become a member of the gang on the street which teaches him the ways and techniques of crime. The influence of the family, the school, and the church is counteracted by the fellowship and adventure in crime of the boy's gang.

I do not think we can overestimate the influence of the gang in delinquency any more than in the best neighborhood the influence of the adolescent group on its members. In the period of adolescence, no matter what area of the city, the adolescent group has a tremendous influence on the boy and the girl. The parents, even the best educated and most intelligent and well-to-do, have problems with their children, perhaps the most well-to-do have more problems than those in moderate economic circumstances.

The delinquency-making process is clear in the cases of boys of low-income families: arrest by police; appearance in juvenile court; probation; new offenses; commitment to the parental school; release; more delinquencies; commitment to an industrial training school for boys; perhaps escape and return, or release on parole; breaking of parole and return; release; further crimes but of a more serious nature, such as auto theft, robbery with a gun, and highjackings, fol-

lowed by recommitment to the industrial training school or more likely to the State reformatory.

This process of institutional treatment does not reform the majority of boys. They return to their families in low-income and delinquency areas. Their associates are members of gangs and often graduates of the same institutions. Studies of those with industrial-school training in Illinois and Massachusetts show that over 80 percent continue in delinquency and crime.

There is a good deal of truth in the assertion that our so-called institutions of reformation are really training schools in delinquency and crime. The parental school corresponds to the grades, the State industrial school to high school, the reformatory to college, and the penitentiary to university graduate work in the methods and techniques of crime.

What else can be expected if the graduates of these institutions return to slum areas with the same conditions of low income, gang life, and unfavorable neighborhood conditions?

The pattern of becoming a girl delinquent is more specific and uniform than that of the boy. First of all the great majority of girl delinquency is that of sexual promiscuity. Second, the girls are almost invariably from low-income families.

Low income, however, is not the decisive factor but rather one that underlies many of the other factors. Low income is rather directly related to meager conditions of family life and insufficient provision in the home for wholesome recreation. In addition, there is almost always an unfavorable parental atmosphere in these families. The home often is broken by death, desertion, or divorce. Step-parents may accentuate the problem. Discipline in the family tends to go either to the extreme of great leniency or of great severity.

The girl seeks companionship from outside the family; generally she attaches herself to a girl who is already wayward and who introduces her to other girls who are engaged in illicit sexual behavior with a number of youths from a group unsupervised by parents or character-building institutions.

The girl introduced into this group at first declines to engage in drinking and sex relations. The group soon gives her to understand that she must conform and join in these activities or leave the group. Many decide to join in for the sake of fun and a good time—a good time as against what they think would be a drab existence otherwise.

Sex relations are not begun because of sexual desire in the majority of cases but due to group pressure and because of the insistence and pleading of one of the young men. The next step is for the girl to become promiscuous. Finally, she may learn that she can receive presents and obtain money for sexual intercourse. Sooner or later she is apprehended, brought into court and committed to the State training school for girls.

It is evident from this outline of patterns in becoming a boy or girl delinquent that low income is not the only factor but it is a basic underlying condition that is an essential element in the precipitating factors.

This generalized pattern I give here was one based on a study of a hundred girls in a State training school. It was very interesting that the great majority of the girls conform to this pattern. Now, of course,

not all girls from low-income families follow this pattern, but low income is one of the factors that is linked with others, many of which are rather directly related to low income.

Senator SPARKMAN. Doctor, ordinarily the birth rate in the low-income people is higher than in the higher-income people. Is there any relation, I wonder, between the size of the family, the number of children in the family, and the rate of juvenile delinquency?

I notice with interest the statement earlier in your paper with reference to the five brothers in one family. Is that unusual, or does that frequently happen?

Mr. BURGESS. That frequently happens.

Senator SPARKMAN. If there is one delinquent in the family, is there a tendency for there to be more?

Mr. BURGESS. Yes.

Senator SPARKMAN. That does not mean that all the boys will necessarily be delinquent.

Mr. BURGESS. You are right.

Mr. HUBER. Do the churches have any great effect on these delinquent children, those that are apprehended? Are there more from churchgoing families, church children, or not?

Mr. BURGESS. Delinquents have had very little to do with the church. The proportion of those who have observed religious duties who become delinquent is small.

Mr. HUBER. Do you find many Jewish children delinquent?

Mr. BURGESS. Very, very few. We find, of course, that the Jewish family, the Jewish community, takes very good care of those who begin to manifest symptoms of juvenile delinquency.

Senator SPARKMAN. I must speak up for the Irish. How about the Irish?

Mr. BURGESS. So far as Chicago is concerned, they have had a decreasing rate of delinquency as they moved out of the slum areas. We practically have no Irish left in slum areas in Chicago, except politicians who keep their residence there in order to remain as aldermen.

Mr. RICH. Do the politicians run things pretty good in Chicago?

Mr. BURGESS. At the present time we have a very good city government, one of the best city governments under Mayor Kennelly.

Senator SPARKMAN. Doctor, I may be anticipating just a little bit in asking this question, but it comes to my mind at this time. You have stated here repeatedly that crowded conditions, unwholesome environment were among the principal contributors to juvenile delinquency; and I think you have further demonstrated with your statement that the rate of juvenile delinquency in rural areas is much smaller.

Now, we are confronted with this problem, in certain sections of the country, and I suppose to a certain extent in all parts of the country, of worsening farm conditions out in the country, of mechanization of farms, and people feeling the urge to migrate from the farms into urban areas.

I believe the census will show that is a continuous process. Now isn't that going to create even greater problems of juvenile delinquency as we move these people into already overcrowded urban areas?

Mr. BURGESS. It is unless we take counteracting measures. The urban areas are still growing at a higher rate. The percentage of popu-

lation now on the farms is only 19 percent, where in Washington's day it was over 90 percent, a tremendous change having taken place.

One of our great problems, a problem the Congress has been struggling with, is how to correct some of the conditions that have been created from this shift from rural to urban conditions of life.

Has my colleague, Professor Schultz, appeared before the committee?

Senator SPARKMAN. Yes; he was here yesterday.

Mr. BURGESS. And did he not state that there are still too many people on the farms?

Senator SPARKMAN. If he did not, others have said that there are too many people on the farms—certainly in some areas.

Mr. BURGESS. That is apparently people are not leaving the farms to go to the city because of the attractions of city life as compared to rural.

Senator SPARKMAN. It is pressure of economic factors.

Mr. BURGESS. It is the economic motive. We have evidence that many of the residents of Chicago would far rather live on farms and, of course, there is the constant flight from the center of the city to the suburbs, where you can combine some closeness to nature and a garden with the fact that your work is in the city.

Mr. RICH. Doctor, you are the third man from the University of Chicago who has been here in the last couple of days, and you claim that there is not an exodus of the people from the farms to the city. I think in our State we have had more people leave the farms to go into the towns to get jobs than we have had people from the towns that want to get back on the farms.

Mr. BURGESS. That is what I meant to say.

Senator SPARKMAN. No, Mr. Rich. He said just the opposite to what you understood him to say. He agrees with you.

Mr. BURGESS. I agree with you.

Mr. RICH. Now, the doctor from your university who was here yesterday thought differently.

Senator SPARKMAN. No; I did not understand so.

Mr. RICH. I thought he did.

Mr. BURGESS. I have not talked with him recently on this, but I know his main conclusion from his studies, as he reported some time ago, was just in the direction you state, and he also says there are more people still on the farms than are necessary to feed our people.

Mr. RICH. He spoke about getting them jobs for part time on the farms.

Mr. BURGESS. To keep them on the farms and in the rural communities.

Mr. RICH. That is easily said, but it is difficult to do.

Mr. BURGESS. I know it is.

Mr. RICH. If you go out and get in industry, they do not want people for part time, they want people for the full day. Then you take the people off the farm—now, in the rural areas in Pennsylvania they go into the industrial sections and they work all day and then return in the evening. Of course, they only work 8 hours in those industries, but on the farms they have to work sometimes 12, 14, and 18 hours.

Senator SPARKMAN. If I may interject this thought, I think Dr. Schultz and Dr. Burgess and you are all in accord with your understanding.

Mr. RICH. No, no, no, no, no. [Laughter.]

Senator SPARKMAN. Dr. Schultz did say, right along the same line Dr. Burgess has indicated, that the farm economy was becoming more and more taxed as time goes along to support the people who still want to live on the farms, and he did suggest, as you say, some kind of shifting of industry, perhaps for part-time or part-family employment, perhaps part-time may not do, but part-family will operate.

I do not believe there was any difference in his thought and that of Dr. Burgess and yourself, too, so far as the shifting of farm population is concerned.

Mr. RICH. Don't put me too close here. The first thing you know you will have me in the New Deal, and I do not want to be in it.

Senator SPARKMAN. You put yourself into it several times this week.

Mr. RICH. Then I apologize publicly. [Laughter.]

Senator SPARKMAN. At heart he belongs there. It is just when he works without the heart that he gets out.

Go ahead, Doctor. I think we rather anticipated your presentation.

Mr. BURGESS. I think we can take up my last point which is the matter of adequate income and delinquency prevention.

Low income is not, as we have seen, often a single direct cause of juvenile delinquency. It is a complex of factors associated with low income: Bad housing, slum neighborhood, prevalence of gangs, and lack of community organization.

Rise in income permits families to move from delinquency to non-delinquency areas of the city. In Chicago and other cities, when they move, their children generally cease to have official delinquency records. Rise in income changes the complex of factors which result in delinquency.

But we should also think in terms of the possibilities of raising the level of community life by adequate minimum income and abolition of slums.

An adequate and complete program of juvenile-delinquency prevention should combine the following factors:

1. Assured family income to provide for a minimum American standard of living. This is a basic condition.

2. The abolition of slum housing in American cities.

3. The development of neighborhood housing projects in place of the slums in such a way as to be most favorable for community organization. This should include the following:

(a) An area of sufficient size for a population necessary to maintain an elementary school—typically, an area of one-quarter square mile.

(b) Traffic streets routed around, not through, the area, so as to safeguard its residential character. In other words, have only one entrance into the community.

(c) Business located not within the neighborhood but restricted to points on the through streets around it.

(d) A small park or playground at the center of the neighborhood around which are located the institutions of the neighborhood—school, church, community center, and so forth.

4. Neighborhood organization to provide for the welfare of the children including their health, education, recreation, and character building. This neighborhood organization should be democracy in action, of the people, for the people, and by the people in the neighborhood.

In summary, the evidence indicates the following conclusions:

1. Official juvenile delinquency which is far more serious than delinquent acts that do not result in court action, is largely concentrated in low-income areas.

2. Studies have universally shown that juvenile delinquency is highly correlated with all the indexes of low income and with other social problems resulting from poverty.

3. While low income is seldom a direct cause of juvenile delinquency, it is an underlying and basic condition. Therefore, an adequate minimum and stable family income is probably a most significant factor in the prevention of serious cases of delinquency which now are appearing in our juvenile courts and are committed to industrial schools and reformatories. Stable and adequate income, together with its consequences in the improvement of family life and neighborhood conditions, would be a powerful preventive influence in reducing juvenile delinquency.

Mr. RICH. May I ask this question right there?

In reference to the full employment, as it were—in other words, if it is possible for us to work out a solution by industry—and I speak of industry as all classifications of people who give work to others—whereby they can, as far as possible, give those people working we will say 300 days a year, assume a responsibility to that end, that would be one factor in trying to overcome juvenile delinquency, would it not?

Mr. BURGESS. Yes; a stable income is sometimes more important than the size of the income. If you have a steady, assured income—

Mr. RICH. That they know they can get it. In other words, they will not have money one month and the next month be clear out. They have something to count on, and they can regulate themselves better.

Mr. HUBER. Wouldn't that be a real welfare state if you guaranteed that?

Mr. RICH. I know lots of manufacturers today who are thinking in terms of their people, that the best machines they have got in their industry are the people who work with them and enjoy their association and live together, and if they can work to that end, that they can do everything possible to give a full-time job, it will eliminate a whole lot of it.

Senator SPARKMAN. Do you imply in that a guaranteed annual income?

Mr. RICH. You cannot guarantee—this business of guarantee—well, take my own industry. We are doing everything we can to keep our people busy 300 days a year and, whether we have orders or not, we assume the responsibility to go ahead and manufacture stuff, or if we cannot run the machines, we will find some other kind of work for them to do.

Senator SPARKMAN. I was not advocating it, I was inquiring for my own information.

Mr. RICH. You cannot put the word "guarantee" in there. It has to be a human relation between employer and employee, and you cannot do it. When you say to an industry that you have got to guarantee, are you going to assume the responsibility for a thousand people, that you have got to guarantee them? You just cannot do it. You cannot take that in the sense of a guarantee, but when you have the human-relation element entering into it between employer and employee, they will go just as far as they can to that end.

One other question here.

Doctor, you say:

A small park or playground at the center of the neighborhood around which are located the institutions of the neighborhood—school, church, community center, et cetera.

Would you permit any intoxicating liquors to be sold in those areas?

Mr. BURGESS. I have indicated that I would not even have any business in the neighborhood. You will notice I say just above it:

Business located not within the neighborhood but restricted to points on the through streets around it.

So that neighborhood should be absolutely residential.

Mr. RICH. You are just talking of a little social center there. I was thinking of the whole neighborhood, and then you had the playground and all and kept industry separate, but yet you could certainly keep your homes in the center in quite an area there, couldn't you?

Mr. BURGESS. Yes; I am thinking of industry and business being outside, having the neighborhood, all the neighborhoods, in the city purely residential, so that just one street comes in to each neighborhood. It does not go through the neighborhood, but is a street on which people can enter it. One of the delinquency-producing factors is where business and industry and residence are all mixed up indiscriminately together, including, as you say, taverns as well.

Mr. RICH. In other words, you want children to be protected from the dangers of traffic.

Mr. BURGESS. Protected from traffic accidents and from conditions related to having business within the neighborhood itself. Let business be on these main traffic streets outside.

Senator SPARKMAN. You used the term of a quarter of a mile. About how many city blocks would that be?

Mr. BURGESS. That would be four by four.

Senator SPARKMAN. It would be 16, wouldn't it? That would be about 16 square blocks.

Mr. BURGESS. And it might vary in different cities.

Senator SPARKMAN. I wanted to relate it to city terms.

Senator Flanders, we have had a very interesting discussion. I would like for you to participate in it.

Senator FLANDERS. I read hastily through the part of your testimony that I did not hear. The first thing that struck me, Mr. Chairman, was that it is exceedingly interesting, exceedingly valuable, but perhaps not directly related to our subject, which is how to avoid the low incomes. This shows some of the social problems that are related to, although, as you say, not entirely caused by, low incomes, and is valuable and useful.

It does not leave me with much clearer light as to how to avoid the lower incomes. I am led to ask one question just for information:

You mentioned incidentally that Jewish aggregations in the cities had a lower delinquency rate than some other nationalities. How is that accomplished?

Mr. BURGESS. I think, first of all, they probably have in most cities a lower proportionate group of low incomes. Then the Jewish community is very well organized. It was well organized to take care of problems of poverty before the Government took over the giving of direct relief.

It was also very well organized to deal with cases of delinquency. It was well organized in providing recreational and educational facilities beyond those of the public school.

It might be said to be a good demonstration of what would take place if we could reduce or abolish low incomes and also provide good community organization, in controlling this problem of juvenile delinquency in our cities.

Senator FLANDERS. That is an interesting story and apparently the Hebrew communities have set a pattern that other communities should have been following.

Mr. BURGESS. Yes.

Senator FLANDERS. May I make two or three general observations, Mr. Chairman?

Senator SPARKMAN. We will be very glad to have you do so.

Senator FLANDERS. As you know, I have not been able to attend all the hearings, and looking back over them, there are two or three things that occur to me. What was the name of the lady from Howard University?

Senator SPARKMAN. Dr. Ware.

Senator FLANDERS. The significant thing in her testimony was the possibility of breaking a chain of economic circumstances, which tends to reproduce itself continuously in succeeding generations. It seems to me that we want to give some attention to that possibility of breaking that chain. One of the main points in her talk—I hope you do not mind, Mr. Burgess.

Mr. BURGESS. I am glad to hear about it. I know Dr. Ware and respect her opinions.

Senator FLANDERS. In her talk she did not give me any clear ideas for our main problem. She indicated that if we raised the whole level of production and employment in this country, it benefited the bottom end of it, which is true enough, but it does not change the relationship. It does not improve the percentage relationship between the bottom and the top, when you lift them all, get them up, get some that were submerged up above their previous level.

The difficulties under which the lower groups work still remain.

Then Dr. Schultz' testimony with regard to rural poverty led me to some thoughts which led to a considerable degree of sympathy with one of Congressman Rich's little orations—I am sorry he is not here. He said, "Why not be spending money on these lower income groups or depressed areas in our own country instead of spending it abroad?"

Well, of course, there is more to that than simply raising the economic level of people abroad. We have important political con-

siderations involved in the Marshall plan, which have to be considered.

But the thought did occur to me that it is dangerous for us to be thinking of markets abroad for surplus products in this country as a necessary solution to the problem of maintaining prosperity here because, if we once get the idea and it gets firmly fixed that we cannot be prosperous unless we are shipping stuff to undeveloped countries abroad, we at once come into competition with England's necessity for doing the same thing, with the revived German necessity of doing the same thing, and we are all frantically competing for development prospects and opportunities in the same field against those two particular countries, who are also concerned with the same thing, and who have more severe problems than we have with regard to their own home markets.

Now, let's look at the opportunities of development—of expansion of our industry—from the standpoint of our own low-consumption areas. What can we do about it?

In some respects they are not as attractive areas as some of these areas in undeveloped countries abroad because they do not have undeveloped natural resources, and that is the great pulling power of the flow of our capital abroad and the flow of our capital goods abroad and the flow of our particular line of consumption goods abroad—such goods as automobiles and things of that sort—which are involved as a secondary result of the expansion of the industry in these undeveloped countries abroad.

But I wonder if there is not an undeveloped natural resource of a different sort that we do not give enough thought to in these undeveloped areas at home, and that is the natural resource of the productive capacity of the people. Can we not focus on the problem of developing that natural resource, and is that not our problem, and is there not a possibility that we can find somehow the way to develop that natural resource and find the equivalent of the things we hope to do by developing other types of natural resources in undeveloped countries?

I do not mean that we should not follow through on point 4, but as its being absolutely necessary for the maintenance of a high level of prosperity in this country that we should depend without any alternative on the shipping of our stuff abroad, it seems to me, leads us into trouble and in a way you support the Marxist idea that capitalistic countries cannot maintain prosperity without exploiting regions abroad.

It seems to me that this is our major economic and social problem in this country—to find out how we can identify, use, and organize the undeveloped resources of human productiveness, represented by these backward areas. It seems to me that sets the problem that we have set ourselves to consider. We do not have the answer, but I think we see the problem, and I hope that our consideration of it will not end with these hearings but that we will try to go further with the matter.

Dr. Schultz gave some indication of the fundamental elements of the problem in his testimony yesterday. That is all I wanted to say.

Senator SPARKMAN. By the way, Senator Flanders, I am sorry you were not here yesterday afternoon when Dr. Margaret Reid testified, because I think she added something to the thing you pointed out, as

Dr. Ware, Dr. Schultz, and Dr. Johnson brought out in their testimony, that the relative position of these groups was not changing over the years. You mentioned that.

Senator FLANDERS. Yes.

Senator SPARKMAN. Dr. Reid brought out this point, and to me it was rather encouraging, because as I stated here, I have felt somewhat depressed by the testimony of the others. It looked like we were not making any progress. Dr. Reid said, however—and I think she properly verified her statement—that even though the relative position is not changing, these people in the lower-income brackets are living better than they did in past years, that our perspective or a proper standard of living is increasing, and that what today we call an inadequate standard, perhaps a few years ago might have been more nearly considered as being adequate.

However, I fully agree with you and I believe all of them have brought out the basic requirements, and I think even in the testimony of Dr. Burgess this morning he stresses the need of productiveness or individual productivity, a higher employment, a bettering of economic conditions generally, to remove many of these pressures that create the very conditions that Dr. Burgess has described this morning.

While it is true he says low income is not necessarily the cause of juvenile delinquency, the conditions which low income imposes upon families many times will produce the juvenile delinquency. I believe I understand that correctly.

Is that not true?

Mr. BURGESS. I would like, if I may, to make a comment on Senator Flanders' statement, not on the whole statement, but on the point that he raised that this dealing with juvenile delinquency may not show the way to solve the problem of low-income families.

A vicious circle is often spoken of in the literature, that poverty leads to bad housing, and that into overcrowding, then delinquency. All of these together constitute a vicious circle and the question may be how to break it at some favorable point.

This committee has been concentrating on breaking it at the point of low income. We have been dealing with the problem of juvenile delinquency in these low-income neighborhoods in Chicago, recognizing that the problem of raising low incomes has not been resolved and may take time. Therefore committees have been organized in local neighborhoods to operate recreational programs and direct them specifically toward juvenile delinquency.

Monday night I was out to one of these neighborhoods, clearly a low-income neighborhood. The average rent is \$20 a month, and practically all the people are manual workers, unskilled, a high proportion of unskilled labor in steel and other plants about this neighborhood. A local neighborhood committee was organized of people to develop their own program, be responsible for it, just as they would in well-to-do neighborhoods, and they have developed such a program. They raise money from those who have more income in the neighborhood, as against those who have less, the community fund puts in some funds as well. Of course, they make contributions to the community fund through the factories in which they are employed. They get some contributions from people outside the community as well.

The point is that the children from the poorest families have the benefits which these recreational centers provide. They now have

two centers in this little community of 7,500 people, and in each one of them there is a television set. There are very few families in the neighborhood that can have television sets, but all the children in the neighborhood can see television at these centers.

I must confess that while I was there the children were playing games and not one was looking at television. It was interesting to me to see how active games were more significant to them.

Every week they have motion pictures, so if a child does not have the money to go to the motion pictures, he can come here. They provide these low-income families with services they would not otherwise obtain, and might otherwise steal to get money for them. They are not raising their income, but they are raising what the children get, and the interesting thing is that the better-off families in the neighborhood take responsibility. They make a membership canvass for dues, just dollar dues. They get somewhat over one-third of the families in the community to make this payment. Many of the other two-thirds do not even have the dollar for that purpose.

That is one way to raise the actual income in terms of goods and services, although not the money income of these poorest families.

Mr. HUBER. I was thinking while you were talking that there exists in my district a Government housing project. I believe it would be the finest place in my entire district, the third largest in the United States, to rear children. There is a recreational center where they have movies, they have supervised play for children. In our so-called silk-stocking districts, the children are largely unsupervised, it is some distance to any playground, and some of them are little snobs and I do not think they would want to play in a playground anyhow.

The interesting thing about it now is I hope the Government will sell it to a cooperative being formed by the tenants, who will look after it. It is not fancy or elaborate, but it is the most modern home most of them have ever lived in.

If I may make a brief comment on what Senator Flanders mentioned, I remember Dr. Reid yesterday blamed—and probably rightly so—the Marshall plan for an increase in food prices, but she would not admit, for better or for worse, that at least temporarily, at any rate, our economy had been aided by the shipments.

I presume you feel it has at least temporarily; is that right, Senator?

Senator FLANDERS. I feel that way.

Senator SPARKMAN. Anything further?

Senator FLANDERS. I think not.

Senator SPARKMAN. The hour of 12 having arrived, the committee will stand adjourned until Monday at 10, and at that time we will meet in room 318.

Doctor, we certainly appreciate your being with us this morning.

Mr. BURGESS. Thank you very much, Senator.

(Whereupon, at 12 noon, the subcommittee adjourned, to reconvene at 10 a. m., Monday, December 19, 1949, in room 318, Senate Office Building.)

LOW-INCOME FAMILIES

MONDAY, DECEMBER 19, 1949

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON LOW-INCOME FAMILIES,
JOINT COMMITTEE ON THE ECONOMIC REPORT,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10:10 a. m. in room 318, Senate Office Building, Senator John Sparkman (chairman) presiding.

Present: Senators Sparkman (chairman) and Flanders.

Also present: Samuel L. Brown, economist, and Mrs. Elizabeth G. Magill, research assistant, Subcommittee on Low-Income Families.

Also present: Helen Hall, director, Henry Street Settlement, moderator for the group; Earl Parker, associate director, Family Service Association of America; Mildred Gutwillig, head worker, recreation rooms in New York, National Federation of Settlements; Dr. Margaret Creech, director, department of information and studies, National Travelers Aid Association; Reginald Johnson, field director, National Urban League; Mrs. Gertrude Zimand, general secretary, National Child Labor Committee; Edmond D. Butler, president, National Conference of Catholic Charities; Lt. Col. Chester Brown, secretary, social welfare department, Salvation Army; Arthur Kruse, executive director, United Community Services of Washington, D. C.; and Sirchitz Kripalani, Member of the Indian Legislature and Delegate to the United Nations. [Visitor.]

Senator SPARKMAN. Let the committee come to order, please.

I am sorry that all members of the subcommittee could not be here today. We did have them all in attendance at different times during the past week, but unfortunately some of them had to return to their homes.

Senator Flanders and I are here and are happy to have you here with us.

Miss Helen Hall, director of Henry Street Settlement, I understand, will be the moderator for the group.

I wonder, Miss Hall, if you might have those in your group identify themselves around the table for the benefit of the record.

Miss HALL. All right, Senator. We might go around this way, and if each person will tell who they are and what they represent it will make it easier.

Senator SPARKMAN. And from where.

Miss HALL. Yes.

Mr. KRUSE. I am Arthur H. Kruse, executive director of United Community Services here in Washington. It is the over-all directing and planning agency for health and welfare work in the city.

Mr. BUTLER. I am Edmond D. Butler, president of National Conference of Catholic Charities, which has its office in Washington, but I am from New York.

Mrs. ZIMAND. I am Mrs. Gertrude Zimand, general secretary of the National Child Labor Committee which has its headquarters in New York City.

Senator SPARKMAN. We have already identified Miss Hall.

Miss GUTWILLIG. I am Mildred Gutwillig, representing the National Federation of Settlements with headquarters in New York.

Mr. BROWN. I am Lt. Col. Chester Brown of the social welfare department of the Salvation Army, New York City.

Miss CREECH. I am Margaret Creech, director of the department of information and study of the National Travelers Aid Association, with headquarters in New York.

Mr. JOHNSON. I am Reginald Johnson, director of field services of the National Urban League, New York City.

Mr. PARKER. I am Earl Parker, associate director, Family Service Association of America, with headquarters in New York.

Senator SPARKMAN. We are delighted to have all of you with us and we hope the discussion may be both interesting, instructive, informative, and profitable.

Miss HALL. Senator, we are very glad to come. And we also hope it will be as informal as possible.

We have arranged among ourselves as to what order we might speak in, but we know that there will be recurring factors in everything we say because that is what happens with the income group about whom we are speaking. We have tried to fix it so that we will not repeat each other's story any more than we can help. We will go right into it and I hope you will, and know you will, interrupt when things are not clear and when you would like a little more information on any one subject.

Mr. Earl Parker, who is the associate director of the Family Service Association and who has, of course, a wealth of material back of him, will start us off.

Mr. PARKER. I would like to say first that the organization I represent is not only very much interested in the problem being taken up by the committee, but we are very much in accord with the problem being faced as an economic problem rather than purely a social problem.

We are convinced that the solution or solutions to be found are primarily going to be economic solutions. We have some conviction they will have to be accompanied by some social measures, and we do have some opinions and some convictions about that.

I should like to say a word about the organization I represent, not to advertise or publicize the organization, but merely as a background for the material, the information, that we may be able to offer to the committee.

This is a membership federation of the leading family welfare and family service agencies in practically all of the cities of the United States. Most of these agencies have quite a long history. They are the descendants of the charity organization societies which were at their height around the turn of the century and the early part of the twentieth century.

Those organizations emphasized prevention and their efforts were rather pioneering in trying to get at the causes of family and personal difficulties.

The present-day family welfare and family service agencies are not primarily relief organizations. That is quite incidental to their principal function, which is to assist families in understanding and getting at their own problems, whether they arise from health or environmental situations, or whether they arise from personality difficulties, matters of adjustment, lacks in relationship and ability to get along with other members of their family and other people.

Quite recently our organization made a check-up of our member organizations as to what they found as the principal deprivations of families of low-income level, and I want to read a list of those as they came back to us from our member agencies, the local agencies.

Insufficient food with attendant lowered vitality, poor health and decreased work capacity.

Inadequate clothing accompanied oftentimes by children's absence from school.

Mothers out of the home to supplement family income, resulting in children not having needed care, in school problems, neglect.

Bad housing: The most common hardship of the low-income families. Poor neighborhoods, unwholesome companionship for children, overcrowding with resulting health hazards and bad behavior patterns.

Low educational level: Little vocational training, poor equipment for jobs.

Limited opportunity for recreational and cultural activities.

Postponement of needed medical and dental care, leading sometimes to incapacitating individuals to hold jobs.

Inability to secure or replace household equipment which, in turn, increases family labor and hardships.

Impossibility of supporting aged or sick relatives.

And there is one other thing which is very difficult to list in any categorical way. That is the indirect results of the deprivations and bad living conditions necessitated by low income.

One result is the increase in family tensions which our affiliated agencies find to a remarkably greater extent in such families.

All these deprivations and substandard living conditions have their effect on the mental health as well as the physical health and the productive capacity of the individuals in the family group—resentment, quarrels, friction between husband and wife, bad parent-child relationships, all these occur more frequently as an accompaniment of low living standards.

All this, in turn, results in a higher incidence of separation, desertion, children dropping out of school, children running away from home, joining up with gangs, petty thievery, juvenile delinquency, and a great variety of antisocial conduct.

An expression which is frequently heard, "poverty breeds crime," I personally believe is not true. But the conditions that are generally found with poverty are much the same conditions as are generally found in creating criminals.

Senator SPARKMAN. I wonder if I may interrupt right there. I am interested in that statement that you made, and it is in line with the

statement that was made to us Saturday by Dr. Burgess of the University of Chicago. Yet I cannot quite differentiate clearly the two ideas in my own mind. You say "poverty breeds crime" is not a correct statement, but that usually where there is poverty you find the conditions which do breed crime. Now the thought in my mind is that poverty brings those conditions.

Mr. PARKER. That is right.

Senator SPARKMAN. And if it does, then how can we correctly say that poverty itself does not breed crime? It seems to be just a second step.

Mr. PARKER. It could be stated that way. I was trying to make the point, Senator, that the fact of being poor, of having to live at the low level, does not necessarily mean that such people are predisposed to be criminals.

The CHAIRMAN. Well, I certainly agree with you on that if that is the differentiation.

Miss HALL. Is it not that the living conditions under which you have to live when you are poor are the things? Was not that your difference?

Mr. PARKER. Yes.

Senator SPARKMAN. If you mean just being poor does not stamp one as being a criminal or being a person of criminal tendencies, I agree with you. But poverty and delinquency and disease and crime, and those things occur so much with the same incidence that I think we must be careful in saying that the one does not breed the other. Perhaps technically it does not, but they go hand in hand.

Miss HALL. Senator, I think you will find us all leaning backwards to make plain our inherent belief in the people we are talking about. I think all of us feel very strongly on this point. We are very grateful that you are focusing on this question because we feel these people can be so valuable to the community. It is not the people themselves but more often the conditions under which they live and work.

Senator SPARKMAN. I fully agree with you. But it is easy to jump from that conclusion to another conclusion which would be erroneous.

Miss HALL. You are right; we agree with that.

Senator SPARKMAN. In other words, in the communities that are poverty ridden you find—

Miss HALL. A higher delinquency rate?

Senator SPARKMAN. Yes.

Miss HALL. That is right.

Senator SPARKMAN. I think we must keep those things in mind.

Senator FLANDERS. The traditional, poor but honest parents, have they disappeared from the American scene?

Mr. PARKER. By no means.

Senator FLANDERS. I hoped they had not.

Miss HALL. That is what he was talking about.

Senator SPARKMAN. Their job of raising their children, though, is certainly made heavier by reason of the impoverished surroundings, is it not?

Mr. PARKER. Very much so.

I was trying to make the point that poverty and conditions of poverty did not necessarily result in all these bad effects, but it was much more difficult to avoid reaching that result.

The next thing, and practically the last thing I wanted to state, you have anticipated me on, and that is to cite some of the many studies that have been made of environmental conditions and the correlation between environmental conditions of substandard living, substandard housing, bad health conditions, and all of the social costs of institutional care of various sorts—mental institutions, correctional institutions, and the other social costs which can be measured to some extent in dollars and cents, of those kinds of deprivations.

May I add one sentence in concluding? I think most of the others here will concur in this. We hope very much this committee will be continued, or the work being done by this committee will be continued, to carry some of these studies much further and to work with other groups than this kind of group toward helping to find some of the solutions. And I would like to repeat that we think the solutions primarily are economic.

Miss HALL. The next speaker is going to illustrate in just the human terms some of the things that Mr. Parker said. They are just little excerpts from the case stories of families in this income group. This is Miss Gutwillig. We both live in industrial neighborhoods, and these folks are a part of our daily life. They are friends as well as our neighbors.

Miss GUTWILLIG. I just want to say by way of introduction that the National Federation of Settlements coordinates the activities of 250 member houses in 70 cities practically spanning the continent from the border to the Gulf, and from the Atlantic to the Pacific. The cities vary in size from a town as small as Riverside, Calif., with a population of about 34,000, to New York, the largest of them all.

What the settlements are primarily interested in is helping the families to help themselves through education, recreation, and finally when they are informed, through social action.

We have excerpted a bit from a number of stories sent in in an effort to make the statistics come alive.

I was very interested listening to Mr. Parker because you would think he and I had sat down together ahead of time and I had chosen the stories to illustrate the points he made. As a matter of fact, neither of us knew what the other was going to say, but the situation is such it inevitably produces that kind of result.

With your indulgence I would like to read a few of these stories. The first one is from a New York settlement [reading]:

Up to last January my husband earned \$56 a week at one of the shipyards in Jersey. Then he was laid off and our trouble began. He was out of work for 4 months before he got another job—this time in the city. It took 3 months for the unemployment checks to come through from the New Jersey Social Security, but by that time we were so in debt we had no money left after we had paid back all we owed. The unemployment insurance was \$21 a week.

My husband brings me \$76.03 every 2 weeks. He needs about \$5 a week for carfare, lunches, and cigarettes. I pay \$24 a month rent for a three-room apartment and close to \$5 a month for gas and electric. What is left goes for food.

And that is approximately \$25 a week. [Continuing:]

When my husband earned \$56 a week I could manage, but I can't on \$38 for four people. The doctor says my baby, who is 10 months old, needs extra milk, special cereals, baby food, cod liver oil, oranges, and bananas. That means I have to cut down on meat, milk, eggs, vegetables, and fruits for the rest of us. I'm always in debt at the dairy.

Do I do my own laundry? No, I can't. I'm not strong enough. I go to the launderette every 2 days. Babies make lots of extra wash.

How do I manage about clothes? I don't. My husband and I make the old ones do.

And this is a recurring refrain—

If we do buy any, or something for the household, we buy on time and then worry about the payments. The children come first. They outgrow their clothes and shoes so rapidly. Occasionally my mother, who is a widow, helps out but I always have to pay her back. She can't afford to give me anything.

Do we carry insurance? Just burial insurance. Thank goodness we have hospitalization through my husband's employment so that if we need an operation we don't have to go as charity patients. Of course, that doesn't cover medical care in the home. I wish it did. I take the baby to the child health station, but the rest of us go to clinics unless we're so sick that I have to call a private doctor.

The cost of living is still terribly high. We need more money. But what can we do? We don't want home relief.

And this case is from a Cleveland settlement, where there are five people involved. This is reported by the worker.

Mr. and Mrs. Allen with their three children live in three small rooms on the lower northeast side of Cleveland. The rent is \$35 per month without heat. The three children attend elementary grade school and are 9, 11, and 12 years of age. Mr. Allen is a paperhanger. His earnings average \$35 a week. Since his regular employment is seasonal, he drives a coal truck during the winter months when he is not employed at his trade. He does not seem to be physically suited to this outside work and is frequently confined at home with severe colds. Mrs. Allen has a rheumatic heart and is unable to work.

All the family can pay for is food, rent, and utilities, carfare for Mr. Allen going to work, and insurance. The home is meagerly furnished. New clothing for any member of the family has been out of the question during this past year. The St. Vincent De Paul Society has given some used clothing which Mrs. Allen had mended constantly to keep in any kind of condition.

The family has been fortunate to be able to depend upon the out-patient dispensary of a nearby hospital for any medical care. Calling a private doctor is a rare experience for the family and is done only in extreme emergency.

The inability of the father to earn enough to pay for the bare necessities has resulted in a strained relationship between him and his wife. They quarrel constantly. The children, in their behavior at school and at the settlement, are beginning to show signs of fatigue, restlessness, and inattentiveness. The 9-year old boy is openly quarrelsome and defiant and reflects the tensions in the home.

That bears out some of the things you were saying, Mr. Parker. This is another one from a different New York settlement.

The family lives in a substandard dwelling. The rent is \$30 per month for four rooms without heat but including hot water. The apartment has an improvised bathtub in the kitchen but the toilet is in the hall.

That, I may say, is illegal but the condition still exists.

The family has two children. The father's income is \$37.50 per week. He is employed as a porter.

The household equipment is in poor shape generally. The refrigerator is 11 years old and the gas stove is 16 years old, both of which are in bad condition. The living room furniture had to be disposed of as it had fallen apart. This room was furnished with a bedroom suite at a cost of \$80 on credit. The kitchen chairs are actually unsafe. They are being held together with angle irons and rope and not one of them is comfortable.

The father is in poor health and unable to receive proper medical attention. He cannot afford to pay for a private doctor and clinical attendance would mean loss of time from his job, thus resulting in a salary deduction. He therefore goes without medical attention.

Meat has practically been eliminated from the diet due to its high cost. The mother is unable to buy adequately for herself as most of the money set aside for clothing items is spent on the two boys.

And that is another refrain. If there is any choice, it is always the children who are taken care of first.

This one comes all the way across the country from a settlement in Denver, Colo.

This family consists of eight children and the two parents, living in a three-room house which they are buying. The father and one of the older boys work, spasmodically, as unskilled laborers. The total family income during the past 12 months was approximately \$1,800.

One teen-age boy is in the State school for boys. He had gone once and been released and was glad to go back because he could have more freedom of movement, a bed, however hard, to himself and a warm bath once a day at the school. Good meals, and you know what institution menus are apt to be—were also a factor in his choice of the industrial school to remaining home.

Clothing is the most urgent problem from the family point of view, especially shoes for the children in school. Two are wearing old overshoes because they have no shoes.

Proper food is also lacking with the result that the health of both children and parents is poor. Medical care is out of the question. In an emergency they go to a clinic. Teeth get no care.

They would buy more clothes if there were additional income in the family.

I could go on quite indefinitely with these things, but I just want to say one other thing.

In New York several years ago we decided that since milk was the food most needed by the families we would set up milk stations where, because of the wholesale delivery of the milk, it was possible to sell it much cheaper than in the grocery store. The price of that was getting up at 6:30 in the morning. The stations are open from 6 to 8 in a number of churches and settlements all over town. The line that forms every morning is something incredible. Originally the milk was 3 cents cheaper per bottle. Since that time it has varied. But the line still forms at 6 o'clock in the morning all the way around the block. Some member of the family gets up to save that 3 cents a day. I think that almost speaks for itself.

MISS HALL. Dr. Margaret Creech from the National Travelers' Aid Association will pick up at this point and discuss the needs of migrants, and the tragic part of our story, I think.

MISS CREECH. The national association is the coordinating body of the 111 local travelers aid societies. These societies are located throughout the United States in transportation centers or communities through which there is a large movement of population.

Their purpose is to serve those persons who are in difficulty when they are away from their own home regardless of sex, age, creed, or color and economic conditions.

This help may be in planning adjustment to the community, either in which they find themselves in need, or help with plans to go to another community where prospects for adjustment are better.

The association also studies the causes of migration and tries to promote a better understanding on the part of the public of population movement.

The data used in this report are not taken from any special study. The national office receives monthly narrative reports from the travelers' aid societies throughout the country giving a picture of the current movement and the problems which moving people are facing.

The statement is based on the premise that it is the right of the American citizen to move if he can so better his condition. It is realized that there are certain people who move because of other rea-

sons—personality difficulties, health, family and other maladjustments. But I do not want to go into the problems of those persons but speak only of those who move for the purpose of bettering their condition.

I also want to speak only briefly of another group of persons with whom the local travelers' aid societies have contacts, the migratory laborers. That group is to be discussed by another member of the panel from wider aspects. We find that there are certain conditions due to deterrents on the free movement which cause them to have difficulty.

One of these conditions, very briefly, is the fact that perhaps there is not adequate direction as to where and the number of jobs available. The workers may arrive in a community and find that they have come too soon—the plant is not open, or there is stoppage of agricultural work caused by bad weather and work is not available. Therefore at the end of the period, they have spent all of the money they have earned, for board and room and do not have anything for future living.

I have illustrations which I will not have time to give, telling of those conditions from various sections of the country—New England, Pacific Northwest, the South, and the Midwest.

SENATOR SPARKMAN. May we have them for the record?

MISS CREECH. I am afraid they are not in condition to leave. I would be glad to make some excerpts, but I have only brought the original narratives as we received them from the societies. And perhaps later I can submit for the record some of that information. (Material submitted in the form of supplementary statement and is found on pp. 448-456.)

SENATOR SPARKMAN. I believe it would be quite helpful if you would.

MISS CREECH. We realize that in the spring and fall the movement of population increases because of weather conditions, and because of the desire to go where employment is opening. But there are certain deterrents which I wish to bring out which make it more difficult for migrants to become adjusted. And I again have illustrations to show that at the present time there is an increase in the movement of families from place to place, some of them hitchhiking, many of them traveling in old cars. They are seeking work. Local agencies have listed the reasons this increase has come at this time. Among these are unemployment, exhaustion of unemployment insurance, lay-offs, closing down of plants, and end of the agricultural season.

Another factor which is a deterrent upon the person who is moving is that there is discrimination on the part of employers against the person who does not have a local work reference or does not have a settled home in that community. Reports have come from communities in the Middle West, from the Pacific coast, and from the South, illustrating that unless a person can show he has a permanent residence he will not be given a job. This is both on the part of the employment agencies and the part of employers.

We find also that the skilled person who moves often, taking the job available, eventually may lose his skills because he goes from unskilled job to unskilled job.

We find also that in this movement there is a difficult situation in regard to housing. While housing is scarce in most communities, frequently the only housing that is available to the recently arrived

family is a lodging without cooking facilities, which makes it expensive for them to eat all of their meals in a restaurant.

We also find the problems of interrupted schooling of the children or danger to morals because of housing conditions. Broken families are another result because the man moves on the find a job, if one is not available in the community, or else the children are sent to live with relatives, or the man stays in one place and the woman and children go elsewhere.

We find also that this movement tends to cause some older children to run away, leaving their homes because they feel the inadequate incomes upon which their families are trying to support them are such they should leave and try to be on their own.

The only other point I will try to make is that one which is perhaps the greatest deterrent at this time to the free movement of populations. That is the restrictions and deterrents in the State settlement laws of this country. Much evidence is already available in the Tolson committee reports, and your own committee reports have had several references to the State settlement laws which make a person who has not lived for a specified time in a community ineligible for public relief in that community.

These residence requirements vary from 6 months in some States to 5 years in other States. This means that the person without stipulated period of residence, who does not have adequate income may be sent back by the public welfare department to the community in which he has a residence; but he may not have a legal residence any place, because the laws not only provide residence for a certain length of time in a community but also loss of residence by absence for a specific period. Therefore, there is no place in which there is right to public assistance.

Another difficulty in relation to many of those families returned to place of residence is that its condition is not better off, except that it is eligible for relief. Other conditions may not be desirable from the social standpoint of the family.

It is also true that there are many times no provisions in a community for the seriously ill away from home.

Another group in some considerable number at the present time is the family which may be with a mentally disturbed member returned to State of residence. Often the only available resource in the community is the jail or commitment to a State institution prior to return to their own community of legal residence.

I have some illustrations of that which, again, I will not undertake to give you at this time.

We are finding many of these cases in which the family becomes dependent because of inadequate income and not eligible for assistance from public funds and have to be helped by private philanthropy. these agency budgets are inadequate—a number of Travelers' Aid societies reported they have overspent their relief budgets at the present time, and there is no public relief available in their community.

That communities are aware of these conditions is evident from the number of committees and groups in communities which have taken some action, either trying to better local public resources or trying better to coordinate the private agencies of the community.

Our premise is that a person has the right to move if it is for the purpose of bettering his condition, but there should be a wise plan

for that movement. The family or individual should not be sent on to get them out of town, which is, unfortunately, the philosophy in some communities which are hostile toward a newcomer.

We believe there should be plans for either adjusting the migrant in his community or a wise plan to be sure that the conditions of the community in which he lives will be better.

Senator SPARKMAN. Thank you very much, Dr. Creech.

Miss HALL. I think we might say we feel it is a real American trait that you get up and struggle to go somewhere else if you are not getting along well. America has been settled by people who have done that, and we would like to feel it was not made quite so difficult at the present time.

Mr. Reginald Johnson, who is from the National Urban League, will illustrate with his material at this point.

Mr. JOHNSON. Senator, I have mine written so as to make it brief and also give a simple and clear picture of the racial factor that is involved in the matter of the \$2,000-income group. I have more or less used the excellent report of your committee and the data there and the experiences of my own organization to prepare my own statement.

Senator SPARKMAN. Fine. Just proceed in your own way.

Mr. JOHNSON. My name is Reginald A. Johnson, and I am director of field services for the National Urban League, with headquarters in New York City. The National Urban League has branches in 57 of the larger cities of the Nation, and has as its objective and purpose the improvement of the living and working conditions of the Negro. This work is done completely in the area of social service.

My colleagues and others who have testified before your committee have given you considerable data on the problems of the American family of \$2,000 income and less. All the data that has been presented to you in the fields of employment, housing, health, and education are likewise applicable to the Negro family, and represent the same causative factors that have placed many of this group within the low-income bracket. There is, however, the additional factor of race that involves the Negro family which, in itself, intensifies the usual problems that are faced by low-income families.

From the materials assembled and printed by your committee, we quote the following, which bears out the racial factors thus described:

Nonwhite families make up a significant group of the low-income families. Of the nonfarm families with incomes below \$2,000, about 800,000—or one-eighth—were headed by nonwhite males. This proportion of nonwhites in the low-income group is considerably greater than the proportion of nonwhites in the general population, and indicates that broadening educational and vocational opportunities for the Negro may be a constructive method of attacking the low-income problem.¹

Discrimination in employment against properly qualified persons because of their race, creed, or color has a tendency to create substandard conditions of living for a large part of our population. Such steps as may be taken by the Congress to alleviate discrimination in employment opportunity will reduce the extent to which many Negro families are forced by race to be part of a low-income group.

¹ Low-Income Families and Economic Stability, Materials on the Problem of Low-Income Families, assembled by the staff of the Subcommittee on Low-Income Families, Joint Committee on the Economic Report, p. 5.

We again quote from your joint committee report, to substantiate this observation:

The type of employment engaged in by the head is related to many factors, of which sex and color are only two. The relationship between sex and color of head and family income is indicated by the fact that families headed either by a woman or a nonwhite male comprised about 40 percent of all nonfarm families.¹

The occupational skills of the heads of families having income of \$3,000 or more were much higher than those of the heads of families at the low end of the income scale, whereas nearly one-fifth of the heads of families having incomes under \$2,000 were in these occupational groups.

Among families headed by a white male, about 23 percent were headed by craftsmen possessing skills which rank fairly high on the occupational and income scale. An additional 16 percent were proprietors. These facts imply that some of these families may have been only temporarily distressed. In contrast, 36 percent of the nonwhite male heads were service workers, and an additional 20 percent of the nonwhite male heads were laborers; the majority of these families will probably continue to remain in a low-income classification. In the case of families headed by employed women, over half were headed by service workers.²

The low income of these families has forced many wives and mothers to seek employment in order to provide sufficient funds to maintain the family. In fact, the general low income of the Negro family head and the limitation of employment opportunity has forced more Negro women to leave the home and seek employment than white women. The 1940 census reported 3,582,005 Negro women in the labor force. They were 80.1 percent of the 4,474,211 Negro women of 14 years and older. For white women, the labor force was 11,001,823, or only 24.1 percent of the 45,605,134 white women of 14 and over. There is no reason to believe there will be much change for the better for 1950. This has meant, in too many instances, that the home has been neglected, and that the children have been left without proper care. On the streets of New York City, for example, it is common to see small youngsters with a door key either on a string around their necks or fastened to their clothes, because their parents are away during the day and there is no one to properly care for them at home, and because there are inadequate facilities in the community to meet their needs. Additional data on this particular problem should be valuable to the deliberations of your committee.

Education is, of course, needed if we expect to provide for more skills and more adequate job adjustments that will permit a reasonable opportunity to make a decent living. According to the report of your committee, 66.4 percent of the male nonwhite family heads have either no schooling or less than 8 years of schooling; in contrast to 30.7 percent of the white male family heads; 13.7 percent of the nonwhite males and 27.9 percent of the white males had 8 years elementary schooling; 18.6 percent of the nonwhite males and 34.2 percent of the white males had between 1 and 4 years of high school; 1.3 percent of the nonwhite males and 7.2 percent of the white males had one or more years of college. To further quote from your report, "The lack of education is an important cause of low earning power, but low incomes are also a factor helping to explain lack of education."³

A disproportionately large number of Negroes, otherwise well equipped, failed to meet the educational standards of selective service

¹ *Ibid.*, p. 13.

² *Ibid.*, p. 14.

³ *Ibid.*, p. 16.

during the past war. Selective-service findings pointed up facts which had long been common knowledge to many:

(a) Illiteracy was much higher in the South than other parts of the country.

(b) Negroes, long disadvantaged by inequalities in educational facilities and services, showed a much higher relative amount of illiteracy in sections where separate schools prevailed than in other sections.

Inadequate funds expended for Negro education in those areas where there are separate schools, and inadequate training facilities thus provided by these funds have been other factors which have limited the income of the Negro and have also limited his opportunity for the type of occupational training which could increase his earning power. A definite contribution can, therefore, be made by such Federal aid to education that would attempt to offset the differentials of funds made available for colored and white education.

Housing is another factor that has contributed to the problems of living on the low income level. The amount of rent low-income families must pay, and the proportion of this rent to their total income has, in itself, subjected these families to certain hardships. This problem is well stated by your committee report, and substantiates the need for continued rent control and a low rent housing program, when it states:

Of those who rented their dwellings, about half paid rents of more than \$20 per month, and one-eighth paid rents of more than \$40. In the main, housing expenses account for a disproportionate share of the expenditures of urban families with incomes under \$2,000. Among those who rented, approximately one-eighth of those with incomes under \$1,000 paid 50 percent or more of their income for rent, while those with incomes between \$1,000 and \$2,000 paid a minimum of 25 percent.¹

As would be expected, the lower-income tenants generally paid lower rents than those with higher incomes. However, approximately 360,000 of the primary non-farm families headed by persons 25 to 64 years old with money incomes under \$2,000 paid \$40 or more for rent. For those (about 90,000) whose incomes were under \$1,000, this meant 50 percent or more of their income, and for 270,000 whose incomes ranged from \$1,000 to \$2,000, a minimum of 25 percent. Moreover, the 250,000 families with incomes under \$1,000 who paid only \$20 to \$40 per month used up on the average more than a third of their income for rent. The cost of shelter was especially important to such groups, for if their rents are high they find it all the more difficult to meet their other needs from their remaining income.²

Though the Nation, today, is in a housing construction boom, a very limited amount of the private money that is going into this construction will make shelter available for Negro occupancy. This means that most of the additional houses occupied by Negroes will continue to be in the older, blighted, and deteriorated sections of the cities. According to the findings of the Senate Banking and Currency Committee, their houses are old and in need of major repairs. We have the additional problem in some of the larger cities of these older houses being too large for the average family of low income to maintain. As a result, these houses are subdivided and many families are crowded into space that should house only one family. In other instances, roomers are taken into the homes to provide for sufficient funds to pay the rent, with consequent loss of privacy, additional health and other problems in raising a family.

¹ *Ibid.*, p. 6.

² *Ibid.*, p. 27.

Availability of medical services has been another problem with which the low-income family has been confronted. Three major factors determine to a great extent the health status of any group: socio-economic level, educational level, and the availability of health and medical care. In each of these categories, Negroes are literally at the bottom of the pile.

The lack of availability of health and medical facilities is possibly the most important single factor in the determination of the differential between the Negro and white mortality rate. This is evidenced through the whole range of professional services. It is true that medical services are bad enough for the population as a whole, but a medical care program financed in part from Federal funds would definitely ease the impact of illness on all individuals within the low-income group.

Today, our income-tax rate still remains high. The usual hidden taxes, plus the Federal income taxes that low-income families must pay do, in themselves, constitute a type of reduction in income which has definitely inconvenienced these families. A definite contribution that can be made to the economic welfare of the low-income family is that of restoring the \$2,500 exemption to our Federal income tax. This would, in itself, increase the income of these families by providing an extra bit of available money for their immediate needs.

Miss HALL. Mrs. Zimand is next.

Mrs. ZIMAND. Mr. Chairman, may I say a word about the organization I represent.

The National Child Labor Committee was organized in 1904 and incorporated by special act of Congress in 1907. For over 45 years we have been studying the conditions of employment of children and young people and related educational problems. And during the last 25 years we have been studying the question of agricultural migrant laborers.

I would like to make four points:

First, the fact that the children of low-income families are forced to drop out of schools, thus handicapping their own future earning capacity.

Second, the fact that children in low-income families at very early ages, while still in school, work for long hours.

Third, the fact that the type of education that many of our children are receiving in the high schools is such that they lose interest and leave school and handicap their own earning capacity.

Fourth, material on migrants.

Because I want to refer to some statistical material and do not want to read tables, I have prepared a written statement to which I would like to refer as I speak.

There is a direct relationship between the amount of schooling a person has had in general and income. The May 1949 issue of the NEA Journal gives a chart showing the relationship between schooling and earned income of male white wage and salary workers.

Of those who had no schooling, only 6.6 percent earned \$1,500 and over a year.

Senator SPARKMAN. May I ask you—you say there was a copy submitted?

Mrs. ZIMAND. I have only one copy and I will submit it.

Senator SPARKMAN. I thought if we had the table before us we could follow it.

Mrs. ZIMAND. The rest of the statistical material is.

Senator SPARKMAN. Go right ahead, if you will.

Mrs. ZIMAND. Of those with grade-school education, 23.4 percent had \$1,500 income and over. Of those with high-school education, 39.6 percent, and of those with college education, 60.1 percent.

A similar table is given for male Negro wage and salary workers. The same progression in income with greater education is shown, although the percentages in each group with income over even a thousand dollars are, of course, lower.

I would like to submit that for the record.

Senator SPARKMAN. Thank you.

Mrs. ZIMAND. The relation between income and early school leaving is also established. Table II of the material I have presented lists in three columns, first, the 16 States with the largest number of school-age children, that is, 5 to 17 years, per 1,000 total population.

The second column lists the 16 States with lowest income payments per capita. That is individual income. And the third column lists the 16 States with the largest proportion of children leaving school.

Of those 16 States, the same 10 States are in all three columns.

Senator SPARKMAN. Are they listed in order?

Mrs. ZIMAND. They are listed in order in each case, and the ones that are the same are starred.

Three States, in addition to those 10, which have the lowest income payments per capita, though not the largest proportion of children, also have the largest number of school drop-outs.

I would also call attention to the monthly sampling surveys of the labor force made by the United States census which each October includes detailed data on the school attendance of the labor force. The report for October 1949 is not yet available, but that for October 1948 shows that 188,000 children of 14 and 15 years were out of school and at work. That includes industry and agriculture.

And 813,000 young people of 16 and 17 years were out of school and at work.

The National Child Labor Committee itself recently completed a very intensive study, the most ambitious of its kind, of 1,300 individual children who had dropped out of school before high school completion in 5 communities—Cleveland, Cincinnati, Indianapolis, Lansing, and Jackson County, Mich.

The primary reason for school leaving was related to factors connected with the school, and I will touch on that later.

But for 21 percent of the approximately 1,000 youths who could give classifiable reasons, economic need was the chief reason. The statistical data are given there in the statement.

Table II gives the frequency of all reasons given by the children.

I am not mentioning the inability of young people in low-income families to go to college. I know material on that has already been presented to this committee. Also, I do not think that the problem of low-income families is primarily that their children do not get to college; it is primarily that their children do not even get through high school.

The second point I wish to present to the committee is that there are many children in low-income families who are obliged to engage in

paid employment at early ages and for long hours while they are still in school. This interferes with their school work. It deprives them of opportunity for recreation. It is a threat to their health. And the attempt to carry this double load contributes to many a child's decision to leave school.

I present, again, figures from the October 1948 census sampling of the labor force which give the number of hours of employment of workers 14 through 17 years and give them separately for those enrolled in school and for those not enrolled in school.

You will note that 153,000 boys and girls are working 35 hours or more a week in addition to school attendance. This is a direct result of low income in the home, because no one works that amount of time to earn pin money.

The National Child Labor Committee has just completed a study, made in January 1949, of approximately 4,000 school children enrolled in the fourth to twelfth grades of eight communities in Texas. We are compiling this data by cities, ethnic groups, and age, and it includes data on grade, occupation, hours, wages, and so forth. It is in process of compilation and I have merely general tables to report.

While I report this Texas data, I would like, if I may, to pass around these photographs, taken in Texas, of living conditions among the Spanish-speaking people, which is the group primarily concerned in this study.

I might say that this study is the school-attendance and child-labor part of a general study of Spanish-speaking people being financed by the general education board. It is a 2-year study being made under the direction of the University of Texas.

Dr. Lyle Saunders, who is now head of the department of sociology at the University of Mexico, is directing this study.

This study showed that of 4,014 school children who were working while attending school, 790 were under 13 years of age, and another 1,164 were 13 and 14 years of age.

Table IV (b) is a detailed table of the kind of jobs which these children were doing, and it is significant that in the long occupational list which we use there was no occupation that was not included as being held by some child.

Table IV (c) is perhaps the most significant. It shows that 405 children under 14 years worked 19 hours or more a week in addition to their school attendance, and 177 worked 30 hours and more a week in addition to school attendance.

Table IV (d) gives the hourly wage of these employed school children by age. The median for each age group—starting with those under 12 and taking them by 2-year periods up to 18—for each group the median falls in the 40–49 cents an hour. For the younger ones it is at the lower end of that range, around 40 to 42 cents. For the 16- and 17- and 18-year-olds it is nearer 50 cents.

We will have that data on hourly wages by occupations but it is not ready at the present time.

I might add that the wages for what we call the Anglo-American children averaged higher than those for the Spanish-speaking children. The percent who earned less than 35 cents an hour was exactly double for the Spanish-speaking as compared with the Anglo-Americans.

The third point I want to mention is that the type of educational program in many of our high schools is unrelated to the needs of the majority of the students. This leads many children to drop out of school before they graduate, and they then are handicapped in finding work or in finding work where they can advance in their employment.

The need is not primarily for more technical vocational education but for a more practical type of education for young people who are not going to continue beyond high school—education that is geared to the fact that they will soon be on their own and then will be parents, citizens, workers, and consumers.

In the study of school leavers made by the National Child Labor Committee and published this year, to which I referred, in table I, you will recall that 69 percent of the school leavers had dropped out of school for reasons relating to the school program. Suggestions by these students of changes that might have kept them in school are listed in table V.

Senator FLANDERS. Are you prepared to expand a little that first paragraph on page 6 of your statement?

Mrs. ZIMAND. That the need is not for more vocational training?

Senator FLANDERS. Yes. What is the more practical type of education you refer to?

Mrs. ZIMAND. I refer to the work and the reports of the Life Adjustment Education Commission of the United States Office of Education, which has been working for approximately 2 years now, I believe, and which has probably given more thoughtful consideration as to what conditions are, what needs to be done, and what some communities are doing, than any other group. The Commission estimates roughly that about 20 percent of the high-school population will go on to college; that about 20 percent will go into the skilled trades for which regular vocational training is needed; and that the other 60 percent, the majority, are the ones for whom education must be made more meaningful. Now that means many different things. There is no one thing that makes education meaningful.

One aspect in which they are interested, and in which the Child Labor Committee is especially interested—we made a pioneer study on it—is work experience, part-time school and work programs under school auspices, not the federally subsidized vocational programs which are open only to those 16 years and over and train for a specific job, but rather the prevocational type where the child goes to school part time, works part time, the job is selected by the school, the children are selected by the school, and supervised by the school. Their school work and their work experience are related. The value is not the specific training they get in any job, it is the fact of being on a job, learning to work with people, learning how to apply for a job, learning the value of money, learning the importance of accuracy among other things.

I would be glad to submit that study to the committee.

This kind of work experience developed rapidly during the war. There is still considerable development especially on the west coast, in Philadelphia, in Minnesota, in Connecticut.

Senator FLANDERS. Is that a rather extensive report? Is it that thick or is it that thick? [Indicating.]

Mrs. ZIMAND. It is just about like this one, only it has a green cover. We took on a special worker who had been in charge of the work adjustment in the youth services division of the Connecticut Department of Education to make the study. He went into the field and visited 10 or 12 different cities in the United States trying to gage their programs because we wanted to see if they were sound. They were developed to meet manpower needs and to keep children in school during the war.

Educators were enthusiastic, some of them, and we wanted to see if there was something of educational value in that type of program which, if properly supervised, should be continued after the war, if industrial conditions permitted.

Senator SPARKMAN. We shall be very glad to have that green-back report for the committee files.

Mrs. ZIMAND. I shall send it. It is called Work Experience in Secondary Education.

Senator SPARKMAN. May I ask at this point: Are there many such schools of the type you mentioned in the prevocational field?

Mrs. ZIMAND. It is not so much a special type of school as it is a type of curriculum, services and activities that are given in the ordinary school for those youngsters who are not going on to college.

One of the most—and I think that Mr. Butler is going to develop this point—one of the most important factors in such a program is both educational and vocational guidance, beginning down in the early grades, where you become a little realistic about what a child is going to face and help him develop his whole school program with that in mind.

One of the striking things we found in this study of early school leavers, we took the child's whole school history from as far back as we could get it, got the opinion of the teachers and counselors about each individual child, and then interview the child who is now a youth who had dropped out—is that you can begin to spot those children who are vulnerable to early school leaving down in the grades. There are certain patterns of failure, progressive failure, grade repetition, absence, maladjustment, and so forth, that you can begin to spot long before they are old enough to leave school, at an age when you can begin to do something about it.

Senator FLANDERS. Is there any considerable percentage of the school population which is having the advantage of this particular type of practical education you speak of, or is it a very small percentage of the total population?

Mrs. ZIMAND. Who should have it?

Senator FLANDERS. No; who are having it.

Mrs. ZIMAND. I would say it is very small, and it is spotty. Certain schools will have developed one type of thing, certain schools another. You cannot pick out a particular school for a particular community and say, "This practical type of education has been developed here."

You can go at it in so many different ways. Some schools set up classes that would help train youngsters as parents, others perhaps as consumers. There has been a little experimentation beginning to try to give children information on the background of labor relations—why you have labor laws—and things of that kind before they become workers.

One area that I do not think has been explored at all, which we think is extremely important, is how a child derives his attitude toward work, whether in the home or in the school, or where. That colors his attitude toward employment; it colors his attitude toward what he considers the relative prestige of his job. He may be fitted for one kind of work, but his family thinks it is a little step down in the social scale.

Senator SPARKMAN. May I ask this before you go on?

I understood you to make reference to a type of training that would be coordinated or acclimated with work.

Mrs. ZIMAND. That, I would say, is one of perhaps 10 or 12 different elements in a school program that is more geared to the needs of young people. I do not think anyone would say that all children should have work experience, but it is one of the things that should be available. All indications suggest it would be helpful to many children.

Senator SPARKMAN. To what extent is that being done?

Mrs. ZIMAND. Not so much as during the war. It has been developed quite extensively in Philadelphia both for the 14- and 15-year-olds and for the older group.

It has also been developed quite extensively on the west coast, especially in Oakland and Los Angeles. It has been developed in Minneapolis and Connecticut, and there are other cities that do some of it.

But, frankly, quite often it means—and this is what you have to guard against—merely giving school credit to children for the out-of-school hour jobs they have found. That is not the type of work experience we believe in.

Senator SPARKMAN. What type of work would they do?

Mrs. ZIMAND. There are all sorts. In Philadelphia, to be specific, they worked in the Federal Reserve bank, they worked in investment houses, they worked in Gimbel's and in Sears-Roebuck.

Senator SPARKMAN. What would they do in the Federal Reserve bank—a 14 to 15-year-old child?

Mrs. ZIMAND. Also the 16 and 17 year olds.

Senator SPARKMAN. Of course, you mentioned 14 and 15, and I was thinking about that, and about the child-labor statutes and all of those things.

Mrs. ZIMAND. Well, there has been a little difficulty in Philadelphia with the 14- and 15-year-old ones, a slight disagreement between the Board of Education and the Department of Labor since some of these places where they worked were held to be under the Federal law.

Frankly, I cannot tell you precisely what they did in the Federal Reserve bank. I will ask Mr. Dillon—who conducted the study—but I do remember this. I believe it was a Federal Reserve—it was a bank. Mr. Dillon said that one of the best things was that it taught children responsibility and the need for accuracy in a way they never got in school.

He mentioned this, and these are probably 16- and 17-year-olds that, at the end of the day, if the figures were 10 cents off in the total, every worker in that place had to stay until that error was found, and the children were just hoping and praying it had not been their error. Instead of merely getting a little lower grade in the paper he handed

in, he was conscious of the fact that by carelessness he would hold up a whole staff of workers and what it meant in relationship to other workers.

I have taken a long time. I did want to say a word about agricultural migrants if I may.

Senator SPARKMAN. Go right ahead.

Mrs. ZIMAND. The United States Department of Agriculture estimated that last year, 1948, there were about a million and a half farm migrants, including nonworking dependents; that of that number at least 880,000 were workers. And every child 10 years and over was considered a worker. And there are many under 10 years who are also workers.

They said the number had increased 40 percent since 1945 and it is probably still increasing.

Farm migrants are found in at least 40 States, and there are certain well-defined streams of migration.

Half of them are in the South, especially Texas and Arkansas. The Northern States have about 27 percent, and the West about 23 percent. They include white workers, Negroes, Spanish-American, and Mexican workers.

I want to stress this particularly because we think the families of the migrant agricultural workers are probably the lowest low-income group in the country, and that they present in miniature every single aspect of "lacks" that low-income families suffer. This is true not so much, except in certain communities, because the wage rate is low necessarily but because of the intermittency and the irregularity of employment.

Miss Creech has referred to the migrant agricultural worker who becomes stranded, but I want to give a little picture of the group as a whole, the way they live and work and exist.

The housing and sanitation defy description. Health services are seldom available. I am going to illustrate these.

The children do not attend schools. Thousands, even as young as 6, 7, and 8, work in the fields. They are ostracized in the communities to which they go for work and have no normal family life.

This fall, in November, it was reported in a UP dispatch from California that four babies, infants of migrant families, had died of starvation in Kings County.

We tried to follow that up. The number had increased to 10, and they died of malnutrition, which is a form of starvation.

May I read a letter that came just before I left? This is from Home Missions Council of North America, which has quite a program for migrant workers.

This quotes a letter they had received from Mr. Fred Soule, who has been active in their work out there. We had been asking them to verify the deaths of these children.

You will have noted newspaper accounts of the death of six migrant workers' babies from malnutrition, four in Kings County and two in Fresno County, recently. We know, of course, while these are given newspaper publicity as a sort of regrettable or isolated tragedy, they are merely one of many similar tragedies constantly happening to migrant families because of their way of life.

And just as I was leaving the office on Friday, I received a bunch of newspaper clippings from California. The Fresno Bee sent one of their reporters, James McClatchy, to Kings County and Fresno County, and he has written a series of seven articles from the period of October 2 to 9.

I wish I could give them to the subcommittee but they are borrowed. To read these articles, you would have thought this subcommittee had asked this reporter to go out because he raises and expresses an opinion on the various questions we were asked to consider when we came here to testify.

I would just like to read one or two sentences:

The real losers are the children. They grow up in conditions of poverty and misery which are hard to believe. They have little chance to learn anything else. Those who do rise out of the conditions are exceptions. It is difficult to think any of them can become adults without suffering from physical or psychological damage.

He brings up the question of what is going to happen to them this winter because in this area—it is the San Joaquin Valley—they have a new strain of cotton that matures more rapidly and produces more per acre, and there is less work. And they are going to be left there without any source of income.

He points out that some of the growers have said they can continue to occupy what pass for shacks, but he says this does not give them food.

He said that last year one or two communities had started sort of a WPA paid work project to try and take care of some of them, but that it is a tremendous problem, that no one really as yet knows how to solve it; both Federal, State, and county officials have sort of disclaimed responsibility.

Then he says this, and under a subtitle, "The Hidden Costs to Society":

A too little considered result of the life the migrants lead is the hidden cost to society. The small amounts of money public agencies spend directly in service for the migrants now are no indication of what the cost really is to the country. Ignoring the irreparable damage to the children as they grow up on which no value can be placed, in countless ways the migrants become a drain on public finances. As thousands of them over the years leave farm work and settle in urban areas, they require a disproportionate share of health supplies and welfare budgets. They require more hospitalization, more supervision, more of the time of all public agencies than other sections of the public which have matured in more normal surroundings. And if ever there was a part of the population whose life invited communism or some other form of radicalism, it certainly must be this one.

If the committee wishes it could wire for that series of articles.

Senator SPARKMAN. I have just suggested that we write to ask for the series.

Mrs. ZIMAND. What I was speaking of has been only California. I would like to mention briefly two or three illustrative samples from other parts of the country.

Senator SPARKMAN. Before we get away from that. Of course, the migrant farm worker problem has been a problem that has been with us even during the war, although less aggravated than before and after.

Mrs. ZIMAND. Yes.

Senator SPARKMAN. But it remains a very complicated and perplexed problem, does it not?

Mrs. ZIMAND. Yes; it does. And frankly—I do not know that this is the time for recommendations—but we were hoping that the subcommittee, if continued, would give special attention to this and make an investigation, have a congressional investigation, of the migratory farm-labor problem with hearings all over the country. You cannot do it here in Washington. Or if it were not possible to have a congressional investigation, then that Congress might see fit to ask for a departmental study, perhaps, by the United States Department of Labor with the cooperation of other departments.

We know all the facts but the research studies are from the days of the Okies and Arkies and it is a different problem now. They are not documented, and we know Congress is not apt to take legislative action without more recently documented facts.

Senator SPARKMAN. Well, has the complexity of the problem changed much since the Tolan committee report?

Mrs. ZIMAND. Well, in this sense, that the Okie and Arkie migration was in response to what, we might say, was a climatic condition that has ceased to exist. Those are not the bulk of the migrants now. I think the thing that is increasing is the Spanish-American-Mexican migration, and it is very complicated in Texas and Southern California and reaching farther north by two things—the importation, the legal importation, of foreign labor, Mexican labor, and the extensive illegal entry of “wet-backs,” which, I presume, is a familiar term.

I would be glad to leave with the committee a special report on “wet-backs.”

The “wet-back” is the Mexican—

Senator SPARKMAN. Who swims the Rio Grande?

Mrs. ZIMAND. Who usually swims in by water. Therefore they are single men, not with their families, who come into Texas and work illegally, and depress wage rates.

Neither the immigration authorities nor the Employment Service have been able to deal very effectively with the problem.

Mr. BROWN. They are still called “wet-backs” in sections where they cross the border by not going through the river.

Mrs. ZIMAND. It is quite a problem—how to stop them. They look just like other native-born Mexican-Americans, and you do not want to begin to impose a requirement on all your workers that they bring a birth record. And how are you going to spot them, whether legal or illegal workers?

I would like to mention two other points, one of which is of specific interest to the group. That is a study we made some years ago. This happened to be a study of the white strawberry pickers who migrated up the Mississippi Valley.

We found that the children in those families who left school had not completed as high a grade as their own parents had had. They were going down grade, educationally.

In this statement I have included a few other descriptive items which I will not read, from other parts of the country.

Senator SPARKMAN. Just at this point, Senator Flanders finds it is necessary to leave. I wonder if you have any questions on any of the statements that have been given so far. We would certainly like for you to ask them at this point if you will.

Senator FLANDERS. I have no questions; I have only concerns. And as we were saying yesterday, we have a resource in the ability of these people to produce, and they need the production themselves. And our problem is to get them in as members of a productive and consuming society. That is our problem; that is the problem which this committee must face ultimately. And I am not sure that we have the answers as yet. But the solution will lie there: How to get these people into a productive and consuming society.

Miss HALL. I suppose there are a great many answers, Senator, are there not?

Senator FLANDERS. There is no one answer, I am quite sure.

Miss HALL. I think we will all agree with that.

Senator SPARKMAN. I am glad to hear even the small amount of positive assurance in the statement when he says "not sure" we have the answers, because I have been feeling very definitely that I do not have them.

Senator FLANDERS. We have received some clues in these hearings but they are only clues as yet.

Miss HALL. I think we would like, before you go, to have you know how glad we are you are making this inquiry and we hope it will go on further into this subject.

Senator SPARKMAN. I may say that this is really the outgrowth of Senator Flanders' own suggestion and request. He did the original ground work even before it was ever authorized by Congress.

Miss HALL. It must have been very heartening to have seen the great response all over the country. You just hear a discussion of this everywhere you go. People are so glad this part of the population is being focused on with an eye to doing something about it.

Senator FLANDERS. Thank you.

Senator SPARKMAN. Thank you, Mrs. Zimand.

(The prepared data submitted by Mrs. Zimand are as follows:)

OUTLINE OF MATERIAL PRESENTED BY MRS. GERTRUDE FOLKS ZIMAND, GENERAL SECRETARY, NATIONAL CHILD LABOR COMMITTEE, TO THE SUBCOMMITTEE ON LOW-INCOME FAMILIES OF THE JOINT COMMITTEE ON THE ECONOMIC REPORT

I. CHILDREN OF LOW-INCOME FAMILIES ARE FORCED TO DROP OUT OF SCHOOL, THUS HANDICAPPING THEIR OWN FUTURE EARNING CAPACITY

1. The relationship between schooling and earned income is portrayed graphically (on basis of United States Census figures) in an article The Dollar Value of Education in the May 1949 issue of the NEA Journal. The article is by Paul H. Landis, chairman of the division of rural sociology at the State College of Washington. [Copy submitted.]

2. A comparison of (a) the 16 States with the largest proportion of school-age children in their population, (b) the 16 States with the lowest per capita individual income and (c) the 16 States with the largest number of school drop-outs reveals that 10 States fall in all 3 columns. (Table attached.)

TABLE I.—Comparison of 16 States with largest proportion of school-age children, lowest income and largest proportion of school drop-outs

I. 16 States with largest number of school-age children (5 to 17 years) per 1,000 total population, 1946	II. 16 States with lowest income payments per capita of population, 1946	III. 16 States with largest proportion of school drop-outs (twelfth grade pupils, 1946, per 1,000 former fifth grade pupils)
New Mexico ¹	Mississippi ¹	Mississippi ¹
South Carolina ¹	Arkansas ¹	Alabama ¹
Mississippi ¹	South Carolina ¹	Georgia ¹
North Dakota	Alabama ¹	Tennessee ¹
Alabama ¹	Kentucky ¹	Arkansas ¹
West Virginia ¹	Georgia ¹	Virginia
North Carolina	Louisiana	Louisiana
Arkansas ¹	North Carolina	South Carolina ¹
Georgia ¹	Oklahoma	New Mexico ¹
Utah	Tennessee ¹	Kentucky ¹
South Dakota	West Virginia ¹	Florida
Kentucky ¹	New Mexico ¹	Arizona ¹
Arizona ¹	Virginia	Maryland
Tennessee ¹	Texas	Vermont
Montana	Arizona ¹	West Virginia ¹
Idaho	Maine	Oklahoma

¹ These 10 States appear in all 3 columns.

3. The monthly sampling surveys of the labor force by the United States Census includes, each October, data on the school attendance of employed workers. The number of children of 14 and 15 years and those of 16 and 17 years who were out of school and working in October 1948, was as follows:

14 and 15 years	188,000
16 and 17 years	831,000
Total	1,019,000

4. A study of 1,300 children who dropped out of school in five communities (Cleveland, Cincinnati, Indianapolis, Lansing, and Jackson County, Mich.) was published by the National Child Labor Committee this fall. Although the primary reason for school leaving was related to factors connected with the child's school experience, it was found that, among the 957 youth who could give classifiable reasons for leaving school, economic need was the chief reason for 21 percent. It was a secondary reason for many others.

TABLE II.—Primary reason given by 957 youth for leaving school

Reason	Frequency	
	Number	Percent
Reasons relating to school:		
Preferred work to school	342	36
Was not interested in school work	104	11
Could not learn and was discouraged	66	7
Was failing and didn't want to repeat grade	55	6
Disliked a certain teacher	47	5
Disliked a certain subject	30	3
Could learn more out of school than in school	16	1
Financial reasons:		
Needed money to buy clothes and help at home	144	15
Wanted spending money	55	6
Personal reasons:		
Ill health	49	5
Friends had left school	29	3
Parents wanted youth to leave school	20	2
Total	957	100

TABLE III.—Frequency of all reasons given for school leaving by 957 youth

Reasons	Frequency of occurrence
Preferred work to school.....	551
Was not interested in school work.....	435
Needed money to buy clothes and help at home.....	427
Wanted spending money.....	369
Was failing and didn't want to repeat grade.....	219
Could not learn in school and was discouraged.....	210
Disliked a certain subject.....	208
Disliked a certain teacher.....	178
Friends had left school.....	156
Could learn more out of school than in school.....	147
Ill health.....	132
Parents wanted youth to leave school.....	84

NOTE.—Tables from *Early School Leavers: A Major Educational Problem* by Harold J. Dillon, National Child Labor Committee, 1949.

4. Data on the inability of many qualified young people to attend college has already been presented to the subcommittee.

II. MANY CHILDREN IN LOW-INCOME FAMILIES ARE OBLIGED TO ENGAGE IN PAID EMPLOYMENT AT EARLY AGES AND FOR LONG HOURS WHILE THEY ARE IN SCHOOL. THIS INTERFERES WITH THEIR SCHOOL WORK, DEPRIVES THEM OF TIME FOR RECREATION, AND CONSTITUTES A THREAT TO THEIR HEALTH AND DEVELOPMENT. THE ATTEMPT TO CARRY THIS DOUBLE LOAD CONTRIBUTES TO A CHILD'S DECISION TO LEAVE SCHOOL

1. Data on hours of work are collected once a year, in October, in the United States Census Sampling of the Labor Force.

TABLE IV.—Weekly hours of work for persons 14 through 17 years, October 1948

	Enrolled in school	Not enrolled in school
Less than 15 hours.....	558,000	31,000
15 to 34 hours.....	571,000	155,000
35 hours or more.....	153,000	835,000
Total.....	1,282,000	1,021,000

2. The most recent and comprehensive data on this is found in a study by the National Child Labor Committee of approximately 4,000 children enrolled in the 4 to 12 grades in Texas. The data were secured in selected schools of eight communities in the winter of 1949. It is being compiled by cities, ethnic groups, and age, and includes data on grade, occupation, hours, wages, etc.

Examples of significant findings are—

(a) Age of employed school children

Under 10 years.....	154
11 to 12.....	636
13 to 14.....	1,164
15 to 16.....	1,315
17 and over.....	719
No data.....	26
Total.....	4,014

(b) Kind of work in which school children were employed

Stores (excluding grocery and drug).....	664	Construction.....	53
Grocery stores.....	595	Laundry.....	50
Newspaper.....	538	Office.....	45
Private homes.....	433	Bakery.....	36
Drug stores.....	153	Hotel and tourist.....	34
Amusement places (excluding theaters and bowling alleys).....	149	Telephone and telegraph.....	34
Restaurants.....	137	Street trades.....	34
Farms.....	127	Dairy.....	33
Theaters.....	122	Coal and ice.....	29
Service stations and garages.....	113	Other (employing less than 25 children).....	402
Bowling alleys.....	63	Not stated.....	112
Factories.....	58	Total.....	4,014

(c) Weekly hours of employment in addition to school attendance, by age

[Hours]

Age	18 or less	19 to 24	25 to 30	31 to 36	37 to 42	43 to 48	49 to 54	Over 54	No data	Total
Under 12 years.....	264	26	26	15	6	3	6	5	57	408
12 to 13.....	510	99	77	57	24	24	17	20	148	976
14 to 15.....	611	142	134	71	58	54	37	33	119	1,259
16 to 17.....	434	133	130	121	74	50	38	24	89	1,093
18 and over.....	76	39	27	42	22	10	7	11	18	252
No data.....	8	4	2	1	2	1			8	28
Total.....	1,903	443	396	307	186	142	105	93	439	4,014

(d) Hourly wage of employed school children, by age

	Under 12	12 to 13	14 to 15	16 to 17	18 and over	Age not given	Total
Under \$0.19.....	38	80	59	18	5	1	201
\$0.20 to \$0.29.....	77	140	131	83	21	4	456
\$0.30 to \$0.39.....	47	162	214	187	40	2	652
\$0.40 to \$0.49.....	26	108	205	203	44	1	587
\$0.50 to \$0.59.....	61	132	244	197	40	2	676
\$0.60 to \$0.69.....	17	39	87	101	27	1	272
\$0.70 to \$0.79.....	10	40	58	71	15	1	195
\$0.80 to \$0.89.....	7	20	29	23	8		87
\$0.90 to \$0.99.....	4	10	11	9	2		36
\$1.00 to \$1.09.....	13	19	28	27	9	1	97
\$1.10 to \$1.19.....		7	5	10	5		27
\$1.20 and over.....	9	31	34	36	2	1	113
No data.....	99	188	154	128	34	12	615
Total.....	408	976	1,259	1,093	252	26	4,014

Although the detailed tables by ethnic groups are not yet available, it is significant to note that 27 percent of the Anglo-American children earned less than 35 cents an hour, while 54 percent of the Latin Americans—exactly double the percent—earned less than 35 cents an hour.

III. THE TYPE OF EDUCATIONAL PROGRAM IN MANY HIGH SCHOOLS IS UNRELATED TO THE NEEDS OF THE MAJORITY OF THE STUDENTS. THIS PROMPTS MANY CHILDREN TO DROP OUT OF SCHOOL BEFORE THEY GRADUATE. THIS HANDICAPS THEM IN FINDING WORK AND IN ADVANCING IN EMPLOYMENT

The need is not primarily for more vocational education, in the sense of training for more skilled jobs, but in a more practical type of education for young people who will not continue beyond high school, i. e., education that will help them as parents, citizens, workers, and consumers.

It will be recalled that 69 percent of the school leavers (in the National Child Labor Committee study mentioned above) dropped out of school for reasons relating to the school program—such as lack of interest in school, preferred work to school, was failing, etc. The suggestions of these students for changes in the school program that might have kept them in school were as follows:

TABLE V

Suggestions	Frequency	
	Number	Percent
Provide work experience.....	377	23
Specific vocational instruction.....	245	15
Services of a guidance counselor.....	196	12
More personal contact with teachers.....	188	11
More participation in school activities.....	184	11
Opportunity to change courses.....	175	11
Smaller classes with more individual instruction.....	166	9
Transfer to another school.....	131	8
Total number of suggestions.....		1,662
Number of students replying.....		763

The Life Adjustment Education Commission of the United States Office of Education has estimated that, roughly, 20 percent of the gainfully employed are in professional and technological occupations which require post-high-school education. Another 20 percent are in skilled occupations which require fairly extensive periods of specific training (i. e., vocational education).

The remainder—and the majority, about 60 percent—are in occupational pursuits for which extensive periods of specific education are not necessary. It is this group to which I refer, and for whom high-school education must be revised, so that it will have enough value, meaning and appeal to pupils and their parents to make it seem worth while for them to graduate from high school.

The Life Adjustment Commission has excellent material and ideas on what is needed to adapt school programs and sources to the needs of students not going to college, and what some communities are already doing along this line.

We believe that a very fruitful field for study by this subcommittee would be to explore with this Commission the need for changes in the curricula, guidance programs, and other services and activities of the high schools. The attention of the subcommittee might also be directed toward the need for more adequate financing of the schools if they are to meet more truly the needs of young people, with special reference to Federal aid to the States for schools.

IV. MIGRANT FARM WORKERS AND THEIR CHILDREN PROBABLY SUFFER FROM LOW INCOME MORE THAN ANY OTHER GROUP OF WAGE EARNERS AND HAVE LITTLE OPPORTUNITY OF RISING OUT OF THE LOW-INCOME CLASS

1. The United States Department of Agriculture (Mr. Louis J. Ducoff, Labor Economist of the Bureau of Agricultural Economics) estimates that in 1948 there were about one and a half million farm migrants including nonworking dependents. Of this number about 880,000 were workers. Children 10 years and over are considered workers. The number has increased 40 percent since 1945—and will probably continue at a high rate.

Agricultural migrants are found in at least 40 States with certain well-defined streams of migration. In 1948 half of all migratory workers were in the South, especially in Texas and Arkansas. The Northern States had 27 percent, and the West 23 percent. They include white workers, Negroes and Spanish-American or Mexican workers. The problem is complicated, especially in the Southwest section, by the importation of foreign labor and by the serious problem of "wetbacks"—illegal aliens who come in from Mexico, primarily for agricultural employment, and depress wage rates.

2. According to the Twentieth Biennial Report of the Bureau of Labor Statistics of Texas, the number of farm workers sent out of the State during the year ending August 31, 1948, was 39,801—of whom 3,427 (9 percent) were under 14 years. The year before a larger number of workers had been sent out but the percentage under 14 was much lower—only 5 percent.

3. This army of migrants is predominantly a low-income group. In some areas, especially where there is a large influx of illegal foreign labor, wage rates are low. But primarily the low income results from the irregularity and intermittency of employment. This is inherent in the migratory farm-labor system, under present conditions.

4. Migrant farm families present, to an aggravated degree, all the "lacks" associated with low income. Housing and sanitation are wretched; health services are seldom available; the children do not attend school; thousands, even as young as 6 and 7 years, work in the fields; they are ostracized in the communities to which they go for work; there is no normal family life.

Examples

(a) Ten babies of migrant families are reported to have died of starvation in California this fall.

(b) A study by the National Child Labor Committee several years ago among white strawberry pickers in the Mississippi Valley revealed that children in some migrant families left school at an earlier grade than their parents.

(c) A member of the field staff of the National Child Labor Committee, who had his first sight of camps for migrant workers this summer wrote:

"The camps I visited were reputedly representative of the best in the State and the worst. As far as living quarters go, they were all frightful. If there was any substantial difference between what was good and what was bad, I must have missed it. Each camp housed about 70 or 80 people with each family crowded into foul-smelling, one-room, wooden shacks contiguous to one another; rain puddles on the floor mocked the futile efforts of the roof; some beds had "store" mattresses, others only straw; the doorways were unscreened; the single window of each shack was either paneless or broken; water pumps and electrical equipment were only erratically reliable, and not less so, even the privies, one of which collapsed in tired resignation while I was there.

"All around were garbage, refuse, broken glass, rotted wood, and flies—millions of them. The camps stank with decay.

"It was raining during my visit and I was not able to see the migrants at their bean-picking work. However, not being able to see the migrants at work, I was able to see them at 'play.' Having seen what I did, and if I had to make a choice between alternatives, I believe I would rather see their children toiling all day long in the fields than to be exposed to the prostitution, gambling, drunkenness, and unbelievable squallor that exists in some of the camps."

(d) A college student working in Colorado with a fellowship group this summer, wrote a friend:

"We spent some time nailing on a roof of a new Methodist camp, spoke before Rotary, led an evening of recreation among the church youth, then spent a day traveling around the valley * * * stopped at a migrant camp and spent some time with the kids, etc. The reaction of the Czech girl who went with us to the migrant labor camp (they—migrant workers—were living in the stalls of a barn, all the kids had watery eyes, many pock marks and deformed bone growth) was that she hadn't seen anything like this since the concentration camp and didn't know it existed in America."

5. Although there have been a great many studies of migrants, most of these date back to the period before the war and reflect the "Okie" and "Arkie" problem and also the economic conditions of the depression period. There is some recent material available, however, but this relates to specific areas.

Perhaps the most significant is a study, now in process, of Spanish-speaking peoples in Texas. This is a 2-year study financed by the General Education Board and is being conducted under the direction of Prof. Lyle M. Saunders of the University of New Mexico. The National Child Labor Committee has conducted the school-attendance and child-labor end of the survey.

A minor study is an inquiry into the educational status of children of farm migrants (southern Negroes) who were in New York State during the summer of 1949. This was made by the Extension Service of Cornell University at the request of the National Child Labor Committee. Its findings will probably be available about February. There are other "spotty" studies and descriptions of conditions in various parts of the country.

There is great need, however, for a thorough investigation of this low-income problem, which is apt to become aggravated during the coming years by the advent of farm machinery, especially cotton-picking and beet-harvesting machines.

We hope that this subcommittee will be continued and will make a special study, during the coming year, of the problem of migrant farm labor families; if possible holding hearings in various sections of the country. If this cannot be done we urge that the subcommittee recommend that such a study be made by the United States Department of Labor.

Specific legislative proposals to curb some of the evils associated with migrant work include:

1. Reconsideration of legislation which requires liquidation of former Federal farm labor camps by July 1, 1950.
2. Extension of minimum-wage and social-security legislation to agricultural workers.
3. Legislation regulating the recruitment and transportation of workers.
4. Inclusion of provisions for low-cost housing for agricultural workers in housing legislation.

MISS HALL. Mr. Butler is taking up from this point. He is president of the National Conference of Catholic Charities. But he probably will not tell you, Senator, that he also was chairman of the advisory committee to the home relief in New York for a number of years, and also chairman of our housing authority. But in the first instance he was such a grand fighter for decent home-relief standards—and he is a real fighter anyhow. And it is very satisfactory to have all his fighting instincts put on decent standards, and it is very nice to have him. We, who are social workers in New York, were very grateful to him many times during those very hard years.

I did not think he would say that about himself, so I say it for him.

MR. BUTLER. Senator, I am the newly elected president of an organization the executive head of which you know very well, Monsignor O'Grady here in Washington.

Senator SPARKMAN. I was going to ask your connection with Monsignor O'Grady. He has been with us often.

MR. BUTLER. I was hoping he could be today.

Senator SPARKMAN. We are always glad to have him, but we are glad to have you.

MR. BUTLER. He will not be back in time, so I was asked to take over.

I should explain that by profession I am a lawyer.

MISS HALL. He is a lawyer, not a social worker.

MR. BUTLER. By avocation I also teach law at Fordham Law School.

I have to draw on my own experience because I never expected I would find myself here after having said "Yes" to the job as president of the National Catholic Charities only 3 weeks ago. So I will have to draw on my own experience which is, with the possible exception of 3 months in the summer of 1947, experience that has been continuously associated with the government of the city of New York as secretary and unofficial chairman of the emergency relief bureau, having administration of that organization from June 1934 until it was merged.

Senator SPARKMAN. Will you stop there just for a moment.

Madam Kripalani, before you leave I want to say the committee has been pleased to have with us this morning as an interested onlooker a member of the legislature of India and also a delegate to the United Nations. We appreciate your coming, and it has been very good to have you with us.

MADAM KRIPALANI. Thank you very much. I particularly came because we do not have an institution like this in India, and I wanted to see how you gathered public opinion and how your legislature works.

Senator SPARKMAN. Thank you very much.

Mr. BUTLER. Then, after that period as chairman of the advisory committee to the department of welfare, and chairman of the New York City Housing Authority for 5 years.

My present connection is in the commission for the temporary care of children. But it has all been voluntary with the exception of adviser to the city of New York on relief in the transitory period from the emergency relief days to the department of welfare which lasted until 1946.

Out of that experience I feel I should express certain things. Of course, what has been said by others comes from their personal professional experience.

I am concerned about certain phases of it. You see we had so many people on relief in New York City that we spent a lot of our time trying to figure out how we could get them off. And when I hear about removing restrictions on settlement, I am almost a little bit worried. We have removed them in New York State, as a result of which we must take people who are lawfully in the United States, even off the boat, because there are no restrictions.

Now when the FERA went out of existence, sometime in 1937; they turned over to somebody the migrants in New York City. That is a very serious question for us, and it is for any port of entry.

We have had a very serious situation in New York City through the migration of some quarter of a million Puerto Ricans into an overcrowded city and into an overcrowded, segregated area.

Personally, without wanting to go into that, but just as an aside, I, of course, must of necessity deplore the segregated area. That is something over which we have no control.

But when you take in an overcrowded area and put in the very center of what are known as Negro sections of the city—in Harlem—in the Bronx, and over in Brooklyn—this group of Puerto Ricans, you have an overcrowded situation which amuses me when these pictures are taken from Texas. I am shown this one in particular which says:

Three children of family of six sleep in same bed in two-room apartment in tenement house in southern section of El Paso.

I would suggest you get the report on Puerto Rican conditions in New York City which was prepared by the Welfare Council of New York City, by a group of persons of various agencies and public agencies which cooperated in its preparation. But in the housing authority we made certain surveys in areas of the city which were ready for redevelopment by slum clearance and the building of public housing.

I might say in passing we will have spent, with the Federal money which will, we hope, be available after the first of the year, approximately a billion on new housing in New York City and in similar sections in the State.

I can show you places where there are four-room apartments that have 24 people in them in New York City on Manhattan Island. That is an overcrowded situation which is almost impossible to solve because if you go into the place and send in your housing inspectors and close the place up, there is no place for them to go. And it is an absolutely intolerable situation.

Now you asked a question of the first gentleman who spoke here whether he said that poverty does not breed crime. I would say that myself. I say that these people who are poor—and I take it one of the things you are interested in is why they are poor and what can you do, if anything, about it—they are not poor from choice. Nobody lives in a place like that except this: They have said to me personally when I was going around, "This is better than we have in Puerto Rico."

Now if that be true, then perhaps the job of the Federal Government is to go down into Puerto Rico and improve the conditions in Puerto Rico so that they would not think 24 people living in a four-room apartment was an improvement. And that, mind you, in an area which we would tear the buildings down only there is no place to put them.

We have reached the saturation point of moving. It is like one of these puzzles where they give you one vacant space and that is the only one you can move in. We have not even one vacant apartment we can move people into when we want to change them so we can tear down the building they are living in and put up a decent one.

MISS HALL. You would not feel for a minute, Mr. Butler, it is only the Puerto Ricans who are overcrowded in New York City?

MR. BUTLER. No.

MISS HALL. I just wanted to make sure of that.

SENATOR SPARKMAN. That is a problem we run into in all cities having slum areas. There is no question about that.

MR. BUTLER. That is true.

SENATOR SPARKMAN. When I was looking at these pictures, I thought of the similarity of the pictures carried in *Look* magazine just about a week ago which I looked at last night. They were particular pictures taken in Harlem showing both Negroes and Puerto Ricans.

MR. BUTLER. You can go into other sections of the city where there are few other than white families and find somewhat similar conditions. But also remembering that there is no limitation on their motion within the city, that is, if they can find a place and they can pay the rent, they could move in. But the people that are living in the areas I speak of, which the gentleman from the Urban League referred to, have no other place to look. They are limited to look in that place to start with and, therefore, there is a much more difficult problem which is reflected in the fact that in condemnation the housing authority had to pay more money for a slum dwelling, an old-law tenement—that means one built before 1901 in New York City—in Harlem than in a white area of the city.

SENATOR SPARKMAN. I do not quite understand your saying they have nowhere to look. You mean there simply is a scarcity of houses?

MR. BUTLER. They would not be accepted because of their color in vast sections of the city. In other words, it is the compulsory segregation which drives them into these places.

SENATOR SPARKMAN. I did not know you had compulsory segregation in New York City.

MR. BUTLER. We have compulsory segregation every place.

SENATOR SPARKMAN. I thought it was voluntary.

MR. BUTLER. By no means.

Senator SPARKMAN. Cannot anybody who wants to live in Harlem?

Mr. BUTLER. Anybody who wants to, but nobody would want to voluntarily live in Harlem except in certain sections on the outskirts into which the Negroes have infiltrated. If you want to see something, you go into New York City and you start at Ninety-sixth Street on the east side of Fifth Avenue, and you can walk north and find some place there where you would like to live voluntarily, if you can.

I have lived there once a good many years ago.

I started to say the poor people do not make the slums. They are not the ones who make poverty.

I have here before me the statistical information report for the department of welfare for the month of October 1949, which I would not give you because it would have to have a wealth of experience of dealing with it to understand why these statistics are as they are.

They show one thing—the majority of cases that are opened on relief in New York City are because of unemployment, or they are because the person cannot earn enough to support himself.

There has been stress on the lack of education and the type of education. Now I would say in connection with what Mrs. Zimand said—making education more practical—one of the things is to make it more interesting so that the children want to stay there.

Now, we have tried to drive everybody into a pattern, into one mold in our high-school education.

I was telling them facetiously about some relatives of mine where there are four children in the family. One of them could not get more than about 38 percent in arithmetic, even though the rest stayed up all night trying to get him to do it. And the rest averaged over 95 in all their subjects. You cannot take that fourth one and put him into an academic high school and expect him to come out the other end normal because he just cannot do it. But they transferred him to a school where they could teach him the things he liked and could learn, and his average is way above B at the present time.

You just cannot think of taking every person who comes along the line and say, "We are going to put him through high school and we are going to put him through an academic high school."

When you come to vocational training—and that I recommend very strongly—you are up against a problem in the very thing Mrs. Zimand said. You go into a highly organized union area and you try to do what she has suggested to do, and you run head-on into the objections of the unions.

There is a valid objection on the part of unions that vocational educational training is not sufficient. On-the-job training is usually the best type of vocational training if it is going to be the type where a person is going to use his hands.

When you talk about operatives in your statistical information here, a great deal of these people are supposed to be skilled workers and are, in fact, not skilled workers, as we discovered when we went through the Selective Service System and found out how long it would take to train one of those people.

I went through a heat-treating plant with the owner one time because I wanted to educate myself because I had heard about all the skilled people that worked there.

I said to him, "What is this machine?"

He said, "A drill press."

I said, "How long would it take you to teach that man?"

He said, "If he had any brains about an hour."

And there was a man who was turning the ends of springs. I thought surely that was something and now he would say he was a skilled man.

He said, "I could teach him that in exactly 5 minutes if he was strong enough, because he had to operate part of the machine with his knees."

I say that you have two things to do. You have this tremendous number of people who have no skills and no training of any kind whatsoever. And the tendency on the part of education to drive these people into white-collar jobs.

The idea has been that we have trained them, that they should amount to something, and amounting to something meant they should not work with their hands.

Now one of the things we have got to do is to sell to the children growing up that there is no disgrace in taking a job where you get dirty. They do not want to grease trucks. They do not want to do this or that or the other, but they go down and take the most impossible job in an office that is nothing but just grinding them down into the most boring existence at a wage which can never come up to the point where they will be able to support their families.

It is the responsibility of Government in education, since it is in control of education at the lower levels. College education I am not concerned with because college education has nothing to do with a man being in or out of the under \$2,000 class.

If he has a college education and is in that class, there is something wrong. He probably never should have been exposed to college, or there must be something else the matter.

You need to train these people into more lucrative fields and into fields where they can amount to something.

It is surprising to meet so many people in the days of compulsory school education who have dropped out of school and who have been extremely successful. In these days opportunity is still there. But the trouble is that you take people who have no skills whatsoever and put them into complex situations like living in a city—and I might say I cannot speak for the rural life of this country because while I am an amateur gardener and spend quite a bit of time, a good part of the year, on the end of Long Island where farming is one of the most skilled in the country, my knowledge is only from such observation. You are having a representative of one of the organizations affiliated with the National Conference of Catholic Charities, the National Catholic Rural Life Conference, Monsignor Liguitti, who will discuss this.

My own experience has been in cities and I know nothing about the type of education or type of training, or anything else, that is involved in a farm area.

But we used to find this. If we could steer people into a better job we could get them off relief. And that was one of the things that we were constantly after.

Then we were confronted with the fact they tell us there is a hard core of people who are on relief and destined to be on relief. That is a

very sad situation, to bring up children in an atmosphere of that kind.

I am particularly grateful to you for looking at this from the family viewpoint. My friends, who are professionals, are interested in the categories of aid to dependent children, aid to the blind, old-age assistance, and categorical relief. But to me the all-important thing is to try to restore the family to a productive society, as Senator Flanders said.

That can be done principally by either improving the work skills of the individual or by doing something which is extremely important, and that is in the retraining of the physically handicapped and also the mentally handicapped.

Let me point out two things. In setting up the Army of the United States during the last war they started off with a large number of men on a very low educational level and yet they were able to train those people to do a variety of things in a highly skilled fashion.

Similarly they have taken veterans who were terrifically crippled and made them self-supporting.

Now, those two things prove it can be done. It is expensive, but it is far cheaper in the long run.

Let me give an illustration of a young man who came from a very fine family. He was severely stricken with polio. Normally that man would probably spend the rest of his days feeling sorry for himself and a person to be supported either by society or by his family. But his father had sufficient money to educate him.

Here it was education in to the college level. In fact, he and three of his friends persuaded the dean of Cornell to allow them to go to Cornell to college, and they studied things which eventually made him an accountant. He has a responsible position in the New York City Housing Authority as accountant simply because he could be trained. But his family had the money to train him.

There is no earthly reason why you should leave these people who are physically handicapped in such a situation that they cannot work. And you would be surprised to know the things that must be done in order that those people can work in a society in New York and in any city.

In the first place, if you realize, they must do three things before they can even get on the job. They must be able to step up and down the curb. They must be able to get on a bus, at least. Those are two things, and they must be able to cross a street within one light. Simple things, but things they have to be taught.

Now, we are not doing much of that around the country. There has been money appropriated by the Federal Government, but it is not being used. It is not being utilized, for there are plenty of people who are either charges of private agencies or of governmental agencies, and who look as if they were going to be there forever.

If money is spent, maybe even a substantial amount spent, it would take that person out of the so-called hard core.

You will find, as I say, unemployment is the cause of the large number of people on relief. Unquestionably. So that when you run into a condition of unemployment you are definitely not going to be able to keep these people out of falling down lower in that scale. They have no resources. And the time they lose their job that means they become a public charge some place, whether they are migrant

workers, or whether they are persons who have lived all their lives and for generations before them in the place in which they find themselves.

I say, and I know this is not popular in a great many circles—I say that a good work relief program will help—it was abused in places during the WPA. I have seen its abuses. I can testify to a great many mistakes. But as far as I am concerned, the worst waste of money that has ever been done is keeping people at home on relief.

MISS HALL. Yes; I think many of us agree with that.

MR. BUTLER. That is to me one of the worst things that could happen. I would personally, and I have so testified on other occasions, rather assign a person a job of digging a hole in the morning and filling it up in the afternoon, and he would be far better off as a citizen when he got a job.

I knew of a good many families—the figure sticks in my mind. I will not say it is accurate as I had not thought of using it. But approximately 8,000 families were on relief—and mind you, we had 226,000 families on relief and 246,000 people employed on WPA projects at the peak in New York City—8,000 families in which no one had ever worked. That is a terrible situation. It is violative of all of the principles of the American system.

And the one thing, if I could say, in the development of an improvement of the life of these people is whatever money is to be spent should be spent to make them self-sufficient insofar as it is humanly possible.

All of your relief, unless it be toward training, is simply keeping the people alive looking toward the time when they will no longer be a drain on society.

Now, as to what these people do to get themselves out of society.

You may remember that there has been from time to time a furore about the people who are sitting down in public housing who have large sums of money. We had a case of that. In fact, I was the one who got madder than anybody else.

I found out there was a family there that had \$10,000 in income. It happened very easily. Four children grew up in the housing project and got jobs. Their total income of five people working was \$10,000, but it had all happened after they got in. It was a large family.

Now the next thing would somebody please find an apartment for them outside. They would be perfectly willing to get out.

These people are anxious to get out, and if you give them the opportunity, they do not stay in this area.

But one thing I want to say to you, if you leave them in the bad housing conditions in which you find them, if you leave them in health conditions in which you find them, they will become discouraged. If they are there long enough, then you have them like that forever.

As to the thing you speak of in the question you ask of the social vertical mobility of them, there is an inherent desire of every one of them to get out. I have very few instances of people who really like to retire on relief. There always were some. There always were bums.

My experience goes back to the St. Vincent de Paul Society in 1912, and that society, as you may know, is of persons who for spiritual motives visit the poor in their homes. We know, as a group of people going into the homes, there are always some members of the family

who are lazy, constitutionally or otherwise. They do not like to work. They are by far the exception, and in all the cases I have seen both in public and in private relief, I am convinced of the fact there is no desire to stay there. But they may get there because of an industrial accident, they get there because of the death of the breadwinner.

Just take one situation. We had a family of eight children and the father died of tuberculosis at the age of 38. And, of course, we had trouble to take up a family of nine in New York City during a housing shortage. It could be done, and it required a great deal of flexibility and, at times, looking out the window when certain regulations came along of various governmental agencies. But with the willingness to get it done, it can be done.

There is a typical family which is dropped in the lap of the relief administration.

That tuberculosis itself is a condition toward which the Government must in its health services strive to eradicate, but that is only one of them. The men who die of heart condition, the breadwinners of the family who leave a family with no one to support it. Those are conditions that you cannot guard against and those people you have to take care of.

It is principally this as I see the situation in answer to your question, What can you do about it?

Those who cannot help themselves now, we have to take care of. Do they drag down our economy? They certainly do.

There is no difference in the situation if I have a poor family among my own close relations that I must take care of. It drags down my economy. It eliminates things I can buy and money I can spend.

And if you just multiply that to the number of persons who are saddled on a community; and when I say "saddled" I understand it is the privilege and duty of the community to take care of them.

There is another thing I want to stress before I close. I read in some discussions in some of your hearings here, and I do not say it was said by anybody here because by the time it is passed around and it gets to an article printed in the newspaper, the reporter may have misunderstood the person. We all have been misquoted.

It was an indication to me of a recommendation that private agencies should take care of this situation, private philanthropy.

There is no new money for private philanthropy. Whether we like it or not, the tax structure of this country has eliminated for all times in the foreseeable future the possibility of private philanthropy taking care of the conditions of which we are complaining today. They may contribute their resources in experience and intelligence, their training, their skills, but they cannot get the money up because there is no place to find it.

The days of commencement and creation of great foundations are gone, because, as a man put it to me—I was not sympathizing with him. He said that his grandfather could buy a yacht as big as an ocean liner and the way things were going his grandchildren could not even afford a rowboat.

That is the taxation of large fortunes out of existence which may or may not, depending upon your political and economic philosophy, be a good thing.

But the thing to remember is that it cannot be passed on to private charity because there is no money to do what is necessary.

The reeducation and retraining of the physically handicapped alone is an extremely costly venture. The vocational training in the high school level of students into skilled trades is something which very few communities can afford.

If you are going to train people to be aviation mechanics, they cannot work on model planes. And the money which is necessary to set up that type of a shop, or any other type of shop which is going to be worth while is very substantial. The president of the New York State Federation of Labor, who is an extremely intelligent, fair-minded, forward-looking individual, has said that a great deal of this vocational training they are supposed to get in high school is a pure waste of time because it is not geared to what is going to happen in after life. All it can do is give to a person a certain facility of motion with his hands and the understanding of a few things he may use on the job.

What I am referring to is on-the-job training. It is going to cost a lot of money but it is money well spent. But it must be spent by Government because there is no other way of doing it.

We may take a few children here and a few there in some private agency, and particularly the blind. There the private agencies in their sheltered workshops have done remarkable work. But they take care of only a few. They have a very limited capacity. And I do not see anywhere in the country the money coming to set up additional institutions of that kind unless that money comes from tax sources because taxes take the surplus which used to be contributed by many people.

To sum up my interest in that: The fact that the family should be rendered productive either by training in new skills of the individual now or in the future, by the education of these people who are coming up to take the place of the present wage earners, diverting them from an already overcrowded white-collar field, where they are destined to be in this group under \$2,000, or whatever the figure is, in the future which will correspond to that at the present time.

In closing I want to say one thing. I disagree with your comparison of an urban family with \$2,000 and a farm family with a thousand dollar cash income. They are not in the same category. I would like to take the place of the farmer with the thousand dollars rather than a man with \$2,000 in the city.

Senator SPARKMAN. Thank you very much.

Miss HALL. We have two more people.

Senator SPARKMAN. May I say, having grown up in the country, I think I would prefer the thousand dollars on the farm, too.

Miss HALL. Col. Chester Brown of the Salvation Army will take up the subject at this point.

Mr. BROWN. I am almost beginning to feel, perhaps, what I might have to say would put me in the same category with a certain well-known but rather unsuccessful candidate for the Presidency of the United States who also lives in the same section of the country I come from, because much of what I have to say does sound like "me too."

Senator SPARKMAN. We hear a lot of that today, do we not?

Mr. BROWN. Yes.

The Salvation Army is an organization which has a variety of services and institutions operating in some of the very specialized fields that have been represented here. Consequently most of what I might

have to say would be in the nature of a footnote from experience gathered in various parts of the country in general terms, bearing out many of the things that have been said by those who represent specialized agencies.

We have for instance from the day nurseries of the Salvation Army evidence that the economic need for additional employment is characterized in about 80 percent of the applications for day care of the children coming into the Salvation Army nurseries. That is to say, the families are not able to have one breadwinner with a sufficient amount of income to take care of the needs of the family.

Of course, in most instances the widows and others coming under the provisions of the aid to dependent children will not have recourse to day nurseries. Consequently we find in many instances it is supplementary income.

Again we find there are economic factors that come into the picture with regard to applications for day nurseries. They are such things as the fact that perhaps a mother becomes ill and the father must continue to work. They cannot afford to hire help to come into the home. They attempt to solve the problem by bringing the children to the day nursery and saying, "Can you look after our children while mother is ill in order that father may continue his employment?"

In our summer camps we find that there is a tremendous evidence in the applications for care in those institutions brought about by the economic deprivations—I want to use another term. Just the very business of being poor. It brings conditions that have deprived people of all ages of opportunity to healthful recreation.

Of course that is true pretty largely in the urban centers, the larger cities.

We find that there the people of all ages, not only the children—of course, they are the ones who particularly in the summer vacation period seem to need it most, but nevertheless we find there are elderly people with very little income, the bare subsistence level, who are confined to one small room where they have to live throughout the entire day.

In certain places there are community centers where some recreation is provided for them but they have no opportunity, except the very occasional excursion out from that, of getting adequate recreation.

If it is bad weather, they are confined to their room completely. So we find they are very eager applicants to some of our summer camp programs. In fact, the mothers with small children are a part of the same category. They want an opportunity to get away from the daily grind that seems to make it impossible for them to catch up with their responsibilities.

We find in our institutions for the unmarried mother that the pattern indicates some of these unmarried parenthood situations are due to economic factors which have delayed marriage.

A young couple is very much in love with all honorable intentions and the rest of those things which make for stability and family situations, and are unable to get married because of the inability of the two of them combined to see their way clear to the establishment of a home. If an undesired pregnancy occurs, there is no recourse for them except the kind of institution I am describing maintained by the Salvation Army and other organization.

The hope in almost all these instances is that they will not be saddled with the responsibility of the offspring of such union.

Considerable amount of skill is required to help them take that responsibility, and very frequently we find we can help in that direction, but it is not an easy thing.

We find, too, that overcrowding, the kind which Mr. Butler has so graphically described, and which is illustrated by the pictures which Mrs. Zimand circulated, contributes to promiscuity, and consequently we frequently find that those who apply to our institutions for the unmarried mother are in that situation because of the overcrowded conditions in the areas they are brought up or forced to live in.

We find aggravated health factors in this group, too. Our hospitals report the incidence of tuberculosis, venereal disease, and malnutrition, the kind of thing described in the families of migrants by Mrs. Zimand, is characteristic of the group in the low-income bracket.

We do not say they do not exist in other income groups; we do say that the incidence evidently, according to our experience, is higher in the low-income group.

In our men's shelter we find evidence of physical and mental deterioration, a considerable amount of chronic disease. These are physical conditions that might have been corrected. They are such situations as hernia, cardiac conditions, digestive disturbances, and the like, which might have been treated had the people had the time.

Reference has been made here of the difficulty of getting to the clinic because of loss of time from work, so we find that many of the men who come to us in the shelters are victims of this type of chronic disease.

Now, that brings in the question of alcoholic addiction. I do not know what one could say with reference to that. A great many of these people are habitual users of alcohol. Whether they are compulsive drinkers in the sense that they simply could not stop, I am not prepared to say.

We do know a good many of them do stop if they are given half a chance, but we do find that many of them are regular users of alcohol. It is pretty hard to say which is cause and which is effect. It is a kind of vicious circle.

These people get into difficulties and are under tremendous emotional pressure.

I noticed in the morning paper there is the question asked by the inquiring reporter, Is it a good thing for a fellow to go on a binge once in a while?

Some of them said "Yes." They thought it was the only way out; that the regularity and monotony of existence and the difficulty of insoluble problems they are probably facing drives them to drink. All right, go on a binge and have a good time and forget it. But the difficulty is, and one person in that column testified, when you get over it you feel worse. And consequently that recourse, while it seems compulsive in some of those instances, is not necessarily the only way out and not necessarily the desirable way out. But it does lead to their becoming poorer and consequently being driven to more use of drink. Therefore, we find very frequently it simply goes around in a circle, a vicious circle that seems to have neither outlet nor solution.

Our family service and relief units: While we have not reached that stage in many of our centers where we are getting away from the

fact we are compelled to supplement the inadequacy of income whether it comes from employment or whether it comes from the low standards of the relief authorities, the fact remains that we do find a good many of our families are having difficulties due to the fact they cannot just make enough money to take care of themselves.

I can add a footnote to what Mr. Parker said, that those things do lead to health problems and problems of children's behavior. They lead to a vicious kind of begging, the exploitation of children. People, feeling if they bring their children to the attention of some philanthropist or somebody with charitable inclinations they get a better chance, teach children bad habits because of that.

It leads to considerable amount of family desertion. We have any number of families characterized by the fact the breadwinner threw up his hands, quit the job, quit the State, went away. Sometimes they turn up in some of our institutions, but in many instances they simply wander from place to place. The family is never able to get on its feet because of the difficulty of applying for some of these categorical assistances when there is a possibility of a breadwinner in the offing.

The laws now make it practically impossible to return a deserter husband if he leaves the State and gets out of the jurisdiction of the court where the family happen to be residents. Those difficulties are well known.

Of course, there are other complications. I would like to tell about them but I am afraid time does not permit. And that is the situation of people who are driven by their poverty to desert their family.

I would like to say something about this matter of crime and low income. The Salvation Army now operates prison-aid work in practically every State in the Union, and finds that possibly the largest population in our prisons is not from what might be considered the low-income class. Many of the things, however, which low-income families face are frequently associated with crime.

Well, I am not altogether prepared to say that family solidarity is dependent on having a high income. Sometimes we find that some of the things which bring families together is a need for mutual dependence, their common need to have a center around which they can find some of the strength, the family resources for entertainment within themselves being brought out in families that have had more and have come into a lower income group.

And we find sometimes that even poverty itself has helped as a deterrent to some of the carelessness in young people that, where they are adequately supplied, might have led them into indulgences that result in criminal careers.

That is another alley that I could follow through a long way but time does not permit it.

To this matter of vertical mobility which has been referred to, we find that the majority of the families with which the Salvation Army has to deal, because those are in the chronic group usually, are supplied by some form of public assistance. The majority of those with whom we have to deal are in a marginal group, sometimes above and sometimes below this standard of adequacy which the committee has set forth.

We find that frequently the precipitating causes are not only the seasonal employment, the irregular employment, but also the fact that eventually the breadwinner is subject to accident, illness, or dis-

ease, which is only partly covered by the insurances that are now provided. That sometimes brings them down into the lower income group.

Again we find that they get back up into the upper income group when opportunities for better employment or retraining has helped them to get on.

As to the occupations which most of them follow, naturally one would expect unskilled labor either in factories or outdoors. They are porters, they are janitors, they are waiters and waitresses. We have had reported that some of them are doing small jobs like shoe repair work, never getting enough to actually live on, but maintained in the low-income level.

Most of the children in these families do have opportunities for getting educated, but, as Mr. Butler has observed, some of them either cannot or will not follow through. Possibly the matter of better guidance in education would be constructive and helpful rather than thoughtless expansion of certain institutions of learning and might lead to a little better situation.

For the moment, I think that is about all I would like to tell the committee.

Senator SPARKMAN. Thank you.

Miss HALL. Mr. Kruse, who is executive director of the United Community Services of Washington, is speaking now.

Mr. KRUSE. I am speaking at this point as a representative of the Community Chests and Councils of America.

The organization I head here in Washington is one similar to about 250 or 300 other welfare councils in larger cities around the country which bring together representatives of both public and voluntary health, welfare, and recreation agencies, along with citizens of the community to study and plan for the meeting of health, welfare, and recreation problems.

I think in view of the wide range of illustrative material and the many points which have been covered by the previous speakers, I will confine my comment to reporting very specifically on a most significant research project which has been carried out in St. Paul during the past 2 years, and to a few general observations on the implications of the findings of this project as they bear on the questions before your committee.

The Community Research Associates with Bradley Buell as director conducted this research. This material, incidentally, has not been officially published, and I got his permission to present it here today. I have a tremendous amount of detail in a preliminary publication which he has authorized me to leave with the committee.

Senator SPARKMAN. We will be very glad to have it.

Mr. KRUSE. They carried out this study of the total community of St. Paul during 1 month. It was sort of a bird's-eye view during the month of November 1948, as if a man from Mars came down and took a look at this town—what was happening to the people of this community during this 1 month in terms of the various kinds of health, welfare, social adjustment, and recreation needs as revealed in the kinds of services the people in that community received from the total battery of health, welfare, and recreational services which were available in St. Paul during that month.

This study found that 40 percent of all the families—it was focused on individuals, but they added it all up in terms of family situations—in St. Paul in the 1 month of November 1948 received some form of service from one or more of the various public and voluntary health, welfare, and recreation agencies dealing with problems of ill health, with problems of social maladjustment—such as divorce, crime, and alcoholism, and so forth—and problems of dependency and needs for recreation.

I think that is a somewhat startling figure.

Focusing now particularly on the problem which this committee is interested in, they found that approximately 7 percent of all the families in St. Paul in this 1 month of November 1948 were dependent upon some form of financial assistance from either governmental or voluntary agencies.

There was a total of 6,640 families. I will not dwell too long on these figures. I am just going to mention the most important ones to bring out my points.

To me and to about 100 representatives of private and public welfare agencies who gathered in St. Paul last month to evaluate these data I think one of the most interesting facts was this: That approximately 78 percent of all of the dependent families had important other problems in the area of social adjustment and health, problems which were known to other agencies and had been diagnosed as being problems which were related to their problem of dependency, diagnosed either by a physician, psychiatrist, social worker, or others working with these families.

So there were a total of 5,114 families out of 6,640 who were dependent who had these very significant and already identified problems of personal adjustment, of ill health, of factors which limited their capacity to perform adequately in the community and earn a living.

Putting it another way: We might note that in this 1 month, whereas 6 percent of the population that was dependent represented 80 percent of the families with major personal problems, the other 94 percent of the population represented only 20 percent of the families with problems. In other words, of a total population of St. Paul in 1 month that had personal problems, problems of adjustment, problems of behavior, problems of getting along successfully in the community, 80 percent of that part of the population was made up of families who are dependent, whereas the other 20 percent grew out of the 94 percent of the population which was not dependent.

Senator SPARKMAN. That answers a question I was about to ask you before that—whether there was any relationship between these personal problems and the low-income status. I think you answered it.

Mr. KRUSE. Well, I am not sure I have.

Senator SPARKMAN. You certainly show that by far the greater number occurred among those who are tied to relief, did you not?

Mr. KRUSE. Yes.

Senator SPARKMAN. Who are receiving relief?

Mr. PARKER. Senator, I think for one thing, a much higher percentage of the problems of the dependent group are identified. The others are taken care of without being identified through public or private agencies. They are taken care of in some other way.

Mr. KRUSE. I wanted to comment on this business of cause and effect, the relationship of these personal problems to the presence of dependency. And I think there is a lot of confusion on this matter.

I think one of the problems is this: That what is a cause in one family is an effect in another. And short of almost a clinical approach to the individual family and total family situation, which begins to unravel the knot of the problem at the point where the family is best able to unravel them, it is pretty difficult to generalize about cause and effect.

And my own personal feeling is this: That much of what we call cause and effect is purely the coincidental relationship of problems which grow out of a more fundamental cause. It is as if because of an infection in our blood stream we got a rash and a fever and one or two other external symptoms, because we can see those we superficially conclude the fever causes the rash or the rash causes the fever, or something like that. And if we treat it in those terms and do not seek to treat the basic infection, we are not really getting at the problem.

I think one of our difficulties here—and the meeting in St. Paul agreed—is that the amount of money being spent in Government and voluntary agencies in combined efforts to correct some of the situations that have been referred to around this table is just peanuts; that is, compared with the amount of money we are spending to provide financial assistance for low-income families. Adequate financial assistance surely is a stabilizing force. However, the development of an over-all approach to total problems of physical, mental, and emotional adjustment of individuals and the development of adequate rehabilitation machinery referred to by all these people is just in the earliest stages. We have not even touched on responsibility for the restoration and the expansion of these people to a place where they can take better advantage of whatever opportunities are available.

Senator SPARKMAN. Might I draw the inference from that that perhaps our help has not been directed to the best place? And other witnesses have, I think, made a similar suggestion. Someone pointed out a few days ago, for instance, that we were spending a billion and a half dollars for direct relief. He made the suggestion, whether correctly or not, that if that billion and a half dollars could be used in striking at the causes of some of these things, it would pay much greater dividends than in direct relief.

Of course, I realize you cannot go at it quite so simply, but I wonder if that does illustrate a point that we might give some thought to.

Mr. BUTLER. You have to keep them alive while you are operating.

Senator SPARKMAN. That is what I say. We are prone to oversimplify the solution of many of our worst problems, and I realize we cannot do it. But I am saying: Do we need to direct our thinking perhaps along that line?

Mr. KRUSE. I think that is the most important thing we can do, but I think we have done so little that the best experts in this country do not even know what can be done. In other words, there is not a single community in this country that has thrown the book at this problem from the point of view of saturating this group of families, for example, the 6,640 families, with all we know about the rehabilitation of people. We need a lot more research and we need to set up some programs in a few communities like the mental hygiene program

which the United States Public Health Service is getting up in the area of mental health. We need to set up some projects where we do everything we can with a group of families and see where we come out. Today I do not think we know to what extent this hard core group of families, if you want to call it that, families with intensive problems—to what extent they are soluble with present techniques and methods. I do not think anybody knows the answer. I think we will have to try to do something more about it in order to find out.

I have one or two other comments.

I cannot go on without commenting on Mr. Parker's statement that the low-income group is identified as having a lot more problems than the rest of the population. It is a matter of statistical counting, and a youth in the upper-income group in general, when he gets in a jam, is sent to a military school; and if in a low-income group, he gets into juvenile court and gets counted.

If a girl in a high-income group has an illegitimate pregnancy, it is taken care of without getting into the count; and if it is in the low-income group, it gets counted.

Even though we cannot be exactly sure to what extent it is true, I think there is a tremendous overemphasis on the extent as to which people in the low-income families have personal problems as contrasted with the rest of the population.

Senator SPARKMAN. Is not this true, though, that, even though what you say may be true, in the higher-income bracket where that problem is taken care of, it stops there; but in your low-income bracket where it is not taken care of, it has a tendency to multiply itself and to grow into many problems?

Mr. KRUSE. That is right, and I am not minimizing it in any way.

Miss HALL. The tendency to tuberculosis stops if you can get air and light.

Senator SPARKMAN. It stops for one person when arrested there.

Miss HALL. And they may go back to work if it is arrested.

Senator SPARKMAN. Down in the crowded tenement it is going to spread itself out.

Miss HALL. That is right. Almost everything we have discussed in the way of difficult problems is intensified if the income is below \$2,000, let us say.

Mr. KRUSE. I just want to again emphasize the fact that our attack on these problems which limit the capacity of people to produce in our society, at this point, is highly uncoordinated and highly undeveloped, from the point of view of sufficient funds. And I think it requires a tremendous amount of leadership. With regard to governmental expenditures, even though I at the moment represent the voluntary field, I agree entirely with Mr. Butler that the resources necessary for dealing with this problem go far beyond any of the present or even the probable future resources of voluntary agencies for tackling the job in the manner in which it should be tackled.

I have one other comment I wish to make. It has to do with the relative influence of lack of opportunities in our society as contrasted with the ability or desire of people to take advantage of that opportunity, which is another one of those chicken or the egg things which runs through this whole problem.

Based on the fact that we went from a period in a depression where 25 to 30 percent of the people in urban communities were dependent, to a point during the war when we had 2 to 3 percent of our total population getting some form of economic assistance, I think we have a very excellent analysis of the relative influence of these two factors. I think one might conclude that under a period of maximum employment with the pressure of war behind it, the 2 to 3 percent of the population still dependent represents in a large part that portion of the population which is in the low-income group or is dependent primarily because of factors which are present in the individuals involved in the particular family situation.

I think that is a very significant figure because I would conclude from it that the minute the dependency problem in this country grows beyond the 2 to 3 percent of the total population situation, it means that it increasingly represents a situation in which people who want to work and are able to work do not have employment opportunity in this country. I think it is a symptom, a good point to be aware of.

At the present time, with roughly 5 percent of the total population dependent on some form of governmental assistance, it suggests that once again the lack of available employment is becoming an increasingly important factor in this situation rather than the personal problems of people.

It also suggests that to spend a lot of money on the rehabilitation of the people who have intensive personal problems or problems of health and so forth, to the end that we improve their ability to earn for themselves, is not going to be so meaningful itself unless there is an employment opportunity in our society which enables those people, many of whom will be in the marginal group from the point of view of employment potentialities, to take advantage of their improved abilities.

I think in view of all the excellent testimony which has been presented before me here, and all of the illustrative material, I will stop here.

MISS HALL. If I may make one or two remarks, Senator Sparkman, I would like to say I am very glad indeed that Mr. Kruse brought out again the fact that when people had jobs they really took them. I think that is one of the most important things any of us could really know about the 10,000,000 families we are discussing.

I would like to emphasize again that of the 10,000,000 families about whom we are speaking, 5 percent or 500,000, would make up the hard core, so called, about whom we would have to throw special services, physical and psychiatric care, sheltered jobs, job education, etc., to make it possible to bring them into the wage-earning class, if age or other disability does not preclude this. However this is a small group comparatively speaking when you weigh it against our total population in this country. The bulk of the 10,000,000 people earning under 2,000 really need economic and educational chances. They would get better jobs if they could and many do improve their economic situation, and I think that is an important thing to remember.

In my neighborhood, for instance, at one time during the depression 50 percent of our club members at Henry Street were out of work. It was a devastating experience to watch. But when the war came along

those people got work and they got it fast. And we watched this thing happen all over the United States. The people, many of whom we had felt were unemployable—and Mr. Butler testified so well to that today—the people on relief, when there was work got it.

Basically we have to recognize that people do want to work but that they are often not in the place where they can find jobs that are suitable, they are not trained to get them nor is the employment service adequate and they are not always strong enough or trained to do the job that they can find. But that people want work is, I think, the thing with which we would like to end.

I am sure the rest of the group here feel that way. You get it out of what they have said. And the country has had a magnificent example of people who went to work during the war when there were jobs enough to go around.

You see when we have full employment there is a bigger, wider choice, and also we are not quite as fussy. We are willing to take people we would turn down when we have a wide choice. When there were jobs that people were allowed to do, they got out and did them.

I always remember—this is a tribute to the WPA with whom at Henry Street we had at least 50 working all the time over the depression period. We watched one person after another take up a job with us and get back employment skills. And I always remember a man who was a very fine metal worker. He was a very skilled man but he had had no job for 2 years, and he was a mental and physical wreck when he came to us. We could not put more than one child with him to teach because he was so nervous. So we started with one, then another one, and then three children, and finally he got so he could take care of a class. And he taught metal work to a very lively group of children for a number of years. And got to the point where he had his own shop with us and could manage adolescents. And they are hard to manage.

Finally, when the war came, his skills were needed and he went out into a factory making munitions, and was one of their valuable workers. At last his country needed him once more.

Thank you.

Mr. BROWN. I think that point of being needed is one of the things we need to emphasize. I was a little disturbed, or had a little question in my mind, about Mr. Butler's rather extreme—and I think he meant it as an extreme—illustration that in order to keep people occupied it would be just as well to have a fellow dig a hole in the morning and spend all afternoon filling it up.

Knowing the fact that we have tried that kind of made work and the effect it has on them—our acquaintance with prison industries, for instance, leads me to feel that busy work in itself is just as devastating to human character as would be complete idleness. But to devise something that could utilize the skills in such a way as to make these people feel they were actually needed and making a contribution would indeed be the helpful way.

I have not got the answer as to how that is going to come about, but it is one of the things that helps keep these folks going—the fact they feel useful to somebody.

With old folks I think it is going to be a big problem for us because many of them are being told when they get to the age of 45, "Well, you can't get a job any more."

There is that so-called unemployable group between 45 and 65, and they want something to do, not only because of income but because they want to be useful.

MISS HALL. I think that is a whole area we did not cover.

Senator SPARKMAN. I think it has been covered quite fully. Practically every witness that has been before us has dwelt on that problem and, of course, we recognize it as a real problem.

MISS HALL. I am sure you do.

Senator SPARKMAN. We are all pretty well in agreement that while it may not be a complete solution, yet a full-employment situation that would enable our people to be a part of the productive capacity of this country would go a long way toward solving many of our problems.

MISS GUTWILLIG. All but the last half million.

Senator SPARKMAN. I say it is not a complete answer.

MISS GUTWILLIG. I mean it is the best answer, and almost a whole answer. That is what I am trying to say.

Senator SPARKMAN. Yes.

MRS. ZIMAND. I would like to put in one word and for the agricultural workers, bringing them under minimum wage and social-security legislation that exists for other workers. It is not a case of unemployment with them but of substandard employment. They are not on a par with your industrial workers.

I would just like to be sure in the record we get the thought that legislation that has been adopted for the protection of other workers must be extended to the agricultural workers, including social security.

Mr. BUTLER. And your agricultural workers are going to become less needed in many areas.

I was saying about what happened to the potato pickers out there. The only part of the potato growing industry which is not completely mechanized is the picking. And there is a certain development of golden nematode which reduces the quality of potatoes grown in the area and resulted in an embargo of a certain group in Nassau County, Long Island, which is going to put all the potato pickers out of work.

They started this experiment to get rid of the conditions that caused this reduction in the crop and the embargo. But they have found they can eliminate the natural drying in the sun and the assorting which was the part that was required of the hands. And the chances are, it looks very promising, this experiment will put all the potato pickers out of work. That is something that your agricultural migrant workers must face. It is for some agency to divert them from an area where they are going to find themselves completely out of work.

Senator SPARKMAN. We have had that problem pretty well aired before us, too, and it is a real problem. Of course, somebody gives an easy answer that they just move off the farm and move to the city. Then it complicates your problem there. The world is still full of problems.

MISS HALL. That is right. We are here especially to tell of the consequences to people and not suggest cures at this point.

Senator SPARKMAN. If a good cure occurs to any of you, please let us have it. Because most people ask us when we say we are out to explore and get all the information we can, "What are you going to do with it?"

So we are looking for the cure as well as the facts. I do feel this presentation this morning has been most helpful. We are indebted to all of you for the part that you have taken in it.

Mr. JOHNSON. Before you close, Senator, will it be possible for your committee, if you have not had it planned already, to include someone from the Puerto Rican government, or associated with them, to discuss with the committee some of the problems of the Puerto Ricans in their area, their islands, so that can be related to some of the observations Mr. Butler made? I am not looking at it as a New York critic, but in considering the low-income problem we have been talking about, but Mr. Butler said of 24 people in four rooms being an improvement over what they did have there, certainly there must be a tremendous amount of observation that could be made there so that adjustments could be made throughout the whole picture.

Senator SPARKMAN. That is a very good suggestion. I do not believe we have anyone on the list, and I am not at all certain it will be possible now, because under the resolution we are required to complete this work by December 31.

I am glad you brought up the suggestion, and I certainly will ask the staff to get up all of the available materials that we can get regarding the Puerto Rican situation. It is entirely possible we can get a statement from someone, and other studies have been made, as you know.

Mr. JOHNSON. Yes, sir.

Senator SPARKMAN. It is entirely possible we shall be able to get some helpful information from other studies.

I think it is a very good suggestion, and I am sorry it was not proposed to us in time to have it included.

Miss HALL. Senator, we are hoping very much this kind of study will be continued.

Senator SPARKMAN. Under the resolution under which we are operating we are limited to December 31. Now I cannot speak for the whole committee of which Senator O'Mahoney is chairman. It would be entirely up to him and up to the committee itself as to whether or not a subcommittee of the whole committee might continue operating under the general law without reference to this special resolution. But we are required under this resolution to make our report by December 31.

That does not preclude the possibility of our continuing studies as a part of the full committee rather than as a separate and special subcommittee.

At this point I would like to place in the record a telegram to me from Dorothy C. Kahn, representing the American Association of Social Workers.

(The telegram is as follows:)

NEW YORK, N. Y., December 19, 1949.

Senator JOHN SPARKMAN,

Subcommittee on Low-Income Families,

Joint Committee on Economic Report,

Senate Office Building:

Regret impossible at last moment to testify today on behalf of the American Association of Social Workers. Please present this to the committee. Kruse, Hall, and Butler can support. Material sent you from studies by New York City Chapter of Economic Imbalance shows deteriorating effect of low income on

health and productivity. Association policy statement emphasizes need to strengthen insurance programs extending coverage to groups not now included. See testimony before House Ways and Means Committee. Also important that Employment Service be strengthened in order to make most effective connection between available jobs and labor supply. National program needed to do this. States and localities cannot do alone. Assistance needs reflect inadequacy of other security programs and until extension of insurance can reduce these, public assistance must also be fortified by improvements proposed by administration recommendation. Evidence in New York City supports above. General assistance in October 1949 shows 61 percent of cases added are related to income loss due to loss of employment, or exhaustion of savings and of unemployment insurance, or reduced earnings. General assistance cases constitute 43 percent of total assistance which in order cost \$13,000,000 or \$2,000,000 more than a year ago not including shelter care, school lunches, and milk. Shelter cases increased 59 percent in same period. Local authorities doing everything possible in form of employability clinics and rehabilitation, but these measures do not reach basic difficulty of low income. Case turn-over over years shows this to be general and not individual problem. Committee's own excellent studies demonstrate this. Will be glad to offer further information if committee holds further hearings. Urge these be scheduled in strategic local areas.

DOROTHY C. KAHN,

Representing the American Association of Social Workers.

Senator SPARKMAN. If there is nothing else, the committee will stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 1 p. m., the committee stood in recess until 10 a. m., Tuesday, December 20, 1949.)

(The following were submitted for the record:)

SUPPLEMENTAL STATEMENT ON MIGRANT FAMILIES AS AFFECTED BY LOW INCOMES

(By Margaret Creech, Director, Department of Information and Studies, National Travelers Aid Association, New York, N. Y.)

This statement is based upon the premise that freedom of movement is the right of the individual and that the primary cause of migration is the desire of the individual to better his condition. Furthermore, mobility of population is desirable in the development of the United States. This has been traditional in the settlement of the country through the pushing westward of the pioneer and still is valid in the dependence of much of the agricultural and industrial economy upon a mobile population.

The conditions as described in this statement are based upon monthly narrative reports and other data received in the office of the National Travelers Aid Association from Travelers Aid Societies located in 111 communities throughout the United States.

It is recognized that there are several factors which influence movement, and this statement is concerned primarily with the group whose movement is based upon a desire to become settled in a community of his choice and not upon the belief that, without adequate knowledge or consideration, "far-off hills are greener." It is recognized that personality difficulties, family relationships, health conditions, and other maladjustments cause migration; but discussion of movement caused by these factors is not appropriate in this statement.

However, there are certain handicaps and deterrents to this freedom of movement which interfere with the ability of the migrant to become established in the community of his choice, and which may push him from the inadequate-income group into that of dependency.

The following reports indicate something of the reasons for and the extent of the present movement:

ATLANTIC STATES

"Wilkes-Barre and environs has been listed by the Government as one of the 12 or 15 unemployment areas in the country. The usual seasonal migration to the South at this time of the year is on, but not more so than other years. All recent migrants were hitchhiking."—Wilkes-Barre, Pa., October 1949.

SOUTH

"Our largest group of persons served was the migrant, largely males and families. Several different reasons for moving were given by this group, such as employment problems and housing problems. The largest number, however, moved for reasons connected with employment. At the present time, we believe we may be correct in contributing this factor to the temporary conditions existing in the steel and mine industries."—Charleston, W. Va., October 1949.

"Employment here has been exceptionally good for the past 3 months. This is due to the fact that it is the busy tobacco season in and around our section of the country. * * * We have had fewer migrants during the past 4 months, but with the cold weather here we are beginning to get more calls."—Winston-Salem, N. C., October 1949.

"Our expenditures for relief have been running over our allotted budget throughout most of this year, largely because of the number of families we have had. It has meant expenditures for groceries and rent for a larger number of people than in the ordinary case. A number of these families were persons who have formerly lived in Louisville but who had lost residence here, or cases in which a Louisville woman had married a man in the service, whose residence was in another State."—Louisville, Ky., October 1949.

"We are realizing that where we were getting men, we are now getting whole families. The unemployment situation is very bad here. The State employment office is hardly able to provide even the most unskilled jobs for people who are trained in some capacity. Employment for transients is practically impossible."—Greenville, S. C., November 1949.

"Most of the applications came from hitchhikers who were going south for the winter, the increase probably was due to the colder weather which usually results in a migration to a warmer climate, by persons who are in search of seasonal employment."—Clarksville, Tenn., October 1949.

"There is always an increase in migration south at this season of the year. This October shows an increase over previous years. The majority are unattached men, but there are many familie groups on the move at this time."—Savannah, Ga., October 1949.

"The largest group served in the cases in November was that of the migrant. These represented 55 percent of the closed cases."—Miami, Fla., November 1949.

MIDWEST

"Almost twice as many job seekers are coming to Travelers Aid Society this year as compared with last year, which is consistent with the nation-wide situation and statistics on unemployed."—Chicago, Ill., December 1949.

"One of the major increases in our service is in number of migrants which have doubled over 1947 and 1948."—Cincinnati, Ohio, October 1949.

"During the recent strikes we had a few steel workers and miners who were hoping to pick up a few weeks' work pending the settlement."—Dayton, Ohio, October 1949.

"Experienced worker lay-offs ample. Over one-fifth of 8,275 men seeking work are skilled and about one-quarter have training for semiskilled jobs. Nearly 5 percent are qualified for professional and managerial occupations. Approximately one-third of men have been employed in rubber plants. Also available are many truck drivers and construction and metal workers. About three out of every four men are below 45 years of age."—Akron, Ohio, November 1949.

SOUTHWEST

"More families are now traveling through seeking employment than we have experienced in the past 4 years in San Antonio. This will influence the number of cases accepted on a limited budget, as it costs more to maintain families than single persons. We believe we are going to be confronted with a problem of a grossly inadequate relief budget if the trend which we have experienced in the past 3 months continues."—San Antonio, Tex., June 1949.

"It is interesting that most of our cases (immigrants) represented families."—San Antonio, Tex., September 1949.

"During the past few months we have noticed an increase in the number of families or groups traveling in cars. The size of the families varies from three to eight members. Always they are stranded without funds for gas and oil,

needing food and shelter, frequently the car is in need of repair, and seldom are there any resources."—Tulsa, Okla., November 1949.

MOUNTAIN STATES

"Another seasonal phenomenon was a slight increase in the number of migrant families and men moving on at the end of the farming season."—Denver, Colo., October 1949.

PACIFIC COAST

"There was a marked increase in migrant families. Our employment office reports a steadily increasing number of immigrants continue to enter the area. We would be likely to get the migrant families as there are more employment opportunities for unattached single men and other agency resources for them that do not exist for migrant families."—Sacramento, Calif., September 1949.

"Our clients, both men and women, find it almost impossible to find even a substandard job which will provide subsistence for them. The situation is being aggravated by steady lay-offs by the Terminal Island Naval Drydock which has normally 5,800 workers."—Long Beach, Calif., October 1949.

"The relationship of the needy migrant to the community is shown in three kinds of situations. In the first, he arrives in a community with a job or with good prospects of one, but because of illness or previous unemployment, does not have money for living expenses until pay day; in the second, he becomes stranded or ill enroute to a definitely planned destination; in the third, he arrives planless in a community after a period of somewhat aimless wandering. Whether the individual should be aided in making an adjustment where he finds himself in need; whether he should return to his former home, or whether he should be helped to establish a new place of residence are the basic questions involved. Unfortunately, at the present time, the solution cannot be based on so logical a conclusion."¹

This statement does not refer primarily to the migratory laborer, whose skills are those of the seasonal worker in agriculture, lumber, or certain industries, and who must therefore follow these jobs as they occur in appropriate seasons or sections of the country. Although the National Travelers Aid Association has evidence of the problems of this group, it is being discussed by another member of this panel from wider aspects. However, mention should be included here that some of the migratory laborers, because of inadequate income, are unable to provide for their needs. This is often due to inadequate direction as to location and the number of jobs available, arrival in a community before the season for harvest is ready or the plant has opened, work stoppages because of weather conditions or illness, so that the worker's income is inadequate to meet his living expenses. The worker must find other work or move on, as he may be ineligible for assistance through community resources. The following quotations illustrate some of the problems of this group.

NEW ENGLAND

"Whereas we annually see any number of migratory laborers traveling through to Aroostook County for potato picking in September and help a few who fall by the wayside for various reasons, this year an unusual situation caused a real emergency for us in Bangor as well as for many towns farther north. Several weeks of rainy weather delayed this year's harvest until towns were flooded with penniless would-be pickers who filled every available public hall, police station, etc., and were fed by canteens. The USES offices all over New England had advertised widely for thousands of pickers, and the unemployed had flocked to the scene, mostly hitchhiking or traveling in groups in old trucks or cars. The result was that conditions got so bad in Aroostook, that scores of these people—men and women, Negro and white, were finally detained in Bangor by the USES where they had to report for work cards of referrals to potato farms. They were stranded here for some time or else tried to make their way back home. When the season began late in September we still got a reaction because many of those who had waited for the picking got discouraged finding that their pay was being used up for back board, and seeing no profits from their labors gave it up and started back over the road. The season will be over in another week, but the problems are still coming."—Bangor, Maine, September 1949.

¹ Margaret Creech, *America's Moving Population*, Woman's Press, June 1947.

"It seems that the employment situation improved for 2 or 3 weeks during the potato-picking season, but since that closed we have again been getting many migratory workers. Some of them owed so much for room and board during a long rainy waiting spell until picking could start they just about broke even. Others came and stayed around here for a couple of weeks looking for another job without prospects until their funds were exhausted, and then wanted help in getting somewhere else to job-hunt. Some migrant families and individuals came in after the season had ended saying that they had been told in other States that they had better come to Maine and get farm work."—Bangor, Maine, October 1949.

"Though each season we have been aware of the numbers en route to the tobacco fields, this year there was only one group and the members of this were returning because the tobacco farms, hurt by the long drought, were able to manage with the local labor available."—New Haven, Conn., September 1949.

SOUTH

"We are having a number of migratory workers, who unfortunately, after following the crops seem to lack funds to reach the next place."—Greenville, S. C., October 1949.

MIDWEST

"Assisted migratory workers. They had been working in the potato fields and were not able to work on account of the snow."—Pocatello, Idaho, October 1949.

PACIFIC COAST

"The employment situation is anything but encouraging. The agricultural seasonal work is at an end for this year and also most of the work in the logging camps. Of course, Portland is not an industrial center, although there are some new industries coming into the area. In fact, nine new ones were announced for early operation, during the month of October. These industries will produce a variety of products ranging from automobiles to wooden toys. However, these industries will not mean very large pay rolls."—Portland, Oreg., October 1949.

To look at the community in which the migrant family wishes to establish itself, the handicaps to achieving this may arise due to discrimination by employers who wish to employ only those who have "good local references" or a local settled address. Furthermore, housing shortages force substandard lodging and, as furnished lodgings are scarce, recourse to rooms with no cooking facilities mean an expensive way of living and a need for relief to supplement an inadequate income. Illness may occur which uses up any resources which may have accumulated. Broken families may also be the result, as the wife and children, or the children alone, move on to live with relatives until the income is such that family life can be reestablished. Also the man may move on to seek better-paid employment or living conditions. While this is not a discussion of the unattached man, evidence of this is also found in the number of transient men, who are not accompanied by their families, who need help during a period of adjustment. This may, and does, lead to a permanent rift in the family life. The difficulty of a skilled worker in finding ready employment in his trade and the substitution of a job in unskilled labor interferes with the development of skills until in the end he may move out of the skilled-labor group and be dependent upon whatever short-time jobs are available. That children's health, schooling, and morals are affected will be obvious. The following excerpts illustrate these problems:

NEW ENGLAND

"Unemployment has caused many families to disperse and we have been asked to make plans for children to be sent to live with relatives in other places."—Bangor, Maine, November 1949.

SOUTH

"With limited employment possibilities in Raleigh, it is not easy, nor in many cases advisable for a nonresident family to attempt to become established locally. However, Travelers Aid works closely with the employment office in situations where such planning is indicated. Inadequate housing facilities for low-income families present a further problem for families considering establishment locally."—Raleigh, N. C., October 1949.

"The labor market in Tennessee reports 63,700 unemployed in the State. When Travelers Aid workers call the local State employment service they are told

that their office has not one job listed. The private employment offices say 'There are no jobs for residents, much less for transients.'—Nashville, Tenn., September 1949.

"The months of October–November showed some increase in the number of jobs available for laborers, in all categories, and for most of the semiskilled trades. Because of the large number of resident persons currently unemployed, however, newcomers to the community are finding it increasingly difficult to secure jobs. The local employment office has advised us that they are not attempting to place 'transients' unless they have very special work qualifications, since it is felt by many local employers that such persons are generally interested in working for only a short time. * * * It was further pointed out that the employment office was required to give local persons first preference for any job listings, and that this situation would probably continue as at present until the general employment situation was considerably improved."—Nashville, Tenn., November 1949.

"I find it difficult to assist men in securing employment or establishing themselves here. The employment office frankly states that there are many residents, of the unskilled group, unemployed and they do not wish to encourage transient employment."—Shreveport, La., September 1949.

"The reasons given by the clients for coming to Shreveport has been because of the railroads 'laying off' and shortening their working week; the strikes in factories, and the information which they had been given that employment remains good in Shreveport. It is true that there is a great deal of building going on here and the fact that several of the contracts which have been given will not be completed for another 2 or 3 years does make it appear that employment is high here. Very few of the ones coming here seeking employment have been able to secure it, however, as this employment has been given to the State residents and to the residents who were without employment. The State employment agency here does not encourage, and makes very few referrals, to the out-of-State man seeking employment."—Shreveport, La., October 1949.

"The employment situation here is very bad and it is almost impossible to secure a job. There is a continued emphasis upon employing 'residents.' And yet, many persons are coming to look for work. Many of these individuals have enough strength to secure and hold a job under ordinary circumstances, but in this community at this time it is almost an impossibility. It is often extremely difficult for our clients to accept the reality of the employment situation. They are sure they can find 'something.' In most situations we feel we cannot plan with the person who has no resources except his hopes of getting a job in Miami since we know the unreality of his plan. It is a discouraging and frustrating situation, particularly in those cases where there is nothing in his own community either."—Miami, Fla., October 1949.

"The employment situation in Mobile is critical. As in most cities, we are being hit by strikes which have many residents idle. Many persons return here seeking employment having been here during the war when employment possibilities were good, because of war industry and a large shipbuilding program."—Mobile, Ala., October 1949.

MIDWEST

"The employment situation in Dayton for nonresidents or transients is not good. The industries are not hiring and the Ohio State Employment Service gives preference to those with a local address even for 'spot jobs.' * * * Nonresident union members, in good standing, are unable to secure anything through the hiring hall, as residents, of course, are given preference. Most of the men who come to us, and who are able to work, state that they are here seeking employment. * * * We also want to bring up again the matter of emergency shelter and food for families. The public agency provides nothing. The number needing this service is small, but the lack of a resource can be acute and expensive when a hotel is all we can use."—Dayton, Ohio, October 1949.

"There was no decided increase in unemployment in this community during October, although it is still difficult for persons without local references to secure work."—Indianapolis, Ind., October 1949.

"Relief costs for the year will be above the budgeted amount. However, the community fund raised only the same amount as last year, so it does not appear that it will be possible to secure an increased appropriation for relief in 1950. The increased amount for relief in November may be explained in part by the number of families who did not fit into existing shelter resources for whom

maintenance was provided. * * * The opportunities for newcomers to secure employment so that they may establish here are very limited, and there is little help we can give them in this area except to refer them to existing resources such as the State employment service. The employment service reports, however, that most of the calls they receive from employers request only applicants with good local references. * * * Because we do not have sufficient funds for hotel accommodations in all situations where these are needed, it is often necessary to separate families so that they may make use of available resources for shelter. Most of the other agencies likewise face financial limitations in meeting the needs of these groups."—Indianapolis, Ind., November 1949.

SOUTHWEST

"The community chest took recognition of this situation by authorizing our agency to bill them for unexpected and unusual lodging expenses, not covered by our budget, while they are working out something to take care of this problem. There have been several meetings held, but nothing concrete has yet been done. It seems to be a problem of funds mainly."—Tulsa, Okla., November 1949.

The run-away child should also be mentioned here, as the child who feels the pressure of his family's lack of income may leave home in an effort to be on his own. Inadequate temporary care in many communities for the nonresident child, who may be placed in jail until plans can be made for his return to his home, lead to undesirable environmental conditions and influences. The following report from Denver, Colo., illustrates such problems:

"During November, there was a noticeable increase in the number of adolescent boys 'stranded' in the community. All of the boys had left home to seek work with the knowledge, if not the approval, of their parents. Their economic and social backgrounds were on a marginal or only slightly higher level; family resources for assisting them were very limited. The boys we saw ranged in age from 15 to 17, with three 15, three 16, and two 17. Three were alone, the others in groups of two or three. The only jobs they had been able to find were dishwashing and pin-setting, and of short duration.

"All of the boys except two had been in several communities trying to find work before coming to us and had made a beginning of the transiency pattern observed in the older unattached men who form a large number of the applicants to the agency. There was evidence in two of the cases of undesirable associations with older men and we suspect this might be true for more, since the type of work they did find would make their associations questionable.

"Resources in Denver are very limited for boys of this age. * * * Return home seemed desirable from the standpoint of being the only source of supervision for them; however, it seemed possible that they might repeat the behavior again unless given guidance and supervision beyond that available in most of the small communities from which they came, in spite of their expressed desire to return home because of their frustrations in trying to find work and to manage on their own.

"Most difficult of all are the boys with no family ties—either because of the death of their parents or lack of interest and assumption of responsibility. An example is the 16-year-old who had left the home of an uncle 6 months ago; his mother was dead, his father's whereabouts unknown since he was an infant. He had made short visits to older brothers and sisters in the course of hitchhiking around the country all summer, but none felt able to assume responsibility for him now. The uncle refused to have him return because of friction when he had lived with him. No one had 'custody.' The community in Illinois where the mother had lived all her life refused to accept responsibility for him because he had 'lost legal residence.' His contact with us was painful in that every possibility explored for providing a home, which he had decided he now wanted, proved to be negative and he had to face rejection on the part of all his relatives. He finally took matters into his own hands, leaving for Texas before any solution could be found in Denver.

"The above is an extreme example of the lack of resources, but similar circumstances are true for a number of these boys. In others there are relatives to whom they can go, but one often questions the stability and understanding they offer an adolescent who had sought 'greener pastures' at such an early age. Efforts made by a case-working agency to help these youngsters achieve independence and to assume responsibility for themselves are complicated by environmental difficulties. They are not desired as jobholders because of their age; they are often subjected to undesirable influences from older men who are already

set in a pattern of social or antisocial behavior at a time when they are susceptible to these influences. In general, our approach to this problem has been one of attempting to locate responsible relatives to whom they can return, and to enlist the interest of child-welfare agencies in the home communities. Where this fails, we have not been able to find a solution."—Denver, Colo., December 1949.

Since these families frequently travel by car or by hitchhiking, problems may occur en route from one place to another when funds on which to make the journey have been limited. Unwise planning as to whether such families should be returned to the community from which they came or helped to move on may lead to the establishment of a migratory pattern of life in a vicious circle. The family moves, in the first place, because of loss of work of the breadwinner caused by closing of plants, lay-off of workers, strikes, exhaustion of insurance or because he is in a category not covered, or it moves because of a desire to find better housing or living conditions, but failure to become established impels movement on from place to place.

Reference has been made in this statement to the inability of the migrant to get help in a community where his need arises. This is due to the provisions of the State laws which make residence for a specified time, or even unemployment, a basis for general assistance.² Much detailed evidence of the effects of settlement laws has been made available in the reports compiled by the Tolan committee. References are also made to these in the two committee reports of the subcommittee on low-income families.

However, it is well to point out here the significance of these provisions in relation to migrant families. The variations in laws between States also add to the complication, since the period of time to gain residence for eligibility for relief varies from 6 months to 5 years, and the length of time of absence from a State to lose residence also varies and may or may not be defined in the statute, thus leaving the determination to the administrator of the law, who in some States may use the indefinite basis of "intent" to settle elsewhere as the determining factor. Furthermore, attorney general rulings, court decisions, and administrative rulings and policies within the State make interpretation of the statutes indefinite. The fact that there are variations, not only on the State level but in the local county, township, or city jurisdiction, add to the complexities. The deterrent principles of these laws interfering with the right of a person to establish residence are also reflected in a community attitude of hostility which is manifested in the action of both citizens and public officials to "move the family on." Thus, the family with inadequate income who has come into a new community with a desire to establish a home, but because of illness, inability to find work before resources are exhausted, or because of low income during the period of adjustment needs help is unable to obtain the necessary help when and where needed. The only alternative may be the return to a State of legal residence, if residence has not been lost because of absence. This means return to the condition which has been left behind as undesirable or, if the State of legal residence refuses to accept or to pay transportation for return when it is really desirable, other plans must be made. Such a geographical basis for help does not take into account the social needs of a family, nor the initiative which has impelled it to seek a better way of life. The humane philosophy would be based on deciding with the family the best place for it to live in which there is an opportunity for it to become established as self-supporting.³

The only resource available to these families is voluntary agency relief, but budgets are too low to meet the needs. These are, furthermore, frequently exhausted where it has been judged wise to return a family to its legal residence by the delay in obtaining authorization for the family's return or in paying transportation where it is not available through public resources.

One particular group affected by the residence laws is the family of the mentally disturbed and even the diagnosed mentally ill who have been in hospitals, but who are out on parole or who have been discharged. There are records of such families moving from place to place, in some instances hitchhiking, with no money to pay for psychiatric diagnoses or treatment and ineligible for public resources, except the jail as detention where the patient has become a danger or a "public menace." While some States make provision through reciprocal agreements for return to State of residence, it is often only after a warrant has been sworn out and a commitment made to the State institution. Both diagnostic facilities and

² A trend toward lower State residence requirements for three categories under the Social Security Act has been noticeable.

³ See Service to Migrants, A Statement of Principles and Procedures, published by the Social Case Work Council of the National Social Welfare Assembly, January 1948.

temporary provision for detention should be readily available to prevent further deterioration, breaks in family ties, and to protect both the patient and the public. The quotations below illustrate the inadequacies of resources for relief to the migrant group.

SOUTH

"A study was made of persons coming to Travelers Aid, January 1 to July 1, 1949, whose problem was primarily related to physical illness. This study was made because the city hospital (general) has decided not to give emergency or any type of care to nonresidents. Attempts will be made to secure emergency hospitalization for nonresidents at other hospitals."—Nashville, Tenn., September 1949.

"The local public agency began a new fiscal year on October 1, 1949. Since that time they have stated that their agency cannot help nonresidents."—Miami, Fla., October 1949.

"Short-term relief committee set up to study problem of homeless families and runaway children. Has held five meetings during which time it considered and temporarily solved problem posed by a destitute group of migratory Puerto Rican farm laborers. Committee finds that both private and public agencies cannot function efficiently nor give service to all those requesting help, because sufficient funds are not available to either the public or private agencies. When financial saturation point is reached, people are turned away. It further believes that the community as a whole is unaware of the need. Dade County no longer is a crossroads village but a full-grown metropolis."—Miami, Fla., November 1949.

MIDWEST

"Of paramount concern to us now are the families returned upon verification and authorization of Jackson County welfare. Upon their arrival they are declared ineligible for public assistance due to the fact there is an employable member of the family."—Kansas City, October 1949.

MOUNTAIN STATES

"Our legislature has passed a law which extended our residence requirement from 1 year to 2 years and eliminated aid to nonresidents from the public-welfare budget. This has caused a chaotic situation in Utah about which we can do nothing until the legislature meets again. Our welfare council is doing all it can to secure better treatment for all nonresidents."—Salt Lake City, Utah, October 1949.

SOUTHWEST

"Since January, the Houston Society has been experiencing an increase in intake, and shortly after the first of the year, we found it necessary to return to the Chest and Budget Committee, as we were overspending our relief budget. As you know, there is no public assistance available to transients in Houston, the Travelers Aid Society accepting full responsibility for casework service and financial assistance to all non-resident families, juveniles, and women."—Houston, Tex., October 1949.

"The local situation with regard to the care of tubercular patients is appalling. Much effort is exerted locally for the prevention of tuberculosis; but the treatment facilities are very inadequate and difficult to secure. We have attempted numerous times to get the county commissioners to assist us with the expense of temporary care for these tubercular patients (transients) but with no success. The best arrangement we have been able to make to date is to place the tubercular patient in a privately operated sanatorium where we can secure a reduced rate of \$3.50 per day for care while we are working out a plan."—Oklahoma City, Okla., September 1949.

PACIFIC COAST

"The nonresident whom Spokane County Welfare Department accepts for assistance are given cash for food only for a 2-week period, but an interval must elapse between the time of acceptance and 4 p. m. the next afternoon, at which time the check is issued. This means that other agencies are called upon to fill the gap for single men and Travelers Aid for families."—Spokane, Wash., October 1949.

"The State public welfare commission voted at its October meeting to give the county welfare commission authority to again grant relief to single employable men. Actually this has not meant that the group is receiving assistance because the welfare funds are still not adequate to meet obligations to families and chil-

dren and persons needing medical care and at the same time help the unemployed, able-bodied man, either resident or transient."—Portland, Oreg., October 1949.

That the problem of care of the migrant family with inadequate resources is recognized on a Nation-wide basis is evidenced by the number of local committees whose object is the provision of better care and the development of adequate resources to meet the needs of the migrant families. The following illustration is representative.

"The transient committee is very active. The committee is broken down into four subcommittees for a study of needs and available resources, as well as lacks in our program. These committees are making a study and will meet in February to make recommendations on their findings. Subcommittee 1 is studying subsidized temporary housing for families; subcommittee 2, resources for nonresident children; subcommittee 3, emergency resources for communicable diseases, complete invalids, and sick persons who are not ambulatory; subcommittee 4 is preparing a schedule for a study of agency medical problems of transients. The committees should arrive at some excellent conclusions after gathering complete facts in the existing situation. Certainly, we are not able to remedy all the defects and lacks, but we can come up with some very concrete recommendations on paper, which may eventually be worked out."—Houston, Tex., November 1949.

Since the social and industrial economy of the country demands and enforces such mobility on the part of many of its workers, the responsibility for assuring adequate income does not lie in any one place. It will take the coordinated effort of industry, governmental projects, agriculture, social resources, such as the insurances, and general assistance available when needed, to protect the migrant low-income group and to keep it from dependency or from unwise movement.

STATEMENT BY NATIONAL CONSUMERS LEAGUE, CLEVELAND, OHIO

The Subcommittee on Low-Income Families of the Joint Committee on the Economic Report is to be congratulated on the material assembled by its staff embodied in the report entitled "Low-Income Families and Economic Stability." This report is extremely significant because of the facts brought together on conditions in the United States which need the spotlight of public opinion. The continuing value of the report will depend on what can be done to improve the conditions described in the report.

We know that many recommendations for action are being presented to your committee. In this statement we will confine ourselves to one subject, namely, minimum-wage legislation. The National Consumers League introduced the idea of minimum-wage legislation to this country nearly 40 years ago when it promoted the first Minimum-Wage Act adopted in any State in Massachusetts in 1912. We have participated actively in the campaigns for minimum wage in various States and in the extended fights in the courts to establish constitutionality of this kind of law.

The recent amendment of the Fair Labor Standards Act to provide a 75-cent minimum is a forward step of great significance. However, it is important to recognize that in amending the law to make this improvement the Congress widened the coverage in only two particulars and increased the number of exemptions materially.

In order to bring the principle of minimum wage to bear effectively on the problem of low-income groups, attention needs to be given both to Federal and State action.

The Federal law should be materially expanded to cover workers now excluded, such as the workers in many canneries and food-processing establishments. Even though the law is expanded within the constitutional powers of Congress, there is a great area which can be covered only by State law. The committee report, (p. 30) shows that local service industries are among those in which the lowest wage workers are found. There are minimum-wage laws in 26 States, but only 4 of these cover men, and in many of them entirely obsolete orders still exist, as, for instance, the \$10.50 weekly wage under the Ohio law for chambermaids in hotels. Under many State laws, there are no wage orders for entire industries, such as retail trade. In the following States there are no minimum-wage laws at all: Alabama, Delaware, Florida, Georgia, Idaho, Indiana, Iowa, Maryland, Michigan, Mississippi, Missouri, Montana, Nebraska, New Mexico, North Carolina, South Carolina, Tennessee, Texas, Vermont, Virginia, West Virginia, and Wyoming.

We trust that the committee will include in its report recommendations for State action in addition to strengthening the Federal law.

LOW-INCOME FAMILIES

TUESDAY, DECEMBER 20, 1949

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON LOW-INCOME FAMILIES,
JOINT COMMITTEE ON THE ECONOMIC REPORT,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10 a. m. in room 318, Senate Office Building, Senator John Sparkman (chairman) presiding.

Present: Senator Sparkman.

Also present: Lawrence G. Henderson, administrative assistant to Senator Flanders; Samuel L. Brown, economist, Subcommittee on Low-Income Families; and Mrs. Elizabeth G. Magill, research assistant, Subcommittee on Low-Income Families.

Senator SPARKMAN. The subcommittee will come to order.

We have with us this morning Dr. Dorothy Boulding Ferebee, president of the National Council of Negro Women. Dr. Ferebee, we are glad to have you with us. We regret that the whole committee is not here; we had hoped to have a larger attendance of the members of the subcommittee.

Mr. Henderson is here, representing Senator Flanders. Senator Flanders was with us through the close of yesterday's hearing, but he had to go home last night. However, the other members of the committee will, I am sure, read the printed proceedings, and whatever you have to say to us, Dr. Ferebee, will be a part of the record and will, I am sure, be a very substantial contribution.

We are glad to have you with us. Please proceed in your own way.

STATEMENT OF DR. DOROTHY BOULDING FEREBEE, PRESIDENT OF THE NATIONAL COUNCIL OF NEGRO WOMEN

Dr. FEREBEE. Thank you, Mr. Chairman.

I am Dorothy Boulding Ferebee, of 1318 Vermont Avenue NW., Washington, D. C. As a physician I have practiced medicine in the District of Columbia during the past 22 years, and currently I serve as director of health for students in Howard University.

Under the sponsorship of the Alpha Kappa Alpha Sorority, of which I am a member and former national president, I directed and operated during 1935-41, a health clinic in Holmes and Bolivar Counties, in Mississippi, to serve the neglected low-income farm families among Negroes in that area.

Mr. Chairman, it is with this humble background of experience, and as president of the National Council of Negro Women, represent-

ing 25 affiliated national organizations and 91 metropolitan councils among Negro women, totaling over 800,00 members, that I welcome this opportunity extended by your gracious invitation to present to this Subcommittee on Low-Income Families, of the Joint Committee on the Economic Report, our views on the problem of low-income urban families in relation to economic stability.

We have reviewed this committee's report, published November 9, 1949, presenting factual and descriptive materials on the problem of low-income families and identifying basic questions on which more information will be required in the further consideration of this problem and its solution. All the relevant information and statistics known to us, including this committee's report, show that the problems and consequences experienced by low-income families in every sphere of American life hit with double impact upon nonwhites, of whom Negroes comprise more than 95 percent.

It is being increasingly recognized, therefore, that the decisive test of any program or measure designed to alleviate the basic problems and consequences facing low-income urban families turns on the degree to which the program or measure operates fully and effectively in reaching Negroes and in equalizing their opportunities throughout American life. The indispensable minimal in these regards would assure equal opportunities to Negroes and other racial minorities at least in these respects: training and developing to their fullest capacities; remunerative employment at their highest skills, with equal pay; decent housing and a good living environment; adequate diet and medical care for their families. The absence of equal opportunities to all low-income, urban families means not only the lack but the preclusion of the optimum allocation, development, and utilization of our human and material resources toward achieving maximum levels of employment, production, and stability of our national economy.

We believe there will be general agreement with our statement of the problem so far. It will be less easy, however, to gain general agreement and action upon sound and effective prescription for real solutions to the problem. Lack of accurate identification and genuine understanding of actual conditions which face low-income, urban families, particularly Negroes and other minorities, and their full implications for the life and destiny of America may give rise to disagreement in regard to remedial measures necessary or desirable.

While there is growing recognition of what it means to be a low-income, urban family in general, what it means to minority groups, such as Negroes, to be a low-income urban family has scarcely begun to be understood and appreciated generally. To Negroes and other minorities it means that, beyond all the lacks and deficiencies suffered by the masses of low-income urban families generally, they are plagued and circumscribed by added discriminations or restrictions upon their opportunities, incentives, and rewards in virtually every sphere of American life. The evidence is abundant that Negroes and other minorities, beyond others, experience added handicaps in their opportunities to share equitably in the basic necessities of life—particularly in education and training to develop their fullest capacities, their employment at their highest skills with equal pay, decent housing and a suitable living environment for their families, adequate medical care, and family diet.

As a practicing physician, it has been my lot to see at first-hand the deleterious effects of the artificial limitations imposed upon minority-group, low-income families, which become cumulative, in consequence, both to these families and to the community at large.

All the evidence shows that separate school and training for Negroes are practically never equal; hence, Negroes generally have less chance to develop their full capacities. Even in northern urban areas, where separate schools are not the rule, the traditional practice of enforced residential segregation confining Negroes to sharply constricted areas virtually confines them, likewise, to separate schools with the same results. With less chance through education and training to develop their full capacities, their situation at the start is bad enough. But, beyond that they are handicapped by traditional employment practices in arbitrarily excluding them entirely or limiting their job opportunities mainly to lower paid and unskilled categories, whatever their training or capacities. Even on many jobs they are often paid lower than others on same or similar jobs. The inevitable consequence, as all the facts show, is this: Low-income urban families among Negroes receive substantially smaller annual incomes than the average, hence they possess substantially less financial ability to pay for the basic necessities—adequate food, clothing, housing, recreation, medical care—essential to assure themselves a decent American standard of living.

But that is not all. Their opportunities for housing and for medical care are further restricted, quite beyond their limited ability to pay. Arbitrary racial restrictions prevent their access to the entire supplies of housing and medical care as are open to others; limit their bidding to inadequate segments of these supplies; and result in their being forced to pay more out of their already lower incomes, for the less adequate housing, and medical care open to them than others normally pay for better facilities.

At the same time, these end-results, lower standards of living, with only the least adequate family diets, housing, and medical care available to them, have a cumulative impact in reverse. They further impinge upon the opportunity of these families to develop their fullest capacities and skills, as well as upon their productive efficiency in performance of their jobs, with the cumulative train of dire consequences outlined above recurring again and again to further worsen their lot.

Thus, the cumulative impact of these deleterious forces and their dire consequences completes a vicious circle which tends to feed upon itself, to the direct detriment of the families involved, as well as to the entire community of which they are a part. The tendency becomes one of looking upon these people as a "drag" upon the community, rather than to see them as potential contributors to the community welfare, if provided the same unrestricted opportunity to develop and contribute as afforded others. This situation offers fertile ground for the rise and operation of devisive forces at the local level—creating personal disillusionment and frustrations, group suspicion, resentment, antagonism, racial tension areas, and even open conflict, to the demoralization of the entire community. These consequences intrude to take their toll in every sphere of community life—local, State, and national—including the economic, political, social, moral, and spiritual well-being.

Further, the existence of racial restrictions and discriminations affords a source of serious embarrassment to us in our competition for world leadership in the international sphere. It has furnished material for hostile propaganda and has generated, even among friendly nations, distrust of our sincerity and loss of prestige. The result is to undermine our foreign policy and render it less effective, and more difficult and costly. In fact, Secretary of State Acheson, while serving as Acting Secretary of State, addressed a letter to the Fair Employment Practice Committee on May 8, 1946, which states:

* * * The existence of discrimination against minority groups in this country has an adverse effect upon our relations with other countries. We are reminded over and over by some foreign newspapers and spokesmen that our treatment of various minorities leaves much to be desired. While sometimes these pronouncements are exaggerated and unjustified, they all too frequently point with accuracy to some form of discrimination because of race, creed, color, or national origin. Frequently we find it next to impossible to formulate a satisfactory answer to our critics in other countries; the gap between the things we stand for in principle and the facts of a particular situation may be too wide to be bridged.

I think it is quite obvious * * * that the existence of discriminations against minority groups in the United States is a handicap in our relations with other countries.

Clearly the fact that isolation and artificial restrictions at the neighborhood level are no less dangerous than at the international level is a lesson we must quickly learn, and take resolute steps to correct. Never was the old adage more true that "we must all hang together or hang separately."

In addition to all these consequences the serious spiritual and psychological impacts of being constantly faced daily with concepts and practices which regard them as inferior provide the most devastating frustrations of life among Negroes and other racial and religious minorities. It is bad enough for Negroes and other racial minorities to have to endure the restrictions and insults of individuals who look upon them as inferior. It is far worse to have to submit to a formalized or institutionalized enforcement of such concepts and practices, particularly when, as it too often happens, it carries actual or implied Government sanction—local, State, or Federal—and thus appears to have the seal of approval of the community at large. In these circumstances it does not help much if these people are good and honest, educated and intelligent, good workers, excellent citizens, and agreeable fellows. It is as though they were smitten with a hideous disease which marks them for taboo by their fellow citizens and for denial of the equal chance afforded others for the fullest development of their lives. So long as to any degree we continue to allow our minority group citizens to be shackled with the added incidences of racially restrictive practices, with resultant frustrations and inequalities in their opportunities, incentives, and rewards, how can they be expected to measure up to optimum standards and contributions to well-being throughout American life?

The way to break this vicious circle and reverse its dire consequences into a cumulative expansion of ever-enlarging opportunities and contributions to optimum developments and stability of our national economy and national well-being is simply to set these people free to compete fully and equally with others in the open and unrestricted markets throughout our free, private-enterprise system and democratic

processes. The exercise of arbitrary or artificial restrictions for or against any class of citizens in our free, private-enterprise system is repugnant to all its basic tenets, as well as to the democratic processes of a free society like ours. Indeed, the efficacy of a competitive, free, private-enterprise system in a free society such as ours turns on the absence of such arbitrary and artificial restrictions between individual buyers, on the one hand, and individual sellers, on the other. This is an incontrovertible fact, to be recognized on every front—in the competition for education and training, for jobs, housing, medical care, recreation, and so on.

President Truman, in addressing the annual convention of the National Association for the Advancement of Colored People, in the shadow of the Lincoln Memorial, in 1947, has pointed the way in these words:

Our case for democracy should be as strong as we can make it. It should rest on the practical evidence that we have been able to put our own house in order.

For these compelling reasons, we can no longer afford the luxury of a leisurely attack upon prejudice and discrimination. There is much that State and local governments can do in providing positive safeguards for civil rights. But we cannot, any longer, await the growth of a will to action in the slowest State or the most backward community.

Our National Government must show the way.

Just a little over a month ago the President reiterated his unqualified stand, in similar vein, before the annual convention of our organization on the evening of November 15.

Government—local, State, and Federal—represents the only instrument through which the people as a whole can nullify or curb the pernicious exercise of arbitrary controls and restrictions in a free society, to remove the Achilles heel of our competitive free private-enterprise system and our democratic processes. Only by so doing can Negro and other nonwhite, urban, low-income families be placed on the same footing with urban, low-income families generally, with equal opportunities for their fullest development and contribution in American life. In fact, most of the basic measures required to achieve this end have been repeatedly recommended by the President, and are before the Congress for further consideration.

To achieve this basic purpose of unshackling our minority groups and reversing this deteriorating spiral so as to change it into cumulative expansion of ever-enlarging opportunity and contribution, it is necessary, and we so recommend, that the Congress enact at the next session legislation adequate to realize the achievement of the following specific objectives:

First and foremost in basic importance is the enactment of adequate, fair-employment-practice legislation to eliminate all considerations of race, creed, color, or national origin, and to eliminate unfair discrimination in employment policies and practices, and to assure to all citizens the same treatment and rights in opportunities for employment, including appointment, promotion, demotion, dismissal, and benefits, throughout private establishments engaged in interstate commerce and throughout the Federal Government, including the armed service.

Mr. Chairman, at this point I should like to say that FEPC legislation in general is good because it lays down a set of rules that every-

one can follow. It allows even the most liberal man to do what he would like to do, but what he very often is prevented from doing because others are not doing it. In States that have had the FEPC since the directive was issued—States such as New York, for instance—employers are finding that in using all the labor that is available, they have found new sources of strength and have been adding generally to the total production gains that are possible for their businesses. I like to think of the FEPC as sort of a solvent for a very rigid ring that includes or encloses the employer and the white worker, but excludes the Negro worker, who would like to make his contribution. The FEPC in dissolving this ring, this rigid limitation, does three things: It liberates the employer, who is outside, and it makes him free to reach out and pull in a man who can make a contribution to his work. It liberates the Negro, who is outside, who would like to reach in and make his contribution to the total welfare. Also it liberates all workers who then are free to move back and forth, in and out of this ring, and to work in free competition, in an open market, with full chances for employment.

There is really in this country a tremendous reservoir of untapped labor resources—men with capacities and abilities and eagerness to do a job. They are eager to do a job, not only because they wish to earn money, but because they wish the personal satisfaction and thrill that come from making a contribution to the welfare of their fellow men and to their country.

Second, establishment of a permanent Commission on Civil Rights, a Joint Congressional Committee on Civil Rights, a Civil Rights Division in the Department of Justice, and legislation strengthening existing civil-rights statutes. I personally feel that the civil rights bill is one of the most important of all, because it cuts across every area of social welfare. It cuts across the area of health, the area of housing, the area of decent opportunities for jobs, decent training, and decent education.

Third, elimination of discrimination in interstate transportation facilities. Here again, I should like to say a word, Mr. Chairman. Those of you who have never felt the indignities and humiliation and embarrassment of being herded out of a long line of cars in a train and taken to the front of the train, and placed in a little boxcar compartment just behind an engine that is dirty and smelly and grimy and hot, where all the Negroes who were traveling on that train were forced to go, can never appreciate or understand what it means to be a Negro. If you have never found, while traveling on a bus in a southern area, that you have been asked or even commanded to take a back seat, or even to stand if there are not sufficient seats for the white passengers, or if you have never had the experience of being unable to obtain a meal at one of the wayside stations where the busses stop at mealtimes; or if you have not had the experience that, when there has been an accident, and the bus has been forced to remain overnight at some intermediate point, but you have not been able to obtain a room or a meal at a hotel, even though you have sufficient money in your pocket, you cannot understand what it means to be a Negro; and you can never appreciate the inhumanities of man to man unless you have experienced that treatment.

Fourth, provide Federal protection against lynching.

Fifth, assure more adequate protection of the right to vote, and provide home rule and suffrage in presidential elections for the residents of the District of Columbia.

Sixth, effect fair and prompt settlement of the evacuation claims of Japanese-Americans, and equalize the opportunities for residents of the United States to become naturalized citizens.

These are the minimum measures necessary to do no more than place minority-group, urban, low-income families on the same footing as urban, low-income families generally. These measures would do only that. They are designed only to lift from the shoulders of Negroes and other racial minorities the added weights imposed by discriminations and restrictions predicated on race, creed, color, or national origin. Beyond these are required additional measures designed to cope with the problem of urban, low-income families generally, for they, too, find themselves in a vicious circle which could undermine the Nation's well-being and security, as already pointed out in testimony before this committee, such as that by Acting Federal Security Administrator John L. Thurston, Secretary of Labor Tobin, Housing and Home Finance Administrator Foley, and Public Housing Commissioner Egan, among others.

Our analysis has, so far, dwelt mainly on the unique problem faced by Negroes and other minority groups, beyond the general problem of urban, low-income families, because it represents not only the problem of most extreme incidence but the one which is most neglected among all the problems faced by urban, low-income families. So we have tried, first, to center attention there, in an effort to induce action to pull them up to the average level of urban, low-income families, so that the measures adopted to solve the general problem will reach the majority-group segments as fully and equally as they reach the majority-group segments of our urban, low-income families.

As it may be safely assumed that most of the other testimony before this committee will concern itself mainly, if not exclusively, with the general problem, it has seemed to us desirable to do little more than summarize succinctly our recommendations in this connection. Here, too, most of the basic measures necessary have already been repeatedly recommended by the President, and are now before the Congress for consideration. Among these basic measures, we would strongly recommend that the Congress enact legislation to achieve the following specific objectives:

1. Round out a comprehensive program of Federal aids necessary to do an adequate job to achieve the national housing objective, established in the Housing Act of 1949, of "the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family," by providing the additional aids and measures necessary to fill the gaps and to equalize housing opportunities to the millions of middle-income families who are too poor to pay the cost of good, privately financed housing and too rich to enjoy the privileges of publicly financed housing. We are encouraged by the recognition of and concern already manifested by the Congress and the Federal agencies with the problem existing in the housing field, and our fervent hope is for even greater progress by them in the immediate future, in line with the declaration of policy just noted, especially as it relates to equalizing the opportunities for Negroes and other

minorities to acquire decent housing in a suitable living environment of their choice and within their means.

2. Expand our social-security program, both as to size of benefits and extent of coverage, to all families who need it, so as to provide protection against the economic hazards of unemployment, old age, sickness, disability, and substandard minimum wage.

3. Establish a system of prepaid medical insurance, adequate to enable every American to acquire good medical care, whatever his income, race, creed, color, or national origin.

Here, again, Mr. Chairman, I should like to say that our organization fully supports President Truman's national health measure, for the reason that we believe that any measure that is designed to help all the people should have support. As medical director of a health clinic among rural people, for about 7 years, I had an opportunity to see share-cropping people, both white and black, who were in dire need of medical help, whose malnutrition, whose lack of proper diet, whose large incidence of sickness, proved conclusively that those people need something that they do not have. If this national health program can bring medical care to people who need it most severely and if it can spread the cost of furnishing that help or providing that program and aid to all the people who need such assistance, then the program is most worthy of support. Most of the officers and members of the National Association are in support of this measure. I, as a member of the medical and hospital committee of the National Association, give it my unqualified support. Not all the physicians in organized medicine oppose the national health program.

4. Round out a comprehensive program of Federal aid to States, counties, and communities, to help improve and maintain an adequate standard of education, so as to equalize educational opportunities to all, for the fullest development of their individual capacities.

5. Legislation designed to relate, somehow, to the handling of the problem the disposal of surplus farm products resulting from our farm-subsidy programs, so as to channel their use to improving the diets of urban low-income families.

6. Inclusion of adequate legislative protections to minorities in every instances of legislation along the lines recommended above, so as to assure these groups full equality in the benefits and opportunities provided therein.

Again we wish to thank the chairman and the members of the committee for this opportunity to present our views, and for the attention and consideration shown, and to express the sincere hope that this committee and the Congress will find in our views some substance which will prove helpful in the taking of the necessary steps toward achieving a real solution of the fundamental problems under consideration.

We would end our remarks with this admonition: Always to be kept uppermost in mind as a fundamental guide is the all-important fact that the character of the home and living environment—including conditions, opportunities, and rewards for training, work, play, health, diet, and so forth—is a major factor in determining the character of family life, especially the conditions and incentives under which children grow up, develop, and assume the obligations of citizenship, and the general attitudes of people toward each other, their community, and their Government. Nothing, it seems to us, can be more important

to the optimum development and stability of our national economy, as well as to the destiny and well-being of our Nation.

Senator SPARKMAN. Thank you very much.

Mr. Henderson, do you have some questions to ask?

Mr. HENDERSON. Yes, if I may do so.

Senator SPARKMAN. Certainly.

Mr. HENDERSON. Dr. Ferebee, you have discussed the problem of providing adequate opportunity for housing, and of providing equality of treatment in that respect. I should like to obtain your opinion in regard to the adequacy of opportunity under the present housing program of the Federal Government. I think you have noted that, under the public housing constructed under the 1937 act, of the 181,000 units built so far, over one-third, I believe, have been built for Negro families. Don't you think that at this time the Public Housing Administration has adequately taken care of the Negro families, insofar as it has had opportunity to do so?

Dr. FEREBEE. I would not say so, because the need of many Negro families is so much greater that often it is impossible to state an exact proportion on the basis of statistics—for instance, to say one-third or one-fourth. Even when one-third or one-fourth of the housing units constructed are made available for Negroes, they will not have adequate housing facilities. You see, their level is so much lower. It is necessary to do so much more, in order to bring their level up to that of the average low-income person. The level of the low-income Negro is so much lower in respect to housing, education, health, and so forth, so it is difficult to state just what proportion would be adequate.

Mr. HENDERSON. A further question: You state that a system of prepaid insurance will be necessary to enable everyone to have adequate health service.

Dr. FEREBEE. Yes.

Mr. HENDERSON. Don't you think it would be a better idea, before we attempt to guarantee or promise people an adequate health service, to improve the hospital and medical facilities available in the South, so as to make it possible for us to deliver on those promises?

Dr. FEREBEE. No; I do not think you have to wait until you have better facilities. Of course, everyone knows there will be great limitations at the start. When a new system is first put into effect, there will be administrative difficulties and administrative limitations and personnel difficulties and facility difficulties. But to defer the program until you get all the necessary personnel and until you get all the necessary facilities, I think would be a mistake. I believe the program should be put into operation as soon as possible, and that we should pull along additional personnel and pull along additional facilities as we can.

Mr. HENDERSON. But you would recognize that even if the program were put into effect next year, in the southern areas, for instance, not everyone could receive adequate medical attention?

Dr. FEREBEE. Oh, of course not; it would be a considerable number of years—perhaps 3 or 4 or 5—before everyone in the United States would have the kind of medical care that he should have. But to say that we would not consider letting him have any of it until we get enough hospitals, I think, is an unfortunate argument.

Senator SPARKMAN. I was just wondering, Dr. Ferebee, when you were speaking of your experience with clinics in Mississippi and the

contact you had with share-cropper families, both white and colored, whether you believe that, under the President's medical program, those people would be adequately assured of proper medical treatment.

Dr. FEREBEE. Not overnight; they would not be adequately assured of proper medical treatment overnight. But they would be assured of much more medical care than they now have. In 1935, for instance, at the beginning of my first clinic, there were many share-cropper families who had never seen a doctor, who had never seen a nurse. There were many little babies who had never eaten an egg, who had never had a glass of milk or even an orange. If we had our medical-health program, most certainly, at least, a doctor would be available once, perhaps, in a long period, to contact those people, whereas in the period of which I have been speaking there was no doctor whatever available to them. Perhaps it would be a few years before enough doctors would be available to furnish medical service to all the people, so as to give them all the service they needed; but at least we would have something, as against the fact that now they have nothing.

Senator SPARKMAN. The complaint which comes to us—and no one would argue that it is not justified by the facts—is that there is a scarcity of doctors and nurses even for the existing facilities.

Dr. FEREBEE. Yes.

Senator SPARKMAN. You do think that it would take considerable time to get a sufficient number of doctors and nurses, do you?

Dr. FEREBEE. Yes, sir; it would take considerable time. But there would also be opportunities for better distribution of medical personnel. Young doctors would be encouraged to go into backward areas, because they would feel that there would be an assurance of their earning a livelihood for themselves and that there would be an opportunity for their families. No young doctor with his wife and children would want to go into a backward area if there were no opportunities there—

Senator SPARKMAN. I have often heard it said by medical men that the thing which keeps doctors out of backward areas and rural areas is not the lack of work or even the lack of income there, but is the lack of facilities with which they can practice.

Dr. FEREBEE. Yes; that is a real consideration—a lack of facilities. But if under the medical program there were an opportunity for a distribution of young doctors, to be rotated, so that they would have a chance to come back to a city which might be nearby—

Senator SPARKMAN. Do you mean to have a Government agency rotate them; or how would that be done?

Dr. FEREBEE. I would not presume, Senator, to say how it would be done.

Senator SPARKMAN. I am not asking this question in any sense as criticism, for I think the problem you have discussed is a very real one; namely, to get medical care and attention to the remote areas in our country. It is a real problem. I have discussed it with both young doctors and older doctors. The real problem is to get the doctors into those areas.

The answer has always come to me from doctors—and I take it that they know what they are talking about—that if the young doctor had a hospital nearby, or even a medical center or a clinic, adequate laboratory facilities, and nurses whom he could use when necessary—in other words, if he had the same medical facilities and resources,

available to him, that the doctor in the city has—he would not hesitate to settle in the rural area; but that until he does find himself in such a situation, he hesitates to go to such areas. I am asking these questions in the light of Mr. Henderson's question about the necessity of providing facilities, together with the necessity of stepping up a training program for doctors and nurses.

Dr. FEREBEE. I agree completely with that; but I think much of the hesitancy on the part of doctors and nurses would be removed under a system of distribution, even if there were no hospital in the immediate vicinity, if the doctor or the nurse had assurance that every year or two he or she might be released to go back to an urban center.

Senator SPARKMAN. That is what I want you to discuss, of course—in other words, how that would be done. How is such a doctor going to be released and replaced? In other words, will he remain a free agent, with the liberty which you would have people generally possess; or will he be required to go into an area and practice there for a certain period of time, and then be replaced?

Dr. FEREBEE. No; I do not think that would be the way to proceed.

Senator SPARKMAN. In other words, will he be able to decide for himself where he will go? Will he be told where to go, or will there be a combination of economic factors that will move him?

Dr. FEREBEE. No; I do not think he will be told where to go. I do not think organized medicine or even the public generally would like that. They like free choice. I think he should be encouraged to go to such areas because certain considerations would be set up or would be tempting to him and would invite him to go to such areas and would help him make the decision to go there. That is something the legislators should work out. Just what that consideration should be, I do not undertake to say. But if there were a system of encouragement, so that the young doctor could be assured that eventually there would be something in his vicinity, his neighborhood, or his State, to which he could turn, so as to be able to improve his skills, and to help him in his training and growth, I think he would be encouraged to go to such areas.

Senator SPARKMAN. Of course, we would then be required to build up the medical facilities.

Dr. FEREBEE. Yes; and also it would require greater help in medical schools, so that there would be more students. One of the problems of the moment is that there are not sufficient medical-school facilities available for all the young men and young women who wish to attend medical schools. Of course, that situation limits the program.

Mr. HENDERSON. As a doctor, would you say that it would be only fair to adjust any health program which is put into effect to the services available in the area? For instance, in New York, they probably could offer full facilities for the program.

Dr. FEREBEE. No; I would not say "full." I would say sufficient for the beginning of the program.

Mr. HENDERSON. For instance, would you say it would be fair and just to have a person in the city pay 3 percent of his income for medical service which would not be nearly as complete as the medical service received by a person in the city of New York who was paying 3 percent of his income?

Dr. FEREBEE. I think to be adequate it would have to be spread.

Mr. HENDERSON. It would be spread on the basis of ability to pay? But if you had a yardstick of 3 percent, let us say, then in the Southern States or even in the State of Vermont, let us say, where the people are not able to pay for this service, the result of such a yardstick based on a percentage would be to lower the service until the ability to pay was developed; is not that correct?

Dr. FEREBEE. Well, I have not gone into the matter on the basis of economics. I have gone into it primarily on the basis of the services that will be available and on the basis of the question of whether at this moment there are full facilities and services and full personnel. We work toward that as a goal.

Senator SPARKMAN. Dr. Ferebee, it is my understanding of the program you have endorsed that it would rely upon pay-roll deductions for its support. If that is true, how are the share croppers in Mississippi going to share in the program? Are you going to tax the workers throughout the country in order to support people who are not on a pay roll?

Dr. FEREBEE. That is really something that the Southern States will have to work out.

Senator SPARKMAN. Oh, but you are discussing Federal legislation then, are you not?

Dr. FEREBEE. Yes; Federal.

Senator SPARKMAN. I used that simply as an illustration; we could apply the same thing to New York City. I suppose there are many, many persons in New York City who are not on a pay roll. On the basis of pay-roll deductions, they would not be paying the tax. I simply do not know how they would contribute to such a program. I was wondering whether you, as a doctor, had thought that matter through. Are you going to make it applicable to everyone, regardless of whether they do or whether they do not contribute toward the support of the program?

Dr. FEREBEE. Yes, sir; it should be made available to everyone, regardless of his income. Everyone should be covered.

Senator SPARKMAN. Then you are going to tax the workers in order to support providing this service for everyone; is that correct?

Dr. FEREBEE. That is right.

Senator SPARKMAN. I wonder whether that would be constitutional.

Dr. FEREBEE. I do not know about that. I think you would be in a better position to tell about that.

Senator SPARKMAN. You are not a lawyer; are you?

Dr. FEREBEE. I am not. I would rather have you answer that question.

Senator SPARKMAN. I merely pose these questions in order to show that in reaching an ideal, it is often difficult to know just how to proceed, in view of the practical considerations involved.

Dr. FEREBEE. Just because there are practical considerations, we should not let them interfere with the ideal.

Senator SPARKMAN. But when we reach the point of enacting legislation, we find that the practical problems do interfere. We simply cannot wish something into being.

Dr. FEREBEE. I do not mean wishful thinking. I mean digging in and not allowing the practical problems or considerations to obliterate the ideal.

Senator SPARKMAN. I certainly agree with you that in all these matters we should dig in, to reach the facts, and we should do everything which practically can be done to solve these problems.

Dr. FEREBEE. Yes.

Senator SPARKMAN. Mr. Henderson asked you a question about the adequacy of the housing program insofar as the Negro minority groups are concerned. I do not think he meant by that its adequacy from a coverage standpoint; I think he referred to the fairness with which the program has been applied. He cited the fact that over one-third of the public housing units which have been built so far are for Negro housing occupancy. As a matter of fact, I am of the opinion that in many areas of the South you will find it running to 50 percent or more.

Dr. FEREBEE. I am quite sure that that should be so because the need of the Negroes is greater.

Senator SPARKMAN. I am quite sure the need is greater, but I am not sure that the need is so much greater as to require 50 percent, because there are slum areas for whites as well as for colored, both in the North and everywhere else.

Dr. FEREBEE. Yes.

Senator SPARKMAN. But I wonder whether you saw the little item in the newspapers the other day, to the effect that the Public Housing Administration had declined to go into a program at Charlotte, N. C., I believe it was, because the city of Charlotte had set up a program of 400 units for Negroes, and the Public Housing Administration said that they were neglecting the need of the whites and that they should set up part of those units for white occupancy, and that to devote all of them to Negroes would create an imbalance.

Dr. FEREBEE. I did not see the article; but it seems to be that housing should be set up for all people who have need of it. If there are people among the white population in slum areas, the slums should be cleared out—cleared out in the case of everyone. I do not think any very special treatment should be given for people who are on the same level with other people who perhaps would not receive such treatment; but very special treatment should be given to the people who are at the lowest level, at the depths. If there are both blacks and whites living in slums, they should be taken out of the slums. I did not see the article.

Senator SPARKMAN. Yes. I simply wished to make it clear in the record that in no sense were you suggesting that the administration of the public housing program had in any way been unfair.

Dr. FEREBEE. I did not see the article, and I am not suggesting that.

Senator SPARKMAN. As I understand, you have said that the proportion of one-third for Negroes probably was no more than it should have been; I understand that, in fact, you think the proportion might be even higher.

Dr. FEREBEE. Yes.

Senator SPARKMAN. The other day we had a witness from the Tuskegee Institute. He made a very fine presentation. It is true that most of his testimony was regarding the rural population, primarily the Negro population.

Dr. FEREBEE. Yes.

Senator SPARKMAN. I notice that most of your testimony has been in regard to the urban population. I do not point that out in any sense as a criticism, of course.

Dr. FEREBEE. I was requested to do so.

Senator SPARKMAN. Yes; just as he was requested to do the other.

Dr. FEREBEE. Yes.

Senator SPARKMAN. I am not saying that you should have discussed the other phase of the problem; but I point this out merely to show the contrast.

Dr. FEREBEE. Yes.

Senator SPARKMAN. In closing his presentation, he quoted from an article in the Atlantic Monthly, which in turn quoted the Tuskegee Institute. I do not know whether that is a case of using your own statements to prove a case or not. But I was impressed with the statement. First let me say that I think Tuskegee Institute is a very fine institution and has done a very splendid work. We in Alabama and those of us in the South generally—and I am sure this is true all over the country—are proud of the work that has been done there and are proud of the founder of the institute. He was a great Alabama citizen.

Dr. FEREBEE. Yes.

Senator SPARKMAN. And his work is being carried on very ably now under Dr. Patterson.

Dr. FEREBEE. Yes.

Senator SPARKMAN. I am always impressed with the work that comes from Tuskegee Institute and with the clarity and the fairness with which they try to view these various issues.

Dr. FEREBEE. Yes.

Senator SPARKMAN. I was impressed with the statement—I am not attempting to quote it exactly, but I shall endeavor to give you the substance of it—namely, that too often we seek to solve these problems by legalistic methods, rather than by striking at the root of the economic trouble. I am saying very frankly—not as criticism, of course, but just in discussing your presentation—that as I followed your presentation and read your four recommendations I could not help but recall that statement. I wonder if too often we try to solve our problems by legalistic methods, rather than by striking at the real root of the trouble, which to my mind is the economic maladjustment. You recognize, of course, that economic maladjustment; you do so in the presentation you have made to us. All of us see that you do. But, naturally, there are many of your recommendations with which I cannot agree. It is not my purpose to try to spell out my differences with them at this time. But I think perhaps you might know what some of my differences of opinion may be. I simply wish to post with approval the Tuskegee statement that too often we try to solve our troubles with legalistic solutions which will not reach the real root of the trouble, which is economic in its nature.

Dr. FEREBEE. Probably, Mr. Chairman, you are disagreeing with the recommendation in regard to the FEPC; is that the one?

Senator SPARKMAN. Yes, I do.

Dr. FEREBEE. I thought that was it.

Senator SPARKMAN. Yes, I do; for reasons which I shall not take time to point out here.

Dr. FEREBEE. May I just say a word on that point?

Senator SPARKMAN. Certainly.

Dr. FEREBEE. Many persons say that the legal approach is not as effective as, let us say, the educational approach would be; that we should do more educational work in helping people to understand that everyone should have an equal chance to earn a living and to make his contribution.

Senator SPARKMAN. Let me say right here that I would not stop with the educational program. I certainly would lay very great emphasis on it; but as has so many times been said before this committee during these hearings—and I think it might well be said now—the greatest solution today is full employment, where we do not get these problems of sharp competition among the people for jobs. I believe I could safely say that during the war, when there was full employment throughout the country, and when there was an FEPC in effect, in the parts of the country where the Negro population is most heavily concentrated, the FEPC did not operate very much. Most of the complaints were in other areas.

Dr. FEREBEE. May I ask, Senator, if there was full employment in the areas where FEPC was not operating?

Senator SPARKMAN. I think we had full employment pretty well everywhere, during the war; yes.

Dr. FEREBEE. May I ask if that war experience is continuing now in the postwar days?

Senator SPARKMAN. I certainly think it is to a very great extent. Naturally, where there is unemployment—it does not matter where it is—there is sharp competition for jobs, and that is where you run into trouble; is not that true?

Dr. FEREBEE. I think sharp competition is good, because—

Senator SPARKMAN. It is, provided there are enough jobs to go around. I do not mean by that, of course, that every person must be at work, but that there be reasonable opportunity for a person to get work.

Dr. FEREBEE. I think that is exactly what the FEPC is trying to do, namely, establish equal opportunities and chances for work.

Senator SPARKMAN. But it is trying to do it legalistically, whereas I think the thing we need to do is to gear our economy to a program that will insure, so far as we are capable of doing so, steady and full employment.

Dr. FEREBEE. I think it is gearing it legalistically, but I also think it is gearing it educationally, because there is no better opportunity for education than to get workers moving together and working together. One learns by contact to appreciate another's skills and abilities.

Senator SPARKMAN. Of course we shall not argue that point. Let me ask this now, and I do it for the purpose of trying to evoke thought, without intending to argue: You also recommend an anti-lynching law. What do you mean by "lynching"; what would be your definition of it?

Dr. FEREBEE. Well, the anti-lynching provision of course is that a free man will not be pulled from the hands of the law and inhumanely treated without being given an opportunity to have his case tried according to law or his charge presented before a court or according to law; that he will be given a fair trial before a jury; and that his punishment will be decided according to law.

Senator SPARKMAN. Would you restrict it to cases in which a man is pulled from the hands of the law?

Dr. FEREBEE. Antilynching legislation should be restricted to all cases where there is unlawful prosecution of an individual.

Senator SPARKMAN. But you would restrict it to cases where a man is pulled from the hands of the law, would you?

Dr. FEREBEE. Yes, because that is the most common effect.

Senator SPARKMAN. I doubt it. It is the method upon which the searchlight is thrown most commonly; but I doubt that it is the most common method. I imagine that the most common method of lynching is the killing of people by mobs, acting outside the law, in places such as New York and Chicago or where there are race riots, in places such as Harlem and Detroit and similar places. Yet do you realize that no proposed antilynching law, as advocated for enactment into legislation, would have handled those cases? If there is to be an antilynching law, it should be such as to allow Federal authorities to step in wherever law and order break down. Will you agree with me on that point?

Dr. FEREBEE. Will you repeat your question, please?

Senator SPARKMAN. I am saying that an antilynching law should be for the purpose of enabling the Federal Government to step in, in cases where law and order break down, in cases beyond the ability of the local law-enforcement agencies to handle cases which the local law-enforcement agencies find they are unable to handle.

Dr. FEREBEE. Yes, whenever the local agency is unable to handle these matters.

Senator SPARKMAN. Do you realize that probably there would be no difficulty in getting such a measure enacted into law?

Dr. FEREBEE. I realize that there would be considerable difficulty.

Senator SPARKMAN. No; there has never been such a law proposed by the proponents of so-called civil rights legislation. That is the trouble: The people of the country do not understand that. There is now on the Senate calendar a proposed antilynching law; but it is my understanding that the administration is not willing to go along with that proposed law at all, because, as I understand it, it seeks to do just that thing, that very thing.

Dr. FEREBEE. Of course the administration bill seeks to make it a Federal offense or felony to manhandle or prosecute outside the law a person for some crime with which he may be charged; the administration bill would make it a criminal offense if he is not properly tried. I think that is the purpose.

Senator SPARKMAN. Last year there were two supposed lynchings in the United States cited by Tuskegee Institute. One of those was in a case where a white man killed a white man. It involved the white man and four or five others, enough to bring it under the definition of "lynching."

The man killed was not accused of any crime at all. He was not in the hands of the law. The killer was tried, actually tried, by a jury, and sentenced to death. What more could have been done? Yet that was one of the lynchings that was reported last year.

The other one, I do not remember just what it was, but it was of a similar nature. Neither one of them would have been—neither one of the so-called lynchings last year would have been—subject to prose-

cution under the proposed antilynching law, the law that is proposed by the administration.

Now, did you know that?

Dr. FEREBEE. No, I did not.

Senator SPARKMAN. That is just the thing I am trying to get at, that it is so easy to say that we need an antilynching law—

Dr. FEREBEE. But I think it is because my definition—

Senator SPARKMAN (continuing). Without understanding—I am not criticizing you. I said in the beginning I was saying this for the purpose of evoking some thought, and I hope it does, because it is so easy to adopt a legalistic phrase, such as during the prohibition days they said, "We will pass this amendment to the Constitution, then we will pass the Volstead Act, and America will be dry. There will be no more drinking."

Now, it did not work quite that way, did it?

Dr. FEREBEE. No, it did not.

Senator SPARKMAN. They dropped the educational program and relied upon legalistic means. Where did we get?

Now, I think that is true with so much of the so-called civil-rights program which you have recommended this morning. So many people have adopted a lot of legalistic phrases that they are relying upon, they are saying, "If you enact these into law, all our troubles would be solved."

It is not going to work that way, human nature being such as it is.

Dr. FEREBEE. Well, Senator, it may not solve all of our problems, but most certainly it will go a long way toward eliminating many of the restrictions and many of the limitations that are now imposed upon minority people.

I suppose that the definitions that I have given in some instances have been too limited, but I think you know what I mean, and I think that many of us who are here will say certainly that legal enactments will accomplish much more than we now have because we have so few of the formulations that will overcome the disabilities, the socio-economic disabilities of Negro people and minority peoples.

Senator SPARKMAN. Well, of course, I suppose the great majority of the American people believed that prohibition was going to do a lot of good, but there are lots of people today who argue that instead of doing good it did harm during the time it was legally a part of our national life.

Enacting a law does not necessarily solve the problem, and in some instances it may actually do harm rather than good.

I just believe that we ought to give a whole lot of thinking to these things and not rely upon legalistic measures, certainly to the extent, as so well pointed out by Tuskegee Institute, relying heavily upon legalistic measures to the neglect of taking measures to strike at the real root of the trouble, which is economic maladjustment.

Dr. FEREBEE. I see no objection, Senator, to using every method, every vehicle, every channel that is possible, legalistic, educational, economic, political, anything that would accomplish the thing to make American life better for more people.

Senator SPARKMAN. We all want that.

Dr. FEREBEE. I do not see why we have to—

Senator SPARKMAN. We all want that regardless of our disagreement among the means—we certainly want the end, do we not?

Dr. FEREBEE. Yes, we do, and I think if we want all of that, we would be willing to use the legalistic along with all the rest of them if that helps to accomplish the goal.

Senator SPARKMAN. If we were convinced that it would help to accomplish the goal.

Dr. FEREBEE. I think it will.

Senator SPARKMAN. And I believe it will not. Nevertheless, we are glad to have had you with us.

Dr. FEREBEE. Thank you very much.

Senator SPARKMAN. Our next witness is Dr. Dorothy S. Brady of the University of Illinois.

May I say at this point that Dr. Lewis Meriam, of the Brookings Institute, was supposed to appear at this time, but he will be unable to appear before the subcommittee today due to illness.

Dr. Brady, at this time, will appear and Dr. Dewey Anderson of the Public Affairs Institute will appear at 2 o'clock this afternoon instead of 3:30, as originally scheduled.

Tomorrow Mr. H. H. Bookbinder will testify for the CIO at 2 o'clock instead of Mrs. Catherine P. Ellickson.

Mr. Bookbinder is the assistant director of the Amalgamated Clothing Workers of America.

Dr. Brady, we are glad to have you with us.

You have a prepared statement which we have before us?

STATEMENT OF DOROTHY S. BRADY, UNIVERSITY OF ILLINOIS

Mrs. BRADY. I have.

Senator SPARKMAN. Just proceed in your own way.

Mrs. BRADY. It seemed to me that it would probably be best if I read the statement. It is very short.

Senator SPARKMAN. That is all right.

Mrs. BRADY. If you wish to ask questions as I go along, you may, if the words I have chosen are rather ambiguous, and they may not quite say what I meant them to say.

I was asked to talk about minimum budgets, which are the standards that we use to define low income. It seemed to me that the literature on the minimum standards speaks for itself.

We know from the writings of the individuals who have developed these budgets how they were constructed, and how they were applied, and how they were misapplied.

The thought that the question of application was the most important came to my mind, hence I am addressing my remarks to the question of the application of the minimum standard to the problem of defining what are low-income families, and to the problem of determining, if possible, the causes for these low incomes.

Modern civilization has accepted without question the right of every member of society to live at some minimum standard through his own efforts; or, if he is unable to provide for his own living, through help from his family, private charity or public philanthropy. The elimination of substandard living conditions has been the essential purpose in social policy for many generations, and far-reaching programs to accomplish this end have been in operation for many years. Yet the magnitude of the problem of substandard incomes seems never to decrease and each generation must search for new ways to deal with

the issues raised by the large segment of the population living below the minimum considered necessary for decent, healthful living.

Social scientists have an obligation to resolve the paradox of an apparently invariable proportion of inadequate incomes throughout a long period which has seen spectacular gains in the general standard of living and imposing developments in social legislation. In 1890 Charles Booth, in his monumental "Life and Labour of the People" found 30 percent of the population of London living "below the line of poverty." During the depression decade a similar ratio was dramatized in the well-known expression, "one-third of the Nation." Recent statistics for American cities lead to the conclusion that approximately 30 percent of the population have incomes insufficient to maintain a decent level of living. The attempts of investigations for more than half a century have apparently led to about the same answer to the question, "What proportion of the population does not have a minimum standard of living?" Critics have charged that the apparent stability in the volume of inadequate incomes results from shifting standards that change with the level of the average wage or the average income and they point out that even the poorest families today have comforts, unknown two or three generations ago. A complete relativity in the reference standard implies that the reasoning behind investigations of the adequacy of incomes has always been completely circular and thus comparisons of the living standards achieved at different dates or in different places are simply meaningless or paradoxical. The inevitable conclusion from this argument is that inadequate incomes can never be eliminated in any final sense because we as human beings always tend to judge incomes below the average as inadequate. And if this conclusion is correct, low incomes become a matter not of the size of the income but of the prevailing attitude toward the distribution.

Family budgets or budgets for single individuals living independently, which determine the standard for measuring low incomes, have always been constructed with implicit recognition of the level of living that could be supported by the economy. To a certain extent the investigator's procedures for the identification of the goods and services necessary in a minimum standard have inevitably reflected the kind of living customary in the period described in his study. At the same time most investigators have consciously tried to avoid the circle that starts with some average income, lists the quantities of goods and services purchased with that income, multiplied these quantities by prevailing prices and arrives back at the average income. A strict correspondence between average incomes and the cost of the minimum standards as estimated in various studies probably cannot be demonstrated; yet the two are correlated. Hence these criticisms of appraisals of incomes based on the determination of a "minimum standard," or a "budget level," or a "poverty line," whatever it is called, requires a reexamination of the whole problem of measurement. The cost of a budget representing a minimum standard provides the means for defining a low income in quantitative terms so that the number of low-income families can be estimated and their social and economic characteristics analyzed to determine the causes of their unfavorable situation. Interpretations of the statistics on income and consumption and action based on such interpretations are alike dependent upon the kind of yardstick used for appraisal. To

evaluate the minimum budget or other standard in light of the criticisms cited above, it is necessary to explore into the setting of the problem and review the questions which the collections of statistics are intended to answer.

Behind the questions, such as these about low-income families, there is usually some kind of action contemplated. The foreseeable effect of such action should furnish the framework of the problem of measurement and statistics which in turn should provide the basis for the decisions to put some proposed action into effect. In this country the questions leading to the formulation of minimum family budgets have almost always been phrased by some Government agency, lawmakers or administrators, which was considering an action leading to an increase of incomes to some particular group in the population. The facts, figures, and calculations amassed to help the authorities in their decisions should comprehend all aspects of the problem posed by the proposal under consideration. The answers of "fact" are so dependent upon the kind of question asked that failure to cover important questions is likely to lead to figures that are not facts, and conclusions which are misleading.

The inevitable connection between the kind of questions asked and the answers forthcoming can be clarified without loss of generality by examining the problem of low incomes among the elderly persons in the population. The answer to the general inquiry, "How many elderly persons in the population have incomes too low to support a decent standard of living?" depends crucially on the answers a whole series of related specific questions such as "Do you mean all elderly persons 65 years or older or only those now financing their own living expenditures?" and "Does the standard depend upon the views of experts or on the way elderly persons now live or on the way they might live if given additional purchasing power?" The interrogator who is trying to assess the merits of some policy for aid to the elderly very likely wants to know about the economic situation of all elderly persons, their probable behavior with improvements in purchasing power, and the effect of such changes on other groups in the population. Thus the first question can be interpreted as requiring the facts about the economic situation of all elderly persons in the population, the facts about their behavior as consumers with more or less purchasing power and about the relation of such facts to the economic situation and consumer behavior of other groups in the population. Our collections of statistics have not been summarized in the ways that would provide these facts about the whole group under consideration. Instead the statistical information has related to just a part of the group.

Income statistics usually supply information on the situation of elderly persons who are living independently, that is, in their own households or in lodgings. The facts about the elderly persons that live with relatives or in institutions are hidden by being merged with the information about other groups in the population. According to the material prepared for the subcommittee, there were in 1948 about 7,000,000 families with heads 65 years or older or individuals of that age group living independently. The current census estimates of population indicate that there are about 9,000,000 such units in the country. Thus some 2,000,000 elderly families or individuals must be living with relatives or in homes for the aged and similar

institution. Now if these living arrangements are based on economic reasons, it is safe to predict that any measure increasing their incomes will allow a large number of them to maintain their own households. Future income surveys would then count these families and individuals as separate units and the statistics would show, as in the past, that liberalizing the social provision for the aged had increased, not decreased, the numbers of units in the population with substandard incomes. Thus, even when every effort is made to keep a constant standard, the statistics are likely to lead to anomalous conclusions unless they apply at every date to the whole group under consideration.

A knowledge of the incomes of the elderly persons who are living with relatives or in institutions would certainly provide information of great value in the appraisal of the problem as a whole. If the incomes of that group are assumed to be similar to that portion received old-age and survivors insurance benefits as given in table 4 of the materials the relationship between income and living arrangements can be estimated, as follows:

Income of the elderly family or individual:	<i>Percentage living with relatives or in institutions in 1948</i>
No income-----	100
Income about—	
\$500-----	40
\$1,000-----	20
\$1,500-----	10
\$2,000-----	4
\$2,500-----	2

Now, these figures stress the overwhelming importance of separate living quarters in the living standards of elderly persons in the population; because with less than \$500 income, half of these families and individuals were attempting to maintain themselves independently and when they had income of about \$1,500, 9 out of 10 have their own homes or lodgings.

This simple statistical calculation implies that the elderly wish to maintain independent households and will do so even though they cannot provide themselves with the living conditions that would be judged adequate by experts in nutrition, housing and other fields. The British scholar Seebohm Rowntree in his conclusions from a comparison of the circumstances of the population of the city of New York in 1899 and 1936 deduced the same propensity from the statistics and commented as follows:

* * * in 1899 a person too old to work and having no private source of income had as a rule to choose between two alternatives—either to live, often as an unwanted guest, with a married son or daughter, or go to the workhouse * * *. Today, however, such people can manage to live, though in primary poverty, on their State pensions, often supplemented by a grant from the public assistance committee, or by some small additional source of income.

Rowntree's comparison of the causes of poverty in 1899 and 1936 revealed a large increase in the number of elderly persons and families and at the same time a large decrease in the number of large families with insufficient incomes. The connection between the two tendencies is obvious but the relevant and informative statistics are wanting. The obligation of workers in the past to care for their old parents and other relatives without means of support no doubt plunged many households below the "poverty line," kept parents from offering their children the opportunities of an adequate education and thus per-

petuated the prevalence of inadequate incomes among the younger age groups. Analysis of the historical and current collections of statistics on family incomes and family living conditions could contribute vastly to the problem under consideration by the subcommittee through examination of the interrelationship of the situations of the successive generations.

If we go back to our own statistics for the beginning of the century, we would find in a survey made by the Bureau of Labor Statistics that the areas in which the highest proportion of families were supporting dependent relatives were also the areas with the highest proportion of families that had to send their children to work and keep them out of school.

Common observation leads to the presumption that parents will offer their children the maximum possible within their means. Handicapped with the support of their elderly fathers and mothers, widowed sisters or disabled brothers, parents may be prevented from accomplishing even a small part of their primary obligation to their children. Decisions on many issues of public policy in relation to low incomes might be altered according as these common observations were verified or refuted by competent statistical inquiries and analyses.

The display of information about the living conditions of entire groups, such as the elderly, not only would lead to the possibility of examining the chains of relationship between the circumstances of the different groups in the population; it would also allow trustworthy predictions of the effects of actions and developments that may alter the incomes of these groups; and furthermore it would provide the basic elements to be used in the determination of the minimum standards to be used in appraising the situation at any given time. According to this approach, the approximate amounts, the standards that identify "low" incomes can be ascertained only after a considerable analysis of current and historical statistics on income, family responsibility, and living conditions has been completed. Standards that are realistic, that correspond with the existing economic interrelationship can only be obtained from a study of actual family living conditions that is directed by a comprehensive formulation of the problem to be solved.

The family budgets derived by the Social Security Administration for an elderly couple and by the Bureau of Labor Statistics for a family with two children indicate the possibility of deducting the prevailing standards of a minimum from observations on consumer behavior. But this work suffers from the same deficiency as earlier studies in that the final products of the analysis, the dollar total cost of the budgets in various places was obtained by "pricing" a list of goods and services. This process assumes that the elements of the minimum standard do not change with variations in the price level. The determination of the minimum standards through analysis of postwar data can provide the yardstick needed for appraisal of the current income situation of the population and this analysis should extend the methods used by the Bureau of Labor Statistics with expenditure data and should be based on comprehensive examinations of the interrelationships of income with household composition.

More of the energies and resources of the social scientists should be devoted to analyses of the statistics that would provide answers to the questions raised by the subcommittee than now is the case. Now data

collections can offer little light on these questions unless the implications of the existing bodies of material are clear and unambiguous. The problem of the low incomes viewed in terms of economic stability requires a careful examination of standards prevailing among the significantly different segments in the population—the old, the young, the parents with children, and so on—for it is these standards that should determine the appraisal of the current economic situation of the programs designed to improve the circumstances of the disadvantaged groups.

Thank you.

Senator SPARKMAN. Thank you, Dr. Brady.

I am not an economist myself, so I am going to refer the questioning of you to Dr. Brown. However, I do want to comment on just one thing in your paper.

With respect to your statement there about elderly people having to live—that is, elderly people with very low income or no income—having to live with their relatives, and helping to depress the economic condition of their relatives, our Subcommittee on Housing of the Banking and Currency Committee went to Europe this fall to look into some housing situations, particularly in the Scandinavian countries, but we also visited some of the other countries.

I think one of the things, one of the earliest things, that impressed members of our committee was the manner in which in England the housing problem had been taken care of for elderly people and elderly couples.

In practically every sizable housing project there were certain units set aside for elderly people of this group.

Mrs. BRADY. That is very interesting.

Senator SPARKMAN. They were one-story buildings, where the elderly couple could live; they even had their own little community building where they could gather and hold their meetings or any gathering that they wanted.

Of course, the thought was that oftentimes even the children or some members of their family might be living in the housing project. This couple would be living there, but having their own home where they felt an independence of their own.

We found that same condition in other countries.

I remember, for instance, visiting in one such home in Holland, where there was an old man and his elderly sister living. He had been at one time a very useful citizen; I do not remember now just what his line of work had been. I could not converse with him too well. I could, by using a little German, talk with him a little. It was in general the same plan as in England. I do not believe I ever saw a man who was happier or took more pride in his home.

We were there for just a few minutes, but he would not let us go until he had shown us through all parts of it, and shown us his closets and shown the places where he had hidden things when the Germans had occupied the country; he took unusual pride, I thought, in showing us his quarters.

I was just wondering if some such plan as that might not very well be thought of in this country when our cities and other agencies put up housing, and whether or not some special provision might not be made for making certain units available to this type of people, or if in our placement agencies those who selected the tenants for those

housing units, there should not be some kind of special consideration given to that class of people.

Mrs. BRADY. Well, it sounds to me like a really good idea, because your observations seem to confirm mine to the effect that this desire of the older generation to have independence and live independently is rather a universal characteristic and is not necessarily characteristic of our culture alone.

It seems to me that perhaps many things like that could be introduced to help this particular group.

The housing is, as you indicate, one of the crucial items. It is one of the crucial items when we come to evaluate for any group in the population the cost of a decent level of living, because if you analyze those budgets that have been constructed ever since 1890 in this country and in England in terms of the cost of the budget, you will find that even today food and housing are the two crucial items of cost, so that if we can attack the problem by providing the housing to groups that need subsidy at somewhat less than the cost, market cost, we are certainly aiding in the solution of the problem.

Senator SPARKMAN. Dr. Brown?

Mr. BROWN. Mrs. Brady, there are three different points that I would like to hear some further remarks of yours upon. The first one is this: You have emphasized, as statisticians often do, that the kind of statistics we get depend in some degree upon what we are trying to do.

Now the usual assumption is that people must know before they act, but here it appears we decide to act, and then we construct the statistics.

Now that is not what you mean, I am sure. I would like to hear you elaborate the point a little bit, and how far do the statistics we construct depend upon what we are trying to do with them.

Mrs. BRADY. Well, it seemed to me that the title of this subcommittee was the main question. It is a very important title, "Low Incomes in Relation to Economic Stability."

Now, that states the question right away, but it is not one that you can hand to a statistician and say, "This is it; go find the answers. This is my question."

You must, as the interrogator—and I take it the subcommittee is here the interrogator looking for facts—look for facts to answer the question that is stated in the name of the subcommittee.

Now, that means you probably would have some discussions with the person who is providing you with the information from one source or another, in order that certain elaboration of the main question can be stated and clarify what the original question means to the interrogator.

Now, to me the name of the committee is an expression of the question whether there is or is not a correlation between the prevalence of low income and economic stability, and it means that we have to define both terms, and the answers state, as the interrogator sees it, the nature of the problem. What does he mean by economic stability, perhaps? Maybe he means an economy, an economy that will not plunge us into any more disastrous depressions. If that is what he means by "economic stability," the figures and facts that you collect should be related to that particular concept of stability.

My particular interest also in the problem of interpretation, as I examined the statement of the committee's aims in the material, was

the rather patchwork approach we all fall into in these problems. We take one group. I did in my statement here, just the old folks, and I carried them through, and then we take another group, and carry them through—the disabled, and the widows and people who seem to be permanently on the rolls of the unemployed.

You can name, without ever having made a study or collected any figures, the particular groups that are going to come up in these statistics on low incomes.

The thing we have not done is to show the interrelationship of the economic situation of each group with the economic situation of all other groups in the population, and that I attempted to illustrate here with the effect of the burden of the elderly on the productive generation may be such that you are perpetuating poverty because that generation cannot educate their children to the skills that will make them anything but a group that will always appear in the list of low-income groups. So when you ask that question, "Low incomes in relation to economic stability," it is extremely important for the statement to be carried through in your statistical collections in a way to show all the interrelations that are implied by the problem.

Now, as to action, the word "action," I assume that the committee would not be working on this problem without—not some specific action in mind—but some general action. This is a committee of the Congress, and it presumably is investigating this problem with the view of acting favorably or not favorably on many kinds of action that would have an effect on the income situation of certain groups in the population.

Mr. BROWN. Could we put it this way: Having been asked a question like that, if a statistician is asked a question like that, would it be possible for him to answer that there are no low-income families?

Mrs. BRADY. Yes, by a certain route of definition, that is quite possible and, of course, what I tried to imply in my remarks here is that we have said something similar, that we have said there is always the same number of low-income families, but that is because we have not been very clear about our systems of definitions.

We could go back, for example, and revise Mr. Rowntree's figures for the percentage living in poverty in 1890, for the number of the old folks living in institutions, the workhouse, as he called it, and with their relatives, and the number of widows and their children who had to be supported by their earning relatives and the number of other dependents. Then the figure for York in 1890 would have been perhaps closer to 60 percent on his own standards. Therefore a decline in the percent living in primary poverty, from 60 percent in 1890 down to a figure, including unemployment in 1936 that was of the order of 25 or 30 percent, shows that we have done something tremendous. Similar calculations could be made for this country and lead to a similar conclusion even with allowance for a certain amount of relativity in the standard. Standards are nothing abstract; they are culturally determined. The standard has to be that of the community in which you live, and it must be changed from date to date.

Rowntree's figures and ours, too, would show that these old folks living independently—it does not matter how low their income—is an accomplishment of this half century. We have at least given a very large number of them enough to satisfy the most primary elements in their standard to have their own places to live by themselves. The

figures properly put together should show what has been accomplished in half a century in this country, and in certain other countries, too.

I think these little houses that the Senator told us about are just an indication that the British have seen this part of the fundamental problem here, and maybe you can tackle it by that route, help to accelerate what is going to be a trend anyway.

MR. BROWN. That was the first main point that I had in mind.

The second was—and you have already touched upon it—the relativity of these standards.

Is there any hope for getting away from that or shall we try to get away from it? We always have a standard which is now much higher than it was a hundred years ago, and was then higher than it was a hundred years before then, presumably, although levels of living may have gone down as well as up meanwhile—I should not say that—but we are then in a process of defining the number of low-income families and why they are at the bottom of the distribution.

Then we do something to raise them above that level. Then in the next era we have another group below, although absolutely speaking they are above the previous level, and then we keep on spiraling upward. That is the process; is it not?

MRS. BRADY. That is what it appears to have been. The standards have to be relative to take account of the shift of the production of certain goods and services from the household to the market and other general developments. These changes must be recognized when we come to evaluate our income distributions. If income were defined comprehensively, the answers might be different.

The element of home production can be illustrated with the example of the back-yard garden.

About 1900 the wage-worker family—cities were not as big as they are now—had a garden; had, probably, some chickens in its back yard; in some areas they had pigs, and they still do in some small towns in this country.

Then if the community was small they had cows. Even in 1918, when we made a study of the workers' families in this country, a large majority of them had this particular source of a food supply which was permitted then by the open spaces in the communities they lived in. Automobiles had not yet appeared to fill in the spaces between the congested areas along the traffic lines, and in between was a lot of area for gardens.

Now, much of the food that used to be grown in the back yard, and the chickens fed with the scraps from the household must be purchased in the market. A great many goods and services have moved from home production into the market.

Now, there are other things; relativity would imply that we put into our budgets today second-hand automobiles and radios. We would not say that any family in this country should go without a radio. We use them as a means of communication, and they are cheap enough so they do not really add to much in the dollar cost of the budget. The automobile is a much more difficult item to consider. We have built our cities around the automobiles and thus we are dependent on the existence of a large inventory. Eliminating automobiles would mean changing the whole configuration of the cities. During the war we realized that the inventory of public transportation equipment was not sufficient to transport the popu-

lation to and from work, and on other business. Such considerations argue for including new goods and services in the standard.

But I would like to stress that, as far as the fundamental cost of the budget goes, the relativity that really counts is still in the field of food and housing; food because we have reduced the extent of home production but also because we have introduced a lot more foods into our ideas of what is necessary for good nutrition. The same thing is true in the case of housing.

The houses priced for budgets in 1900 and in the 1890's had no bathrooms and few of them had electric lights. If we say that houses today have to have bathrooms and electric lights for reasons of health in large cities, then we have introduced relativity in our standard.

Mr. BROWN. Well, this relativity problem is really the old index-number problem all over again.

Mrs. BRADY. That is right.

Mr. BROWN. The different composition of the aggregates makes it impossible to compare one point of time with another; hence, we can never have an absolute standard of wealth, and you will always have these relative concepts.

Mrs. BRADY. That is right, and you cannot avoid it even by fixing a line as arbitrarily as you did for the purpose of the materials. Even if you specified the group as persons in their middle years, with two children, the area differences in the amounts that it takes to provide the family with the same goods and services are going to add up to quite different dollar totals.

I know that the price of the budget in southern communities, southern small communities, recognizing the extent to which home production still exists and is part of the culture there, would be very much lower than it is in the congested northern cities, and in parts of the far West, the same would be true. Prices and other factors make the same standard cost very different amounts all over the country.

Mr. BROWN. Mrs. Brady, the other day I read in the *Commercial and Financial Chronicle*, an article, which I have forgotten to bring with me, which seemed to indicate that Professor Stigler has made an attempt to calculate a food budget on the basis of nutrient requirements, regardless of people's tastes, and regardless of what they buy and will not buy, and he came out with a very small figure on how much it actually takes to keep somebody alive if he eats the minimum of nutrients, as I recall.

Are you familiar with that?

Mrs. BRADY. Yes, I am quite familiar with the calculation, but I am not an expert on nutrition.

I can point out only one thing about his calculation. It took into account only the calories and nutrients specially mentioned in the recommendations of the National Research Council. These recommendations were intended to apply to foods customary in American diets and hence did not include, specifically the nutrients which are certain to be adequate in American diets.

It must be recognized that Mr. Stigler emphasized a very important point, namely, that food budgets, adequate in every respect could be prepared at a cost less than those included in many minimum budgets.

Our food, like everything else, is a matter of the current prevailing notions of what people ought to have. The Russians, I understand, get vitamin C for their babies out of walnut shells, and the preparation

seems to us very unpalatable. Our babies, however, might be taught to use such preparations instead of orange juice. Recognizing custom introduces the most difficult problems in constructing a standard.

I believe that usually when we set up the budget we are pretty modest in the goods and services we specify, but at the stage where we go out to the market and price it we unfortunately, I think, tend to run too high by the pricing operation itself. The problems of constructing the budget as a list of goods and services—so many pounds of meat, and loaves of bread, and dozens of oranges, how many rooms in the house, and so forth—have to be distinguished from the problems of pricing the budget.

I think if you actually ask some low-income families to go out and find the specified goods in the market, they would find them at a much lower price than we do as statisticians when we go around inquiring.

Mr. BROWN. Could you make any guess as to how much error that involves? Would it be a big error or a small error? Would it be to make the budget too high?

Mrs. BRADY. It is on the side of making the budget too high. It would be hard to guess, but I think, taking various types of error into account, that probably we run somewhere between 5 and 7 percent too high, which is not an inconsiderable amount. Then as we move farther away from our base, the date when we determined the goods and services in the budget, I think the error gets larger on the upward side.

Mr. BROWN. One last question, Mrs. Brady. I wanted to ask you whether you think we need another national expenditure survey. We have income data but not good expenditure data; at least it dates back to 1941, I believe.

Mrs. BRADY. Yes; and that was too small a study to give us this kind of information that this subcommittee is looking for in an expenditure study. I understand that it is now being planned to do another big expenditure study in another year or so, for the sake of the revision of the Bureau of Labor Statistics' cost of living index. The expenditure study designed for that purpose will probably suffice for many of the purposes that this subcommittee has in the analysis of data.

I think it would be a good idea though, for the staff of the committee to look over the plans, the questionnaire, before it becomes an actuality, to see whether it is sufficient, because the Federal Government is going to spend quite a sizable sum for that expenditure study, and it should serve many purposes.

I think we cannot get away from making such surveys about once a decade.

I would like to stress that we must put more of our resources into finding out what data collections mean that we already have, like the collections that you have in the Materials. They cry for a competent analysis. We should spend more money on getting people to find out what the figures mean, which may be a matter of retabulating the schedules of the Census and other agencies to answer new questions that are phrased. By such analysis we might learn more than by spending all of our resources on new data collections.

People are somehow the same over the generations, and we can get lots of facts about relationships from analysis of earlier data that may be wrong in exact position but will be very useful in our decisions.

Mr. BROWN. Thank you very much, Dr. Brady.

Senator SPARKMAN. Thank you.

Mrs. BRADY. Thank you.

Senator SPARKMAN. The committee will stand in recess until 2 o'clock this afternoon.

(Whereupon, at 12:10 p. m., a recess was taken until 2 p. m. of the same day.)

AFTERNOON SESSION

STATEMENT OF DEWEY ANDERSON, EXECUTIVE DIRECTOR, PUBLIC AFFAIRS INSTITUTE, WASHINGTON, D. C.

Senator SPARKMAN. The committee will come to order.

We have with us Dr. Dewey Anderson, director of the Public Affairs Institute.

We are glad to have you with us, Dr. Anderson. Please proceed in your own way.

I am sorry that the whole subcommittee is not here, but many of the members have already returned to their homes. However, your testimony will be made a part of the record, and I am sure they will read with much interest what you have to say.

Mr. ANDERSON. Senator Sparkman, I have gone to considerable pains to prepare a connected statement, and I wish to have all of it included in the record, if you please. I shall read it in hopes that it will provoke questions on your part that will help the committee in arriving at its view and judgment in regard to the lower third problem.

Senator SPARKMAN. That is very fine. Please proceed.

Mr. ANDERSON. With respect to myself and my appearance before the committee, let me say that my name is Dewey Anderson. My appearance here is both as a citizen concerned with the important matter of our underprivileged and impoverished lower third of the population and as one who has spent several years of scientific study of their problems.

The results of the research done by my colleague, Prof. P. E. Davidson, and myself at Stanford University, and subsequently during the years I was with the Temporary National Economic Committee and the Senate Small Business Committee, have appeared in a number of books, reports, and scientific journals and are accepted analyses of this field. Let me list here a number of those known products:

Occupational Mobility in an American Community, Stanford Press, 1937; Technology in Our Economy, TNEC Monograph 22, Government Printing Office, 1941; Hearings of the TNEC, Part 30, Technology and the Concentration of Economic Power, Government Printing Office, 1940; Occupational Trends in the United States, Stanford Press, 1940; Recent Occupational Trends in American Labor, Stanford Press, 1945; Ballots and the Democratic Class Struggle, Stanford Press, 1943.

While no one has completely mastered this subject, those of us who have explored it for economic and sociological purposes have assembled a body of fact that is comprehensive and startling in its implications and worthy of the serious consideration your committee is giving it. I feel that we know enough about the lower third of our people and the causes of their poor condition so that we can consider appropriate remedies now. In the testimony which follows, I

shall attempt a summary of their situation, analysis of its causes, and a suggested set of general and specific remedies.

Let me say that I am appearing here today as an individual, and not in any sense as representing the Public Affairs Institute, which is a private, nonprofit research agency. And my appearance is based largely on two facts, one, a continuing interest in this extremely complex and important problem; the other, through this interest and the opportunity to do scientific research in it, I have gotten together some material which I think throws some light upon it.

1. The importance of the lower third

Turning, then, to the topic "The importance of the lower third," let me say that as our increasing population thrusts new additional workers upon the labor market yearly, as the number of our consumers grows, and as our technology and income advance, so we face the need of making certain that no significant element in the population is left behind. Every individual and every group in the Nation must be encouraged to contribute a share to our development. No one can be neglected so that he and his dependents are dispossessed, disadvantaged, underprivileged.

Fully a third of all our people in the year 1948, a peak of American prosperity, had so little income, such meager culture, and so low living standards as to be set apart. In effect, they were a drag upon the rest of us, unable to pull their full share of the load, denied many of the good things of life which we have, and a possible threat to our free democratic institutions. They constitute a challenge to our intelligence and will to understand their problems and to set in motion those specific—and I wish to stress the word "specific"—programs which may bring them up to our standards, for they cannot do this by themselves.

While noticeable improvements have been made during the past decade and a half, it is surprising to many how persistent the blight of poverty really is; for, even after many efforts to alter their circumstances, the facts developed by this committee reveal a condition not far from alarming. We still have with us about a third of our people who are ill-fed, ill-clothed, and ill-housed.

The target set by the Council of Economic Advisers is \$300,000,000,000 of gross national product by 1954, a gain of \$44,000,000,000 within 5 years. Will this great achievement be made without insuring the proportionate participation of the lower third in the gain? Can it be made without taking those measures which will use their labor more adequately? Is it possible without translating their tremendous additional potential purchasing power into actuality?

In 1948, the year for which this committee assembled important figures on the spread of incomes, national income was equal to approximately \$4,800 for each of the 46,670,000 families and individuals not in families in the Nation. Yet for that year the median money income indicated by the Federal Reserve Survey of Consumer Finance was only \$2,840. The distribution of income was so skewed that 53 percent of the income receivers had less than \$3,000. The census study made for this committee indicates that in 1948 a fourth (25 percent) of all families, and three-fourths (73 percent) of all individuals not living in families had less than \$2,000 income. This vast mass of Americans had less than half the amount needed to buy the amount of goods and

enjoy the same amount of services as the average American family unit.

We had achieved a level of living for the average American during the peak prosperity year 1948 described as providing comfort standards. Yet in that year substantially more than a third of all our people were at or near the minimum health and decency level and about a third were living in conditions insufficient to allow them the minimum goods and services which their health and welfare required.

It is this underprivileged lower third that deserves the special attention of us all. Common humanity calls for the alleviation of their poverty-stricken condition. These are our fellow citizens in a democracy whose world position of leadership is threatened today, as never before, by foreign and distasteful "isms" that make capital of this sore spot in our midst. We are well advised in giving special attention to the lower third.

2. What this committee can do

There is a school of thought that believes the answer to the plight of the poverty-stricken in this country is found just in maintaining conditions of full employment, such as prevailed, say, in 1948. It is assumed that the trickle-down, percolating benefits of prosperity will automatically solve the difficulties of the lower third of the population. From my rather close study of this lower third, I am skeptical of the efficiency of this approach.

While full employment tends to better the otherwise almost intolerable circumstances of the lower third, the very facts which lead to this inquiry show that more is needed. And in any downswing of the cycle, such as we have been experiencing in this year 1949, and in any serious misfortune as the 10-year period in the thirties, it is the already disadvantaged third that gets hit first, gets hit hardest, and recovers most slowly, with the vast scrapheap of human discards among them as the price of our failure to meet and solve their particular problems.

This committee is to be commended for its attention to the important problems of maintaining full employment. It is especially to be commended for going behind the study of how to achieve high levels of output and continued economic growth to an examination of the inequities in income distribution and their persistence that allow such widespread poverty in the midst of plenty.

Rarely in the past has our Government concerned itself with these matters in prosperous times. Low-income problems traditionally have been depression issues in America. Just glance at the committee's list of "Selected Government programs which aid the unemployed and low-income families" and you will see that almost all of them were depression-bred. Now, for the first time, we are taking a straight, searching look at the problems besetting the weaker parts of our economic structure during prosperous times when we are under no emergency compulsion.

This committee can go a long way toward solving the problems which have made one-third of our people a sore spot on the body politic. For the instruments of measurement and analysis are now available to isolate the areas of infection. We have accumulated sufficient scientific knowledge of the nature and causes of this diseased condition, as well as a body of experience that amounts to a good start toward remedial action.

I have undertaken in the following testimony to describe the lower third and to suggest specific measures which the committee and the administration might consider in removing this blight upon our society. First, I should like to put the problem in its true setting.

3. Viewing the lower third in perspective

Some of the causes of a persisting lower third in our society are individual, and beyond the scope of action of the Congress. Some are in the social and psychiatric realm, and must be met elsewhere. Others are better subjected to the give-and-take of private life. I shall confine my remarks to those causes which can be removed by appropriate legislation in the Congress and new or improved practices in the administration.

Let us start with the largest single distinguishable group in the lower third—the great body of little-skilled or unskilled workers whose jobs and frequent unemployment condemn them to low incomes that spell poverty and underprivileged circumstances, even in the best of economic times. I want to make use of a description of this level of labor which Prof. P. E. Davidson and I made in part of a chapter of our book, *Ballots and the Democratic Class Struggle*. This description was based on more than 3 years' intensive research into the nature of the breadwinners' world. It has been widely accepted by the authorities as indicative of the prevailing situation.

Unskilled workers: This level is not a catch-all for those who fail to make good in the more exacting and better paid occupations. On the contrary, male workers who are so unfortunate as to perform unskilled labor as their means of livelihood exhibit more of the characteristics of a caste than any other occupational group. Unskilled laborers come from the homes of unskilled laborers, farmers, or farm tenants in the great majority of cases. Only a few have descended from homes whose breadwinners were in the professional, clerical, or skilled levels. The great majority—and in speaking of "the great majority" here I am speaking of approximately 90 percent—of unskilled workers begin as unskilled laborers and never move above that level during their working careers.

The typical unskilled laborer is set apart from other workers by noticeably less schooling. Unskilled laborers are subject to longer and more frequent unemployment than is any other level of labor and receive much poorer average pay when working. The uncertainties of employment and income, the lack of a fixed abode, and the types of work available as unskilled in construction, mining camps, or harvest fields make marriage hazardous, if not impossible, for many such workers. In one of our studies of the unskilled population in one American city 45 percent were single. For these, year-round wages were sufficient to maintain a bare-subsistence level of living. But for the other half of this unskilled group, who were married, their incomes provided an average living standard all too aptly described as poverty.

Among married unskilled workers families are larger than the average for the total population. In a study we made only a tenth had no children, while more than half had more than the national average. President Roosevelt's Committee on Care of Children in a Democracy told us that two-thirds of the Nation's children were being reared in the lowest third of our homes.

When we direct attention to the circumstances of the unskilled and little skilled, it will be recalled that we are speaking about more than two-thirds of the group receiving less than \$2,000 a year, which concerns this committee. The data before the committee are not precise enough to draw a sharp line between the unskilled and semiskilled, for there are many of both in the low-income group.

The occupational world is shaped like a pyramid. The unskilled form a thick broad base largely hereditary in character, surmounted by another broad layer of semiskilled, many of whose circumstances are not unlike the lowest level. Then nearer the middle is a smaller bloc of skilled workers; above them the white-collar clerical and sales force; then the semiprofessional and lower administrative positions; and at the top a small group of professional and higher administrative persons. Farmers and farm labor, who have dwindled to from 15 to 18 percent of the total labor force—depending on seasonal factors—are of such a diversity of occupational patterns, property, and income status as to range from the very top to the bottom of the occupational pyramid, and are not easily described in relation to the rest of the working world.

Associated with this pyramidal spread of designated occupations is some as yet unmeasured exactingness or skill, a measurable succession of average incomes, ranging from a few hundred dollars for the mass at the bottom to many thousands for the few at the top. Other recognized attributes, such as financial status, social and community prestige, standards of living, eminence, education, and culture, and even tested intelligence, correspond in considerable degree with rising levels in the occupational pyramid.

Economists have described these occupational levels as "non-competing groups," in their belief that the workers on a lower level are not equipped to compete with those on any level above them. And at any given moment of examination, it would seem that this is true, else there would be evidenced at all times a substantial amount of competition from the lower levels for the preferred occupations above them.

There is a body of scientific literature which raises important questions concerning the nature of the occupational pyramid, some of which have pertinency for this committee. Taking up only an element or two of particular importance, I wish to point out that in my judgment, and that of many other students of the situation, this occupational structure, which carries at its broad base a block of unskilled and little-skilled workers living in poverty and bare-subsistence levels is neither natural, economic, democratic, necessary, nor desirable.

It is not natural, because the spread of innate ability is believed by the best authorities to take the form of a normal, bell-shaped distribution.

It is not economic to the national economy, because it implies a waste of talent among able or potentially trainable persons at the overcrowded base of the pyramid, and an unnecessary scarcity of much-needed services at the top.

It is not democratic, because the shape of the pyramid, and the forces favoring stratification and denying opportunity to climb which make and maintain it, give evidence of the denial of equality of opportunity, a cardinal principle of the democratic faith.

It is not necessary, because the economic and human resources of this Nation do not require exactly this occupational structure or spread of income.

It is not desirable, because ours is a Nation dedicated to the fullest expression of the individual, the good life for all, which this structure and its accompanying attributes prevent.

From our study of this occupational structure, which embodies the problem of the lower third that is the concern of this committee, we have concluded that heredity does not in itself account for the noticed differences in occupation and income status or fix the position of the unskilled at the base of the pyramid, for while differences in income are manifold from the bottom to the top of the pyramid, intellectual, native aptitudes and physical differences appear not so widely separated. Even when the I. Q. concept is considered, one which seems to correlate with ability to do in higher schools the work that has been decreed as essential to preferred occupational status, by actual count most higher I. Q.'s are lodged among the manual laboring masses; yet they still remain at these less-rewarding levels of occupation.

I am inclined to believe that the stratified occupational pyramid, which preserves a structure that condemns a large proportion of our population to poverty and bare subsistence living even in good times, has other explanations. Among the factors at work are: (1) The industrial system itself which has become impersonal and beyond the control of many individuals who might otherwise seek to climb and make their own way to higher levels; (2) property and inheritance of wealth in whatever degree gives some security or some springboard for the receiver—lack of it is a severe handicap; (3) the psychosocial outlook, which is particularly influenced by the home and such institutions as the school, works against the lowest levels; (4) the money and time costs of training for higher occupational competency make it prohibitive for many otherwise qualified persons; (5) the occupation itself and the inheritance of an occupational status or state of mind result in a marked degree of horizontal movement rather than in any appreciable vertical movement or climbing up the occupational pyramid from the bottom.

Do something to break through these barriers, and the effort to alter the size and composition of the lower third of the population may prove most rewarding. Do this, and you have cut to the core of the condition which makes the lower third persist among us in underprivileged circumstances or poverty.

Nor is the task impossible. The occupational structure is undergoing changes of magnitude all the time. Back in 1870 roughly 75 percent of all workers were engaged in primary physical production, 25 percent in supplying us with services; by 1930, only 50 percent of a much larger labor force were devoted to primary production. And the trend is still in process. In 1870, almost 50 percent of the gainfully employed were farmers or farm laborers. Today less than one-fifth are on the land. The semiskilled level has increased in importance with the growth of manufacturing, which now has become the greatest user of labor in the Nation. There seems to be a great deal of room in the upper occupational levels, where the division of labor and increase in specialization are noticeable.

What causes these great shifts in the occupational structure is not known with precision. Advancing technology and invention play a large role. If the artificial barriers preventing the wide and quicker application of such improvements were removed, the process could be hastened, redounding to the benefit of mankind through higher standards of living. But if such action is not going to further aggravate the problems of the lower third, through the degrading of labor, national legislation and policy will have to establish a dismissal wage and a retraining and replacement program of substantial size.

Directing attention specifically to the lower third in the occupational structure, can we do things that will enable the substantial number of persons lodged there—persons whose talents would enable them to perform at higher levels—to rise? Is there room for them on the levels above? My answers are in the affirmative. And much of what can be done lies within the province of the Congress and the national administration.

There is a theory of correct occupational distribution, held by some economists, running to the effect that occupational income is the best index of the adequacy of the labor force in any given occupation, that occupational income is established in a free market as the result of the interplay of the forces of supply and demand. Obviously, for many reasons such a free market does not always exist. Yet it would appear reasonable to say that there are too few workers in those callings where the wage paid is markedly above the average, and too many where it is markedly below the average. The unskilled and little-skilled levels of labor exhibit this latter condition. It would appear desirable to bend every effort to alter the populations of these levels of labor through the training and placement techniques known to have such an effect, and through organization of such workers which can exert the pressure of unionism to secure a more equitable cut of the produced dollar.

The division of labor possible, profitable, and impending in the technical, managerial, subprofessional, and professional levels is sizable and promising. The shortage in many categories, some of which, like school teaching, are users of large numbers, is seriously retarding economic and social advancement. Scaling up of people all through the pyramid is in order. Many of the specific proposals in the program of action offered in subsequent pages of this testimony have this purpose as their primary objective.

While much can be done through these proposals to alter for the better the circumstances of those now populating the lower levels of the occupational pyramid, the most promising approach is to deliberately set out to alter the conditions of the new generation of workers.

During World War II we learned a great deal about the effective training of workers in a wide variety of specific occupations. That body of knowledge causes us to question seriously the whole vocational-training system customarily found both in schools and on the job. We are paying a needlessly costly price to obtain a trained labor force. If the gains and knowledge recently acquired are not to be submerged in an entrenched and self-perpetuating system of vocational education that is cumbersome and wasteful, an overhaul of our training

machinery is in order. This committee would do well to consider the advisability of proposing an inquiry, not unlike a royal-commission report, on this vital subject, with special emphasis on how the artificial barriers which prevent the lower levels from climbing may be removed.

Mr. Chairman, I now shall sketch, in certain of the presentation which I shall make at this point, some of the material summarized in the excellent report of the committee staff, as well as some of my own data, all of it under the headings of Age, Sex, Color, Education, Disability, Employment, and Occupation. In doing so, I seek to describe and characterize the lower third.

These are the specific causal factors bearing on the low-income problem.

4. The lower third described and characterized

The following major causes and characteristics of the lower third separate that body of people from the better-circumstanced members of society.

Age: Our modern industrial system deals harshly with older workers. They are among the first to be let out when business declines, the last to be reemployed when it picks up.

More than 80 percent of all workers depend on the use of their muscles in their occupations. The substantial majority of these workers have an optimum age and high-wage return in gainful employment, and are either vocationally obsolescent or are forced to accept lower status and lower-paid jobs as they pass their peak.

The committee's own data reveal that one-half of all families headed by persons over 64 years of age received less than \$2,000 income in 1948. More than a fourth of such families received less than \$1,000 income. Even more significant, these old-age families account for nearly one-quarter of all low-income families.

Solve the problems of older workers in industry, provide adequate retirement and survivors pensions, medical and hospital care for older people living on limited incomes, and you will have gone far to remove one of the biggest single blocks of poverty and under-privilege in this country. The possibility of gradual retirement by less than full-time work as a supplement to public pensions is worthy of investigation.

Sex: The broken home and the home in which the widow has become the breadwinner are distinguishable in this description of the lower third of the population. In 1948, among the working population between the ages of 21 and 64, 9 percent of all nonfarm families were headed by women. While this appears to be a small segment of the total population, let me add that families with women heads constituted a fourth of all nonfarm families in this earning wage bracket whose families had to live on incomes of less than \$2,000 a year.

Moreover, nearly a half of all families headed by women of working age had incomes of less than \$2,000 a year. Here we have isolated a definite group of numerical importance, for there are 1,150,000 nonfarm families whose heads are women of working age, but whose incomes place the families on a level of bare subsistence or below health and decency. More than 700,000 of these family heads were not even in the labor force at the time of the survey. There is a real question as to whether there is appropriate job opportunity for women with family responsibilities.

Specific measures providing adequate survivors pensions, vocational training, and placement practices, and a realistic approach to welfare services, such as day nurseries, school lunches, and dependent child care, will make long strides toward altering the condition of this group in the lower third of our population. Lastly, we should try to make available less-than-full-time work which is suited to this group.

Color: The Negro's position is very clear from the committee's data. Among the low-income nonfarm families headed by persons of working age in 1948, one out of every five was nonwhite, predominantly Negro. There are about 1,000,000 Negro families living in our cities on incomes that do not permit of anything above bare subsistence.

Consider this comparison between white and colored families. In families headed by white males of working age only one out of nine had incomes of less than \$2,000; but in similar families headed by nonwhites nearly two-fifths had incomes of less than \$2,000.

The causes of differences between whites and Negroes in income, occupation, health, living standards, cultural attainment, et cetera, are well known, and have been so adequately described in the scientific literature as to require no elaborate comment here. It is sufficient to remark that the unique factor which is added to the other causes of poverty common to all groups is denial of equal occupational opportunity to colored people.

Education: While schooling may not correlate perfectly with occupational achievement and income, there can be no serious doubt of the so-called "money value of schooling." Few will gainsay the necessity of possessing more than the rudiments of knowledge in making any appreciable headway in the working world. For a wide variety of callings that are the direct producers of above-average incomes and satisfactions, special preparation in educational institutions is the essential way of obtaining skills and credentials that enable the recipient to perform.

It has been held by many observers that the selective process imbedded in the educational system is a prime determinant of subsequent social and economic status. However one may wish to view this matter, educational differences do have considerable influence upon working status and employment and appear as distinguishable factors in separating the lower third of our population from the rest of us.

Consider these facts taken from the committee's data on urban families headed by adults in the working-age group 25 to 64 years. Nearly three-fifths of all families with less than \$2,000 income in 1946 had an elementary-school education or less. It is also significant that well over a third of all these low-income people had some amount of high-school or higher education, yet that average and above-average schooling was an insufficient guarantee against a relatively low-income status and bare subsistence living standards.

Among low-income families headed by adult white males and female workers, the proportion with no high-school education was slightly more than a third. But among families headed by adult male nonwhites the proportion reached the significant figure of exactly two-thirds.

The contrast with the higher-income group receiving \$3,000 and over is sharp. Only one-seventh had failed to finish 8 years of school,

indicating that the two groups are distinguished from each other by significant differences in schooling.

In the light of the general and uneven character of the school curriculum and the quality of education over the country, these data should be used with caution. However, coupled with the well-known research to which the staff report refers, the relation between income and education is sufficiently clear for us to assert confidently:

1. Existing income differentials are definitely associated with differential educational achievement.

2. Effective educational opportunity for the next generation is also positively correlated with the income status of the present family head.

The second point is the more important. It means that as we go down the income scale the barriers to higher technical and professional education become progressively harder to surmount. As a consequence, income levels do not correspond to innate ability, since there is no evidence of a correlation "between the ability to pay for a college education and the ability to benefit from it," as the staff report succinctly puts it.

The benefits of our higher education system are largely restricted to the children of the well-to-do. The statistical truth of this statement is not negated by the exceptions to the rule. It has been estimated that for every college student today, there is an equally qualified high-school graduate who is unable to attend, and primarily for economic reasons.

We must devise an adequate education program which frees the channels of admission for all who are able to absorb profitably a higher education. Drifting along in conventional pathways means reenforcing the caste system tendencies in American life. The free education process is a promising substitute for the now closed western frontier.

Education offered in higher institutions must be better adapted to the needs of our young people; and financial aid in the form of scholarships, loans, and part-time work opportunity must be advanced to all who have the innate ability to benefit from higher education.

How can any democrat—spelled with either a large or a small "D" argue otherwise?

Disability: Ill health, sudden and disabling accidents, and disease are known—from social-security studies and other investigations—to be a sizable, but as yet quantitatively unmeasured, factor accounting for low-income status of both a temporary and continuing character. The committee study does not permit more than a guess of the size of the group within the lower third of the population that has fallen to a level of less than \$2,000 income, due to disability. It probably would be conservative to place the figure at 500,000 one-third of the number estimated to need rehabilitation. As such, it is an appreciable part of the low-income group; and judging by the success of rehabilitation work, much could be expected from a broadened program along these lines. Also of importance would be a program of health insurance, children's aid, and accident prevention. Special work programs involving part-time work may be of importance in meeting the specialized needs of this group.

Employment: Low income can come from either a low rate of pay or from sporadic employment. The 1948 census data do not indicate the extent to which the family head was underemployed during the

calendar year 1948. The family head's employment status at the time of the survey, April 1949, does give us some indication of the effect of unemployment or less than full employment on income. Of the 1,140,000 family heads registered as unemployed in April 1949, 420,000, or 37 percent, reported 1948 incomes under \$2,000. Among families headed by employed family heads, only 24 percent were in the low-income groups. It seems then, that in the April 1949 group, unemployment was indicative of at least partial unemployment in 1948.

A second group of nonworking family heads of even greater numerical significance is the group not in the labor force, "without a job and not looking for work." Of this group, numbering 5,520,000 family heads, 2,900,000 had money incomes under \$2,000 in 1948. It is probable that most of these family heads actually did not work for any appreciable time during 1948—1,560,000 were over 65 years of age, for example.

A combination of these two groups makes it clear that perhaps as many as 4 million of the 9.6 million low-income families were the result of nonemployment on the part of the principal wage earner. The reason for the nonemployment varied from conventional unemployment to old age and disability and family responsibility which kept the rest off the labor market.

Neither of these two groups are trivial matters for the purpose of this inquiry. Even when unemployment is relatively low, as in 1948, its effect is concentrated on the most vulnerable groups—the older worker, minority peoples, and the young entrant into the labor force.

The second category of nonemployment formed by persons largely not in the labor force is significant for reasons not generally discussed. The common core of many diverse elements in this group is lack of capacity for full-time employment. Many older workers under and over 65 before and after "retirement," are eager to continue work to supplement their income. If retirement were not regarded so typically as an "either or" proposition, both the older workers and society could benefit from less than full-time employment of older workers. Our notions of the desirability of complete retirement are so colored by the depression-bred wish to get older workers out of the labor market that no serious effort is made to adapt jobs to the special needs of the still useful worker who is near the middle sixties.

I feel very strongly that we should reexamine this whole field of encouraging aging people to continue to work, if they are willing and able to function efficiently for a reasonable workweek, even if it is less than the conventional 40 hours.

Similarly, the needs of women with family responsibilities, students, and disabled persons might be partially solved by a rational modification of the tour of duty conventional in modern industry and government. I strongly recommend that this possibility be examined. We desperately need a new conception or code of employment practice which takes into account the special job requirements of these particular groups.

Such a program would be utopian in a society which suffered from conditions of chronic unemployment. It is only common sense in a stable, full-employment economy. We are just helping people help themselves.

Occupation: This is the most important single factor in the whole complex of causes and characteristics of the income structure. It will

repay our more complete analysis, for through an understanding of the occupational structure and the major forces at work in the breadwinner's world, we can come to grips with the very core of our problem of a persistent lower third that does not disappear, irrespective of how good general economic conditions become.

Occupation is of major significance in people's lives. It takes hold of all but a relatively small segment of youth in their teens, and forces both sexes to undergo schooling and training oftentimes arduous and prolonged. It disciplines youth, and molds the behavior of adults. The occupation one follows fills most of his waking day. The scale of living of all but a very minute fraction of all families in this country is determined by the gainful employment of their working members. The occupation followed assigns the individual a place in society which can be changed only by most exceptional circumstances. This, in turn, influences the level of living of his family. An occupational level has a pervasive influence, being a primary determiner of the location and kind of residence of the family, the schooling, playmates, social contacts, and leisure-time activities of its various members.

The work a man does stamps him with distinguishable physical characteristics, markedly influences his health and daily pursuits, forms the range of his conversation and intellectual interests, fastens upon him habits of dress and conduct, and defines the circle of his friends, who in turn have a powerful influence on his thoughts and actions. Soon, a man's occupation becomes a primary concern in his whole life. Its problems of status, earnings, employment, and conditions of labor take on great and continuing significance for his whole lifetime.

What does the study of this important aspect of our economic and social life reveal for the use of this committee which is examining the nature and causes of low incomes, and seeks the cure for the plight of the third of our people who are forced to live on woefully inadequate incomes? Let us look at some facts before making further observations that may provide the answer to this question.

Again turning to the data assembled by the staff of the committee, which are the best recent mass data available, we find that the nonfarm working age group of 21 to 64 years contains 71 percent of all the low-income families. Occupational differences among low-income family heads are very sharp. Note the following table derived from the committee's data:

Percent of nonfarm families in each occupation group with incomes under \$2,000

Occupational group of family head:	Percent
Professionals and semiprofessionals.....	6.6
Proprietors, nonfarm.....	16.5
Managers and officials.....	3.3
Clerical and sales.....	8.4
Craftsmen and foremen.....	10.9
Operatives.....	12.8
Laborers.....	33.0
Service workers.....	32.3

The link between occupation and low-income status is revealed in sharp outline by this table. The range in the low-income group under examination is from 3.3 percent of those following managerial and official callings to those unfortunate people who are forced to earn

their livings at either day labor or service work, where in both cases a third earned barely enough to eke out a subsistence living for themselves and their families.

Looking again at the income group receiving less than \$2,000 in 1948, the occupational composition is as follows:

Distribution of the nonfarm families with income under \$2,000, by occupational groups

Occupation of family head :	Percent of all low-income families
Professions, semiprofessions, managers, and officials.....	4.7
Proprietors.....	12.0
Clerical and sales workers.....	8.2
Craftsmen and foremen.....	17.0
Operatives.....	22.6
Laborers and service workers.....	35.5
All occupational groups.....	100.0

Take a look at these two tables together. It becomes apparent at once that we are dealing largely, but by no means exclusively, with a problem involving the unskilled or slightly skilled worker. Of all those who follow laborer or service occupations, a third or more do not climb above the low-income levels even in the most prosperous times; and more than a third of the entire low-income group is composed of these workers. Any program devised to eliminate this poverty level from our society must, therefore, be directed toward changing the occupational status or circumstances of these people.

One may wonder why the category "proprietors" looms so large in both displays of data. But it will be remembered that this is a census designation and includes Henry Ford and the hole-in-the-wall fruit vendor. However, the presence of more than a sixth of all proprietors in this low-income level during even the most prosperous times, and the fact that they constitute one-eighth of all low-income people, should concern those who are interested in small business and its problems. It is possible, as studies by the Senate Small Business Committee, among others, have shown, to alter for the better the circumstances of these small proprietors, who are such an important segment of our economic system. Here, again, is another example of the complex character of the problem of low income and economic stability, which forms the subject of this Committee's activities. It indicates that no single attack and no one plan of campaign will bring the desired results of removing this poverty-stricken group from our midst.

May I call to your attention the fact that not even the attainment of skilled occupational ability is sufficient to guarantee one against falling into low-income levels. In fact, a tenth of all craftsmen and foremen earned less than \$2,000 during this prosperous year under scrutiny; and this high level of occupational attainment failed to keep many skilled workers from the below-\$2,000-income level, where they constitute a sixth of all such people. Irregularity of employment, even in prosperous times, and illness or accident probably account for many of these cases.

5. The lower third summarized

In this brief description of the lower third of our population, we have been able to isolate and characterize certain important aspects

of the problem. Several of them permit of quantitative measurement as well as qualitative analysis. We have considered the influence of age, sex, color, education, health and disability, broken homes and widowed status, employment and occupation. These allow certain pin-point observations which may prove helpful in further treatment of this persistent problem of poverty and underprivilege in the midst of plenty. The following conclusions appear justified.

1. The largest and most important distinguishable group in the level receiving less than \$2,000 a year nowadays is made up primarily of poorly educated persons engaged in occupations requiring very little skill. A considerable proportion of this group is nonwhite. In this latter group there are unique problems of barriers to job opportunities.

2. There is another important segment of the under-\$2,000-income group where women are family heads. Frequently, they are widows or the heads of broken homes. They are preponderantly little skilled or unskilled, and are therefore forced to accept low-level, low-paid, insecure jobs. A large proportion are not even in the labor force. Between family responsibilities and the lack of suitable part-time-job opportunities, they are effectively removed from the working population.

3. A third distinguishable group are old persons, either still needing work and finding low-paid jobs, or retired and living on low incomes. A disproportionately large number of them are from the little skilled or unskilled brackets. Again, many would be eager to work if less than full-time jobs were available.

Besides these distinguishable groups, there are running all through the problems of the underprivileged other casual and contributory factors that should be carefully examined by this committee in seeking to apply appropriate remedies. The limits of time and competency prevent my more than mentioning some of the important ones here.

The lower third of our people are handicapped in real but subtle ways and in varying degrees by cultural shortcomings. In considerable measure, even in our democracy, they live outside the body of finer culture as expressed in the arts and literature and the human institutions we have developed. So much of our cultural property is still private and beyond their means, and so much of it that is public and available is little understood by them that they cannot or do not participate. The scientific literature in this broad and important field amply demonstrates that this cultural isolation affecting a numerically important segment of the population is a drag upon us all. This condition is remediable; the techniques are known; and their wider application will go a long way toward bringing the better things of life to these underprivileged members of society. But nothing short of a positive attack on this problem based upon broad public policy and supported by the public purse will do so.

Poverty itself generates within the family low standards that have a pervasive effect upon all its members. Specifically it operates to nullify change in status via the education ladder. To rise above such a level of birth and childhood, despite those opportunities to climb that are afforded by semifree schooling and access to vocational training is extremely difficult. This is why slum-clearance projects, for example, have such importance, for they so greatly alter the living surroundings of the low-income group as to overcome some of the grosser effects of poverty even when it continues in the new setting.

There was a time when America was the land of promise for an enormous number of immigrants reaching our shores every year. The earlier studies of their adjustments here indicated a sizable problem of foreign origin and upbringing accounting for the slowness with which they were accepted and eventually found relatively higher status here. For a long time each successive wave of immigration—Scandinavian, Irish, and south European—was the object of exploitation in some measure, and fought hard to lift itself up above the poverty levels of unskilled labor. Some of this problem still remains, particularly in our larger cities.

But the movement of people within the United States is the modern manifestation of this older migration which ought to concern this committee in seeking to understand the causes of and persistence of the lower third among us. Migration means movement of persons carrying few of their tools and chattels with them. It means breaking home ties and seeking adjustments in a strange land and amidst unknown surroundings.

What has been described as the greatest mass movement of peoples in modern times is now going on, and has been under way for more than 10 years, right here in the United States. It takes a startling newspaper headline or two describing the actual near starvation of numbers of migrant peoples in California, for example, to bring us face to face with this problem. It is probable that the existing information on low-income families understates the problem, because of the omission of a substantial part of these transient migrants from the census sample of the labor force. Only a very recent change in census procedure is directed to remedying this serious defect in census coverage. But a very substantial proportion of all these migrants are, at least for the first period of their new life, and some permanently, in the very hard core of the lower third.

Migration, then, is a casual factor of some importance for this committee to examine. A National-State system of employment, standards of health and housing aids that are available regardless of State boundaries, national unemployment compensation, and universal old-age and survivors coverage, would go a long way toward meeting the problems of these migrant people.

"Misfits" have hardly been mentioned in this description of the lower third. In fact, it hardly entered into the collection of materials made by the committee staff for your use. This is mute testimony to the great change that has come over our appraisal of such problems during the past decade or so, for, prior to that time, we were wedded to a conception of American society in which we lived in a country of such unlimited freedom of action and individual success, that for a committee of the Congress to have seriously entertained the subject of an underprivileged lower third which the Congress could and should do something about, would have been unthinkable. Today we readily recognize that the existence in our midst of such a large segment of our total population and its persistence through good and bad economic times is a threat to the stability and growth of the economy which cannot be neglected.

Of a certainty, misfits are found in considerable numbers in the lower third of our population. They may even be there in larger numbers, proportionately speaking, than in the families of the higher levels of the population; but this is not known.

There are various kinds and degrees of misfits. Some are so by birth or illness. Others are so because a technological development has wiped out the occupations in which they had developed much skill and from which they had derived superior incomes and enjoyed higher status. Others exist because an impersonal, industrial machine has not found it advantageous to use them, due to advanced age or other disabilities beyond their individual control.

Yet there is undoubtedly a core of misfits—how large, no one knows—which is just simply such poor material that society does not now seem to be able to make much use of their meager talents. No amount of special treatment is likely to move them much above their present status. Some would be better off in institutions, and some will have to be treated in other ways.

But that such genuine misfits constitute any substantial proportion of the lower third of our population, or offer any complete and useful explanation of the existence and persistence of this lower third, is refuted by a substantial body of scientific fact.

We are dealing, then, with a solvable problem to which I now wish to address myself in a suggested program of action.

6. A suggested program of action

No single suggestion which can be made will alter our present situation for the better in short order. The causes, as we have seen, are complex and persistent. The lower third has been with us for a long time now. But as we seek to maintain full employment and a high degree of economic stability, such a large and distinguishable body of citizens, workers, potential producers and consumers cannot be ignored any longer. The risk is too great. For humanitarian reasons, we have already waited much too long. Accordingly, I suggest that you consider the following action:

(a) The creation of an Employment Practices Commission, with membership appointed jointly by the Congress and the President, with adequate staff, to develop a code of fair-employment practices relating to older workers, minority groups, women, other groups handicapped by reason of disability or special circumstances, and technologically displaced or endangered workers. In particular, the possibility of large-scale part-time employment should be examined. The objective of the code would be the provision of job opportunity to the diverse groups presently substantially excluded from the labor market. The commission's recommendations should include a permanent administrative or enforcement organization to promote such legislative policies as the Congress accepted from the report of the Commission.

(b) The creation of a Welfare Review Board with membership appointed jointly by the Congress and the President with sufficient staff to appraise the adequacy of all current welfare programs of the Federal Government, with particular reference to those affecting the lower-income group. I would envision a Hoover Commission approach which is first of all directed to policy matters, in particular the adequacy of existing programs to the needs of our low-income population under full-employment conditions. A fundamental difficulty of the Hoover Commission has been in placing the administrative-reorganization cart before the policy-reorganization horse. We should review the large number of uncoordinated Federal welfare

programs for adequacy of policy, before concentrating on the best and most economical form of administration.

(c) A national technical school and college scholarship program should be devised, covering at least 10 percent of the enrollment in existing, public-supported colleges, with progressive increases seeking to cover as much as 50 percent within 10 years. In addition, a sizable revolving fund to meet the special needs of low-income students, through low-interest loans, would be an invaluable investment for the future of our Nation.

(d) A substantial liberalization of the present social-security law. An adequate pension program clearly involves universal coverage, with the existing aged population blanketed in; a minimum level of benefits which bear a relationship to the living requirements of a human being, which surely should not be less than \$100 per month for a pensioned couple; and statutory assurance that the level of benefits will not be allowed to depreciate through increasing prices which nullify nominally adequate money benefits.

I should like to call attention once more to a series of indirect helps or aids to the lower third. Most of them have been mentioned in previous testimony.

7. Indirect help to the lower third

There are other programs, many of which have been presented in legislative form, which would materially contribute to the elimination of the low-income-group problems, although their primary purpose is different. I list the following:

- (a) An adequate system of medical care.
- (b) The development of the slower-growing areas by regional-resource projects, such as the proposed Missouri, Columbia, Arkansas Valley Authorities. The TVA record in improving the status of people and upgrading the lower third is an encouraging example.
- (c) The program for abundance in agriculture under the Brannan plan, which would reduce substantially the disproportionate food costs of the low-income group.
- (d) Wide coverage, higher benefits for a longer period of time under the unemployment-insurance system.
- (e) A well-rounded aid-to-education program at all levels of the education system. A continuation of the education aid to veterans may be desirable.
- (f) A youth program designed to meet the needs of young people who have not fitted into the traditional education system. Such a program might well include the reestablishment of the Civilian Conservation Corps which accomplished so much for both human and natural resources during the thirties.

I wish to add, Mr. Chairman, that there seems to be about a million young people in the age group 17 to 23 who now are not in school and are not employed, who would form a very strong basis for a program similar to the CCC program.

(g) Programs designed to meet the problems of depressed areas within a generally healthy body politic. The approach embodied in the Economic Expansion Act of 1949, which some 18 Members of the Senate introduced at the last session—it is Senate bill 281—with respect to areas of serious unemployment is suggested as worthy of consideration.

In conclusion, it is essential that our Government leave nothing undone that may prevent a relapse from conditions of full employment of our manpower and resources. We have already lost ground this year.

Stability and full employment are dependent upon our ability to expand output to even higher levels. Thus, the challenge of 1950 is to reverse the trend of the early part of this year. While this is a matter of concern to the entire membership of the joint committee, it is of particular importance to this subcommittee. The low-income family group will be first to suffer if our economy fails to continue to expand. Our task is to convert the great volume of unmet wants in the lower third to effective demand for the better things of life.

With what we already know about the nature of the causes of present poverty, we can start to act now. To solve these problems will cost a substantial sum of money—even with present standards of Federal expenditure. But if we regard the expenditure as productive investment in human resources, the returns more than justify any narrow view of the money costs. The results can be substantial within our lifetime. Many will be directly measurable, others will have their effect in more subtle terms—in strengthened democratic institutions, in assuring the free-enterprise system's successful survival and healthy growth in a hostile world.

Mr. Chairman, I have an additional statement which I should like to include in the record. It is not so much a criticism of the excellent staff work of the committee, but it draws attention to the table on the last page of the staff report, page 138, appendix G, table G-1, a most important table. The reason why I should like to make this additional statement is that this table, which is so important and carries such a message, has been widely used. It has appeared in the testimony of other witnesses before the committee and in its popular reports. I should like to say just these things about the table, if I may, by way of analysis of it, rather than a criticism of it, for the table purports to give us a great, glowing feeling of encouragement that since the trough of 1935, we have made such substantial progress—and, more particularly, the progress has benefited disproportionately the lower two-fifths, so that we should take encouragement from it. So I should like to comment further on it.

Subsequent to preparing my statement for this committee, I have had an opportunity to read some of the other testimony and to reflect further on the implications drawn by other witnesses from the staff report table (p. 138) on the changing income distribution since 1935-36.

The conclusions which an uncritical reading of the staff report table would yield are highly misleading for a number of reasons.

This table purports to show that the vastly improved state of our economy in 1948 has more than proportionately rounded to the benefit of the lower-income brackets. It gives comfort to complacency, to the view that continued full-employment levels will solve the difficulties of the poorer groups of our society. In its crudest expression, the table supports the notion that there has been a trend toward increasingly less inequality of income.

I am convinced that no such inference can be correctly drawn, and that in fact, almost any use of this particular table should be suspect. I take this position for several reasons:

First, it is extremely misleading to compare the distribution of income in a period of substantial unemployment, as in 1935-36, with the peak period of output, such as in 1948. A mere statement of this fact explains the apparent meteoric change in the purchasing power accruing to the second lowest fifth, where you will notice they were supposed to have made a 100-percent increase in purchasing power, from 1935-36 to 1948.

Since that group suffered from substantial unemployment in 1935, and was virtually free from unemployment in 1948, we would expect the greatest change in income status to appear in this category. There should be no particular significance or no false hopes raised by stating this fact.

To only a slightly lesser extent, this picture, implicit in all the percentage comparisons of changes in the table, are explained by the noncomparability of the two periods compared. During a period when the economy rose from substantial underemployment, to record levels of output and employment, the lower groups must almost by definition improve their position, for, from the very bottom of the totem pole, they can only move one direction—upward. The top groups, on the other hand, contain diverse elements—some vastly improve their position, others remain stable, and some decline.

An analogy may help: A child of 5 years must necessarily grow older at a faster rate than an adult of 50 years. After a period of 10 years the child of 15 is three times as old as at the beginning, while the 60-year old adult is only 20 percent older (60 years as compared with 50). This arithmetic does not belie the fact that the adult is still 45 years older than the child.

It would be dangerous to assume that the recorded changes represent a trend. We are just looking at our economy at two noncomparable different periods. When jobs are not available, the money incomes of the largely unemployed are negligible. When almost everyone is working who normally works, the money income picture would be expected to be entirely different. These results give no necessary evidence of a trend. It is worth noting the alleged gains of the low-income groups probably occurred before the postwar period. I think this is central to the discussion. I suspect—and since I prepared this statement I received from the best authority in this field confirmation of my suspicion—that the inclusion of data for the 1946 and 1947 period would demonstrate that the tendency for the lower groups to improve their position was confined to the early years of achieving full employment. The changes took place in the early period, as a consequence of increased employment opportunity. During the inflation the trend may actually have been reversed.

I am told that the committee will be offered these new data indicating just that fact. As a matter of fact, Mr. Chairman, they will indicate a movement upward to 1945 for the lower groups, and then they will show a decline from 1945 through 1948. Those data will be available to the committee within a day or two, and they are extremely important.

In passing, I might remark that the actual purchasing-power changes in the lowest fifth should not be of great comfort to anyone seriously interested in the welfare of people for the table shows that, from 1941 to 1948, most of this being a period of full employment, the average family income of the lowest fifth increased from \$592 to

\$848 in real purchasing power, \$256 in seven of the best years we have known, or at a rate of \$37 a year. At this rate we can roughly calculate that it would take 31 years of full employment, or until about 1980, for the average income in the lowest fifth to reach the \$2,000 mark. This kind of calculation may be pushing the data too hard, but it brings me to my second point.

The effect of analysis of changes in percentages in income distribution conceals a great deal that is readily apparent if we look at the dollar figure involved. Converting the percents into dollars by utilizing the estimated number of family units in 1948 as 44,000,000, the table looks like this:

Distribution of money income in 1948 prices

	1948 (billions of dollars)	1935-36 (billions of dollars)	Increase from 1935-36 (billions of dollars)	Percent of increase accruing to each group
Lowest fifth.....	7.5	4.7	2.8	4.1
Second fifth.....	20.5	10.2	10.3	14.9
Third fifth.....	29.7	15.9	13.8	20.0
Fourth fifth.....	41.0	24.1	16.9	24.5
Top fifth.....	87.5	62.3	25.2	36.5
Total.....	186.2	117.2	69.0	100.0

Since there were fewer than 44,000,000 family units in 1935-36, this is a very rough picture, but even so the results are instructive.

Bearing in mind this qualification, we can say that our society's money income increased by about \$69,000,000,000, in real terms, between the two periods. Of this increase, only 4 percent went to the lowest fifth, less than 20 percent went to the lowest two-fifths, and more than a third, \$25,000,000,000, went to the top fifth. The mere increase in the share accruing to the top fifth was almost six times the total amount of the lowest fifth's entire share in 1935-36, and almost four times its share in 1948. In fact, the top fifth's increase was almost equal to the 1948 share of the bottom 40 percent.

The insignificance of the change in position of the lowest fifth is realized by recalling that the share of the top fifth was 13 times that of the lowest in 1935-36, and remained at 12 times in 1948. Even this small observed change is probably not justified by the true condition. This leads me to my third major point:

There are serious statistical distortions in every one of the studies upon which the table is based, and they require that their use should be very carefully qualified.

All of these studies understate the condition of low-income families. For technical reasons, the sampling processes on which the figures are based are less satisfactory in producing good representation of either the very low-income or very high-income groups. They understate the number of low-income families, and understate the income of the high-income families. It is very difficult to sample representatively the floating, transient population at the bottom of the pyramid; it is even more difficult to get complete statements of income from wealthier individuals. You will note that in the latest controversy over census questions on income, there was no effort to secure the exact amount of income of individuals earning more than \$10,000.

So I infer that the picture obtained by such studies is distorted on the rosy side of an unknown amount. In passing, it is also worth mentioning that confining the data to money income necessarily colors drastically the income-distribution picture. The top income group has substantial income sources which are excluded from consideration by this definition. I am referring specifically to undistributed profits. In 1948, for example, only about 37 percent of earned corporate profits were distributed to stockholders. The owners of securities, heavily concentrated in the upper group—all public securities were held by only 8 percent of all families in 1949; the holdings of half of these families amounted to less than \$1,000—actually were in a much better position than the dividends received indicated, because their equities in corporate wealth had increased. On the other hand, dividends paid to stockholders in 1935-36 actually exceeded net corporate income. This may well explain part of the apparent loss in the relative share of the top fifth by 1948.

Thus for sound reasons, I am concerned about the uncritical use of the report's table. It raises more questions than it answers. I particularly deplore the use of this data to rationalize complacent acceptance of existing conditions.

It is clear that no one should even suggest that the increase of average income from \$592 to \$848 over seven prosperous years implies that full employment alone will solve the lower fifth's problems.

Mr. Chairman, it seems to me that what I have just presented will raise questions with which your committee staff will wish to work.

This concludes my general statement.

Senator SPARKMAN. I was interested in all your statement, but I was particularly interested in one reference you made to the need of a study and to what was being accomplished in our various welfare undertakings. I gather from what you say that you think there is some duplication and overlapping.

Mr. ANDERSON. Yes, Mr. Chairman, my feeling is this: From a fairly close relationship to these practices; during a part of the depression I was State relief administrator of the State of California, where we had a sizable program. So I learned something of it at first hand, and I have been in touch with the Hoover Commission's activities since then. There is all too great a tendency on the part of Congress—it is just as inevitable as it can be—after long debate and thorough discussion and the establishment of definite public opinion, to pass an inclusive welfare measure; and then the Congress, as a Congress, promptly forgets about the operation of the law it has passed. And Congress gets a chance at it only at very infrequent periods of revision; that is to say, as a Congress. Some of the committees of Congress take a definite part in the advancement of the program. Similar activities are engaged in by some of the relief and welfare services, as contrasted to the activities, let us say, of the Department of the Interior or the Department of Agriculture or the Reclamation Service, as an example. But seldom do we find congressional committees actually going out on field trips to investigate accomplishments in the social-welfare field.

For example, the Smith-Hughes law and the George-Dean Act were passed, and their purpose was to provide courses of training for underprivileged persons. But then, all through the years we

failed to have what amounts to an audit by an outside body—in this instance, the Congress. There is a self-audit going on all the time, but you know it is poor practice to have a department that is spending money make its own audit. I think long overdue is an examination by the Congress of the services being rendered. The Hoover Commission did not do that. It was not charged with that responsibility; its job was to determine the most efficient administrative pigeon-holing of existing functions.

I think we are sadly in need of a congressional reexamination of welfare activities, some of which are a quarter of a century old. Such a reexamination should be made carefully by the Congress itself. I would direct the attention of that inquiry specifically, so far as this subcommittee is concerned, to the effect of these welfare activities on the underprivileged in the population.

Senator SPARKMAN. I noted with interest your reference to the table on the last page of the staff report and also the statements you make with reference to the danger of misreading that table. I believe the other witnesses who have appeared before us have agreed with you in the statement that even though there may have been a dollar improvement, the relative position has remained pretty much the same all the way through. That is what you are saying, is it not?

Mr. ANDERSON. I am saying that in part, Senator. But in addition I am saying that this table, if it is to be a properly presented table, should have had every intervening year included in it. It is not possible to ascertain a trend simply by presenting figures for several years.

Senator SPARKMAN. Of course, you are saying that we started from zero and went up.

Mr. ANDERSON. That is right.

Senator SPARKMAN. Naturally, that would show a tremendous increase.

Mr. ANDERSON. As you know, in 1935–36 we were not necessarily in a depression, but in the up-sloping portion of the trough. At that time we had, according to anyone's figure, from 8 to 12 million unemployed.

Senator SPARKMAN. How many of those were in the lower third bracket and how many of them went into the other groups when they became employed?

Mr. ANDERSON. All the studies available—there are numerous ones, including several studies of national groups—reveal a disproportionate division as between the skilled, the semiskilled, and the unskilled. Of course, that was inevitable. Under WPA, with levels of from \$50 to \$90 a month, and similarly under SRA, where the pay was from \$30 to \$40 a month, it was found that workers moved from that level abruptly, in their first job, to considerably higher pay; their first job carried them, during the first year, to much greater incomes; they moved up very greatly. The peak figure you will get will be for 1945.

Since 1945 the average per capita money income in the United States, which the last line of the table shows, has been on a downward slope. That is a very important point. The figures—I will give them to you and they will be verified—were given to me by a person who should remain nameless for the moment, but will appear before the committee. The figure for the average income for the year 1935–36 is

your figure of \$2,664. In 1945 it reached a peak of \$4,645. In 1946 it dropped to \$4,564. In 1948 it dropped to \$4,235.

We pulled together some figures of real income of 1948 dollars on a per capita basis, and we find the peak to be 1944; 1944 was the peak of the recovery. Since then, real income, measured on a per capita basis in 1948 dollars, has been declining. That pattern is the most natural thing on earth, in a recovery from the kind of economy we were in all during the thirties. There was a characteristic first spurt of recovery.

The job with which this committee is concerned is not the question of how to maintain stable employment on that kind of a slope, because that will lead us in a direction in which we do not want to go. But what we want to have is a slope that is stable but on an upward incline. It is the biggest kind of problem, and I just do not know the full answer.

Senator SPARKMAN. Aside from that, do you agree with this statement: That even though the relative position of the different income groups has remained about the same, there has been some improvement, even in the lowest levels?

Mr. ANDERSON. Yes. Inevitably when we move from a position that we knew to be the case in 1935-36—the general condition of the lower-income groups in that year was pretty terrible—when we move from that to an employment situation such as that which we had in 1948, for example—and already we have lost, in 1949; but in 1948 that was a very considerable improvement. Mr. Chairman, to illustrate that, let me say that I remember how shocked I was at the persistence of an unemployed group when I was administering the California relief program—the persistence they showed in trying to get \$5 a month advance on a \$56 budget; \$5 a month on a \$56 family budget is a whale of a lot more than it is on an income like yours or mine.

The point you make is extremely important—namely, that we moved from mere scratch in 1935-36 to the level of today. That is of tremendous importance. It is part of the whole problem of employment and full employment.

Senator SPARKMAN. I am glad you stress the necessity for full employment as you do in your presentation, and yet point out the fact that it alone is not sufficient.

Mr. ANDERSON. Yes.

Senator SPARKMAN. But it is essential; is it not?

Mr. ANDERSON. It is the basis from which you start to operate.

Senator SPARKMAN. Yes.

Mr. ANDERSON. Senator, if you had to make a report from this committee to the full committee and to the Congress without that as your premise, I do not think you could make a report that would be meaningful. If you have to think in terms of a depressed condition in this country, there is so little other than relief that you can do for the lower income third, that you had better put your mind on relief. But in knowing some of the major causes of this situation, given the condition of full employment or nearly full employment, you can actually recommend things that will cause a very substantial difference in the next generation.

Mr. BROWN. Just one, Dr. Anderson.

You say in your statement that the unskilled are a caste.

Mr. ANDERSON. Yes.

Mr. BROWN. You say:

The great majority of unskilled workers begin as unskilled laborers and never move above that level during their working careers.

I wonder if you will tell us a little more about that point. I looked very hard for statistics showing movement up and down, but I did not find very much. I suppose it is based on your California study.

Mr. ANDERSON. Yes. The pioneer study in this field was the California study, Occupational Mobility in an American Community, 1937. In addition to that, we had at Stanford University a little institute which was using some university funds and some nonuniversity funds. That institute made a study of the subject; we studied it for a little more than 3 years.

In addition to that, we ran off occupational studies in 3,000 carefully selected cases, and we had the returns and had them traced throughout their entire working careers. We did not publish the study. You know how hard it is to get material of that kind into book form. But the results of that study corroborated the San Jose study, and that was a good example. That is the second one I would give to you.

In place of statistics, I will give you a whole series of case studies. This matter is handled very well in your report. I refer now to the case studies, ranging from the Middletown study, the Zimmerman study of rural populations, Sirokin's studies of mobility, the Taussig and Joslyn study which Professor Kreps had something to do with. I do not know of a single study which has not reported conclusions inclining in our direction.

I support my statement by the one published study and the other unpublished study which had statistical material in it. It is also supported by, I would say, a common acceptance of that point of view by the men who have treated of this problem most in recent years. If I have anything to offer to the committee, it is by reason of familiarity with the subject, this long-studied topic. Here you are dealing with what is akin to what a specialist in the medical field deals with in a disease condition where a precise diagnosis is impossible. His expert judgment is relied upon. We do not know exactly how much stratification there is for the entire population, but from our study we know that the large blocs of people in the little skilled level and the people in the unskilled level exhibit many characteristics that keep them in that form and in that place, and they pass them on from generation to generation. So, I think the best word we could use is "caste," or in other words, a caste-like condition. I would not be held to doing more than that, in amplifying my statement.

Mr. BROWN. You think it is very important as a caste from generation to generation; do you? For example, we have the Irish, from whom I am descended. When they first came to this country they were almost always unskilled laborers but now they are almost never unskilled laborers.

Mr. ANDERSON. One of the reasons why I injected the section on migration and made reference to the very thing you are talking about is that it is true that the earliest studies in this field which started that off were studies by Isadore Lubin, who later became Commissioner on Labor Statistics, and Louis Bloch, who later became Labor Commissioner. The stories of those men and of others like them follow along the line of the literature of the Jacob Riis stories about how

the other half lives; and by analysis and statistics they state what you are talking about. They show that while the American streets were not necessarily paved with gold, as some of the immigrants thought they would be, nevertheless there was a good deal of silver lying around, and they picked up some of it. The studies that were made by the men I have mentioned were most important.

In California, I made a study of a recent manifestation of this matter, as regards the Italian immigrants. Within three decades their children, some of whom were born abroad, are now in positions of prominence in that community; they are accepted; they are intermarrying. It is an amazing melting pot. It is true that it also has characteristics that are not of the melting kind. I think something has happened of late to alter earlier conditions. It is something that moves like this: With the increase in dependence upon manufacturing and with the increase in importance of the semiskilled operating level—it has been a dominant factor—not the dominant, but a dominant factor or sector in the occupational—you have a situation which tends to preserve that broad band rather than to permit upward climbing. The immigrants or the sons of immigrants just happen to be caught in that band. I think they tend to stay there.

When you ask me if we are increasing their immobility, I would not be able to answer your question positively, but my guess is that we are; and I think it is a very real danger for this kind of a country—a democracy.

That is one of the reasons why I stress the free goods concept in the cultural field. If you are going to condemn one-third to one-half of the American people to relatively low income status, relatively unskilled or little skilled occupational endeavors of a routine kind, then it seems to me inevitable that you have to provide in the free goods sector the cultural things and influences that make a free people want to be free and able to be free and to participate in the institutions of a democracy. I think it is an extremely important problem.

Senator SPARKMAN. Dr. Kreps, the staff director of the joint committee, is here at the committee table with us now, and we shall be glad to have him ask any questions which he may care to ask.

Mr. KREPS. Senator, I am glad you have given me an opportunity to ask a few questions.

First, of course, the notion which Mr. Anderson has conforms very well with those of Professor Taussig, who talked about the labor of noncompeting groups and listed them very much as you have in your presentation, and went on to say that this phenomenon, which all of us have seen, of immigrant groups is an exception and is due to the fact that primarily these immigrant groups come from all areas in the population.

Mr. ANDERSON. That is right.

Mr. KREPS. And that therefore they were really temporarily misplaced in the urban centers where they first dumped themselves, and often in the occupations in which they first could find entrance.

The thing that bothers me about your testimony is this problem: Is it true that on the whole the way to raise the incomes of the lowest third is by increasing, probably not as much percentagewise but more in terms of absolute amounts, the incomes in the top groups, and notably in the business and professional groups.

Let me restate that question: Is their status a result of full employment for relatively high gross national products; or can an argument be made that in order to get and to maintain high level employment and gross national products, we had better do something about the productivity, the education, and, therefore, the incomes of the low-income group?

What is your feeling in that matter?

Mr. ANDERSON. As Dr. Kreps knows, we have argued this point probably 50 times over the years. My own feeling is something like this: I do not think that, in the overall, we have achieved anything like the measure of gross national product and gross total income and the more equitable division of that income among the various shares that we can have. I think the people who talk about a much enlarged economic pie with the passage of time are right. As that happens, what do you do about the shares? Well, as I see the top of the pyramid, what is happening is an increasing division of skills and complements of skills. We have not by any means reached the optimum division of labor in the upper brackets. One of the best ways of getting the kind of leadership we need up there is to so group the occupational skills as to call on idiosyncrasies of various kinds, unusual abilities, and bringing them into play. One of the best ways of bringing them into play—I do not know whether it is cause or effect, but I know it is associated with that—is to offer unusual inducements.

I think the top of the pyramid pretty well takes care of itself, although not entirely. Wherever a big population similarly employed is concerned, however, an organization has to be created to preserve and improve status; but by and large it is not as important in the upper levels as it is in the lower levels.

I think the lower levels have several ways in which their status can be improved. If you could do what Taussig several times suggested in the years gone by—in other words, get a training system that would train more of the little skilled and unskilled and would make them available at the skilled levels—you would thereby increase the pressure on the skilled levels and, I suspect, would not only improve their organizational status but also would improve their incomes. I would not fear a degrading if that were done.

I do not think anything short of positive action by the Congress will provide any mass upward movement of the lowest two-fifths of the population we are talking about. The things which I think are necessary there are the ones I have mentioned—in other words, training, placement, retraining, and replacement programs.

Mr. KREPS. In regard to appropriations, if they are made, would you regard them as something done for humanitarian aid and relief, which we are trying to minimize, or would you regard them as investments?

Mr. ANDERSON. I would put them in the category of humanitarian and investment efforts. But I would do everything possible to budget the training of people just as we now budget the training of officers at West Point and at other institutions throughout the country. We are moving considerably to the point where we will send people through institutions which normally have not been considered training centers for the public service. But I would do exactly what you implied in the last part of your question; I would budget this training program

as an expense of government, an investment returnable in tangible, measurable results over a period of time.

Mr. KREPS. In other words, invest in these human resources in the same way that we invest in other resources, in developing other programs?

Mr. ANDERSON. Exactly so. It is the greatest resource we have, obviously. That can easily be proved. I cannot see why we have an RFC maintain the solvency of some of the great business enterprises of this Nation when we do not have something comparable to provide loans—pay-back loans, if you will, repayable at low interest rates—to all of those who are capable of going on in specialized training.

Mr. KREPS. Here is a question that is an aside: I take it that you do not represent the organization for which you are research director.

Mr. ANDERSON. No, Dr. Kreps. I did not ask any of my sponsors for permission to come here. I wanted to talk out of 15 or 18 years of study of this problem. So, I am speaking for myself.

Mr. KREPS. Therefore, the numerous businessmen, and particularly the Council of Importers and the businessmen who are members of the National Chamber of Commerce and other businessmen participating in your organization, are not represented here in your statement?

Mr. ANDERSON. No.

Mr. KREPS. I wondered how far your statement represented the point of view of those who are your chief backers.

Mr. ANDERSON. I would say I do not expect to find, when I return to my office, men of the group you have mentioned calling me up and telling me I have talked out of turn or criticizing me. As a matter of fact, they think pretty much this way.

Mr. KREPS. Thank you.

Senator SPARKMAN. Thank you very much, Mr. Anderson. We are glad to have had you with us, and we appreciate the presentation you have made here.

Mr. ANDERSON. Thank you very much, Senator.

Senator SPARKMAN. The committee will stand in recess until 10 o'clock tomorrow.

(Whereupon, at 3:30 p. m., a recess was taken until 10 a. m., Wednesday, December 21, 1949.)

LOW-INCOME FAMILIES

WEDNESDAY, DECEMBER 21, 1949

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON LOW-INCOME FAMILIES,
JOINT COMMITTEE ON THE ECONOMIC REPORT,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10:10 a. m. in room 318, Senate Office Building, Senator John Sparkman (chairman), presiding.

Present: Senator Sparkman (chairman).

Also present: Theodore J. Kreps, staff director, Joint Committee on the Economic Report; Grover W. Ensley, associate staff director, Joint Committee on the Economic Report; Samuel L. Brown, economist, Subcommittee on Low-Income Families; and Mrs. Elizabeth G. Magill, research assistant, Subcommittee on Low-Income Families.

Senator SPARKMAN. The committee will come to order.

Monsignor Ligutti, will you come up, please, sir? If you do not mind coming out of order, we will ask you to make your presentation at this time.

Russell Smith was due here, but he has not shown up yet, so we will just switch places with you, if it is all right with you.

STATEMENT OF MSGR. L. G. LIGUTTI, EXECUTIVE DIRECTOR, NATIONAL CATHOLIC RURAL LIFE CONFERENCE

Monsignor LIGUTTI. Yes, thank you, Senator.

Senator SPARKMAN. I am sorry that the entire committee is not here, but as Christmas gets nearer, people have a tendency to go home, and that is what has happened with our committee members.

However, we are glad that you are with us, and your statement will be called to the attention of the other members of the committee.

Monsignor LIGUTTI. Thank you, Senator.

Of course, as long as you tell me to do anything it will never be out of order, and when a Senator like you is present, why, that is a whole committee.

Senator SPARKMAN. Well, between us we will certainly make things in order, will we not?

Monsignor LIGUTTI. We will do our very best, Senator.

My name is Msgr. L. G. Ligutti. I am a priest of the diocese of Des Moines, Iowa, and executive director of the National Catholic Rural Life Conference, with headquarters in Des Moines, Iowa.

I was a pastor in a small country town in Iowa—two different towns, as a matter of fact—from 1920 to 1941, and I have been in close contact with low-income families in rural districts and, particularly, in coal-mining territory.

I have also worked among and observed first-hand the situation and problems of low-income families throughout the United States, most of Europe, practically all of South America, Australia, and New Zealand.

I am more than interested in an analytical examination of the status of such families, of the underlying causes and possible remedies for their status.

I shall present in this testimony some definitions and offer for consideration a few principles. I shall point out difficulties and handicaps, and I will suggest some possible remedies. Throughout my testimony I intend to keep in mind the principles of Christianity and democracy, and even in view the long tomorrow for our Nation and the world.

I was certainly pleased, and I wish to compliment the ones responsible for the assembling of the Materials on the Problems of the Low-Income Families.

They began their report by quoting the Employment Act of 1946, which sets forth as basic economic goals of the Nation "the promotion of maximum employment, production, and purchasing power."

Personally I would prefer to propose two goals which I believe summarize better the type of philosophy I shall present to this committee. Goal No. 1, maximum production; goal No. 2, optimum distribution.

There are two types of human production—one mainly material, the other spiritual, and by "spiritual" I do not mean sectarian or even religious in the generally accepted terminology. I will explain a little later just what I mean by the term "spiritual production."

Material production results from the application of human resources to available material resources. The result is material wealth, that is, consumptive goods and capital savings.

Then, the spiritual production, that is, the personal and social production, must be the concomitant of material production, that is, as material wealth is produced, the personality of a human being must be and should be thereby developed. The well-being of the family, of the national and international community should be enhanced. Whilst material production is made possible by the application of human resources to available material resources, at one and the same time by the very process and in the very process of material production, the human being who produces must be developed himself in his totality, that is, physically, mentally, spiritually, socially. In this process of production the well-being of the producer's family should be taken into account.

I am thinking now, particularly, Senator, of the fact that in material production at times a poor man is working very hard under terrific conditions in a factory or elsewhere or in the countryside, and he goes home tired and worn out.

Well, the first thing you know, the welfare of the family is hurt. He feels dissatisfied, he feels unhappy, and he goes out gambling or drinking, and these actions affect the family, and that means the national and international community as well.

The same thing applies to a working wife. She should be taking care of the children. She may produce material wealth very efficiently, but what about the personal welfare, her happiness, and the happiness of her family? Unless a balanced production is achieved at the same time in both fields, poverty is the result; and I mean pov-

erty, because poverty is not merely lack of something material; it is something more than that.

No person, family, or nation is rich if it possesses only material goods, and no person, family, or nation can be said to be spiritually rich unless a fair basis of material wealth is present. That again is important.

We cannot say that the person is spiritually well off if the person is hungry. We just cannot expect people to pray on an empty stomach or when they are tired and worn out from work that is at times, dehumanizing.

Working for the attainment of either material or spiritual wealth while forgetting the other makes the final attainment an empty victory.

Minimizing or underrating the importance of either results in a lopsided social structure ready to crumble at the slightest disturbance. It is not necessary, as some claim, to lose social freedom in order to gain material freedom.

The development of both, social and material freedom, should be possible at one and the same time, and they are possible.

Material efficiency will not be affected by a recognition of the need for concomitant spiritual efficiency.

Too often we have the statement made that, well, we are just concerned with production, material production; certain things have to be turned out just so, in perfect fashion, and we forget the man who turns them out, who fashions them, and while we turn out some beautiful material things, we debase that which is noblest and greatest in creation, that is man.

Farm workers, full-time, part-time, resident or migrant, must not be considered as nonentities in the social, religious, or economic fields. As a rule their lot is low pay, no minimum wage, poor working conditions, part-time employment, slum housing, no social security or old-age benefits. In other words, they are the economically left-out people. Regardless of their race, nationality, or creed, they are human beings. In a democracy they cannot be left out. Apparently, when legislation in their behalf is considered, even most of the labor unions are unaware of the existence of such laborers in the United States. When farm legislation is before Congress, these poor farm laborers, who are responsible for much of the farm production in the United States, are again not considered by the big farm organizations, with the exception of the Farmers Union. There has been a consistent policy followed in their regard. The policy is—do nothing for them.

These very poor farm workers are the ones who need not only sympathy and charity, but they need and demand justice. It is awfully nice to drink coffee at a cheap price, or to enjoy tropical fruits, but is it morally right for society to expect such comforts at the expense of misery among the caboclos who work on the coffee plantations of Brazil, or the "Grapes of Wrath" people who toil in our orchards in the United States?

I have heard of little babies dying under the sorting table right here in our own United States. I have seen the poor coffee plantation workers in the State of Sao Paulo in Brazil. If we have to enjoy and drink coffee at a cheap price, when these poor people are suffering in order to get it to us, I wonder if we should be drinking coffee, Senator.

In this day and age the world cannot continue the old tradition that has permitted the existence of the brutalized man with the hoe.

You have read the poem, you have seen the picture. I wonder if that kind of a tradition should be continued in the world? I say that in a democracy and in a Christian nation, it should not be continued, and I feel very strongly about this, Senator. I feel that labor unions and farm organizations should take the interest of the laboring people, of the toilers on the soil, as well as they take care of and seek to protect, as they should protect, the toilers in the factories and in the cities.

I also feel that farm organizations, and all of them, they are good people, they are decent people, they are interested in the welfare of the farmers—why then not be interested in the welfare of the farm workers who do an awful lot of the work, and who are the producers of the good things that we want. In housing, wages, social-security legislation, why have these poor people, these farm workers, to be left out? It just is not fair, it is not democratic, and it is not Christian.

The second goal is optimum distribution.

Production is, of course, not an end in itself. Unless human beings benefit thereby it is void of real significance.

In the process of production the human being and his family in the community should be benefitted thereby.

Then, when the material wealth or capital goods are actually produced, all human beings, the whole of society, should benefit by the production.

In order to achieve optimum distribution of material and spiritual production, we need not seek to achieve Procrustean identity in sharing the products.

Far be it from me to advocate any such thing as identity in distribution; it is completely absurd.

First of all, a prerequisite is the right of every human being to have access to natural resources—that is No. 1—accompanied by another fundamental right, that is, to be trained in the proper use of the natural resources.

I have seen it in many parts of the world where the natural resources are just there, and you can go over and make use of them. But if the poor people do not know how to make use of it, well, it is no use going there.

I was up in the central part of Brazil last summer. It is a world of natural resources, yes, but the poor people there at the present time, who walk for maybe 2 or 3 months to get to the spot, are just felling the trees, then they plant a crop of rice or of corn, and then the soil erodes, and they go on.

Now, it is not only the right to have access to natural resources, but also human beings have a right to be trained to the proper use of natural resources.

These rights imply duties on the part of organized society, and I believe that these two rights of human beings imply fundamental duties on the part of organized society.

Access and use of natural resources are not favors granted by society or by individuals to other men. They are God-given rights.

Very often, of course, the statement is made, "Well, the rich give us work," or "The Government gives us work"; that is, the Government is the great benefactor or the capitalist is or the monopolist is.

There are certain fundamental rights that come directly from Almighty God to human beings, and organized society has the duty to see to it that these rights are made accessible to all human beings within the sphere of that particular type of organized society.

Secondly, each human being has a duty to apply himself diligently and honestly in the production of wealth for his own benefit, and for the welfare of his family and society.

In other words, it is not just one-sided.

Thirdly, his reward must be commensurate with his contribution and his need. Justice and charity will result in equality for all but not in identity. In accordance with the contribution and in accordance with the need, the reward is to be applied and given to the human beings.

Now, let me point out some problems and some ideas that are rather basic.

To whom is a living owed? Organized society does not owe anyone a living, but it must facilitate the earning of a living. It is very important these days.

Out of social justice and charity society does owe decent support to the ones who, because of various handicaps, are unable to provide for themselves—although even there the obligation is primarily a family obligation. Where the family is not able or, perhaps, incapable of taking care of them, or where it would be too much of a hardship then society actually owes some decent support to these people, but in such a way so as not to debase them in any way whatsoever.

The number of people, you know, who actually need such help is not too great, because many persons, apparently incapable of efficient production, can be trained and assisted in becoming quite productive, and it would be so much better to actually assist people to become self-sufficient and productive than to just say to them, "Why, you stop working, and we will give you everything you need."

We go on to another basic difficulty, the spiritual results of relief: Filling stomachs with food or furnishing an electric blanket for a bed may be necessary at times, but only insofar as such feeding and comforts actually help to develop the personality of the recipient. No personality is ennobled by being a ward of the state, by receiving a dole, or being the object of private charity.

I have seen it, and I saw it during the depression, in a very special way, when it was just apparently necessary to hand out something for the poor people to eat, and for the children, but they did not feel very good in receiving it, because to receive alms does not enoble a person. When these same poor people were raising their own gardens and they saw things grow, well, their faces brightened up; they were better off. Why? It was not just because the food that they raised, perhaps, was more substantial or a greater amount, but the great big thing is that they had produced it themselves.

While salves and ointments may be necessary from time to time to alleviate pain, we should be concerned with the fundamental causes of the pains and aches.

Unproductive, artificial, made work, does not solve an underemployment or unemployment situation. We might keep 10,000,000 unemployed busy by lining them up in a circle and asking them to pass a potato from hand to hand. It keeps them busy all right, but

such exercise that will keep them busy actually will not produce either material or spiritual wealth.

I suggested that to some people during the depression. I suggested that they do that, and solve the unemployment problem, because other solutions that they were in the process of carrying out were just about as effective, from both the material and spiritual viewpoint.

Here is something else too, cash income is not everything. While in this age we should be concerned with the cash income, it is well to remember that such a standard of measuring prosperity and well-being is far from being accurate or complete. It is not what you take in that counts; it is what you do not spend that counts.

If we just say that low-income groups, families, should have a certain cash income we may make a mistake. I have seen families make a very fine living on about four or five hundred dollars a year of cash income. Why? Because they did not have any grocery bills to pay. They had a cow of their own; they made their own butter, their own cheese. Well, they did not have to go and buy pork chops, they did not have to go and buy eggs. They canned all their fruit. I have seen very large families with a grocery bill of less than \$10 a month. If you know how to do it, it can be done, and there is the secret. It is not the amount that the family will take in, it is the amount that the family does not have to spend that counts more than anything else, Senator, and, of course, there are all sorts of other results from that, too, I mean social results, spiritual results, enobling the family.

I will go on to the next point, what I call the hookworms of low-income families. I do not know—I have seen poor people eat an awful lot, and no matter what they put into themselves, there was something that was eating up what they were eating, that is about the size of it, and a hookworm will do that.

I think that there are some hookworms for the low-income group and, of course, those hookworms, some of them—for some of those hookworms—the families themselves are responsible, and for some, our economic and social system is responsible.

No. 1 is, I think it is, much more prevalent at this time of the year than at any other time, is the desire to spend above one's means. Sales pressure has created an artificial demand for keeping up with the Joneses.

The lack of proportion in spending, in ability to manage one's income, to plan for future needs, and emergencies are hookworms of the low-income group. I have been out among the low-income group; I have been in their homes; I have tried to help them to solve their problems.

I have seen women from certain families, wearing fur coats, and found that no sheets or pillowcases were available in the home when sudden illness struck.

Now, something is essentially wrong there. It is a hookworm, and has to be cured within the family itself.

I presume that most of you have seen beautiful radio and television sets in homes where the diet is woefully deficient; that is a hookworm that takes away whatever little the family gets.

Then purchases on time at high rates of interest—there is no use kidding ourselves, you know about this—when you purchase anything on time, they are not just stretching out the time of a normal

payment; they are adding on. All you have to do is go into the various stores that give it to you, and it is from 15 to 20, 24, 30 percent interest that they soak you for, and yet people say, "Well, we buy it on time; we will enjoy it." Yes, but they will pay such an interest rate that it will absolutely swallow any possible surplus that they might have in their income.

Purchases on time at high interest rates are not healthy for any family. I used to say this to the young boys out in the country, the young men. "The first step in the ladder of success for a young man will never be the running-board of a broken-down jalopy."

I have seen them buy second-hand cars, when they actually should be saving their money to be able eventually to go out and rent, and in place of that they would buy a car, a second-hand car, and it took them at least 12 months to pay for the car.

They paid from 15 to 20 percent interest on the loan, and at the end of the 12 months, when they are all paid up for the car, as they go back home that night, the car breaks down. They have got to start all over again.

Just spending money does not help the totality of a Nation's economy. We seem to think that, but it does not.

Actually unless money is spent properly and judiciously, the totality of the Nation's economy is not improved by just making money go around. I think that ought to be studied, and studied seriously, because that seems to be the impression, "Oh, just spend money and everybody will be better off." That is not true economically.

The second hookworm: Unwarranted, unreasonable, and unjust profits, that is another hookworm of the low-income group.

We all know that the price of coal by the basket is exorbitant, and yet some poor people have to buy it by the basket, and when it figures out, it is 100 percent, 200 percent, a thousand percent higher than by the ton. It is a hookworm.

We know that interest of 3 percent per month by a loan agency is really a 36 percent per year interest rate, and that loan sharks often charge higher than a thousand percent interest rates. Well, they are extra legal—they are illegal, as a matter of fact—but the 3 percent per month—all you have to do is just stand around on the corner where there is one of these loan agencies operating, and find out what kind of people borrow money at 3 percent per month, and it is the beginning of many troubles within the family. It is the beginning of actually stealing and cheating if they happen to have any sort of responsible position, because 36 percent a year for any loan, well, you just cannot carry it, and that is all there is to it. The low-income family groups are the chief victims.

Well, I make a suggestion here that consumer cooperatives, particularly among the low-income-group families, let us say, for the purchase of coal, buying clubs, cooperative buying clubs—I have found them to be extremely helpful to the people because if you join with a group and buy a ton, and then divide it up, you are only paying for the ton at the normal price per ton, whereas if you buy it by the basket or by the sack, well, you are just not only doubling, but you are trebling, and at times multiplying the cost at a tremendous rate.

Then, credit unions are the cure for the high-interest rates in loans.

Now, is it not the duty of organized society and of the leaders to

help in selling this kind and type of self-help medicine to the low-income groups?

I have always figured that as a pastor in the country or in an industrial district, it was my duty to teach the people how to organize cooperatives of their own, consumer cooperatives to help themselves, and to organize a credit union, again to help themselves.

I feel it was a religious duty, and I think it is also a civic duty, because it would do away with an evil which is prevalent all over the United States.

The third hookworm is taxes.

Everyone has a duty to contribute to the maintenance of organized society. That is really and truly a civic and even a religious duty. But actually, you know, it is a statistical fact that the low-income groups pay more taxes directly or indirectly than anyone else, of course, in proportion, naturally to the amount of money that they take in on a percentage basis, and it is not just a direct tax that gets them; it is the indirect tax.

I think it was some years ago that someone figured out—that was years ago—long before taxes got as high as they are, that a loaf of bread actually had not less than 12 taxes, and a pair of shoes about 50 some taxes. Who pays them? Well, the one who buys the bread, and of course, it hurts the low-income groups more because it reduces an already limited income. Pennies by the fraction eventually amount to dollars by the bushel.

It is my opinion that very close to 50 percent of the actual cash income of the low-income group family actually goes in direct or indirect taxes. In other words, 50 cents out of a dollar does not actually pay for the goods themselves, particularly along grocery lines or clothes. The 50 cents is absorbed over the long stretch in taxes. That hurts, because, as I said, pennies by the fraction eventually amount to dollars by the bushel.

I am going to suggest at least one remedy against taxes. Not even a Philadelphia lawyer can figure a legal practical way of collecting a tax on potatoes that you raise in your own backyard, provided you dig them up in the middle of the night and sneak them into the kitchen during the dark of the moon.

I think it is very wise to do some of that if we want to get away from taxes, and this brings me, of course, to the foot-on-the-land-and-foot-in-industry sort of a remedy, particularly for the low-income group.

I advocate a foot-on-the-land-and-a-foot-in-industry type of life for the low-income group. I know it works. It has been my experience while out among low-income families in the mining districts.

They were on relief every summer from about April 1 to September 1. Well, why? Because they were standing with both feet in the mine, and once the mine gave out, why, then down they toppled, and they toppled not only economically but they toppled down socially because you are toppling down socially and spiritually whenever you have to tax alms and have to go on relief.

Well, it is economically and socially sound, and may I say that this type of living, a foot on the land and a foot in industry, is not only economically sound from a national viewpoint, but it is socially sound as well as economically, because such type of existence, such type of living, is good for the family. When the family has space and light

and air and a modicum of property, a certain amount of self-sufficiency, ah, that family is just a little bit different from the families that have no space, no light, no air, and no property.

As Henry Ford has said, there is no employment insurance that equals the alliance between man and a plot of land.

Then, Alexander Pope quite a few years ago, before my time, said this:

Happy the man
Whose love and care
A few paternal acres bound,
Happy to breathe his native air,
On his ground.

My advocacy of a foot on the land for industrial people and for people working in the cities is practical, with the exception of very, very large cities. Certainly, most of the territory where we have a great many low-income families, low-income people, who are working in industry, such a remedy is possible and advisable.

Then, my last remarks apply to that contention which is often quoted and spoken that some people are just hopeless, some people are just helpless, and there is no use bothering with them.

Well, I just absolutely disagree with that. We have got to have confidence in little people; we ought to get out and get the hookworms for which the little people are responsible and for which society is responsible. We are out to improve humanity materially and spiritually. Little people can, should, and must be encouraged, educated, and assisted to achieve maximum material production concomitant with the full development of personality, family, and community. Little people have the stuff in them.

Over the period of ages it is they who, in their humble fashion, have contributed to the enrichment of the great material and spiritual storehouse of wealth and culture in the world.

It does not make any difference where we go in this world, the great works, material and cultural, directly or indirectly, little people were responsible for them. Who were responsible for the building of the cathedral of Cologne? The little people. Who were responsible for the many other beautiful buildings that we find everywhere? It is a little bit here and a little bit there. A lot of little people in a lot of little places are doing a lot of little things that, when added together, reach to the very heavens itself, so that there is no room for hopeless pessimism if we understand fully the meaning of Christianity and democracy.

There is no such thing as some people who are hopeless. By the very fact that they are human beings coming from the hands of God, and destined for eternity, that makes them a little less than the angels. It is only a question of finding out how to develop the hidden abilities that they have, and that is where society—and I do not mean only organized society, but human beings, leaders, and so forth—should actually, even for their own good, get out and do something, not merely give something to these poor people, the little people, but rather help little people to develop those innate, those hidden abilities that they have within themselves, and I mean material abilities, cultural abilities.

I think we could go down to the most hopeless part of the world—we certainly could go down into what we may call the most hopeless

portion of the United States—where at times people are called nothing but morons; maybe they look that way because they have a poor diet, because they have never had any training of any kind and no leadership; we could go down, and with the proper amount of leadership we could lift those people not by just external help, but we could actually encourage those people and make it possible for those people to lift themselves to a very high standard of both material and spiritual lives.

There is no room for hopeless pessimism if we understand fully the meaning of Christianity and democracy, and when we merely pass legislation saying, "Well, we will just give to these people certain things," we are not helping them.

It is better to spend that money in training those people to help themselves, because you are not only actually lifting them up materially by doing so, but you are actually making them produce something for which society will be very, very thankful.

Fundamentally, of course, there are no magic words, wands, or miraculous short cuts to the improvement of society and of human beings.

As I mentioned above, justice and charity are cornerstones. Society must see to it that the fundamental rights of human beings are accepted, the right to have access to natural resources, and the right to know how to use, to learn the use of, proper use of, the natural resources; and then charity, to love our neighbor as ourselves, for the love of God.

In the superstructure there are three stones: Stone No. 1 is work; that is, a desire, a willingness, and a pride in work, and I am quoting, "I am not just making money; I am not just laying brick, I am building a cathedral."

If that spirit were present, if we were to teach that and could teach that, and we can, the desire and the willingness and pride in work is fundamental.

No. 2 is thrift: That is just plain horse sense in planning and managing one's affairs, a desire for self-made security, a pride in the ownership of a modicum of productive property. I want to stress that—a pride in the ownership of a modicum of productive property, not just consumptive goods.

Ownership, in my opinion, has two children. They are responsibility and stability. When people who have been without property are given the possibility of owning something, it changes them. I have seen it. But, of course, with nothing to their own names, well, they have no stake in society or in the community. Propertyless proletarians want bread and the games, from the days of ancient Rome, and to heck with the republic or the republicans.

Ownership has the two children, responsibility and stability, and responsibility has to be developed in a person in order to make a good citizen out of him; and stability must exist in a family or the family does not possess the qualities it should possess.

The third stone of the superstructure is honesty, and that, of course, is very simple. It is summed up by the Golden Rule, "Do unto others as you would have others do unto you." I thank you, Senator.

Senator SPARKMAN. Thank you, Monsignor Ligutti.

I have been very much impressed with your presentation. I wonder now if we may get down to some specific suggestions. You do make some suggestions.

It seems to me that you give a very fine diagnosis, and all the way through I was thinking, would it be possible to write out a simple prescription. I suppose it is not, is it?

Monsignor LIGUTTI. I do not think it is.

Senator SPARKMAN. It takes many different forces playing upon these—

Monsignor LIGUTTI. It is a long-range program, with the proper philosophy of government, the proper philosophical foundation, and the proper philosophy of the nobility of human beings, and the possibility of human beings.

I think that if we have the fundamental basis, that then here and there various applications can be made.

I am thinking of my own personal experience in that little town at Granger, Iowa, where people certainly were living in misery in the mining camps, and through the subsistence homestead division, or later on it was the Resettlement Administration, and then later on something else—

Senator SPARKMAN. Farm Security Administration.

Monsignor LIGUTTI (continuing). Yes—well, we got some money for some lands, built 50 houses. Those people were poor.

As long as they lived in a mining camp where the houses were owned by the company, where they had to work for the company, where they bought things at the company store, well, I found them every summer on relief, and when April 1st came along, why, they were just barely paid up, and then they started all over again.

Of course, you put the houses next to each other, and you have cases, particularly in Pennsylvania and plenty of other States in the mining districts, where there is no room for a garden, and then all summer long they are just sitting there and then, of course, you have to contend with the women fighting in the back yards; you have got to contend with children getting drowned in the river; you have got to contend with juvenile delinquency, and so forth.

You see, a lot of those things, if you raise a garden, you prevent the husband from getting drunk or gambling, and if you raise a garden, you keep the woman busy in canning stuff, and then all children, no matter how small, you can get them out to help, and you keep them busy developing a liking for work, and so forth.

I am not saying this is a cure-all, this foot in the land and foot in industry, but there are plenty of places in the United States where that can be applied.

Senator SPARKMAN. Of course, this Government went into a program of that kind, as you mentioned, back in the early relief days through its homestead program.

As you know, that ran into a great deal of opposition to the extent that eventually they were required to liquidate those various projects.

I am not certain, however, that those particular projects followed your recommendation here. In other words, your recommendation is that this could be used in certain regions where, for instance, there is an industry—

Monsignor LIGUTTI. That is right

Senator SPARKMAN (continuing). To which these homestead, little homestead plots would be easily accessible.

Monsignor LIGUTTI. Yes, Senator. In other words, you cannot create something new and expect to make it go. There are too many difficulties connected with that.

I saw the Hightstown project in New Jersey from the very beginning.

We were developing it at the same time as the Granger project. They were going to put up a factory, and putting up a factory means capital investment, and then it means to sell, and when they began to sell they ran up against difficulties, of course.

In that particular spot where I was at, I was concerned with a better place for the families to live, and something that was economically sound, and it happened that it worked, and besides that, Senator, it takes work on the part of the local leaders. In other words, organized society has a certain part to play, but unless local leaders, and, we will say, the religious leaders or the civic leaders, actually take a disinterested interest in the welfare and in the building up of these people, you cannot do anything.

If I had gone in—not to praise myself at all—just because my collection was to become a little bigger, it never could have succeeded. If the lumber dealers merely went into that to sell lumber, as in some cases, or if some bank, as I know in some particular instances, got into it because they wanted to sell a bad piece of land to the Government, it just does not work, Senator; it just does not work, but if you get in there, and where you find there is a certain amount of leadership that will go in and work for the good of society and the good of those people, the project will work. I have examined those projects plenty, and I know.

Senator SPARKMAN. You think it would be a better plan to have it set up on a cooperative basis so that the initiative may be taken by the people rather than to have the Government go in, and in a sense, impose it upon them?

Monsignor LIGUTTI. That is right. Local leadership is necessary. You know, there are certain people who are so hopeless, from one viewpoint, because they say, "Well, I got stung everywhere, what's the use?" You have to begin to take them up and even exercise a little paternalism locally, not from the Great White Father; then you put them out on their own. I found that when you teach people who certainly have not had any background of any kind, never owned property, when you teach them, let us say, the principles of cooperatives or of credit unions, it is hard to teach them, it is very difficult, but teach them and teach them, and build them up, and even at the end of the period of education they will always say, "Well, Father, you be the president."

Well, I always say, and I have said it and I have always given the advice, "You people can run your own business." I never took any office whatsoever because I know enough about the thing. I always used to tell them, "I know everything that is to be known; I cannot learn anything else. Now, you people have to learn something and do it."

I tell you right now they did a better job than I could have done.

Senator SPARKMAN. Of course, as I understand it, your contention is this: That, first of all, we need a very great educational campaign—

Monsignor LIGUTTI. That is right.

Senator SPARKMAN (continuing). Continuous and extensive.

Monsignor LIGUTTI. Persistent.

Senator SPARKMAN. Yes.

Secondly, we need local participation on the part of the communities themselves.

Monsignor LIGUTTI. Yes, sir.

Senator SPARKMAN. Then, I suppose, you would have the local, State, and Federal Governments come in with certain programs?

For instance, I take it, that you would be in favor of an extended social-security program.

Monsignor LIGUTTI. Provided the social-security program would be something in which the people themselves would be participants.

Senator SPARKMAN. I do not know that I understand that. We have a social-security program going in the United States.

Monsignor LIGUTTI. Yes; and, of course, you see there are certain groups that are getting the advantage of the social-security program, but just how many, let us say, of the farm laborers get advantage of that?

Senator SPARKMAN. Yes, I had that in mind, particularly. In your addendum relating to farm laborers, you call attention to the fact that they are not entitled under the present law to certain social-security benefits. You would have social-security benefits extended to farm laborers?

Monsignor LIGUTTI. Yes, sir.

Senator SPARKMAN. And, I take it, to farm tenants and share croppers and farm owners?

Monsignor LIGUTTI. Yes, sir.

Senator SPARKMAN. And to small business, self-operated small business, I suppose, and domestics, and as many people as you can, through a practical application of the law, is that right?

Monsignor LIGUTTI. I just wonder why it is that they are always left out, always left out. They say, "You can come in, and we will put it in," and then somehow or other, as I said, they are left out; and it is regrettable that labor unions are not fighting for it.

Well, they say, "We have to compromise." But supposing we were to leave out one particular industry? They would not like it. Why? The farm organizations, now, they are good people, good intentioned people, and all of that. Well, they say, "It is too hard."

Well, it is never too hard if it were just for their own interests, I can tell you that. They always find a way somehow or other of hooking in something that is good for them and I think that both the farm organizations and the labor unions have enough intelligence and enough perspicacity to actually get some sort of an all-inclusive law.

Senator SPARKMAN. Would you have an extension of our vocational training program?

Monsignor LIGUTTI. Oh, yes, indeed. That is part of the educational program, particularly in the things that help to make people self-sufficient.

From time to time we are asked in our organization to see what we can do about preparing boys and girls from the countryside for the big industries in the big cities.

Well, I would say, "Yes"; a percentage will go there, but I am particularly interested in preparing boys and girls to be efficient pro-

ducers in the rural districts of America where many of them could, and should, continue to live.

Senator SPARKMAN. I was going to ask you what your impression has been of the work of the Farmers Home Administration; that is the successor, as you know, of the Farm Security Administration.

Monsignor LIGUTTI. Yes.

Well, I have had quite a bit of experience with that group and with the groups that preceded it, and I can say that it is one of the finest, most constructive Government agencies in America, and I have been in contact with them ever since the earliest days of their existence.

They have made mistakes, of course, here and there, now and then, but when I remember—I remember very distinctly recommending some people for a loan. They had absolutely nothing, but they were good people, young people at times, a little older at times, and then they went out and they worked and they saved and now they are owners. The Government has not lost anything. The Government has gained tremendously.

Of course, there has to be good judgment in the management and good judgment in the loaning. Incidentally, that type of a program, you know, is being tried now up in the mountains of Venezuela, up in the Andes, by the Rockefeller group, and again I was talking to some priests last summer up there in the Tachira district, and they give them a supervised loan, and that is the secret of success. It is not just to give a loan, it is then to teach them how to use the loan for productive purposes. There is one difficulty that they are meeting. It is not so hard in this country but to convince these men in Venezuela, up in the mountains, that the women should participate in the management of that loan; it is very difficult, but they are doing nicely and successfully.

Senator SPARKMAN. Dr. Brown?

Mr. BROWN. I have no additional questions, Senator.

Senator SPARKMAN. Dr. Ensley?

Mr. ENSLEY. You mentioned a number of hookworms that were eating up the purchasing power of low-income families. A number of them, perhaps, could be alleviated or reduced through positive Government programs. From time to time groups have suggested that we create a department of consumption or a department for the consumer in the Federal Government which would have as its responsibility, among other things, consumer education and improvement of consumers' habits.

Do you believe there might be some benefit from a Government agency dedicated to the consumer?

Monsignor LIGUTTI. I do not know just how an agency would work out; but I would say that there is a tremendous need in this country for the education of the consumer.

As I tell you, it is a hookworm, and because of that artificial demand that we create in the minds of people, we will find some very poor family saying—a girl goes to school—"My girl is just as good as anybody else's girl; so she has got to be dressed up."

Sure, she is just as good as anybody else's girl, but you cannot give her a dress that the rich man can buy for his own girl.

Of course, as I mentioned, people can help themselves through consumers' cooperatives. They certainly can save, because at least 10 to 15 and as high as 50 percent at times can be saved. Of course,

people have to manage their own affairs and must be taught how to manage their own affairs.

Merely to say to them, "Here is some literature," or "Here is something we suggest to you," is not enough. It has to be digested by themselves, if they get it themselves and convince themselves of its importance, then, we are going to be effective; otherwise, I fear we are not going to be very effective.

Mr. ENSLEY. That is all.

Senator SPARKMAN. Thank you very much. We appreciate your coming and giving us this very fine discussion.

Monsignor LIGUTTI. Thank you, Senator.

Senator SPARKMAN. Our next witness is Mr. Russell Smith of the National Farmers Union. We are very glad to have you with us this morning, and you may proceed in your own way.

STATEMENT OF RUSSELL SMITH, LEGISLATIVE SECRETARY, NATIONAL FARMERS UNION

Mr. SMITH. Mr. Chairman, I must apologize for my tardiness this morning. It was due to mechanical difficulties, mimeographing, and so forth, which also resulted, incidentally, in some typographical errors which I will try to correct as I go along.

Since the subcommittee already has had the benefit of much statistical and technical work and advice both from its own staff and from witnesses, I think the best service that I can render at this time is to submit for your consideration some general observations bearing on the problem with which you are dealing. To start with, I should like to call attention to a statement I made on December 1 to another subcommittee of the Joint Committee on the Economic Report—the one investigating monetary credit and fiscal policy.

At that time I said that it seemed to me that much of the contemporary debate concerning the so-called welfare state was in effect political and economic shadow-boxing, since no one obviously wishes to abolish most of the reforms instituted in the past half century. I then went on as follows:

We think it is idle to condemn Government efforts on behalf of the welfare of groups of citizens simply out of vague fear that somehow the machinery to produce such benefits will fall into unworthy hands. Rather, we think that the positive note should be sounded and that we should emphasize the critical necessity of maintaining truly popular and representative government in full health and vigor in the United States. To us, the question of exactly what governmental instruments are used as a means of economic improvement are of no great consequence beside the question of democratically functioning government of national, State, and local levels. If we guard that citadel of liberty, we feel the economic mechanics, whatever they are, will turn out all right.

It seems to me that it is desirable to discuss all of the fields of investigation with which the joint committee is concerned in the same general context; hence, I have taken the liberty of reading this excerpt to this subcommittee.

It should be pointed out, too, I think, that there is a very real connection between the work of each of the subcommittees. In other words the monetary and fiscal policies of the United States are closely related to investment, both public and private, and both fiscal and investment investigations certainly bear upon the subject with which this subcommittee is concerned. However, I think it must be said

that the greater part of this subcommittee's problem is to suggest means whereby it may be possible to lessen the drag which low-income families exert upon the whole economy, rather than to consider how low-income families may be aided by general economic action by the Government.

From the point of view of theory, of course, it would be possible for the Government to adopt such credit, taxing, and investment policies as would insure a steady rise in the levels of living of low-income families. Indeed, Chairman Sparkman is coauthor of a bill in this Congress, S. 281, which would attack more or less directly this problem by the use of Government credit to insure decentralization of industry and a consequent rise in levels of living in underdeveloped areas. Our organization is wholeheartedly for enactment of this bill, or a bill along those lines, and we believe that such an approach represents the best possible way of spelling out that part of the program, the industrialization part of the program, proposed by Secretary Brannan to this committee on December 15.

Even here, of course, the assistance to low-income families would not be direct, but would flow from a major national effort designed to promote a better industrial balance, both geographically and by ownership. It is true that during the war it was possible to obtain national action of a general economic character which resulted in the very real betterment in the status of millions of persons in low-income groups.

This came about with the exertion by the National Government of its tremendous power to stimulate production of all kinds, with a consequent increase in demand for all kinds of labor and the simultaneous exertion by the National Government of the power to control prices. At other times, when a similar production effort has been made, the result ordinarily has been inflation and the consequent ultimate deterioration of living levels for low-income families because the reduced buying power of their income more than offset any increases in income they received. We are fully aware that it is highly unlikely that the United States will resort to such devices in peacetime, short of a dire national economic crisis. Therefore, we advocate the use of such measures as that proposed by Chairman Sparkman.

We firmly believe that a program of loans by the Reconstruction Finance Corporation of the kind suggested in this bill would go a very long way toward ironing out the ups and downs in the curve of business activity and help to convert it into a stable, steadily climbing line, because the loans, properly extended, would direct investment into areas now needing industrialization, would help to halt the accelerating trend toward monopoly controls, and would spread the benefits of competition more widely across the United States through assistance to small- and middle-size business in those areas which most need such expansion. If the problems of regional imbalance can be corrected, then the problem of the business cycle will be half solved.

Furthermore, and to look specifically at the job of this subcommittee, few programs, whether agricultural or otherwise, would do more to assist low-income families.

While we regard such action as I have just described as in the larger sense an agricultural program, we believe that a number of direct steps should be taken by Congress to assist low-income farm and rural

families. We can, in general, endorse everything the Secretary of Agriculture said when he testified here. Indeed, we regard the proposals he made at that time as in effect Brannan plan II, supplementing his now famous price-support proposals, made to a joint session of the Senate and House Agriculture Committees last spring.

After emphasizing our agreement with the suggestions the Secretary advanced to this subcommittee, I should therefore like simply to supplement what he said with a few more specific program proposals, spelling out in more detail what the Farmers Union feels should be done to attain some of the objectives he has put before you.

In the first place, we feel very strongly that price-support programs themselves, and indeed all Federal assistance programs, should follow in reverse the general principle of American tax policy, which is that those most able to pay shall pay most. We believe that those most in need of help should proportionately get most help in the planning and operation of Government programs.

So far as price-support legislation is concerned, the Farmers Union has proposed to both Senate and House Agriculture Committees a program designed to achieve this end. Basically, it is built around the construction of a "production unit." Once such a construction unit has been evolved, it can be applied across the board to all crops so that each will have a value in terms of the other and such distinctions as "basic" and "nonbasic" crops are removed.

Furthermore, the use of such a unit and the assignment of a specific value to it would make it possible to graduate governmental financial assistance whether extended through payments or loans. In other words, by the use of such a system it would be possible to support at 100 percent of parity, say, the production of a farm up to roughly \$12,500 of gross income, and to graduate the percentage of parity downward on successive amounts produced beyond this basic amount.

The purpose of this proposal, of course, was to give preference to the family-type farm in this country's agriculture, a preference which many times has been expressed in words by Congress. Obviously, such a graduation automatically enters into the purview of this subcommittee, since all low-income families in agriculture, so far as farm operators are concerned, would receive support at 100 percent of parity, if this proposal were adopted.

Along with such legislation as this, however, should go a considerable expansion and strengthening of the administration of the Farmers Home Administration in the Department of Agriculture.

That sentence is a little bit vague, Mr. Chairman. It means an expansion of the activities and a strengthening of the Administration.

Due to the activity of the late Senator John Bankhead, particularly in the closing years of his service, the Farmers Home Administration now has ample authority to do many of the things that ought to be done. Its appropriations have been so reduced, however, that it is impossible for it to do very much more than merely to service outstanding loans. For example, authority exists in the last amendments obtained by Senator Bankhead to the Bankhead-Jones Act for farm enlargement loans, so that the more able of the small farm operators would be assisted in expanding their acreage sufficiently to compose economic units. But the money is not available.

In those areas of the country where low-income families are most conspicuous, there appears to be little question that in the next decade the need for this and other programs will become acute. Already it is clear that control measures this year and even next will be inadequate to avert a carry-over of such dimensions as to make price support an extremely serious and difficult matter.

I find there is also a word dropped in that sentence. It is a carry-over of cotton I am talking about.

The same will be true in varying degree of other crops. Throughout agriculture in the next decade, we are certain to witness, on the one hand, continued increases in productivity per acre or per animal; and, on the other hand, barring an unexpected revival of world trade, increasing carry-over, price, and restriction problems. In other words, at the same time that productivity is increasing, the need for controls will be increasing. This combination can only mean that serious pressure will be exerted on low-income families in agriculture. The farm-enlargement-loan program I have referred to obviously should only be part of a general framework including rural rehabilitation loans, expansion of cooperative activities, and others.

Directly and especially related, however, to this matter of expanding the number of efficient family operations in agriculture, is another type of program which I suggested in the last session to the House Agriculture Committee. This might be called a production-adjustment-credit program, the extension of loans limited exclusively to enabling farmers to shift from one type of farming operation to another. To take cotton as a ready example, there are thousands of Southern farmers who would be glad to shift from growing that fiber into the production of livestock or dairy products. The trouble is that they have no money with which to make the transition. Any such adjustment is a long and costly affair. If, therefore, such farmers could be given a special type of loan to enable them to get started in a new agricultural line, then the long-needed transfer of resources could be speeded up materially. Such loans, of course, should be accomplished by some arrangement either directly by the Federal Government or through the State colleges to offer farmers making the change the benefit of some technical advice and help in getting adjusted to a new type of farming. This help would simply be a further insurance of the Government's loan to the farmer.

The Farmers Union also has stressed the need for two allied activities; one of these we have called a conservation works program. The other is a program of retraining, aimed partly at adults and partly at older boys, designed to prepare for industrial and business jobs those persons in agriculture who may be forced off the land or who may wish to leave it. The conservation works program would be designed to afford part-time employment, with a ceiling on the total amount to be earned in this work annually, to those persons who are underemployed in agriculture, either on their own farm or as farm laborers. These farmers and farm workers would be paid prevailing wage rates for doing needed conservation work either on their own farms or the farms of others, such work in all cases to be of the kind too expensive for the farm owner himself to undertake, but required in the national interest. Such a program as this should be closely allied with the real retraining work, so that those persons clearly

unable otherwise to earn a full living from the land would be qualified with some sort of skill to move into business or industry.

Finally, I should like to emphasize the support of the Farmers Union for such Federal-aid measures as the Federal-aid-to-education bill and others that are intended to equalize opportunities as between the more wealthy and the poorer States. In nearly all instances, such legislation is of very great benefit to rural areas for the simple reason that such areas are those which over many long years have been progressively more disadvantaged in an industrial economy.

I appreciate very much the opportunity to place these views before the subcommittee and hope that it will see fit to recommend to the proper legislative committees action along the lines I have indicated.

Senator SPARKMAN. What would be some types of the conservation work to which you refer that farmers could do on their own farms or on adjoining farms?

Mr. SMITH. Well, it could extend over a wide range, Mr. Chairman. We, as a matter of fact, have put in legislative form this proposal with the list of the practices.

Senator SPARKMAN. You mean terracing and soil-conservation practices?

Mr. SMITH. Yes; resodding, grass seeding. It depends on the part of the country partly, of course. It also could include the operation of heavy equipment, if the men could develop those skills. That is one reason for tying it in with a retaining program.

In the course of earning this money for conservation work, they could also be learning some types of machine use, repair, and that kind of thing.

Senator SPARKMAN. I was interested in your recommendation of some kind of Government help through loans to enable the shifting from one type of agriculture to another.

Mr. SMITH. Yes, sir.

Senator SPARKMAN. Is that not done now to some extent under the crop-production set-up?

Mr. SMITH. The production credit associations?

Senator SPARKMAN. Yes.

Mr. SMITH. It is, Senator, but usually to those farmers who probably could get a loan from a bank, anyway. It is impossible for that system, I think, to attack this problem in the dimensions we are going to have it because, after all, it is a cooperative which is interested not only in making loans available to its members but also in making profits to return to them. In other words, it is semiprivate in character.

Senator SPARKMAN. Well, I have in mind a case which I think illustrates the point you are making. A young man in my county returning from the service starting up his own family took over the farm that his father had operated for a good many years. His father had operated it as a cotton farm. This young veteran decided he wanted to go into the production of small grains.

To do that he needed a combine. The bank, of course, was not in a position to lend him money to buy him a combine. The growing of small grains had not been established in that area as sufficient security for bank loans.

He went to the production cooperative and got his money to buy his combine. As a result, he has converted his farm to a grain-produce-

ing farm, and by reason of having the combine he has induced many of his neighbors to go into grain producing. He has done custom combining and within 1 year's time he had his combine paid for. Now, it is that kind of a shift that you are talking about?

Mr. SMITH. Yes, sir; that is it exactly.

Senator SPARKMAN. And whereas in this particular case the need could be met by the cooperative, you say that over a broad field that would not be possible.

Mr. SMITH. I doubt it, and then there is this consideration, too: Production credit associations are simply what the name indicates—that is, it is up to the farmer to go ahead and use the loan he gets to continue in the same pattern—which is usually about the only thing he can do.

The purpose of a direct Federal loan program would be it would have no other purpose than to facilitate adjustments. You cannot do it fast enough simply through an educational program in obtaining loans from production credit associations.

Senator SPARKMAN. Down in the black belt of our State, there has been a shift from cotton to cattle, with the result that thousands of families have been forced out of the farm production market.

Now, the line of least resistance has been for them to move into towns or into some city. Many of them are unable to find employment there. What are we going to do with those people that are left out of farm employment by reason of the shifting of the agricultural pattern?

Mr. SMITH. Of course, the first thing we have to do is keep the wheels turning generally at top speed, I suppose. So long as you have the high level of general business activity, presumably most of them will be absorbed.

They will be absorbed at a great deal of cost to themselves personally though, as compared with what would happen if they had some skill to take with them when they went to the city, which is why we have recommended these two programs.

One is conservation works program not to keep them on the land necessarily, but to give them a reasonably decent living until they can get away, and the other, the training program to equip them to make a better living, and also to be more valuable to society once they do get to the city.

Mr. KREPS. I would like to pursue a little further, Senator Sparkman's questions on the kinds of skills you feel could be developed in conservation works programs that might equip people who move to cities with skills that might be useful in cities.

I must say offhand I can only think they might develop skills that might make them truck drivers or gardeners, and then I must confess I am at a loss to know what kind of skills could be developed in conservation work programs for which there would be a market when they got to our large factories. I would like to have you develop the point a little further.

Mr. SMITH. Well, in the first place, Dr. Kreps, the purpose of a conservation works program is not primarily a training purpose. That is an incidental purpose. If you get it, fine; but there should be a separate training program integrated with this work where you can use it for that purpose.

It is quite true that there are definite limitations. However, it is also true that farming becomes more and more mechanical all the time, and that you could develop a number of skills connected with the use of machinery.

For instance, you could train a man to be an automobile mechanic very easily. You could train him to drive a bulldozer for a building contractor, and so on. The field is probably limited, as you said, but it still is probably bigger than it looks at first glance.

Mr. KREPS. I was hoping it was.

Mr. SMITH. Check dams, for instance, could easily be used to teach masonry, small dams built of rocks, almost of pebbles, you see. At least, if you had somewhere in the county a training school which would carry that on a little further, the man could become a brick mason without too much trouble.

Mr. KREPS. As soon as you get into the building trades, presumably carpentry would come under your purview also.

Mr. SMITH. Yes.

Mr. KREPS. You run into a problem of adjustment with labor groups in the cities, do you not?

Mr. SMITH. Yes; and such retraining schools should include a course in labor union organization purposes, rules, which ones are very tight to get into, which ones charge fees, and how much, everything they are going to run into when they get to a city, in that trade.

Mr. KREPS. Would they get credit toward some years of apprenticeship or something of that sort? Is that what you had in mind?

Mr. SMITH. If possible. I do not know whether you could or could not.

Mr. KREPS. Unless they did, why, on the whole they would be on the same status as any graduate from high school, would they not, or anybody that is untrained when they arrived in the city?

Mr. SMITH. Yes; but Dr. Kreps, these people, the majority of them are not even elementary school graduates, a lot of them. All they can do is to haul something around on their shoulders once they get to town. There is just no skill there.

Mr. KREPS. The next question comes to my mind in connection with your statement: "Barring an unexpected revival of world trade," there is bound to be increasing carry-over, price, and restriction problems in agriculture.

I take it that the farmers here would have an interest in reduction of tariffs, in reduction of the business barriers to world trade in the form of cartel agreements, packing arrangements, and the like, or had you not thought of that way of trying to break that bottleneck?

Mr. SMITH. Oh, yes, Dr. Kreps, we have been very active in promoting the ITO, the GATT, and everything else that has come along for years. We have little faith in its efficacy as an answer to the main problem of revival of world trade so far as agricultural commodities are concerned.

We think very strongly national action is going to be required in addition to simple reduction of barriers.

Mr. KREPS. That is, your doubts are on the economic level or on the political level?

Mr. SMITH. Both. It is practically impossible to separate them.

Mr. KREPS. Now, I was also interested—and you may have devel-

oped this elsewhere—in what you said about the use of a system whereby we could support at 100 percent of parity production of a farm up to roughly \$12,500 gross income. What had you envisaged would be the net income?

Mr. SMITH. It varies pretty widely. It would work out roughly \$3,500, I should think, on the average.

Mr. KREPS. That would be considerably in excess of the average income of all farmers in the present economy.

Mr. SMITH. Yes; but it would be what we would regard as a proper breaking point for a well managed family farm. Above that you begin to get usually into the hiring of outside labor to a point where it is no longer a family operation.

Mr. KREPS. What percentage of farmers would that apply to?

Mr. SMITH. It would take care of about 80 percent of them, I think.

Mr. KREPS. That is, approximately as many as 5,000,000 farmers would come under the program?

Mr. SMITH. Yes. Of course, a very great percentage of those would still not be making much of a living because all they would get would be 100 percent on what they grew, which would not be very much in many instances.

Mr. KREPS. What percent of their output would it be?

Mr. SMITH. It would be a great deal more. It would be, I think, 35 percent, something like that.

Mr. KREPS. That is a good deal smaller percent of the output effected than the percent of the farmers.

Mr. SMITH. No, I took the question in the opposite sense. This would affect 80 percent of the farmers and 65 percent of the production, roughly. That is partly a guess. I do not remember the figures offhand.

Mr. KREPS. Well, now, would not this hinder migration from the farms which has been the past solution to agricultural problems?

Mr. SMITH. Well, I do not think it would. Even if it did, though, we have never accepted the theory that you should promote migration from the farm by a squeeze.

We think that the only way you can sensibly promote migration is to offer better opportunity in the city.

Mr. KREPS. Is not that the way generally it has happened? In periods of squeeze in general, have not people gone back to the farm, and has it not been prosperous periods in the city that have attracted laborers from the farm?

Mr. SMITH. That is true in the past. I am not sure it is going to continue to be true. Furthermore, that is not quite the point.

The point is the same point that is involved in the whole debate over price support now and the levels at which prices should be supported. For example, one solution to the feed problems of the corn, hog, and poultry farmers would be to depress the prices of wheat farmers and feed, cereal growers.

We do not believe in that. We prefer the kind of approach that Secretary Brannan outlined in his original proposals when he kept the cereal prices roughly stable at a good price—roughly the present price. Over a period of years the emphasis would go to meat and dairy products. They would gradually increase in value proportionately above what they yield now.

It is that kind of thing, and as between agriculture and industry we think there should be a high level of prosperity in the cities that will attract people. We should take steps to insure that, and meanwhile agriculture too should remain prosperous, not that you squeeze them off by imposing poverty.

Mr. KREPS. Now you would apply this no matter what the size of the farm, depending on how you define the farm first of all, and then apply it to whatever size farm—

Mr. SMITH. You do not attempt to define it by acreage; no. You use volume. The dollar figure is somewhat deceptive. When we worked this out—and it is all in legislative form—

Mr. KREPS. Yes; I understand.

Mr. SMITH. We took a bushel of wheat, say, as one unit, one production unit. We then converted a pound of cotton, a bushel of oats, and so forth, into its value in relation to that bushel of wheat, and the volume was the determining factor.

It happened to work out at just about that breaking point in income at that time. That figure would probably be lower now because prices have gone down.

Mr. KREPS. Now you heard Father Ligutti testify that he wanted one foot in agriculture and one foot in industry. We have already a large number of so-called part-time farmers, people who live on the outskirts of a city, raise some items for sale, some items for domestic consumption, and then have a part-time job.

When you used \$12,500 of gross income, did you mean from the sale of agricultural products?

Mr. SMITH. Yes.

Mr. KREPS. Irrespective of what their other income might be?

Mr. SMITH. That is correct.

Mr. KREPS. It means that these part-time carpenters and other seasonal workers, if they did not raise \$12,500 worth of products for sale on their 2- or 3-acre fruit ranch or vegetable or chicken place, that their income would be supplemented so that from the agricultural portion of their activities they would get \$3,500 net income.

Mr. SMITH. Oh, no.

Senator SPARKMAN. As I understand it, your suggestion is that whatever help is given be varied according to the brackets of farm income, and your first break would be at \$12,500 level.

Mr. SMITH. That is correct.

Senator SPARKMAN. In other words, a more liberal support program for the group of people who have a gross farm income up to \$12,500; a less liberal one above that.

Mr. SMITH. That is right. It has nothing to do with attempting to give a fixed income to anybody below that level, Dr. Kreps. If you have 2 or 3 acres, and you grow half a bale of cotton on it, you still get 100 percent of parity on only half a bale of cotton, and that is the end of it?

Senator SPARKMAN. Whereas if you grow 100 bales of cotton, you probably instead of getting 100 percent of parity, get 75 percent or something like that; is that the idea?

Mr. SMITH. Yes; that is correct. The steps we used were: On the next roughly \$2,500 of income in volume terms, you would get 80-percent support. Above that you would get 60 percent, so all farms would be covered if they wanted to come in, in contrast to Secretary Bran-

nan's program which has a breaking point at around \$26,000, as I remember it in his original proposal, and beyond that no support at all.

Senator SPARKMAN. As I understand it, your contention is this: that under the present farm-support program, relief is given equally to the small producer and to the big producer, and your argument is that it is the small producer, the low-income farm family, that needs help most, and therefore it should not be equally applied.

Mr. SMITH. That is correct, and not just the low-income families. The program was originally a family-farm program.

Senator SPARKMAN. It is a low production—

Mr. SMITH. Well, \$3,500 a year net would be a pretty good living, and our position has been that that is the kind of family farm that we want to promote, one that is effective, prosperous, and well run where the people make a good living.

It so happens that, in making that kind of a division, you do help a lot of low-income families more than you help the Tom Campbell wheat range, for instance.

Mr. KREPS. I take it, in that \$3,500 income, you do not mean cash income but a proper allowance for the rental value of the home that is occupied.

Mr. SMITH. Well, of course, that is entirely up to the farmer as to how much net he makes. This is purely a gross figure, so that does not really enter into the calculation here.

Mr. KREPS. But you would nonetheless support at parity prices the output of a person for whom farming was only a part-time activity.

Mr. SMITH. If he participated in these agricultural programs; yes.

Mr. KREPS. Rather than limit it to just a dirt farmer who was a farmer by vocation.

You see here you give it to the carpenter, to the aged who are on pensions. There are a whole variety of people that raise a few hundred dollars', or as many as two or three thousand dollars' worth of produce, particularly in the South, California, and elsewhere.

Mr. SMITH. I think this is mostly a rhetorical question. Those people are not in the agricultural programs anyway, or very few of them are.

Mr. KREPS. Some of them are listed as farms.

Mr. SMITH. Yes; by the Census Bureau; but there are very few of them that participate in the production and marketing association referendum.

Mr. KREPS. You see, I am trying to see whether your suggestion is applicable to that low-income group fundamentally because we have a low-income group of that character.

Mr. SMITH. Well, our legislative proposal I think said any farm operator, and left the definition at that for administrative decision as to whether you used the Census definition or what.

Mr. KREPS. You would not care to amplify that a bit so that we would know what you meant by farm operator?

Mr. SMITH. Well, in the first place the main difficulty was intended to resolve was a distinction between owner and operator, and we did not want, of course, to try to construct a program which would give this same amount of support to one man who happened to own six

units scattered around, and that was the primary motivation back of it.

Now, I do not know about this question that you have raised. I do not think it amounts to very much, and it could be resolved administratively.

Mr. KREPS. Thank you a great deal, Mr. Smith.

Senator SPARKMAN. Thank you very much. We appreciate your giving us this presentation.

Mr. SMITH. Thank you, Senator.

Senator SPARKMAN. The meeting will stand in recess until 2 o'clock this afternoon.

(Whereupon, at 11:55 a. m., a recess was taken until 2 p. m., this same day.)

AFTERNOON SESSION

Senator SPARKMAN. Let the committee come to order.

Mr. Hyman Bookbinder and Mrs. Ellickson, we are glad to have both of you with us this afternoon.

Will each of you identify yourselves for the record?

STATEMENT OF HYMAN H. BOOKBINDER, ECONOMIST, AMALGAMATED CLOTHING WORKERS OF AMERICA, CIO; ACCOMPANIED BY KATHERINE POLLAK ELICKSON, ASSOCIATE DIRECTOR OF RESEARCH, CONGRESS OF INDUSTRIAL ORGANIZATIONS

Mr. BOOKBINDER. I am Hyman H. Bookbinder, economist for the Amalgamated Clothing Workers of America, representing the Congress of Industrial Organizations at this hearing.

Mrs. ELICKSON. I am Katherine Pollak Ellickson, associate director of research of the CIO, appearing on behalf of the CIO.

Senator SPARKMAN. All right. Just go ahead as you wish.

Mr. BOOKBINDER. The Congress of Industrial Organizations believes that your committee is engaged in one of the most important congressional investigations that has taken place in many years. It is impressed with the great educational job which you have already performed in bringing dramatically to the attention of the American people the economic status of millions of low-income families of this Nation. And it is confident that from this investigation will come a greater understanding of the causes of this disgraceful situation and constructive proposals for its correction.

The fact that millions of families and individuals living alone in this Nation have annual incomes that make actual subsistence difficult, let alone make decent American standards of living possible, is something that has been altogether too clear to CIO for many years. A quick glance over issues of the CIO News and of the Economic Outlook will demonstrate that we have reported this sad fact over and over again. Data released by the various Government agencies have been brought forcefully to the attention of our millions of members through our union newspapers, in our meeting halls, and through our educational programs. We have not buried this news in one-paragraph stories in the financial pages, as has too often been the case in our daily newspapers.

It was most gratifying to the CIO, therefore, when through the work of your committee the problem of low-income families became front-page news all over the Nation. We hope that you will continue to keep this front-page news until proper action is taken.

Various Government bodies and private agencies have already supplied to your committee a wealth of valuable statistics which detail the plight of low-income families.

This afternoon we will not attempt to repeat all of the material you already have. We would, however, like to point out what we consider to be points of special importance, and to bring to the attention of the committee some general considerations, as we in the trade-union movement see them.

May I interpolate here, Senator, this general observation that we understand—we think we understand—why a \$2,000 figure was selected as an arbitrary point to dramatize the situation.

We do, however, want the record to indicate that we do not consider \$2,000, nor do I think that you consider \$2,000, as the standard for a proper level of living for either a family or an individual man or woman living alone.

We have frequently put on the record the fact that we do not consider even the BLS family budget standard as adequate for a decent standard of living, but it should be made clear at the outset that even taking the BLS standard, and using one of the tables which is included in your work materials, on page 21 in your table 10, you have what are very revealing statistics, namely, that for the four-person families in the country—just taking that group of families alone, which would be comparable to the city worker's budget—I find that of 6.7 million of such families—do you see the reference, Senator?

Senator SPARKMAN. Yes.

Mr. BOOKBINDER. Of 6,680,000 families, some two and a quarter million of those families earn less than \$3,000; and \$3,000 is something less than the figure indicated by the BLS as the average annual income required.

I just wanted to point this out without in any way disagreeing with the advantage in some way of picking \$2,000, which you all would agree is a substandard level. Yet, even if we take the inadequate BLS level we have an even more striking picture of so many millions of large families with incomes that do not provide a decent living.

Senator SPARKMAN. May I say there, I believe from a reading of the report, you will gather that we did not set the \$2,000 figure as a dividing line between what was adequate and inadequate. We tried to make it clear that it is purely an arbitrary point, just to be used for the making of these illustrations.

Mr. BOOKBINDER. I understand, sir.

Senator SPARKMAN. And, of course, even if we could reach the problem below that level, we would have our hands full, would we not?

Mr. BOOKBINDER. As I will indicate; yes. [Laughter.]

I think we are in agreement what the \$2,000 figure means. I just wanted to be absolutely sure that there was no interpretation given to our statement here this afternoon that we consider \$2,000 as an adequate goal to reach. I do not think there is much chance of that. [Laughter.]

Senator SPARKMAN. We are all in agreement on that.

Mr. BOOKBINDER. Now, from a general economic angle, there are two basic approaches to the problem of increasing the income of the 10,000,000 families with incomes below \$2,000 annually. First, we can take those steps which will assure a more equitable distribution of the present national income. Such steps can be justified without difficulty on ethical grounds, on humanitarian grounds, on political grounds, and, above all, for the purposes of this inquiry, on strictly economic grounds. Secondly, we can take those steps which will assure a greater total national income. From this greater national income, we may expect improvement in the status of all groups, but primarily improvement for the low-income groups.

This Senator, in a nutshell, is the CIO program—a greater national income more equitably distributed. This has been CIO's program all through the years, not only in our legislative proposals but primarily at the collective-bargaining table.

The CIO has made its contribution toward lifting the economic standards of millions of wage earners in this Nation. As our members secured higher wages, management developed better methods of production. Competition is no longer confined to the ability of the employer to cut wages. Productivity has risen in American industry, and it has risen primarily in the last 20 years because employees, through their organized strength, have insisted that industry must be efficient enough to pay decent wages and still remain competitive. As we obtained improvements in wages, moreover, we provided the basis for a healthier economy by keeping purchasing power high enough to sustain demands for the products of American industry.

We believe that all the trade-unions of this Nation—AFL, CIO, independent—have made a major contribution toward eliminating poverty and depressed living standards. Although union members have been the immediate and primary beneficiaries of unionism, the benefits have been felt throughout the economy. As wage standards were lifted for union workers, the standards for nonunion workers were affected. As productivity increased, all segments of the economy benefited. As unions obtained paid vacations and holidays, insurance benefits and pension protection, patterns developed which soon embraced all workers in the Nation.

The gains made by organized workers, therefore, have not been at the expense of any depressed groups in our society. Rather, the gains secured by unions have brought direct benefits to millions of the most depressed groups in the economy and have brought indirect relief to millions of others.

In the industries from which I come, for example, I have seen the Amalgamated Clothing Workers of America lift almost half a million men and women right out of the sweatshops and provide them with some measure of security and dignity. Once among the most sweated of all American industries, with wages as low as \$5 for 60 and 70 hours of work, the men's clothing industry today pays wage rates as high as most industries in the Nation. It is no coincidence that 95 percent of this industry operates under agreement with the Amalgamated. Where there is less organization, however, there is less progress. Workers in the cotton-garment industry, for example, have made tremendous progress since the days in 1933 when they averaged 15 cents an hour, but wages are still far below acceptable standards. As your own report shows, about 85 percent of all workers in this industry were

still earning below \$1 an hour in 1947. Here again, it is no coincidence that a great portion of this industry remains yet to be organized.

Senator, I brought with me the document that is referred to by you in your own statement on cotton garments called Wage Structure—Cotton Garments, and I have taken one of the sets of tables in that document and summarized it. It is a section on wages in cotton-garment shops in 1947, union shops as against nonunion shops.

The raw data are there. I do not know why it was not summarized so that in one line or two lines the conclusion is very obvious. I suppose an impartial Government agency has to be careful. I have taken these raw data, and I find that consistently in every part of the country, in every branch of the cotton-garment industry, union shops show a consistently higher average hourly earning than nonunion shops. That goes for small cities, large cities, North and South.

I am giving you some details on the survey referred to in your own study on page 31.

Senator SPARKMAN. Yes.

Mr. BOOKBINDER. And I would just like to cite a few typical comparisons. For the dress-shirt industry throughout the country, I find that the average wages paid in union shops were 92.6 cents, compared with 73.8 in nonunion shops.

For the same industry in the New England area, the union shops showed an average of \$1.04; the nonunion shops, 96 cents.

In the Middle Atlantic area, union shops, 95 cents; nonunion, 76 cents.

The pattern is identical in every other section of the country.

In the work-shirt branch of the cotton-garment industry, the story is the same: union wages, 82 cents; nonunion, 66.

Now, it is important to make this further comment: The employers who are under agreement with the union have not been going bankrupt as a result of paying these somewhat higher wages. The records show that, although there has been some difficulty in the past months, every branch of the cotton-garment industry did pretty well during these years. The difference in wages, therefore, between the union segment and the nonunion segment is to be explained in one or both of two ways: One, it simply means that more profit was pocketed by the employers, or it meant that because it was possible to pay low wages the nonunion firms did not modernize, did not increase their efficiency.

Now, both of these things are subjects of concern to us, and I am sure to your committee.

Day after day, thousands of union organizers are on the job in the continuing campaign to bring the benefits of unionism to America's wage earners. Although the manufacturing, mining, and transportation industries have been almost completely organized, the great segments of service, white-collar and public employees, have yet to be brought into union organization.

The difference which union organization can mean is, I believe, very strikingly illustrated in the following comparison. In 1932, the average industrial worker earned \$17.05 per week, while the average retail worker earned \$20.71. The retail worker, on the average, earned 22 percent more than did the average factory worker. In 1949, the industrial worker averaged \$54.14 per week, while the average retail employee earned \$39.83 per week. Instead of a 22-percent

advantage over the industrial worker, the retail worker today enjoys earnings 26-percent lower than factory workers. Once again, it is no coincidence that no more than 5 percent of all retail workers are organized in unions, whereas the bulk of all factory workers are organized today.

Statistics tell only part of the story. More impressive than all the statistics and economic arguments are the thousands of stories that can be told of what the union has meant to the individual worker or the individual community. In hundreds of American communities, there are thousands of men and women who can tell of the practically feudal relationships that prevailed until only a few years ago when the textile union, or the steel union, or the coal union came to town. The hateful "mill village" is disappearing from the American scene.

Nor can the statistics reveal the change which has come about with the development of industrial unionism as practiced by the CIO. There are no second- or third-class citizens in CIO plants. The union is concerned with every worker, no matter how menial his tasks or unskilled his labor. Each man or woman is a member of an American family, usually its head, and deserves individual consideration. Wages will vary, of course, depending upon the skills and the abilities of the individual, but the unions have set standards below which no worker is permitted to fall. The factory sweeper's problems are just as important as those of the tool and die worker.

Much progress has been made through free collective bargaining in raising the economic status of millions of American wage earners. Although reliable statistics are not available, it is safe to assume that relatively few of the wage earners in the "below \$2,000" families are members of trade unions. The CIO is convinced that free collective bargaining is the best assurance that continued progress will be made in the twin objectives of increasing the total national income and in distributing that income more equitably than has heretofore been the case.

It is no secret, I am sure, to the members of this committee that the CIO believes that free collective bargaining has been seriously impaired by the Taft-Hartley law and by the various antilabor acts passed by several of the States. Such interference with the operations of trade-unionism has made extremely difficult further organization of employees, and has interfered significantly in the day-to-day collective bargaining in which existing trade-unions are engaged.

The repeal of the Taft-Hartley Act is directly related to the problem of helping the low-income families of this Nation.

We do not ask the Government to do our job of organizing workers and bringing them the benefits of intelligent and constructive collective bargaining. That is a job which we accept as our own. We do, however, insist that Government shall not place any obstacles in the way of the job we have undertaken. The progress which we have made under the Wagner Act is one that speaks for itself. We are confident that with the restoration of the Wagner Act, plus any amendments not in conflict with the basic objectives of the Wagner Act, will come another period of substantial economic improvement for American workers and greater stability in our national economy.

There is one other way, Senator, in which the work of trade-unions can be undone. I do not know whether I should spend much time dis-

cussing it now, but let me just mention the problem of price increases, of price inflation wiping out almost overnight the gains which employees, individually or collectively, have obtained for themselves.

I believe that you are familiar with the policies we have advocated over the years in terms of price control, and so forth. The thing that distresses us at this moment is, of course, the recent announcement about increases in steel prices.

We are very much distressed that that type of increase will at the very least inhibit further declines in many commodities which might otherwise be taking place at this time, let alone the fact that it may very well add to the price of many American products.

We are quite distressed. I believe, frankly, this is another illustration of the unfortunate fact that the steel-industry leaders have demonstrated that they are among the least socially responsible segments in our economy. I think they have done a rather criminal thing in their recent announcement of steel price increases, and I cannot help but feel that it is very directly related to the problem that your committee is investigating, because any increases in the price level or any actions which prevent further decline in the cost of living will be, of course, borne primarily by the members of low-income families.

Senator SPARKMAN. You know, of course, that the chairman of the full committee, Senator O'Mahoney, has announced that in the early part of January the full committee will have hearings on that question?

Mr. BOOKBINDER. Yes; we were very pleased to hear that announcement.

I do hope, though, that not so much damage will have been done by then that any hearings will, in a way, be futile.

This morning I read that other companies have announced similar increases in prices.

Trade-unions follow wage policies which in some ways differ from one another. By and large, however, all of these wage policies are based on the simple economic principle that wages for any one group of workers cannot rise substantially beyond the general level of wages without jeopardizing the very job opportunities of that group of workers. Every responsible trade-union, therefore, has set as its objective not only the raising of wages for its own members but the raising of the general wage level in the Nation. Collective bargaining by itself, however, cannot assure decent wages for all workers. Trade-unions, therefore, have been among the leading advocates of minimum-wage legislation, both on National and State levels; and I was happy to see, of course, in your own document that you recognized that minimum wages are an important factor in this whole problem.

The recent lifting of the Federal minimum wage to 75 cents provides some grounds for hope that at least some improvement in wages will result for the lowest wage groups in the economy. It must be kept in mind, however, that the 75-cent minimum does little more than to compensate for the tremendous rise in the cost of living which has taken place since 1938. The new minimum wage does little to reflect the greatly increased production of the Nation and the increase in real wages which has taken place.

The CIO believes that the present level of wages, the present gross national product, the present levels of productivity, and the present

price level, all point to the need for a Federal minimum wage of at least \$1 per hour.

As your own document has pointed out, no fewer than 20 percent of all manufacturing employees in November 1948 were still earning less than \$1 an hour—\$1 at 2,000 hours a year means, of course, the \$2,000 which has been set by you as the point for discussion here.

We suggest that a dollar minimum be enacted as soon as possible, or that the law be amended to permit the setting of such a dollar minimum by industry committees for individual industries.

Although the enactment of the 75 cents minimum was most welcome, the CIO was keenly disappointed when the Congress failed to extend coverage. As a matter of fact, the coverage was further restricted in the recent amendments to the Fair Labor Standards Act.

Most of the wage earners in the lowest income groups will be found in those industries not now covered by Federal legislation.

It is entirely unrealistic to expect the States to make up for this serious deficiency in our Federal wage program. An analysis of State minimum-wage laws and orders reveals a most shocking picture. Only 26 States and the District of Columbia have any minimum-wage laws at all. Some of the orders under these laws are so outdated as to make a complete mockery out of this legislation. In Arkansas, for example, the minimum-wage rate established in 1915 still applies. The rate for experienced women in the covered occupations is 13.8 cents an hour. If such an employee had a full 2,000 hours of employment, her total annual wages at this rate would come to \$276. Inexperienced help under this same order may be hired at 11.1 cents an hour. In Kentucky, women and minors employed in the laundry or cleaning and dyeing industries may be hired for as little as 20 cents an hour in the smaller communities, and 28 cents an hour in the largest communities. Thus, full annual wages, based on 2,000 hours, would range from \$400 to \$560. That this situation is not confined to Southern States is to be seen in the fact that a similar 28 cents an hour rate, or lower, for laundry workers will be found in current wage orders for the States of New Hampshire, Pennsylvania, and Ohio. Similarly disgraceful illustrations can be cited for many other States and for many other industries, and needless to say these are the situations we find in those States that do have minimum-wage laws. Where there are no minimum-wage laws, there is no floor whatsoever to what employers may pay for industries not covered under the Fair Labor Standards Act.

The CIO urges this committee to recommend both expanded coverage of the Fair Labor Standards Act and the modernization of State minimum-wage legislation.

Wage levels, of course, are basic in a consideration of income that is required to sustain a family in some degree of comfort. Wage levels alone, however, do not determine the yearly income of any wage earner or family. A basic concern in working out this problem is that of achieving an economy that provides full employment for all the people all through the year. This, of course, is the objective of the Employment Act of 1946, and is a continuing responsibility of the Joint Committee on the Economic Report.

With so many millions of American families with incomes close to the minimum requirements for healthful living, any unemployment or part-time employment becomes a paramount burden. Recourse to

local charities or public assistance is almost automatic for millions of families when regular income stops.

Let me illustrate the seriousness of this problem by reference to my industry. As you undoubtedly well know, the men's clothing industry has been traditionally a very seasonal industry. Actually, "seasonal" is not the best word. There is no reason why this industry has to be seasonal. Men may purchase their garments according to season, but there is no reason why production cannot be distributed over a 12-month period. This, in fact, was the case for the years 1941 through 1947. The industry has been "seasonal" only because the total demand for the products of the industry has not been large enough to sustain employment. As I have stated earlier, wage rates for this industry are now on a par with most American industries. At \$1.50 per hour, the average clothing worker can earn \$3,000 a year on the basis of 2,000 hours of work. In the years prior to the last war, however, the average clothing worker could find work for only 35 to 40 weeks in the year. This pattern is now returning to the clothing industry. As a result, in spite of satisfactory hourly rates, many clothing workers in 1949 did not earn much more than \$2,000. As a matter of fact, many earned less than \$2,000.

Most clothing workers, it must be pointed out, are experienced, skilled workers, and are heads of families.

May I interject the following observation, Senator, that when people stop buying clothes, as they did in 1947 and 1948 and 1949, it does not mean that they have got a satisfactory wardrobe and do not need more clothes. I think there are one or two statistics that are self-explanatory.

In 1947 and 1948, for example, the American public bought 25,000,000 men's suits each year. There are over 50,000,000 adult males in this country. That means in the highly prosperous year of 1947 the average man in this country purchased less than half a suit—purchased less than one in 2 years.

There are millions of families in this Nation where the family does not even dream of buying a suit for the head of the family. Instead, he wears a mackinaw or a lumber jacket, and a pair of work trousers.

There are millions of homes where you never dream of buying a regular suit for the youngster. Instead, he will wear a sweater and a pair of corduroy trousers. In other words, the idea of having a business suit is a goal which many millions have never reached in this country.

My point is, of course, obvious that there is a terrific vacuum in this country still which has to be filled of consumer needs which have not been filled for all these years. There is no reason why the clothing workers of this country should not work regularly, continuously, and help meet the demands of the people. Unfortunately, there is no such effective demand for clothing. After the initial wardrobe was purchased following the war, the consumers went right back to the patterns of prewar years.

One other statistic without a comment: The average man in this country buys only one overcoat or topcoat every 7 years; that is, overcoat or topcoat, not both, every 7 years.

The average American industrial worker earns less than the \$1.50 per hour which the clothing workers average.

Now, if he can find no more than 35 to 40 weeks of work, he, too, will find himself in the "\$2,000 or under" group.

The joint committee has on a number of previous occasions heard testimony on our basic program for the maintenance of full employment. I will not go into the details of that program at this time. I wish merely to stress what I am sure is agreed to by all the members of this committee—namely, that we cannot attack the problem of low-income families without attacking the very problem of economic instability.

To the extent that our private economy does not provide full employment for our people, there is a public responsibility to provide supplementary income, especially for the low-income groups. The entire Government program of social welfare legislation must be modernized.

There is one very impressive detail of this problem which bears repeating. I am sure you have heard it before, Senator, but I want to get it into my own statement, the problem of workers in this country exhausting their unemployment insurance. That problem of the workers exhausting their unemployment insurance has become a most serious one. The figures indicate that in the first 9 months of this year alone, from January through September of this year, one and a quarter million workers exhausted their unemployment insurance.

There are two family needs which, above all, must receive special public attention. I refer to health care and housing. Both of these are beyond the reach of low-income groups, but both of these are absolutely basic in our concepts of the American standard of living. The CIO endorses the housing program which has already been adopted, and we urge a further expansion thereof.

In the matter of health the CIO endorses a comprehensive system of health insurance which will place the burden of health costs upon the community as a whole, to the end that the low-income families may enjoy protection against the hazards of sickness and disease and accident, hazards which can wipe out savings of a lifetime or place a family in debt for a lifetime. The health of all our people must become a social responsibility. The hundreds of thousands of deaths annually which could be prevented with the knowledge and resources now available are a disgrace to the Nation.

There are other needs that can be met through social action without the psychological costs that go with charity or public assistance. To the extent, for example, that we provide adequate education at all levels, including college training, we are meeting the needs which low-income families cannot satisfy themselves but which society must satisfy if we are to have a healthy and prosperous economy in the years to come.

Evidence is readily available which demonstrates the great correlation between low incomes and the status of minority groups in the community. Trade-unions have performed a great service in cutting down discriminatory hiring practices, but much has yet to be done. We support a national fair employment practices committee which will aim to eliminate completely this blot on the record of American democracy. No group of workers, because of color or nationality, must be consigned to the ranks of the poor.

There is one technique directly available to the Federal Government which can be applied to ease the economic burden of low-income families. I refer to the income-tax laws. There is a lot of room for honest disagreement as to precisely what our tax policies should be. It seems to the CIO, however, that there should be no disagreement that no family earning less than \$2,000 a year should be expected to pay any Federal income tax. Yet, such is the case under our present tax schedules. The CIO recommends an increase in the individual income tax personal exemption to \$1,500 per single person, \$3,000 per married couple, and \$600 per additional dependent. The losses resulting from such change in exemptions should be made up in higher corporate taxes or in increased income-tax rates in the highest brackets. In addition, we recommend the elimination of wartime excise and luxury taxes. The CIO is unequivocally opposed to all forms of sales taxes, manufacturing taxes, and wage pay-roll taxes. These regressive taxes are becoming prevalent in more and more States, cities, and localities. The income tax, both Federal and State, must become the basic tax revenue.

On taxes, may I add that all we can suggest here are those measures which hit at the tax problem directly.

We would like to see the low-income families exempted from direct tax payments. Needless to say, most of the taxes which low-income families now pay to the Government are in such form that we cannot directly eliminate them.

Corporate taxes, we are convinced, are ultimately paid for by all the consumers and all the workers in the Nation. There is not too much we can do about that, yet we can try, from time to time, to revise the rate structure in such form as to ease the burden on the poor as much as possible.

Now, although this statement has confined itself to the problems of wage earners and their families, the CIO cannot conclude its testimony without reminding the committee that we are well aware of the problems confronting the farmers of this Nation, the older, retired workers, the independent entrepreneur, and similar groups who depend on current money income for meeting their economic needs. We have always supported farm supports, and believe that today's situation requires the adoption of the Brannan plan. Our recommendations for expanded and liberalized social security are designed to aid not only the wage earner. Our program for full employment is designed to assure reasonable income to all groups in the economy.

The CIO rejects the notion that "the poor are always with us." Certainly in this great Nation of ours, with all the wonderful resources of nature, and with the industrial know-how which we have developed, there is no excuse for poverty. Our responsibilities to the world are tremendous, and we must live up to those responsibilities. But let us not forget our responsibilities to the millions of our own people to whom an American standard of living is an empty slogan. As a matter of fact, our obligations abroad will never be met unless we maintain a healthy economy at home, providing full employment at decent wages to all our people. To the extent that we meet the problem at home, we will be in a better position to help abroad.

It is CIO's sincere conviction that the billions which we are spending on European recovery will be wasted if we permit the totalitarian forces there to point to the weaknesses of our economy at home. The

10,000,000 families with incomes under \$2,000 will provide wonderful ammunition in the war of words and ideas between us and the Communist forces throughout the world. And here at home, these are the families to which the subversive forces of this country will make their special appeal. We will have only ourselves to blame if we do not give these families more grounds for confidence that American democracy can solve their economic problems.

As we solve the problems of these 10,000,000 families, we will be making a major contribution toward solving the basic problem of civilization today—the problem of freedom versus tyranny.

Senator, I have a statement here which I should like Mrs. Ellickson to present.

Senator SPARKMAN. I was just going to ask Mrs. Ellickson if she had anything to say.

Mr. BOOKBINDER. It is a product of the research and education department of the CIO.

Senator SPARKMAN. Yes.

Mrs. ELLICKSON. Mr. Bookbinder has presented ably the CIO position on low-income families. This is merely a supplementary illustration of the change that a union has brought in a specific community. This is typical of what has happened in hundreds of communities or thousands of communities, as has been indicated.

This study deals with the town of Greensboro, Ga., and it was made in the fall of 1946.

I think, instead of reading this all to you, if it is agreeable to you, I can simply indicate its contents, and that if you want, have it placed in the record.

Senator SPARKMAN. Surely, that is all right. We will put the whole statement in the record, if you wish.

Mrs. ELLICKSON. Thank you.

It discusses the Mary Leila Mill, a textile mill, established in a town in Green County.

Wages paid the mill hands in the early 1900's up to 1941 never exceeded 30 cents an hour. The cotton crop was wiped out in the county by the boll weevil, and so the business community was suffering in the town, as well as the workers, because there was so little trade.

In 1941, the workers went on strike, and asked a CIO organizer to help them. The textile workers union was established at that time. Through successive years of union activity, wages were raised, so that in 1946 the basic minimum was 65 cents an hour, instead of the earlier figure of about 15 cents. Vacations with pay were established in 1944, and so on. The figures are given here on the wages.

Other wages in the community went up when this higher pattern was established by the textile workers.

Business conditions showed a decided improvement as the workers could buy more at the stores.

One local merchant told Mr. Ruttenberg, who made this study, that the type of goods handled changed as a result of workers having more money to spend. Sales of shoes increased. More fruits and vegetables were sold, more milk, better clothing.

Another businessman reported that the looks on the people's faces have changed; they have become brighter, happier, more cheerful. They seem to have become more self-confident.

The workers also had greater security in the plants because they could not be hired and fired at will.

The union, as usual, established seniority rights so that workers, if they met the requirements, were promoted and retained on the basis of length of service.

The union is still functioning in that community. It has become a recognized institution, and there is a quotation here as to how the local merchants have come to realize that the union has brought higher wages and thus improved business conditions.

The union also became active in the community on the Red Cross committee and war bond drives, and became interested in politics, because, as the mill hands had their union, they attempted to make their political wants known, and there is a brief paragraph here on the fact that they did cooperate with other groups in the community to enter the primaries and to nominate people, and even to elect a new chief of police.

They had felt that the old chief of police was not at all impartial during the strike, and a new chief of police was chosen.

The union's voice is now respected by the mayor and the city councilmen, and the union has also been active in State politics.

The union helps its members when they have special needs. They have a hospital plan in effect. If any member or his wife or child goes to the hospital, an assessment is placed on each member of the local union, who has voluntarily agreed to cooperate in this plan.

When the men were asked what the main accomplishment had been, they invariably said, "We have gotten job security. We can look the straw boss, the foreman, and the superintendent in the eye, and know that our jobs are ours as long as we do our work."

That indicates the general contents of this study, and I would like to place that in the record.

Senator SPARKMAN. Thank you.

(The document referred to follows:)

GREENSBORO, GA.—A STUDY DONE BY THE CIO DEPARTMENT OF RESEARCH IN THE FALL OF 1946

Greensboro, Ga., has changed its complexion since the early twenties when it was solely reliant upon farm commodities, mainly cotton, for income. The cotton crop was wiped out by the boll weevil. When that happened, considerable numbers of people moved to other areas of Georgia. One saving factor for the community was a cotton textile mill formed in the early 1900's by residents of Green County. The Mary Leila mill, as it was called, employed a little over 200 people, just about 10 percent of the town's population. Wages paid the mill hands in the early 1900's up through 1941, never exceeded 30 cents an hour. During most of this time the mill hands, both skilled and unskilled, were getting 15 cents to 20 cents an hour. With the cotton crop wiped out and the maintenance of this low-wage level, the business community could not very easily prosper.

UNION'S DEVELOPMENT

In 1934, with the general textile strike throughout the South, this mill went on strike. However, the strike was lost, and the men returned to work with no gain. Another attempt was made to improve wage standards and working conditions in 1941. When the doffers, relatively skilled workers, went out on strike, the other mill hands followed suit. A few days later a CIO organizer from the Textile Workers Union of America came into the community and organized a local union. After a 19-week strike wages were raised, a contract was signed recognizing the union. Seniority provisions and grievance machinery were also established.

Prior to the strike a skilled worker, such as a loom fixer, received only 10 cents an hour more than the basic minimum wage rate. Through successive years of union activity wages have been raised to a basic minimum of 65 cents an hour. The loom fixer now gets 94 cents an hour. The differential between skilled and unskilled workers has thus, during a period of 5 years, broadened from 10 to 30 cents. Vacations with pay were established for the first time in 1944. Shift differentials for second and third shifts were installed, so that today the average hourly straight-time earnings of the mill hands is approximately 80 cents. This compares with 25 cents prior to the union. The average straight-time weekly earnings of these workers today varies between \$26 and \$44, with the average about \$30. During the war, with overtime, they were about \$38 a week.

The wage pattern thus established through successive efforts by the textile workers union has set the standards for other workers, not only in Greensboro but in the entire county. For example, municipal workers now earn a wage comparable to that of the mill hands. This almost caused a revolution in the municipal government. The sawmill and planing mill workers' wages have lagged a little, but have followed the pattern established through trade-union activities in the Mary Leila cotton mill. The local union at Mary Leila is the only one in the area, it can be said without question that they have raised the living standards not only of their own workers, but of the other employees throughout the county. The loss of the cotton crop, accompanied by the reduction of the number of farm hands, made the community a ghost town. It was saved, in the main, by the trade union's raising the living standards of all the workers.

BUSINESS COMMUNITY PROSPERS

Business conditions have shown a decided improvement with the rise in living standards. More income to the workers has meant that they have been able to buy more from the local merchants. One local merchant, the secretary of the largest store in town, told me that the type of goods handled in his store has changed as a result of workers having more money to spend. For example, during the period when shoes were available, that is ration-free, their sales tremendously increased. More money meant that the workers could buy food, such as fresh fruits and vegetables, which they had formerly been unable to place on dinner tables. One item whose sales increased drastically was a basic food commodity—milk. Milk certainly was being purchased even during the 15-cents-an-hour days, but not in sufficiently large quantities to satisfy the needs of the children in the community. When wages were raised, milk sales soared, and children for the first time were getting their fill of milk. The mill hands, as well as the other workers in the community, were able to buy more and better clothing for themselves and their children. Children who had formerly been held back from school during the winter months because of inadequate clothing were now attending schools in greater numbers.

Another businessman in the community who runs the second largest store told me that, "The looks on the people's faces have changed. They have become brighter, happier, and more cheerful. They seem to be more self-confident." I asked the businessman about this, and he unhesitatingly commented that the reason for it was undoubtedly the higher standard of living which the workers had attained. Of course, the standard of living now attained, while far better than what existed in the twenties and thirties, was still inadequate. Inquiring into his comment about self-respect and self-confidence, you find that the main reason for this change in the workers' attitude is attributable to trade union activity. It is fundamentally job security. Prior to the existence of the union, the straw boss, foreman, or superintendent could hire or fire at will. He could promote his friends or he could bring a relative into the plant and push him over the top of a regular worker who deserved the promotion. These practices have all been stopped. Seniority has been established. The straw boss and foreman can no longer fire at will. They must increase or decrease their forces, or promote and demote workers in accordance with length of service in the company. This feeling that a man's job is his as long as he can produce, this knowledge that the boss can't fire him, has given the mill hands the self-respect and the self-confidence that the local merchant mentioned.

I asked a banker in the community what the main sources of new money for this community were. He mentioned four. He said, "We get a little, first, from cattle and farming, but since the boll weevil this has been greatly reduced. Secondly, our men who went to the service took out allotments for the families back home. This brought some new money from the United States Treasury.

Then, thirdly, we have," he said, "about 50 sawmills and about 5 planing mills in the county and this brings some new money, particularly since wages in these mills have been increased." I hastened to point out, at this point, the reason the wages in these sawmills have risen, and the 81-year-old president of the Bank of Greensboro hesitatingly agreed. "The fourth source," he pointed out, "and unquestionable the main source of income is from the textile mill." From these four sources of new money, it can easily be seen that the community was dependent upon the pay roll of the textile and saw mills.

Because sawmill wages followed textile wages we can say that, directly or indirectly, the local union was responsible for bringing most of the new money into Green County. For example, an interesting development can be seen by looking at the bank deposits in the Bank of Greensboro. These bank deposits increased from a level of \$200,000 on June 30, 1939, to a level of \$1,125,000 on June 30, 1946, an increase of almost 450 percent. Of course, bank deposits have increased throughout the whole country. There is more money in all banks today than there has ever been in the history of the Nation. However, upon looking at the demand deposits in this bank more closely, we find that there were two periods during this 7-year period when there were unusually large increases in deposits. Oddly enough, both of these periods corresponded with the times that wage increases were granted in the textile mill. We would not want to claim credit for this 450 percent rise in demand deposits in the bank, but I think that we can clearly establish the fact that had not wage increases been granted in the community, deposits would not be as large today as they actually are.

I think a good indication of what has happened to wages is a little story told me by the 81-year-old president of the bank. He asked me, "Have you ever tried to go out and hire a hand to cut your grass or paint your house, or do little odds and ends for you? There used to be a time when we would go out and ask any man to come over and work all day long, give him 50 cents, and he would be satisfied." He said to me, "You go out on that street right now, and you try to hire yourself somebody and see what happens. They will tell you they want 50 to 65 cents an hour to work for you, and they won't work more than 8 hours a day, either. These people in our community have been spoiled. We can't get them to work the way they used to for 50 cents a day." He is perfectly right. These people have been shown that through higher wages they are improving the way they live, the clothes they wear, the food they eat, and they are not prone to return to the old days when they ate "taters and beans,"—taters one day and beans the next.

The local union has come of age. It is a recognized institution in the community. Resentment was bitter during the early years of the local's existence. For example, in a book published in 1943, called *Tenants of the Almighty*, written by Dr. Arthur Raper about Green County, the 19 weeks' strike in 1941 at the Mary Lelia mill is discussed. Dr. Raper says, "With the pay roll of over \$4,000 a week stopped, businessmen were feeling it and wanted the mill to open up. Some blamed the CIO; others did not. * * * As the strike lengthened, the idle workers strained their credits at the store." While the local merchants disliked the union at first, they had come now to realize that the union has brought higher wages and thus improved business conditions in the community. Understanding that the level of business is directly contingent upon the pay rolls of the textile mill, the resentment built up during the early years of the local union's existence has now developed into a tacit respect on the community-wide level.

ON THE POLITICAL FRONT

The local union people have been drawn into all sorts of committees and activities. The local union president is active on the Red Cross committee; his wife is active on the clothing drive committee. The union and business people in the community generally have cooperated closely on war-bond drives during the war, so that union people are being accepted by the community as a whole.

The union hasn't strictly confined its activities to improving wages, working conditions, and living standards. The local members have become active on the political front. They have been carrying on campaigns to increase the registration of all workers at the polls. In 1944 the local city officers, that is, the mayor and five city councilmen, had political opponents for the first time in 25 years. The opposition candidates did not win, but they threw a considerable scare into the elected officials. I think the local union wasn't successful in its 1944 effort because it attempted to work too much on its own. So, in 1946, when the election

came up in April, the local union people, instead of putting up their own candidates, approached a couple of businessmen, a lawyer, and a doctor, and jointly decided on a group of candidates to run against the incumbents. They then approached the candidates they had in mind and got their consent to have their names placed upon the ballot. Thus the opposition candidates became not union candidates, not businessmen's candidates, but community-wide candidates to oppose the incumbents. When all the ballots were in and the votes were counted, a new mayor and four out of five city councilmen were elected. Of course, the union wasn't solely responsible for this change in elected officers, but they played their part on a community level.

The city council has the authority to appoint the chief of police. The old chief was closely tied up with the Mary Lella cotton mill and during the strikes was not at all impartial. Now the new city council has appointed a new chief of police, a young man just back from the Army where he served in the Corps of Military Police. It is interesting to note that the new chief of police is a charter member of the local union. His wife is a member of the local, and they live in the mill village. Since the new city officers have been elected, garbage collections have been instituted in the mill village where formerly this work was done by the company.

The union's voice is now respected by the mayor and city councilmen. The union expects to be able to move forward with the progressive members of the community to improve and make more livable this little town of Greensboro. In addition to being able to help elect the new mayor and city council, the union has supported good men for the State legislature and the State senate from Green County. They have been responsible for improving the caliber of their representatives at the State capitol.

A judge in 1941 issued an injunction against the local union during the course of its strike. This injunction was almost disastrous to the union during its strike. The local union people harbored a desire to replace him. The judge represents a large circuit of some seven counties, only one of which was Green County. However, in 1942 when the good judge came up for reelection the local union people contacted friends in the other surrounding counties included in the judge's circuit. How much credit the union can claim is hard to say, but the facts seem to speak for themselves, the judge was defeated.

The local mill hands have been brought closer together by the local union. They act as a unit; they attempt to help each other. For example, they have a hospital plan in effect now. If any member or his wife or child goes to the hospital, an assessment is placed upon each member of the local union who has voluntarily agreed to cooperate in this plan. There is a 50-cent assessment on each member if a man or his wife goes to the hospital. If one of the children of a worker goes to the hospital the assessment is only 25 cents. Through this means, with 300 members in the local union, from \$125 to \$150 is collected. This is a tidy sum to help pay the hospital bill, as well as the doctor bill.

The typical comment of a wife of a mill hand when asked what good the union has done is, "The union has done a heap lot of good for us folks." When the men are asked what the main accomplishment has been they invariably say, "We have gotten job security. We can look the straw boss, the foreman, and the superintendent in the eye and know that our jobs are ours as long as we do our work."

Mr. BOOKBINDER. That completes our formal statement. We would be pleased to answer any questions that you have.

Senator SPARKMAN. I have a couple of questions. I do not care to question you at length; you have made a very clear statement, and there is not much untangling that we have to do in it, but there are a couple of points I want to ask you about.

Just what do you mean by the statement that there is "a public responsibility to provide supplementary income, especially for the low-income groups?" In what way do you mean? That the Government would have that responsibility?

Mr. BOOKBINDER. Well, I said—the language that I used was—"a public responsibility," is that right?

Senator SPARKMAN. Yes, you did. I thought you meant the Government.

Mr. BOOKBINDER. I used the word advisedly, because in using the word "public," I meant both governmental and——

Senator SPARKMAN. I wanted to be certain just what you did mean there, that you were not advocating that there was a responsibility on the Government to make additional income directly available, but you do say——

Mr. BOOKBINDER. No.

Senator SPARKMAN (continuing). In your next sentence that the "whole social welfare program of the Government, the entire Government program of social welfare legislation, must be modernized." I take it that we are to understand you to mean that the Government must do that, and even to supplement that, that the public must have a consciousness, first, of the existence of these low-income families; second, of the need that they have merely to live in decency; and, third, the tremendous potential asset that they constitute as a great block of consumers.

Mr. BOOKBINDER. I accept that as a good answer to your question.

Senator SPARKMAN. I wanted to know if we were in agreement.

Mr. BOOKBINDER. I mean all of that, plus the following: That to the extent that the economy in which we operate, which is theoretically and to a large extent a free enterprise economy, to the extent that it does not provide direct income, provide for the direct satisfaction of wants, the public, meaning the people as a whole, both through their Government and through social action of one form and another, have got to see to it that there are not 10,000,000 depressed families in this Nation. That means, for example, that when I advocate health insurance, I do not consider that as governmental activity, governmental hand-outs.

I consider that rather, the Government's coming in, to be the avenue, the vehicle for the public as a whole, providing for the health needs of the people. I certainly do not visualize and do not desire, nor does the CIO desire, that the Government shall be a pay office, which supplements in money each week what a family does not earn. As a matter of fact, it is precisely that which we want to avoid, the days of the soup lines.

Senator SPARKMAN. You are not arguing for the dole, but just the opposite.

Mr. BOOKBINDER. I am not arguing for the dole at all, that is right.

Senator SPARKMAN. The only other thing I wanted to ask you about was your statement:

"The CIO is unequivocally opposed to all forms of sales taxes, manufacturing taxes, and wage pay-roll taxes."

Now, is it not true that some parts of our social security program are maintained by wage pay-roll taxes, in part?

Mr. BOOKBINDER. Yes; that is true.

Senator SPARKMAN. Are you opposed to that method of sustaining the social security program?

Mr. BOOKBINDER. No. As a matter of fact——

Senator SPARKMAN. And even the health program which you advocate, the health insurance program, it is proposed to make it, in part, dependent upon wage pay-roll taxes.

Mr. BOOKBINDER. Well, Senator, I would like to answer it this way, and I think I will invite Mrs. Ellickson to join in, since she has worked on this problem, too.

Senator SPARKMAN. I want to get straight in my own mind just what it is you mean there.

Mr. BOOKBINDER. I think I can explain that. We have accepted as a matter of fact that our social security program has been built up on the basis of contributory payments. We do not desire that the thing be completely changed, because we recognize the basic economic fact that one way or another all moneys come out of the production of this country.

We have already established a wage structure which is such that certain percentages go toward social security. Well, that is accepted, that is understood.

We resist, we do resist, at any given time—we have resisted at given times—any further imposition of wage taxes when we feel that at that time it means a further cut in the real wages of the people.

What I was referring to specifically here, sir, though, were the city and State taxes, wage taxes, which cannot be justified on general economic grounds, because we operate in a national economy.

If you taxed all workers and all employees in the shirt industry, for example, you still maintain a certain kind of balance.

If, however, you tax only the shirt workers in Connecticut, for example, or the shirt workers in Kansas, you are creating an inequity which we think is wrong, and those workers in the States that are affected enjoy real earnings that are different from the workers elsewhere.

Senator SPARKMAN. I was not aware that there were any such taxes as those.

Mr. BOOKBINDER. Oh, yes, there are many cities where there is a direct wage tax, 1 percent or a half percent, and there is unfortunately a tendency toward an expansion of that easy way to collect local taxes.

Sales taxes, we feel—

Senator SPARKMAN. Well, of course, I understand about the sales tax, but I did not understand that there were any such local wage pay-roll taxes.

Mr. BOOKBINDER. I think Philadelphia has a pay-roll tax, but I may be mistaken. I do know there are cities with such pay-roll taxes.

Senator SPARKMAN. At any rate, I am glad to have it straight that you are not objecting to the social security program which is sustained, in part—

Mr. BOOKBINDER. No, I am not, nor to the health insurance program.

Mrs. ELLICKSON. May I supplement Mr. Bookbinder's explanation in regard to Social Security?

Senator SPARKMAN. Yes.

Mrs. ELLICKSON. We have favored bills that would greatly increase benefits under social security, which would extend coverage and which would add to the types of hazards for which protection is given, and we have felt that it was proper, if those improvements were made, for the workers to bear a somewhat higher percentage pay roll tax.

However, the CIO views with concern the tendency to assume that you keep on financing social security by adding more and more to the pay roll taxes.

We believe that a certain amount of that is justified, because under our Social Security System benefits are geared to past earnings, because of the wide variety of earnings that exist.

We hope that the Government will contribute out of general revenues a certain part of the cost of social security, and that part of the cost would then be met out of taxation.

Senator SPARKMAN. That is somewhat in line Senator Taft's program.

Mrs. ELLICKSON. Well, of course, you realize we do not entirely agree with Senator Taft.

Senator SPARKMAN. I think with reference to this particular item he was quoted recently as saying that it would have to be eventually carried, or should be carried in that way.

Is there anything further? Dr. Brown, do you want to ask questions?

Mr. BROWN. No, thank you.

Senator SPARKMAN. Well, we do appreciate both of you coming and giving us these statements.

Mr. BOOKBINDER. Thank you.

Senator SPARKMAN. We are aiming at the same objective, and I hope we shall find some way of getting there. Thank you.

Mr. BOOKBINDER. Thank you very much.

Senator SPARKMAN. The committee will stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 3 o'clock p. m., the committee adjourned to reconvene at 10 o'clock a. m., Thursday, December 22, 1949.)

LOW-INCOME FAMILIES

THURSDAY, DECEMBER 22, 1949

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON LOW-INCOME FAMILIES,
JOINT COMMITTEE ON THE ECONOMIC REPORT,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10:10 a. m., in room 318, Senate Office Building, Senator John Sparkman (chairman) presiding.

Present: Senator Sparkman.

Also present: Samuel L. Brown, economist, and Mrs. Elizabeth G. McGill, research assistant, Subcommittee on Low-Income Families.

Senator SPARKMAN. The committee will come to order.

We are very glad to have Mrs. Fahy with us this morning. You may proceed in your own way.

STATEMENT OF MRS. JACK B. FAHY, EXECUTIVE DIRECTOR, THE AMERICAN PARENTS COMMITTEE, WASHINGTON, D. C.

Mrs. FAHY. My name is Kathleen Fahy and I am executive director of the American Parents Committee. The committee is a nonprofit, public-service organization which was established 3 years ago to work for the improvement of conditions for children nationally and locally. Chairman of the committee is Mr. George J. Hecht, publisher of Parents' magazine and of several other magazines dealing with parents' and children's interests and problems.

Vice chairmen of the American Parents Committee are: Dr. Henry Noble MacCracken, former president, Vassar College; Mrs. Dorothy Canfield Fisher, novelist; Walt Disney, motion-picture producer; Robert L. Johnson, president, Temple University. Melvyn Gordon Lowenstein, attorney, is secretary.

The American Parents Committee is working for a broad program of child-welfare legislation to improve the health, education, and welfare services to American children.

The impact of low family income on children is a particularly distressing one. For the economic future as well as physical security of this country depends upon what we do or fail to do for today's children.

The Joint Committee on the Economic Report does an excellent job in pointing up the interrelationship between the health, education, and welfare of our citizenry in terms of their ability to rise above a subsistence standard of living.

At this point I would like to call attention to some pictures I have here made by Marion Palfi, who was granted a Rosenwald Foundation fellowship to do a pictorial study of children. I think when we are talking about how the future citizenry of our country is to rise above a subsistence standard, we should remember that within view of the Capitol children live in conditions such as these.

That there is need for a Federal aid program to increase the overburdened health, education, and welfare services for children is clearly indicated by the varying degrees of wealth between the States. The per capita income of a State, which is the gage for the support of State projects, differs widely throughout the country. Wealthier States can provide help through community aids to lower-income groups. But it is not only in the poor States that children need help. Here is a picture of a child in Los Angeles, Calif., the richest county of the United States. Here, within the shadow of the City Hall of Los Angeles are the slums in which children are being brought up today.

There is a striking variation between the States in terms of revenue, and it is an important factor in determining the ability of the States to provide the basic services to its child population.

The United States Children's Bureau reports that more than one-half of our Nation's 46,000,000 children are being supported by less than one-sixth of all our families. And a very large proportion of these families is in our lowest income group. In fact, in 1945, 56 percent of the families with 1 child under 18 years, 56 percent of those with 2 children, 62 percent of those with 3 children, and 72 percent of those with 4 or more children, had an annual income of less than \$3,000. I defy anyone to buy shoes for 4 children on \$3,000, and also give them an adequate diet.

Problems resulting from large numbers of children and low incomes are particularly serious in the southern States. In the 13 southern States there are 248 school-age children per 1,000 population, according to the latest United States Bureau of Census estimates. The rest of the United States averages 192 school-age children per 1,000 population. And yet it was these same southern States, plus Arizona and New Mexico, in the Southwest, which were among the 16 States in the Nation with the lowest income per capita in 1947, when the figures were released.

I would like to include in the record a table showing distribution of our school-age children among the 48 States, along with the position each State holds with regard to income. As you will note in this table, Mississippi has one of the largest proportions of children with one of the smallest per capita incomes. The number of school-age children was 275 per 1,000 population, according to the 1946 figures. Its per capita income was \$659 in 1947. The chart shows Nevada at the other extreme. It has 177 school-age children per 1,000 population. And its per capita income is \$1,842, almost three times that of Mississippi.

Distribution of school-age children and per capita income among the 48 States

States	Number of school-age children per 1,000 population	Rank the State holds in income per capita	States	Number of school-age children per 1,000 population	Rank the State holds in income per capita
New Mexico.....	292.9	37	Nebraska.....	209.4	25
South Carolina.....	281.2	46	Michigan.....	208.9	16
Missouri.....	275.3	48	Wisconsin.....	208.0	20
North Dakota.....	273.6	4	Iowa.....	206.9	31
West Virginia.....	271.4	38	Minnesota.....	205.4	28
Alabama.....	269.5	45	Indiana.....	200.1	23
Illinois.....	268.3	22	Kansas.....	199.6	21
North Carolina.....	267.4	42	Missouri.....	199.3	27
Arkansas.....	262.0	47	Florida.....	198.2	35
Georgia.....	259.5	43	Pennsylvania.....	197.6	18
South Dakota.....	257.3	19	Ohio.....	192.6	15
Utah.....	255.2	26	Washington.....	192.5	17
Kentucky.....	255.1	44	Delaware.....	191.9	6
Oklahoma.....	246.0	39	New Hampshire.....	190.7	30
Tennessee.....	245.5	40	Maryland.....	182.8	13
Montana.....	243.6	7	Oregon.....	182.6	24
Louisiana.....	241.2	41	Illinois.....	182.1	8
Arizona.....	237.9	34	Massachusetts.....	177.4	14
Texas.....	228.6	33	Nevada.....	177.3	1
Wyoming.....	226.8	12	Rhode Island.....	175.9	10
Virginia.....	226.0	36	New York.....	170.8	2
Mont.	216.6	29	California.....	169.9	5
Colorado.....	215.2	11	Connecticut.....	169.7	3
Maine.....	215.1	32	New Jersey.....	166.7	9

The facts will not let us dismiss this situation as a purely local affair. Children in low-income families are distributed throughout the country. The American people are inclined to great population shifts. And the moves are often made from the poorer regions. Thus, the privations borne by people from such regions have an effect on the area to which they migrate. In just the 1 year, ending April 1948, 9 million Americans moved from one county to another; and half of these, approximately 4½ million, moved to a different State.

At this time I would like to mention the problems of the migrants. I am not talking here about migrants per se, because lots of people move to find better jobs in factories and in urban areas, but there is a whole group of people who are migrants; and the children of these migrants in many States cannot go to school, if they get sick, there is no welfare for them, they are noncitizens because they lack residence in a State. Child labor enters into that, too. For example, in New Jersey, there is a picture of a little boy who is a cranberry picker, a migrant.

Senator SPARKMAN. How old is he?

Mrs. FAHY. It does not say. This is not a Palfi picture, incidentally. This is one that came from the Library of Congress.

This one is a Palfi picture and these are children of migratory workers in Modesto, Calif. This is all the recreation, schooling, health they have. You note this cropped haircut. That is because of lice. Sanitary conditions are not good in migrant camps.

Here are two little boys playing in one of the lost villages in Los Angeles, children of migrants.

The committee report states that food expenses take about half of the income of city families having less than \$2,000 a year, with this percentage going up as the income decreases. It is tragic—but not difficult to understand in these circumstances why a child's nagging

toothache may not receive his parents' priority, when they know that his stomach may have to go empty if his tooth is filled. Fathers and mothers are often forced to overlook sore throats and diseased tonsils when the pressing need is a pair of shoes to keep their child's feet warm and dry.

This is a picture of a sick child in the State of New York. You can see, obviously, the poverty in which the child has been brought up. And here is a picture of one from Oklahoma. I am trying to stress, Senator Sparkman, that these conditions exist not only in the South.

Senator SPARKMAN. You will remember I was a member of the Tolan committee that studied these conditions all over the United States. So I know something about the universality of it.

Mrs. FAHY. I also want to stress, speaking of sick children the fact that the family with \$3,000 income and four or five children, very often pride and economic position prevents them from going to a clinic. But cavities can develop in their teeth, fillings can fall out, and years later they lose those teeth because the family did not have enough money to pay for the care that they needed.

The United States Children's Bureau estimates that 6,000,000 children are believed to have diseased tonsils or adenoids, a condition which often leads to deafness. Three-quarters of the Nation's children need dental care. One-third need medical care. Ten million have poor vision. One million have hearing defects. Our knowledge of the health of our children is very sketchy, despite the fact that 43 States have legislation allowing some kind of physical examination in their schools. In most cases, the legislation is permissive, not mandatory, with the result that more than half of the children go completely through school without any check-up on their health.

Also, we must realize that where there are health examinations, in many instances, one doctor will see 300 children in a morning. This is not the thorough physical examination which is necessary at the growing age.

All of these sick children are not necessarily in the low-income-family group. But if children in the higher-income groups are neglected for reasons of economy or sometimes ignorance, think how worse off is the child in the lower-income level.

It was facts such as these which moved the American Parents Committee to initiate the national school health services bill, during the Eightieth Congress, to provide physical, dental, and mental check-ups for all school children, to be followed up by treatment where necessary. Congress should act to meet this need. The Senate has already passed this bill and it is now before the Interstate and Foreign Commerce Committee of the House. I believe it was passed by the Senate without dissenting vote.

The committee report on low-income families stresses the low educational level of this group as a reason for inability to improve their living standards. And yet there are close to 4,000,000 children today who are not attending school. In part this is because there are not enough school buildings to house these children.

Children are our greatest asset and investment in their well-being is sound and long-range economy. The increased birthrate during and after the war has made America richer in children than ever

before in our history. Under a special grant from the American Parents Committee, the United States Census Bureau prepared a special study to show what this increased birth rate would mean in terms of schools. By 1951, the Census Bureau reported, there would be 2,400,000 more children ready for school than in 1947. And by 1956, 8,000,000 additional children would be knocking on school doors.

Equal educational opportunities are not being provided for millions of children today. For instance, in contrast to some of the schools you know about in the big metropolitan areas, here is a picture of an Alabama plantation school, and here is the interior of it. And that can be contrasted with this happy group. Obviously they like school.

With the opening of public schools for their fall semester last September, the press was flooded with pictures of overcrowded schoolrooms, stories of children attending classes in shifts, youngsters crowded into obsolete buildings with fire-hazard conditions that could spell tragedy. In the United States today there are still 80,000 one-teacher schools, most of them old, one-room buildings with privies. As a rule, the teachers in these one-room schoolhouses are beginners, many underpaid and undertrained. Most of these schools serve the lower-income groups of the poorer communities, where there is not enough State or local revenue to support a decent school building.

The horse-and-buggy era of the one-room schoolhouses could be eliminated through the public-school construction bill, which asks for Federal funds on a matching State basis to build new school buildings. There is no provision in the over-all Federal aid to education bill to provide school buildings.

With 82 percent of the Nation's school buildings reported either "fair" or "poor" by State school officers in a New York Times survey, it is obvious that our school-building program needs attention.

No State has enough adequate schools. Nor do the States, particularly the less wealthy ones, have any funds available to build the schools. The New York Times survey revealed that virtually all the States admitted that they would not be able to meet the costs of the needed schools. They indicated that not more than 50 percent of the funds necessary can be raised by the local communities and the State. In some States less than 10 percent of the money can be raised. Major financial support for school maintenance and new school construction should come from local and State sources. But school-building lagged during the depression. The increased birthrate put an additional burden on the inadequate buildings, and the wartime population shifts produced real crises in terms of school buildings.

These are national problems, and the American Parents Committee believes that the Federal Government must share the responsibility of providing educational opportunities for every American child.

This is only a small part of the education picture pointing up the need for Federal aid for education. Supplementary aid for elementary and high-school education establishes no new principles inasmuch as the Federal Government has for many years aided universities and home-economics education, all without any complaint of Federal control. The pitifully low salaries offered the teaching profession are responsible for the serious shortage of well-trained teachers. In some States, teachers might well be included in the low-income group if they have to depend upon their salaries to support a family.

For instance, in the State of Maine the mean salary for teachers was \$1,409. Any man with a family living on \$1,409 is going to have to send his wife and children out into the potato fields of Maine in order to supplement that income. The United States average or mean is \$1,995. I think that probably the teachers should be included in this low-income study.

Federal aid to education bills have been on the books in Congress for many years to provide Federal assistance for teachers' salaries and other expenses in the maintenance of good schools. Meanwhile, many children in their most impressionable and formative years are not getting the valuable guidance and basic foundation of a good education.

Tied in closely with a child's good health and educational progress is the necessity for an adequate and well-balanced diet. The committee report points out that low-income families have less nutritious diets. Although the food energy value of low-income families is almost on a par with those of higher levels, the report states that most of the dietary essentials in the low-income families are included in smaller quantities. This may not have any serious consequences in terms of adults, but I doubt it. But think of what effect it can have on children. The committee report says that calcium was the nutrient most likely to be low in the food of low-income families. Calcium is needed in children's diets for sound bone structure and healthy strong teeth.

For instance, the child in this picture is obviously rickety, and that is due to malnutrition and lack of calcium. It is a question of whether those legs will ever be straight. This is not a Palfi picture. It is a child from the Southeastern States. But here is one from Vermont. I am sorry Senator Flanders is not here. You can see that this child also is malnourished and needs better food.

In this picture the lack of proper food shows in the boy's teeth. He is a sick child in New York. At his age, you see he has lost his teeth.

With increased incomes, the report says, there would be a shift away from cereals to milk, meat, vegetables, and fruit—all essential body builders for children. This report points up sharply the benefits to so many children in the national school lunch program which was voted an appropriation of \$83,500,000 last year. For many children this is their only well-balanced meal of the day. While food exists in abundance in this country, at least one-third of our Nation is actually suffering from hunger—not in terms of volume but in terms of nutrition.

Children of working mothers and of the low-income group are especially benefited through the school-lunch program. Studies show that the physical growth as well as educational progress of children participating in the school-lunch program have definitely improved. This is an important program to help children and the American Parents Committee will support the request for a \$100,000,000 appropriation for the Government's next fiscal year for this purpose and for the inclusion of a provision to permit purchase of school lunch-room equipment where necessary. This will help children in the low-income areas where there are no State or local funds available to purchase equipment to participate in the program.

There are great gaps in knowledge relating to the development of our children—the average, the underprivileged, the child with mental and physical defects. Progress is being made, it is true, in getting

the answers to some of the problems affecting children. But what of the causes of these problems? For example, what makes a juvenile delinquent?

This is a picture of juvenile delinquents between 7 and 12 years old from Los Angeles. Personally, I do not believe that a 7-year-old is a delinquent. I think possibly his parents are, possibly his schools are, whoever is responsible for the child is, but I do not believe you should call a 7-year-old a delinquent.

Here is a boy in, yes, Los Angeles, being fingerprinted. He is another juvenile delinquent.

I noticed from previous testimony you had before the committee that one sociologist from Chicago said that girls become promiscuous in order to get silk stockings. Well, it is true that that is a big factor. Here is a picture of a child in Hudson, the school for girls in New York State. It is one of the best reform schools in the country. This girl is in the punishment ward in solitary confinement on a diet of milk and bread. Why did she do whatever she did and another girl not do it? These are the kinds of things we have done no research on. What makes one child delinquent under the same economic circumstances and another not? I think it is too simple to say it is only in the low-income group.

Here is a picture of a little girl being questioned in Los Angeles juvenile police station. And here is a group, I think a fine group, of boys, they are from Detroit, the Wayne County juvenile detention home. Now, these are potential citizens of this country, and why are they there and what made them get into trouble? And this is also a picture from Detroit, the Wayne County juvenile detention home. No child should be behind bars. It is our fault that we have not found out why he has gone wrong.

There is a very small amount of such research going on, financed mostly by private funds. But there is no coordinated effort to disseminate the results of such studies to parents and professionals dealing with children. The American Parents Committee believes that Federal expenditures on behalf of children are the best investment the Government can make. And yet research on child care and development is lagging far behind America's advance in other scientific fields. There is a national child research bill (S. 904) now before the Senate Labor and Public Welfare Committee that could help meet this need.

Senator Sparkman, you are the one of the sponsors of that bill.

The United States Children's Bureau which was established by act of Congress in 1912 has made an enormous contribution particularly in the lower-income groups through its work in reducing infant and maternal mortality rates. This function alone is one of the most outstanding contributions to the country. To date, 25,000,000 copies of the Children's Bureau pamphlet, "Infant Care," have been distributed as a guide to mothers in child rearing. But the hazards of childbearing can still be reduced. The maternal mortality rate among the colored population is three times that for white women in the country as a whole. This can clearly be pinned down to economic reasons, although future progress in reducing maternal mortality is not limited to colored women. There are varying percentages among the white population, with the New England and Pacific regions reporting a low of 0.9 percent and the East South Central States a high of 1.6.

In your own State of Alabama, Senator Sparkman, the Children's Bureau was advised last year that more than 3,000 crippled children are awaiting care. They know those children need care, that there are not beds for them nor enough nurses to take care of them, and that \$300,000 was needed in addition to the present allotment in order to provide care for those children. The State of Alabama also advised the Children's Bureau in April of this year that an additional \$75,000 was needed for crippled children services between April and July of this year.

That is how badly money can be needed. The Children's Bureau also reports on all phases of child life and child welfare. They have been limited due to inadequate budgetary appropriations. Increased grants to the States could help to reduce infant and maternal mortality rates even further. Increased grants for crippled children's services are badly needed throughout the country. Crippled children are now on long lists awaiting admission in hospitals throughout the country.

Here is the picture of a child in a rural area on crutches who undoubtedly could be helped if gotten into a hospital. Of course, the economics of the thing is that if you help them when they are small and young, then your later bill is going to be less, the bill of the State. The pictures that I have shown you, made by Miss Palfi, are not indigenous to any part of the United States, but these children are all in the low-income family group. Miss Palfi tells the story in pictures of what is happening to American children.

Some of these youngsters have only one parent in the home. The father may be dead. He may be incapacitated, unemployed, or absent because of separation, divorce, or desertion. There is not enough family income to meet the needs.

Here is a picture of a child whose only table to eat from is the bathtub. This is in New York, a wealthy city. Here is another child from New York. You can see from the picture that the housing is far from adequate. This one is from Knoxville. This is called a house, a home. And this picture is called Detroit's "Paradise Valley."

The children are the victims in this tragedy. If the homes are broken up, the children are placed in institutions or foster homes, usually at greater expense to the community than the cost of keeping them in their own home, or in the home of close relatives. These children suffer from inadequate housing, poor medical care, inadequate education, and other privations. We pay for this neglect in juvenile delinquency and all the other social problems growing out of frustration and desperate poverty.

The American Parents' Committee believes that the Nation has a stake in these children and that it is up to the Government to assume its just responsibility to protect them. The "aid to dependent children" program now provides financial aid and other services to about one and one-half million children. But there is no State-Federal program to aid the children of unemployed fathers—it means that a father has to desert if his children are to get care, if he has no job—nor is there any Federal aid for children of totally or permanently disabled people.

I bring this up because revision of the Social Security Act will come up before the Senate, and the American Parents' Committee believes this program should be expanded to include aid for State

general-assistance programs and for a broadened program of aid to dependent children.

Here are pictures of deserted children, abandoned and neglected. These children are very young and perhaps with a little money under social security they might not have been abandoned.

Local public health units, under the Public Health Service Act, have contributed to the general over-all protection of children in some communities. Alabama was one of the pioneer States in the development of full-time local health services, but it has been impossible because of limited funds and personnel shortages to make these services available in every county.

Their engineers for water and sanitary inspection, their professional and educational work in the field of hygiene, have given protection to many Americans young and old. But only 10,000,000 out of the Nation's 146,000,000 population are adequately protected by Public Health Service.

A large percentage of the Nation's 46,000,000 children are among those not properly protected. Water pollution in unprotected areas can work faster in spreading disease than medical science can work to control it. Adequate local public health units are a necessity in order to carry out effectively the many health measures affecting children now up before Congress. This bill has passed the Senate, but is before the House for action.

All of the measures for which the American Parents Committee is working are not necessarily designed to aid the children of low-income families. There is need for improvement in conditions affecting more children than are included in this group, particularly in the field of health and education. The committee report on low-income families states that 8,000,000 families and individuals have incomes under \$1,000 and another one-third of our families and individuals receive less than \$2,000.

I think the work this committee has been doing has been extremely effective, and you have been pointing up the needs of this lower income group. I think because of it we will undoubtedly see some action.

At this holiday season I would like to show you this picture from Iowa, from the farm belt. This is a Christmas dinner for children of a rural family living on submarginal farm land. Their meal consists of potatoes, cabbage, and pie.

Without better facilities for today's children—the citizens and wage-earners of tomorrow—we are undermining our future economy and security.

Thank you, Senator.

Senator SPARKMAN. Thank you very much.

Mrs. Fahy, I want to ask you about this statement. You say only 10,000,000 out of the Nation's 146,000,000 population are adequately protected by the Public Health Service. How do you measure that?

Mrs. FAHY. It is measured under the standards prescribed by the United States Public Health Service, and the needs for local public health units. They would like to see in every county a public-health doctor, a sanitary engineer, a public-health nurse, and they use the model and say that only 10,000,000 have it.

Senator SPARKMAN. If a county has that set-up, they are counted as being adequately protected?

Mrs. FAHY. They count it as being adequately protected. I do not have the figures on New York State, but New York State is appallingly inadequate in protection.

I know the State health officer from Georgia told me only three of his counties had local public-health units. You know, Senator Hill introduced the bill on local public-health units and has been so interested in it, and that is to meet this need.

Senator SPARKMAN. I was just thinking of the local health units in my home State, and I was wondering. You include a water engineer, a sanitary engineer, and a public-health nurse for each county unit?

Mrs. FAHY. I am not sure that is all.

Senator SPARKMAN. With the public-health director.

Mrs. FAHY. Whatever the unit is.

Senator SPARKMAN. With the public-health director?

Mrs. FAHY. That is right. I could get the information for you.

Senator SPARKMAN. I can easily see that most of those would be required, but I was wondering about the water engineer. If a single county required the services of a water engineer, is what I was wondering about.

Mrs. FAHY. I would imagine in a State that is predominantly rural you certainly would need one because you have hand-dug wells, and the danger of contamination is extreme.

Senator SPARKMAN. Under the legislation that Senator Hill has been sponsoring to improve the local public-health units, to what extent could we hope to have adequate coverage?

Mrs. FAHY. Again you go back to the needs for personnel. You have to train people before you can get them even if you have the money to put them in.

Senator SPARKMAN. In other words, the objective of that legislation would be to attain adequate coverage?

Mrs. FAHY. That is right.

Senator SPARKMAN. But we run into the problem first of appropriations and second of personnel?

Mrs. FAHY. That is right.

Senator SPARKMAN. Of course, one problem we run into in all of this health program is the need for doctors and nurses and the lack of adequate training facilities.

Mrs. FAHY. That is right.

Senator SPARKMAN. You, I assume, would gear the whole program together?

Mrs. FAHY. I think it should all be tied together. My organization has taken no stand on any bill in the health field outside of this that I have mentioned to you.

Senator SPARKMAN. But you do recognize the need for supplementary—

Mrs. FAHY. Personally, I think the Federal aid for medical education bill is extremely important. That, too, has passed the Senate and is in the House for action.

Senator SPARKMAN. What was the appropriation for the current fiscal year for school lunches?

Mrs. FAHY. \$83,500,000.

Senator SPARKMAN. Do you think increasing that to \$100,000,000 would be adequate?

Mrs. FAHY. No; I think \$150,000,000, but Mr. Hecht, our chairman, is a businessman and he says you must not ask for too much. He says a hundred million is what we should ask for.

Senator SPARKMAN. I was wondering to what extent the school-lunch program is adequate today, if you have been able to make any measurements similar to the one you made on the Public Health Service.

Mrs. FAHY. A study was made 2 years ago, Senator Sparkman, which I will be glad to give you for the record. What has happened in 2 years can change the picture because you have so many more children in school now. Probably the Department of Agriculture could help us find out how adequate they feel it is.

(The information referred to above is as follows:)

NEW FACTS REVEALED BY THE MARCH 1948 SURVEY OF THE SCHOOL-LUNCH SITUATION MADE BY THE AMERICAN PARENTS COMMITTEE, INC.

California.—Two thousand five hundred additional schools could come into the lunch program if funds were available. Current participation takes in but 25 percent of the total State enrollment, and 75 schools have already discontinued lunch programs due to high cost and low rate of reimbursement. An additional \$800,000 of Federal aid would be needed to reimburse at full rates, set by the Department of Agriculture, schools now in the program. Additional Federal aid of \$2,000,000 annually would be needed to bring all schools into the program that wish to enter it.

Comment from California: “* * * if this program is to reach those children who need it most, it is essential that funds be provided for kitchen equipment for 1 or 2 years.”

Delaware.—Fifteen additional schools with total enrollment of 5,784 children could be brought into the program if funds were available—\$120,000 additional would be needed to reimburse at full rates schools now participating, and an additional \$174,000 annually would be required to bring into the program all schools wishing to participate.

Illinois.—Twelve thousand schools with enrollment of 1,250,000 children could be taken into the lunch program if there were sufficient funds. Approximately 35 percent of children have dropped out of the program due to higher costs. An additional \$300,000 of Federal aid would be needed to reimburse schools currently participating at full rates.

Iowa.—Four thousand one-room rural schools with enrollment of 40,000 children have been unable to participate due to lack of Federal aid. At present rates of reimbursement, less than full rates allowable, this State would require \$140,000 additional to make full reimbursement. To bring into the program all schools that wish to enter it would require an additional \$1,200,000 annually.

Comment from Iowa: “* * * a raise in price to children always bars those who need the lunch most.”

Maryland.—Eighty additional schools with approximately 16,000 children could be taken into the program if funds were available. Thirteen schools have been forced out of the program, more than 200 are operating with a deficit, and 21 have changed from type A to type B lunches. It is estimated that 10,000 additional children would participate in the plan if prices could be reduced. Two hundred and fifty thousand dollars would be needed to reimburse at full rates schools now in the program, and an additional \$500,000 annually would be required to bring into the program all schools that wish to enter it.

Massachusetts.—One hundred and twenty-five additional schools with 37,500 children could be brought into the program if funds were available—28,924 children have dropped from the lunch program due to high prices. This State would need \$269,000 to reimburse at full rates the schools now in the program, and an additional \$100,000 annually to bring into the program all schools that wish to enter it.

Michigan.—Four thousand six hundred and twenty-seven additional school districts with 763,131 children might come into the program if funds were available. Well over 20,000 children have dropped out of the lunch program due to high prices. This State needs \$350,000 additional Federal aid to reimburse at

full rates schools now in the program, and approximately \$8,303,563 additional annually to bring into the program all schools that wish to participate.

Comment from Michigan: "* * * many comments received on the noticeable improvement in health and attitude of children when school lunches are made available."

Missouri.—One thousand four hundred additional schools with enrollments of over 40,000 children could enter the program if funds were available. Twenty-eight schools have discontinued the lunch program due to higher costs and low rates of reimbursement, and over 20,000 children have dropped from the lunch program because of increased prices. Missouri needs \$500,000 additional aid to reimburse at full rates all schools now in the program, and an additional \$600,000 annually to bring into the program all schools with the wish to enter it.

Comment from Missouri: "* * * it was reported that 68 percent of the school children are not receiving adequate diets."

Montana.—Thirty additional schools with enrollments of 3,500 could be taken into the program if additional funds were available. An additional \$50,000 would be needed to reimburse at full rates all schools now participating, and the additional sum of \$220,000 annually would be required to bring all schools into the program that wish to enter it.

North Carolina.—One hundred schools with approximately 17,000 children could be brought into the program if funds were available. Fifty thousand children have dropped out of the lunch program due to increased prices. Two hundred and seventy-two thousand dollars would be needed to reimburse at full rates the schools now in the lunch program, and \$22,500 additional annually would be needed to bring into the program all schools that wish to enter it.

Nebraska.—Many schools are kept out of the program by lack of funds for kitchen equipment. A State-wide diet survey shows that 70 percent of Nebraska's children are deficient in diet.

Oklahoma.—Three thousand five hundred schools with attendance of 100,000 could be taken into the program if funds were available. One hundred schools have been forced to drop from the program, and 31 percent of the children have discontinued eating in school lunchrooms due to high prices. This State needs \$700,000 additional to reimburse at full rates schools now in the program, and would require \$3,070,000 additional annually to bring all schools into the program that wish to enter it.

Recent survey in Oklahoma indicates that many children in the State eat but one balanced meal each day—and that meal is obtained in the school lunchroom.

South Carolina.—Approximately 1,000 schools with enrollments of 100,000 children could be brought into the program if sufficient funds were available. This State would need an additional \$400,000 to reimburse at full rates all schools now in the program. One million and eighty thousand dollars additional annually would be required to bring into the lunch program all schools that wish to participate.

Texas.—One thousand two hundred and fifty additional schools with enrollments of 125,000 children could be taken into the program if funds were available. One hundred and fifty schools with 275,000 children were forced to drop out of the program, and 10,000 children have dropped out due to higher prices. Texas would require \$1,000,000 to reimburse at full rates all schools now in the program, and \$2,500,000 additional annually to bring all the schools into the program that wish to enter it.

Utah.—Schools with attendance of 70,000 children could be taken into the program if funds were available. This State would need \$350,000 additional to reimburse at full rates the schools currently participating, and would need an additional \$630,000 annually to bring all schools into the program that wish to enter it.

Virginia.—Seventy-two thousand dollars additional would be needed to reimburse at full rates all schools now in the lunch program.

West Virginia.—Four hundred additional schools with enrollments totaling 35,000 could be taken into the program if there were sufficient funds. Two hundred and forty schools have been forced to discontinue lunch programs. Two hundred and fifty thousand dollars would be required to reimburse at full rates the schools now in the program, and an additional \$400,000 annually would be needed to bring all schools into the program that wish to enter it.

Wyoming.—Eighty-eight thousand six hundred and nine dollars would be needed to reimburse at full rates all schools now in the lunch program.

Ohio.—Four thousand three hundred and fifty-six elementary and high schools with enrollments totaling 1,113,994 pupils, could be taken into the lunch program if funds were available. This State would require an additional \$800,000 to

reimburse at full rates schools now participating. They estimate it would take four times this amount additional annually to bring into the program all schools with the wish to enter it.

Kansas.—Approximately 115 schools with attendance of 12,000 pupils could be taken into the program if funds were available. An additional \$65,000 annually of Federal funds would be necessary to bring into the lunch program all schools with the wish to enter it.

Vermont.—Five hundred and ninety schools with attendance of 15,000 children could be brought into the program if there were sufficient funds. In the year 1949, an additional \$18,000 would be needed to reimburse at full rates schools in the program. An additional \$40,000 annually would be needed to bring into the program all schools that wish to enter it.

DEPARTMENT OF AGRICULTURE,
 PRODUCTION AND MARKETING ADMINISTRATION,
 Washington 25, D. C., December 28, 1949.

Mrs. JACK B. FAHY,
 Executive Director,
 The American Parents Committee,
 Washington 3, D. C.

DEAR MRS. FAHY: In response to your telephone inquiry of December 27, we have prepared a list of States which found their initial apportionment of national school-lunch program funds insufficient for their program last year. These States shared in a later reapportionment of funds, but since only seven States and the District of Columbia released funds for reapportionment, the increased allocation was not significant in most of the deficit States. The States which requested an additional allocation of funds were as follows:

Alabama	Kentucky	Oklahoma
Arizona	Louisiana	Oregon
Arkansas	Maryland	South Carolina
California	Massachusetts	South Dakota
Colorado	Michigan	Tennessee
Connecticut	Minnesota	Texas
Delaware	Missouri	Utah
Florida	Montana	Vermont
Georgia	Nevada	Virginia
Idaho	New Hampshire	Washington
Illinois	New Jersey	West Virginia
Indiana	New York	Wisconsin
Iowa	North Carolina	Wyoming
Kansas	Ohio	

With respect to this year's program, the school year is not yet far enough advanced for us to reapportion funds. However, rates of reimbursement set up for participating schools give some indication of the adequacy of funds. The standard rate of reimbursement for a type A meal to a school needing maximum assistance is 9 cents. While some schools operate at a reduced rate of reimbursement because their need for assistance is not so great, we feel it is safe to say that when the average rate in a State is 8 cents or less, assistance has been curtailed because of a shortage of funds. The average rates of reimbursement for this year are:

Alabama.....	0.070	Kentucky.....	0.080
Arizona.....	.058	Louisiana.....	.040
Arkansas.....	.070	Maine.....	.090
California.....	.050	Maryland.....	.060
Colorado.....	.066	Massachusetts.....	.087
Connecticut.....	.085	Michigan.....	.090
Delaware.....	.050	Minnesota.....	.060
District of Columbia.....	.090	Mississippi.....	.090
Florida.....	.041	Missouri.....	.070
Georgia.....	.079	Montana.....	.060
Idaho.....	.050	Nebraska.....	.090
Illinois.....	.060	Nevada.....	.034
Indiana.....	.070	New Hampshire.....	.090
Iowa.....	.060	New Jersey.....	.080
Kansas.....	.090	New Mexico.....	.090

New York.....	0.090	Tennessee.....	0.073
North Carolina.....	.049	Texas.....	.079
North Dakota.....	.089	Utah.....	.080
Ohio.....	.070	Vermont.....	.090
Oklahoma.....	.076	Virginia.....	.070
Oregon.....	.066	Washington.....	.050
Pennsylvania.....	.090	West Virginia.....	.080
Rhode Island.....	.090	Wisconsin.....	.070
South Carolina.....	.070	Wyoming.....	.060
South Dakota.....	.089		

In connection with the above, it should be noted that the high rate of assistance in New York and Utah are maintained partially with State funds. The effective Federal rate in New York is about \$0.045, and in Utah about \$0.030-\$0.035.

We hope the above information will be of assistance to you.

Sincerely yours,

C. ROY MURPHY,
Chief, School Lunch Division,
Food Distribution Programs Branch.

Senator SPARKMAN. I have been very highly pleased with the reaction to the school-lunch program in my own section. While I was down home this fall I was told by a good number of school people and leading citizens that it was fine as far as it went, but that there were great, unfulfilled needs particularly in rural areas, where there had been a crop disaster this year.

Mrs. FAHY. Yes.

Senator SPARKMAN. We made an effort to ease the situation, but about all we could do was get additional allocation of surplus products.

Mrs. FAHY. Which is not enough. It does not cover the need.

Senator SPARKMAN. It allows the program to spread itself out further but does not fill the need by any means.

Mrs. FAHY. Did you find in those rural areas that they had a problem of equipment?

Senator SPARKMAN. Yes, in some places. However, in most of the places the PTA or school organization has managed to raise funds to equip the schools. Most of them are pretty well equipped.

Mrs. FAHY. From the very beginning we have asked for money for equipment, but I have never been certain as this program has gone along since the beginning of the war that most communities had not had that taken care of, although undoubtedly you would find rural or very poor areas where they did not have equipment, and there would not be a PTA that could do it. I think a small amount of the money should be appropriated—

Senator SPARKMAN. My experience has been that the sense of consciousness of need for school improvement is keenest in rural areas. In most rural areas the parents will manage to do what has to be done, and I am rather of the opinion that if it comes to a question of deciding which is the greater need, the amount applied toward getting warm food to the children is more important than equipment. I think it would be interesting to have a survey made to determine to what extent equipment is actually needed, not wanted, but actually needed. I think it would show some pretty pleasing and surprising results.

Mrs. FAHY. You know, Senator, if you have a short session this coming year—

Senator SPARKMAN. Do you say that with any expectation?

Mrs. FAHY. No. I just tell you we will do the survey if you will go home early.

Senator SPARKMAN. I will work to that end.

Mrs. FAHY. That is a personal lobby, too.

Senator SPARKMAN. Thank you very much. It has been a very fine contribution that you have made. You have pointed up a real problem that we must recognize.

Mrs. FAHY. Thank you.

Senator SPARKMAN. Mr. George Riley.

Mr. RILEY. Good morning, sir.

Senator SPARKMAN. We are glad to have you with us, Mr. Riley. Mr. Riley is national legislative representative of the American Federation of Labor.

Mr. Riley, we have your prepared statement. We are very glad to have it. You may read it or discuss it or proceed as you see fit.

Mr. RILEY. At the outset may I have permission to submit a statement prepared by the American Federation of State, County, and Municipal Employees. Their representative has been unable to come to Washington, and they have asked if they might have leave to include that.

Senator SPARKMAN. We are very glad to have that.

(The document referred to is as follows:)

STATEMENT SUBMITTED BY THE AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES, A. F. OF L., TO THE JOINT COMMITTEE ON THE ECONOMIC REPORT

Re: Low-income families.

State and local government employees fared poorly during the recent war emergency, which has been a period of substantial increase in the cost of living. In most instances, adjustments made in salaries between 1939 and 1945 have lagged behind the corresponding increases in the cost of living and consequently, at the end of the war, living standards of many State and local government employees were below the level of 1939. Since the end of 1945 the position of public employees has further deteriorated both in relation to cost of living and the trend of earnings of other income groups. Workers in private industry have had three full rounds of wage increases since early 1946, and the fourth is now in full swing. By contrast, few employees in State and local government have received even three rounds of salary adjustments; many received only two and some only one or no adjustment at all.

Between 1939 and 1948 the average per capita income for the United States of America went up over 160 percent compared to an average increase of only 66 percent in the salaries of nonschool State and local government employees. Making allowance for the rise in prices during this period, we find that the average American enjoys today a standard of living which is 50 percent better than that of 1939, while public employees are actually worse off today than they were in 1939. (See chart and table found on pp. 576 and 575 respectively.) In other words, public employees have had no share in the general advance of the standard of living which has occurred in this country during the last decade.

The niggardly treatment of public employees must give cause for serious concern because the low level of pay, in addition to entailing all the undesirable consequences of substandard pay, also endangers the ability of State and local government to perform its vital services in an efficient manner.

Instances of low pay in State and local government are numerous, and the following list taken at random from the files of this federation will serve only as an indication of the great extent of substandard pay in the public service:

State School for Feeble Minded at Redfield, S. Dak.:¹

Ward attendant.....	30 to 33 cents per hour.
Drivers.....	58 cents per hour.
Telephone operators.....	39 to 47 cents per hour.
Nurse.....	40 to 44 cents per hour.

See footnote on next page.

State Hospital at Yankton, S. Dak.: ¹	
Attendants.....	39 to 51 cents per hour.
Physical therapist.....	72 cents per hour.
Laundry worker.....	43 to 48 cents per hour.
Seamstress.....	48 to 53 cents per hour.
Housemaid.....	34 to 39 cents per hour.
Waitress.....	39 to 47 cents per hour.
Cook.....	44 to 61 cents per hour.
Principal clerk.....	45 to 61 cents per hour.
Stenographer.....	45 to 56 cents per hour.
Housekeeper.....	42 cents per hour.
Registered nurse.....	49 cents per hour.
Night inspector.....	49 cents per hour.
Kalamazoo County, Mich., Juvenile Home:	
Assistant matron (boys).....	\$1,400 per year.
Cook.....	\$1,300 per year.
Laundress.....	\$1,280 per year.
Night attendant.....	\$1,500 per year.
Jasper County, Mo.:	
Clerk, deputy, probate court.....	\$1,080 per year.
Assistant probation officer, juvenile court.....	\$1,200 per year.
Assistant superintendent of schools.....	\$1,500 per year.
Dunn County, Wis.:	
Service officer-stenographer.....	\$1,320 per year.
Assistant bookkeeper.....	\$1,560 per year.
Dubuque County, Iowa:	
Stenographer.....	\$1,300 per year.
Clerk.....	\$1,380 per year.
Assistant janitor of courthouse.....	\$1,200 per year.
Switchboard operator.....	\$1,530 per year.
County nurse.....	\$1,500 per year.
Cortland County, N. Y.:	
Typist; stenographer; clerk.....	\$1,508.40 to \$1,823 per year.
Seamstress.....	\$1,290 to \$1,550 per year.
Outagamie County, Wis., Highway Service:	
Common laborer.....	\$0.75 per hour.
Mower.....	\$0.50 per year.
Lufkin, Tex.: Average rate of pay for city employees.	\$0.65 per hour.
State of Illinois:	
Attendant; clerk I; janitor I; laborer; switchboard operator I; watchman I.	\$1,500 to \$2,316 per year.
Laboratory helper; laundry worker; park memorial custodian I.	\$1,380 to \$2,112 per year.
Laundry foreman I; numeric key punch operator.	\$1,740 to \$2,580 per year.
Nursing assistant; occupational therapy aide; psychiatric aide.	\$1,680 to \$2,448 per year.
Pittsburgh, Pa., TB and Municipal Hospital:	
Typist.....	\$1,681 per year.
Laboratory assistant and assistant X-ray technician.	\$1,620 per year.
Orderly.....	\$1,635 per year.
Utility workers; dining room and cafeteria maid.	\$1,319 per year.
Male cleaners and laborers; night watchman.	\$1,680 per year.
Assistant cook, laundress.....	\$1,424 per year.
Ward assistant.....	\$1,469 per year.
Indianapolis, Ind.:	
Janitor; night watchman.....	\$1,560 per year.
Elevator operator; occupational therapist; hospital maid.	\$1,320 per year.

¹ All employees receive full maintenance. Those living off the premises receive \$10 extra per month.

Indianapolis, Ind.—Continued

Janitress; comfort-station attendant.....	\$1,200 per year.
Rodman; telephone operator.....	\$1,680 per year.
Typist-clerk I.....	\$1,440 per year.
Hospital attendant.....	\$1,320 to \$1,440 per year.
Hospital yardman.....	\$1,620 to \$1,680 per year.
Orderly.....	\$1,620 to \$1,740 per year.

Nashville, Tenn.:

Cook I.....	\$840 to \$1,200 per year.
Cook II.....	\$1,200 to \$1,560 per year.
Elevator operator.....	\$720 to \$840 per year.
Janitor.....	\$720 to \$1,080 per year.
Maid.....	\$720 to \$840 per year.
Seamstress.....	\$900 to \$1,200 per year.
Laundry worker I.....	\$600 to \$960 per year.
Laundry worker II.....	\$960 to \$1,320 per year.
Graduate nurse I.....	\$1,320 to \$1,800 per year.
Laborer I.....	\$0.60 to \$0.70 per hour.
Laboratory assistant.....	\$900 to \$1,200 per year.
Housemother I.....	\$600 to \$1,020 ² per year.
Housefather I.....	\$600 to \$1,200 ² per year.

Hamilton, Ohio:

Matron; social case worker.....	\$1,200 to \$2,400 per year.
Janitor.....	\$1,000 to \$2,500 per year.
Telephone operator.....	\$1,500 to \$2,100 per year.
Reservoir watchman.....	\$1,000 to \$1,700 per year.
Elevator operator.....	\$900 to \$1,900 per year.

State of Indiana:

Attendant; clerks.....	\$1,200 to \$1,900 per year.
X-ray technician; correctional officer; laboratory technician.....	\$1,500 to \$2,340 per year.
Practical nurse; stores clerk; switchboard operator.....	\$1,320 to \$2,160 per year.
Laborer.....	\$1,200 to \$1,920 per year.
Occupational-therapist aide; staff nurse.....	\$1,620 to \$2,640 per year.
Social worker.....	\$1,620 to \$2,400 per year.

State of New Hampshire:

Clerk; clerk-typist; collector; key punch operator.....	\$1,220 to \$1,593 per year.
Clerk-stenographer.....	\$1,280 to \$1,659 per year.
Custodian supervisor.....	\$1,659 to \$1,989 per year.
Fingerprint technician.....	\$1,527 to \$1,989 per year.
Forest-fire patrolman.....	\$1,400 to \$1,857 per year.
Janitor.....	\$1,340 to \$1,659 per year.
Laboratory assistant.....	\$1,280 to \$1,593 per year.
Laborer.....	\$1,100 to \$1,400 per year.
Prison guard; statistical clerk.....	\$1,593 to \$1,989 per year.
Research librarian.....	\$1,659 to \$1,989 per year.
Senior clerk; senior clerk-typist.....	\$1,659 to \$2,187 per year.
Telephone operator.....	\$1,461 to \$1,857 per year.

State of Alabama:

Typist; stock clerk.....	\$1,440 to \$1,860 per year.
Stenographer.....	\$1,500 to \$1,920 per year.
Switchboard operator.....	\$1,500 to \$2,100 per year.
Laborer.....	\$1,200 to \$1,500 per year.
Laundry foreman.....	\$1,560 to \$2,100 per year.
Prison matron.....	\$1,440 to \$1,980 per year.
Janitor.....	\$1,080 to \$1,560 per year.
Janitress.....	\$960 to \$1,320 per year.
Watchman.....	\$1,440 to \$1,920 per year.
Hospital attendant.....	\$1,200 to \$1,680 per year.
Food service worker.....	\$1,080 to \$1,440 per year.

State of Rhode Island:

Clerk.....	\$1,200 to \$1,560 per year.
Janitor.....	\$1,440 to \$1,800 per year.
Prison guard.....	\$2,040 to \$2,500 per year.

² Plus meals.

Labor Relations Act. This exclusion follows simply from the fact that Congress has no authority to do otherwise, in view of constitutional limitations. Unfortunately, many public officials take this exclusion as an excuse for their refusal to meet with union representatives and to discuss with them, around the table, conditions of employment.

We thus witness the peculiar phenomenon of public officials showing a great deal of zeal and energy in trying to convince employers in private industry of the blessings of the processes of collective bargaining, and yet continuing to run their own units of government according to out-dated ideas and practices of personnel policy. Employees are kept in line, not through a policy of mutual respect and understanding as well as regard for their justified interests, but through a system of favors or the deadening hand of force. Such attitudes might fit well into an authoritarian state, but are incompatible with a democratic society.

Conclusions and recommendations.—Substandards of living are a detriment to the health and efficiency of this Nation, whether the persons concerned are in private employment or in the public service. Many elected or appointed officials seem to follow a policy of trying to find out how little they can pay and still get by. Salaries paid are below any concept of a minimum living, however modest. Often the standard requirements which welfare agencies prescribe for public assistance to needy families are higher than wages and salaries paid to employees by the very same units of government. The present situation calls for early and forceful action. Unless conditions of employment are improved soon, the public service will find it impossible to recruit the type of personnel necessary to maintain its services. The Federal Government cannot sit idly by while State and local government fail to live up to their social responsibilities.

There are several ways open to Congress to bring about a solution to the problem of substandard pay in State and local government. Congress might give formal expression to the thought that the exemption of State and local government from the provisions of Federal labor legislation did not and does not constitute a mandate to the States or any of their subdivisions to violate in their personnel policies the principles established for private industry through act of Congress. Unfair labor practices which have been banned successfully from the realm of private industry have no place in governmental agencies.

In some specialized fields, it is within the power of Congress to deal more directly with employment conditions in State and local government. Substantial amounts of Federal funds are going to the States under the various highway acts, and the National Mental Health Act. Both highway employees and personnel in mental institutions are notoriously underpaid and constitute a large portion of those who, as expressed by the Subcommittee on Low-Income Families, constitute a drag on the United States economy. The program under the National Mental Health Act is a typical example of how the objectives of Congress may be hampered or frustrated through the incidence of inferior conditions of employment and pay in the various States. The act authorizes grants-in-aid for the development of mental health programs at the community level, and provides for grants for the training of personnel in mental institutions, such as Psychiatrists, psychologists, psychiatric social workers, nurses and attendants.

Thus far, the program has had only limited success, especially as far as training for nurses and attendants is concerned. In the first place, shortage of that type of personnel in mental institutions is so serious that it is often impossible to release even a single employee for such training. Still more important is the fact that administrators of mental institutions are afraid that nurses or attendants receiving special training might not be willing to return to their former place of employment—in view of the prevailing low pay—but would look for more lucrative positions elsewhere. Finally, in politically controlled States, it is not qualifications which count, but political pull. If an employee loses the support of the county party chairman, he is out, no matter what kind of training he may have received. Grants-in-aid given under such conditions are merely a waste of taxpayers' money. We therefore propose that your committee recommend the amendment of the various Federal aid-to-highway acts and the National Mental Health Act, through inclusion of a provision whereby the Federal administrators shall withhold payments to any State unless the law of such governmental unit includes provision for the establishment and maintenance of personnel standards on a merit basis.

There are ample precedents available for such a procedure in the administration of Federal social security. Grants-in-aid to the States are, almost without exception, made contingent upon merit provisions for the selection and

protection of employees. With regard to the National Mental Health Act, we suggest that Congress move one step further and include in the proposed amendment a provision which compels cooperating units of State and local governments to establish minimum salary standards. There clearly is no sense in appropriating Federal money for the training of nurses and attendants in State, county or city institutions as long as the pay is such that employees would hardly stay long enough to get acquainted with their jobs. It is quite evident that only very few of those receiving training made possible by grants from the Federal Government would choose to return to their former place of employment unless present salaries are increased, substantially.

While it is the primary function of this federation to protect the social and economic interests of State and local government employees, we have never failed to pay special attention to the problem of maintaining the public service at high levels of efficiency. Low pay and lack of security in employment do not promote good government. It is with this objective in mind that we submit this brief to you. We trust your committee will give earnest consideration to our recommendations.

Income of State and local government employees, 1939-48¹

Year	Average salary ²	Cost of living figures	Increase from 1939	Money index	Index of real wage ³
			<i>Percent</i>		
1939.....	\$1,530	99.4			
1940.....	1,552	100.2	01.4	101.4	101
1941.....	1,574	105.2	2.8	102.8	97
1942.....	1,628	116.5	6.4	106.4	91
1943.....	1,756	123.6	17.7	114.7	83
1944.....	1,855	125.5	21.2	121.2	87
1945.....	1,986	124.4	29.8	129.8	104
1946.....	2,142	139.3	40.0	140.0	100
1947.....	2,329	159.2	52.2	152.2	95
1948.....	2,533	171.2	65.5	165.5	96

¹ Nonschool except work relief.
² Department of Commerce figures.
³ Deflated by Consumers' Price Index.

STATEMENT OF GEORGE D. RILEY, NATIONAL LEGISLATIVE REPRESENTATIVE; ACCOMPANIED BY PETER HENLE, ECONOMIST, AMERICAN FEDERATION OF LABOR

Mr. RILEY. I would like to call attention to the fact that Mr. Henle of our economic staff is present, and on the technical side, if the chairman has questions, I am sure that between the two of us we will do our best.

Senator SPARKMAN. We are glad to have Mr. Henle with us.

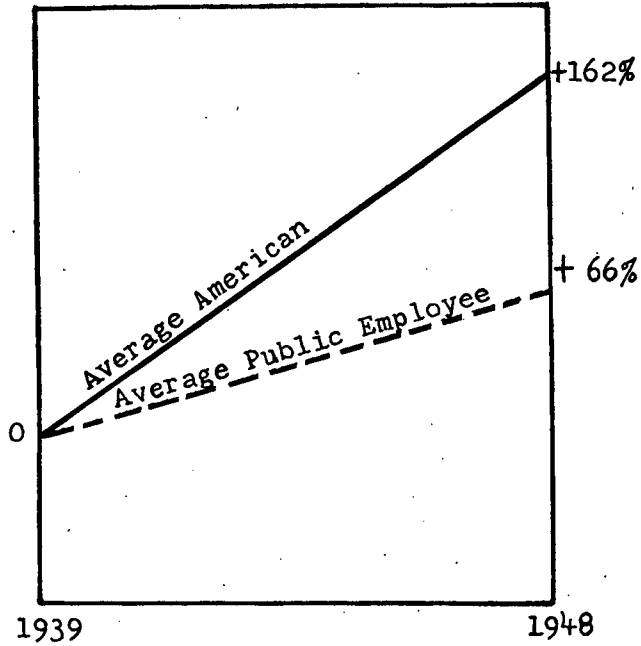
Mr. RILEY. Mr. Chairman, the officers and members of the executive council of the American Federation of Labor have just concluded the conference which established the International Confederation of Free Trade Unions. This is the confederation which will become the first line of defense against the predatory destructive onswep of communism and other isms designed to shackle our free institutions.

The leaders in the American Federation of Labor wish to express their appreciation to your committee for exploring the important subject of low incomes. Accordingly, they have instructed me, as a member of the legislative committee, to present their views as our contribution toward the program which your committee has under consideration.

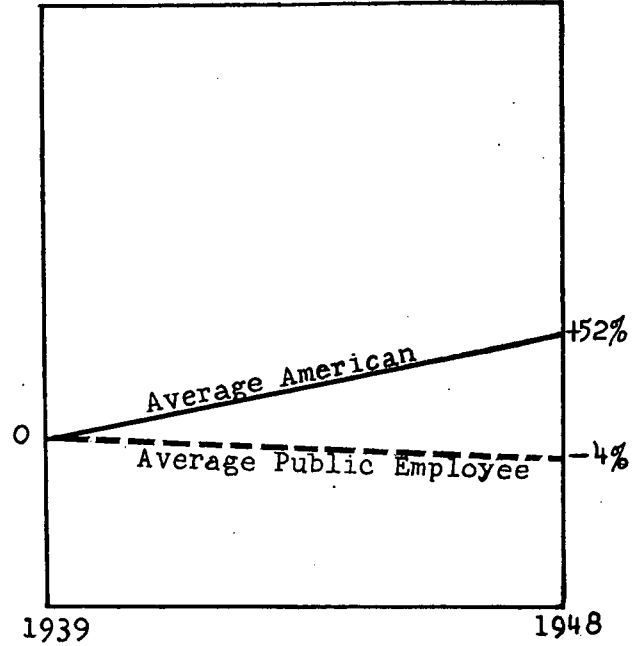
The A. F. of L. has long been concerned with the fact that even in our most prosperous years a sizable proportion of the Nation's families

GAIN OR LOSS OF AN AVERAGE AMERICAN COMPARED TO AVERAGE STATE AND LOCAL GOVERNMENT EMPLOYEES, 1939-48

MONEY INCOME



REAL INCOME



Sources : Department of Commerce and Department of Labor.

have not had an income high enough to permit them to enjoy an adequate standard of living.

In the past, too many people have been content merely to accept the fact that we have low-income families. There have been some relatively vague ideas as to how many families were in this group and perhaps some inkling of the deprivations to which they were subject. But in the main there has been very little detailed knowledge about these families and very little accomplished to enable them to reach a decent standard of living.

During the depression attention was focused on the low-income group because of the widespread recognition that general prosperity could not be restored unless the purchasing power of these families was raised. It was then that President Roosevelt focused the eyes of the Nation on that one-third of American families which were "ill-fed, ill-clothed, and ill-housed." But since the developing prosperity of the war and postwar years, the low-income families have become a largely forgotten group.

We wish to commend the members of this committee for considering at this time of relative prosperity the problems of low-income families. We believe that your investigation reflects a recognition that we cannot have a genuinely healthy economy until we make sure that even those families in the lowest third on the income scale can enjoy the fruits of what we have come to call the American standard of living.

We recognize that a survey of the problems confronting low-income families must necessarily be complex. All too frequently, discussions on this subject have tacitly assumed that low-income families can largely be classified into certain special groups, such as the aged and the handicapped, which can somehow be set apart and treated separately from the population as a whole. There is some measure of truth in this assumption, but it falls far short of telling the whole story. It cannot be denied that families headed by older people, women, the handicapped, and members of minority groups make up more than a majority of the low-income families. But there is still a substantial minority of low-income families headed by able-bodied white males who hold full-time jobs in regular employment and yet, because their pay is so low, their annual income amounts to less than \$2,000 a year. It is this last group which is frequently ignored when attempts have been made to tackle the problems of the low-income group. I want to devote my testimony to a discussion not of what constitutes the low-income problem, because that has been adequately handled by the committee's staff, but of what can be done about it.

First let me discuss the problem of raising the income and purchasing power of those families whose head is either temporarily or permanently without full-time work. I refer to those people who are beyond the age of gainful employment, those who are temporarily or permanently prevented from working full time by illness, disability, or family responsibilities, and the unemployed.

In general, assurance of a decent standard of living for such families involves the whole gamut of social-security measures. The benefits of our social-security system must be extended and liberalized so that a family dependent on them can be assured a decent and comfortable standard of living. In appearances before congressional committees, the A. F. of L. has made detailed recommendations with

regard to various types of social-security programs. In my limited time here today, I wish merely to summarize these recommendations:

1. *Old-age, survivors and disability insurance.*—In the main we support H. R. 6000 as it passed the House of Representatives in the first session of the Eighty-first Congress by a 333 to 14 vote. The following are the major changes which this bill would make in the existing system:

(a) Eleven million new persons would be brought under the coverage of the system, including most of the self-employed, employees of State and local governments, domestic servants, employees of nonprofit institutions, and agricultural processing workers.

(b) Current benefits would be materially liberalized with an increase averaging about 70 percent for the 2,600,000 persons currently receiving benefits.

(c) Future benefits would be increased by a more liberal method of computing the average wage, by raising the annual wage basis from \$3,000 to \$3,600, and by less stringent eligibility provisions.

(d) Beneficiaries would be permitted to earn up to \$50 per month without loss of benefits instead of the present maximum of \$14.99.

(e) Protection of the system would be extended to World War II veterans.

(f) The principle of social insurance would be extended to cover protection against the hazard of enforced retirement and loss of earnings at any age caused by permanent and total disability to all persons covered by the old-age and survivors' program.

In addition to the provisions now contained in H. R. 6000, we would favor the following provisions:

(a) Lowering of retirement age to 60 years for women.

(b) Extension of coverage to agricultural workers.

(c) Liberalizing the eligibility requirements for permanent and total disability benefits.

(d) A system of temporary disability insurance as was provided for in the original bill, H. R. 2893.

2. *Public assistance.*—H. R. 6000 also liberalizes the Federal Government's share in the State public assistance and welfare services by the following provisions:

(a) Aid would be extended to several categories of persons not now eligible for assistance.

(b) The Federal Government's share of public assistance costs would be increased for old-age assistance, aid to the blind, aid to the disabled, and aid to dependent children.

(c) The Federal Government would pay the cost for caring for people in public medical institutions and for making direct payments for medical care.

(d) Amounts for child welfare services would be doubled.

3. *Unemployment insurance.*—The A. F. of L. takes the position that the present Federal-State system of unemployment insurance is inadequate and should be replaced by a unified national system of unemployment insurance and employment services. We believe that unemployment insurance should be liberalized as follows:

(a) Benefits up to 60 percent of wage loss due to involuntary unemployment for a maximum of 26 weeks in the year.

(b) Extension of coverage to groups now excluded, including persons employed in small firms and all other employees covered by old-age and survivors' insurance.

(c) One week waiting period.

(d) Any disqualification should be limited to 4 weeks.

Until such time as the present unemployment insurance system can be federalized, we favor in the main the provisions of S. 281 and H. R. 5591, bills which were introduced during the first session of the Eighty-first Congress, which would liberalize the existing Federal-State unemployment insurance system by providing minimum Federal standards for the State programs with regard to the amount of benefits, duration of benefits, eligibility provisions and coverage.

4. *Health insurance.*—We favor the provisions of S. 1679 and H. R. 4312 and 4313, which are identical bills introduced during the first session of the Eighty-first Congress. The provisions of these bills contain a comprehensive program to meet the health needs of the Nation by providing:

(a) Funds for improving our educational facilities in the field of medicine.

(b) Establishment of research institutions in the fields of the most ravaging diseases.

(c) Additional funds for construction of hospitals, health centers, clinics, and group practice facilities.

(d) Special funds to improve health facilities and medical care in rural areas.

(e) Additional funds for extension of State and local public health services.

(f) Additional funds to carry on programs for maternal and child health care and for services to crippled children.

(g) Establishment of a national program of health insurance, enabling everyone to pay for needed health and medical care services while insuring the protection of individual rights of both patients and doctors. Such a program of insurance is our only guaranty against the eventual socialization of medicine.

These social-security measures are needed to help the family without a wage earner or the family whose wage earner is, for one reason or another, out of a job, or whose income is threatened by the high and unpredictable cost of medical care.

Now let me turn to another aspect of the low-income problem. There are many low-income families with an actively employed wage earner whose earning power is limited by one or more special characteristics. He may be an older worker or physically handicapped. Our society must make every effort to make certain that the talents and skills of these workers are fully utilized and that they are not subject to any discrimination in employment opportunities. Here are some of the steps that can be taken to achieve this objective:

Education: Our school system should be expanded and improved so that young people will not only remain in school longer but will be given the kind of training that will be most valuable in securing jobs after they leave school. Workers whose trade or skills have been made obsolete by technological advances should be given special consideration in a vocational-training program.

Apprenticeship: The apprenticeship system, which has been of particular interest to the trade-union movement as a means of training large numbers of young people for the more highly skilled jobs should be expanded and more fully utilized by employers.

Handicapped: Utmost use should be made of handicapped workers. To this end, A. F. of L. unions and union officials have been working in collective bargaining for arrangements under which more handicapped workers would be employed.

Older workers: Every effort should be made to publicize as widely as possible the facts which clearly establish the employability of many older workers in order to dispel the prejudices which exist in many companies against employment of older workers.

Members of minority groups: We recommend prompt enactment of the FEPC bill (S. 1728 and H. R. 4453) in order to guarantee equal job opportunities to all workers, regardless of race, color, religion, or national origin.

Farm laborers: This group presents a somewhat special case. The committee report emphasizes the very low income of most families who are supported by hired farm workers. The report points out that in the prosperity year of 1948 the average wage of farm workers was only 58 cents an hour, and the annual wage only \$1,343. This is less than one-half of the average wage for industrial workers. Needless to say, this leads to a terribly low standard of living for these people. These are truly America's forgotten families. It seems to us utterly unconscionable that these workers, most of whom are employed on large industrial-type farms, are exempt from the benefits of all labor and social-welfare legislation, including the Fair Labor Standards Act, all labor-relations legislation, the social-security law, and State unemployment-compensation laws.

One of the chief reasons for their low income is the discrimination they face at the hands of Congress and the various State legislatures. The very purpose of these measures is defeated when the law's protection is denied to the very group most in need of it.

The American Federation of Labor strongly urges the Congress to revise each of these laws so that farm workers can receive the benefits of these laws. This is certainly a very important step which must be taken if we are to begin to tackle the problem of raising the income of the families in the lowest brackets.

All the above measures, although essential, are not enough by themselves. They fail to tackle the heart of the low-income problem.

Let me illustrate what I mean by referring briefly to the statistical materials put together by your committee staff. In 1948, according to the material compiled by the Bureau of the Census, there were 6,320,000 nonfarm families whose incomes were below \$2,000.

Of this group, 1,740,000 or 27.5 percent, were older families in which the family head was over 65 years of age. In the younger-age group, we find 1,150,000 families, or 18.1 percent, in which a woman was head of the household. In other words, there was no male wage earner. In addition, of the younger families headed by a man, there were 970,000 in which the family head was either a member of a minority group, or was not able to work either because of a physical disability or some other reason.

What these figures show is this: For many of the nonfarm families with incomes below \$2,000, there were special factors contributing

to this low income. In over a quarter of the cases, the head of the family was over 65 years of age. In almost one-fifth of the cases, the head of the family was a woman. In another large group of families, the family head was a Negro, or a member of another minority group. In other cases, he was handicapped and unable to contribute to the family income.

However, even after we account for all these categories, we find that there still remain out of our original group a total of 2,360,000 families in which the family head was a male, white, between 21 and 64 years old, and with a job. This represents 37.4 percent of the total nonfarm families with income below \$2,000. To my mind, this is the most significant fact that comes out of the study prepared by your committee staff. I find it extremely significant that such a large proportion—almost two-fifths—of these low-income families constitute what we generally consider as the average American family, a middle-aged man and wife, and in many cases, additional dependents.

Unfortunately, the statistics gathered by the committee staff do not give us a full picture of these families. They do not tell us, for example, in what industries or occupations the family wage earner is employed. It might well be that in some cases these families are in this low-income group only temporarily. For example, if a wage earner of a normally middle-income family sustains a serious illness which deprives him of his earning power for most of the year, his family income would be bound to slip below the \$2,000 mark.

On the other hand, we do know that there are many workers in full-time jobs in our society whose income is less than \$2,000 a year. For example, the Department of Labor reports that the current weekly earnings for the average worker in the Nation's hotels is \$32.79. That amounts to only \$1,705 a year, assuming 52 full weeks of employment. For a laundry worker the average weekly earnings are \$39.77. For work in retail-trade general-merchandise stores, it is \$35.24. Therefore, a family whose income is dependent on the earnings of an individual employed by one of these industries will not, unless it has other sources of income, have an income over \$2,000 a year.

Confronted with this evidence of low income, some people will shrug their shoulders and say that nothing can be done. They will argue that "the poor are always with us," or say with Lincoln that "the good Lord must have loved the poor, because he made so many of them," that some workers have to be paid more than others, and that workers whose pay is at the bottom end of the ladder simply are not worth any more money to their employer.

The A. F. of L. takes strenuous issue with this do-nothing attitude. The experiences of our affiliated international unions tell us that many workers are low paid not because their productivity is low, but because their bargaining power is weak. Without union organization, they are unable to obtain for themselves in any effective way earnings which are rightfully theirs. While it may be quite true to say that there will always be some individuals and some families with incomes higher than others, this is no excuse for perpetuating the present levels of wide inequality.

Organized labor is convinced that something can be done to improve the conditions of low-paid workers, because that is exactly what labor unions have been doing for the past 100 years. If you make a careful examination of the wage structure of American industry today, you

will find that those industries paying the lowest wages are by and large industries in which there is no union organization or in which union organization has appeared relatively recently. This is true, for example, of farm laborers and domestic service, almost completely unorganized, and of retail stores, hotels, restaurants, and laundries where strong unions have only developed in relatively recent years.

Organized labor does not say flatly that all union workers make higher wages than nonunion workers. We do not say that by joining a union a janitor will automatically earn the pay of a skilled mechanic. What we do say is that only through union organization can workers in low-paid jobs find a way to obtain the collective strength necessary if they are going to bargain with their employers on an equal basis.

Let me give you just two examples of what I mean. I am selecting these examples from industries which today are far from being completely unionized. However, they are appropriate for this purpose since they are industries in which a large number of low-income workers are employed.

The Building Service Employees' International Union covers maintenance men, elevator operators, janitors, charwomen, and other employees who work in commercial office and apartment buildings. In 1937, that international union began to organize window cleaners in the city of St. Louis. At that time, these employees were paid 45 cents an hour for their work. Today they are receiving \$1.60 an hour, an increase of over 250 percent. Even the hourly earnings of factory workers during this period have only jumped a little over 130 percent.

Another example from the history of the same union concerns its Chicago local which began organizing janitors in Chicago office buildings in 1938. At that time janitors were paid between \$50 and \$60 per month, and janitresses received 38 cents an hour. Today, the pay for janitors ranges from \$60 to \$69 per week, a 400-percent increase, while the janitresses are receiving \$1.08 an hour. It is important to note that this comparison merely covers questions of wages and omits all additional benefits these workers have won through union organization, such as paid vacations and holidays, overtime compensation, and protection against arbitrary discharge.

Another union in a very low-paid industry is the Laundry Workers International Union. Here is the story of improvements that the union has gained for workers in the deep South. In June 1941, a local of this international union was first organized in one of the large laundries of Atlanta, Ga. At that time wages were as low as 10 cents an hour and hours ranged from 60 to 80 per week. The lowest rate in the contract in effect today is 38 cents an hour, admittedly still too low but almost four times the rate 8 years ago, while hours have been limited to 48 per week. In addition, the union has gained for its members vacation rights, holidays with pay, and a paid 10-minute rest period morning and afternoon.

The American Federation of Labor believes that laundry workers are entitled to decent treatment, too.

The A. F. of L. has always maintained that union organization was the primary method whereby workers could raise their living standards. We have placed greatest emphasis on the role of unions as voluntary organizations of free workers combined to engage in collective bargaining. Wherever possible, the A. F. of L. has emphasized

this voluntary method instead of relying upon any compulsion by Government legislation.

Now we find, however, that our voluntary efforts have been threatened by restrictive legislation. The Taft-Hartley law has prevented our unions from carrying forward effectively their organizing programs. Unless this law is repealed, there is grave danger that the efforts of organized labor to eliminate poverty will be completely frustrated.

While our emphasis has always been placed on voluntary efforts by organized labor, the A. F. of L. has fought for a national minimum-wage law which would get a floor under wages to yield a minimum living standard. The A. F. of L. was in the forefront of the fight to enact the original Fair Labor Standards Act of 1938. We have continued to fight for improvements in this law, particularly in recent years for a revision of the outmoded standards in the original act.

We welcome the improvements which were made in the first session of the Eighty-first Congress. However, we feel that even the present minimum wage of 75 cents is too low to provide an adequate standard of living. Only a minimum wage of \$1 an hour will yield a yearly income of over \$2,000, a figure which is barely sufficient to yield the minimum standard.

Even more important at the present time than raising the minimum is the necessity for extending the coverage of this law to the millions of workers now deprived of its benefits. The A. F. of L. was very disappointed that in revising the wage-hour law Congress failed to extend the coverage of the law to such industries as large department stores and hotels, processing and canning of food products, interurban bus and streetcar lines, and large-scale industrialized farms.

Our experience tells us that those who would keep the low-paid worker in his present status are absolutely wrong when they say that the pay of these workers cannot be increased because of what is called their low productivity.

An actual fact, raising of low wages has proved the greatest stimulus to increasing productivity. In the past, employers have been able to use their low labor costs as an excuse for not worrying about improving techniques or increasing efficiency. It has been only when employers in these low-paid industries have been confronted by the fact of rising wage rates that they have taken the trouble to examine their techniques, machinery, and productive processes to see how these could be improved. The result in many cases has been that these increases in low-wage rates have been accomplished without any corresponding increases in prices.

Thus we say that through union organization supplemented by necessary legislation the income of these low-income families can be raised to a point where they can enjoy a decent standard of living. For the good not only of the low-income group themselves but also for the economy as a whole this must be done promptly and effectively.

It should be noted that recently the President of the United States called for a \$300,000,000,000 national income as a means of lifting the low-income families to at least some semblance of semifinancial competence. Said Mr. Truman on that occasion:

It will mean better incomes for everybody. It will mean that we can lift up those families—one-fourth of our population—who have incomes today of less than \$2,000 a year and place most of them in the better-income brackets.

We recall that Mr. Truman added that this plan could afford an average income of \$4,000 per family per year. Most of us agree upon the desirability of higher national income although there are some who disagree about how that higher national income shall be shared. The American Federation of Labor finds no difficulty in suggesting who shall participate in a better income. The answer is everybody, including the low-income families, who still are lowest on the totem pole of our national economy. Indeed, in giving serious material attention to their problem we also are increasing the economic status of everyone all along the line.

Senator SPARKMAN. Thank you, Mr. Riley. It is a very fine statement.

Mr. RILEY. Thank you, Mr. Chairman.

Senator SPARKMAN. Mr. Henle, do you have a statement to make?

Mr. HENLE. No, Senator.

Senator SPARKMAN. I have only one or two questions that I would like to ask you, Mr. Riley. You referred to the social security bill that has passed the House. You say, "11,000,000 new persons would be brought under the coverage of the system." What would be the total today?

Mr. RILEY. 50,000,000 today. That would bring it up to somewhere around 60,000,000; is that not true?

Mr. HENLE. I am sorry. So far as I am concerned, I do not have the details.

Senator SPARKMAN. Some have referred to this measure, but I do not believe anybody has mentioned what the total coverage will be.

Mr. RILEY. I will be glad to prepare additional opinions on it, and send it to you or Mr. Brown.

Senator SPARKMAN. I would like the record to show it because the question suggested itself to me immediately.

Mr. RILEY. You will get it in the mail this week.

As a matter of fact, that subject should be explored a little bit in detail. Of course, this testimony is necessarily sketchy and subject to expansion at any point that the committee desires to have it expanded.

Senator SPARKMAN. This statement is a very fine coverage.

Under "Public assistance"—

Mr. RILEY. Yes, sir.

Senator SPARKMAN. We are still talking about H. R. 6000, you say:

The Federal Government would pay the cost for caring for people in public medical institutions and for making direct payments for medical care.

What kind of institutions would they be?

Mr. RILEY. I do not think that the type of institution has been dwelt upon sufficiently there, Mr. Chairman. If you want I will be very glad to fill you in on an expansion with respect to that point.

Senator SPARKMAN. I just do not know myself.

Mr. RILEY. No.

Senator SPARKMAN. I do not know myself, and I was wondering. It seemed to me that it would be a pretty extensive program.

Do you happen to know, Mr. Henle?

Mr. HENLE. I do not know the details, but, as I understand it, the bill liberalizes the Federal Government's participation in the payment of those groups, indigent, and the very low-income groups, when

public officials in welfare institutions have gone so far as to warn their employees to have no children or face the loss of their positions. Labor shortages are acute in many public institutions, especially in those serving the mentally ill. In some hospitals for psychopathic patients, shortages of personnel have forced management to use psychopathic patients to wait on other patients. In the State hospital at Yankton, S. Dak., management uses ex-patients as so-called rehabilitation employees. They are paid even less than the already low scale in operation, but take the place of regular employees. In November 1949, 17 percent of all jobs in mental institutions of Maryland were vacant, according to a report by the director of employment, Louis H. Armstrong. The State is sending hiring agents into several southern States, in a desperate effort to recruit help.

The turn-over in State and local government employment is continuing at grave proportions. During a recent period—July 1948 to July 1949—366 separations of hospital attendants took place in State institutions of Wisconsin, out of a total number of 464 positions. This corresponds to a yearly turn-over rate of almost 80 percent. During this period, salaries of attendants varied from \$1,884 to \$2,256 a year, which is better than the pay in many other States. The separation rate in the employment service of Wisconsin was 48.7 percent in 1946 and 36.2 percent in 1947, the decline from 1946 to 1947 expressing not an improvement of salary conditions, but a reduction in job opportunities. In a single year, 1944, the turn-over rate among Minnesota State electrical and stenographic employees was more than 125 percent. Such a large personnel turn-over is injurious both quantitatively and qualitatively. It causes a deplorable waste of taxpayers' money, since it costs about one-fourth of the first year's salary to break in a new employee. No organization can hope to maintain efficiency of service in the face of such rapid and continuous changes in personnel.

The reasons for substandard pay in State and local governments are very seldom to be found in the inability of the people to carry the financial load necessary to meet adequate standards. The list on pages 569 to 572 includes States which rank very high with respect to the average per capita income of the people. Thus, for instance, Illinois comes next only to New York with an average per capita income of \$1,870 in 1948. Pennsylvania, Wisconsin, Minnesota, Iowa, Rhode Island, Michigan, Indiana, and North Dakota are all States with a relatively high average per capita income.

The fiscal situation, too, of most State and local governments is today comparatively better than in most previous years, and offers no excuse for the miserly treatment of employees. Lack of social responsibility remains thus as the only plausible explanation for what has become an almost intolerable situation.

Another factor contributing to the unsatisfactory level of employment is the backwardness of employer-employee relations which prevails in large sectors of the public service. The organization of employees into unions of their own choosing is still looked upon by some public officials with fear, horror, and resentment. There are many prohibited territories in State and local government where employees dare not organize for fear of losing their jobs or being otherwise discriminated against. Only last month, in November 1949, the State highway commissioner of North Dakota refused to meet with the chosen representatives of about 800 organized highway employees, because he preferred to "deal directly with all employees as we have done in the past." A few years ago—in 1946—when employees of the city of Richmond wanted to organize, the Governor of Virginia sent this message to the legislature: "A labor union * * * is now attempting to unionize some of the employees of the city of Richmond and conduct collective bargaining negotiations with the city authorities. Such action is clearly contrary to Virginia's established public policy * * *. Unionization of the public service diverts the loyalty, allegiance, and obligations of the employee from the people and their government, which are entitled to them, to the union * * *. Such an intolerable situation is utterly incompatible with sound and orderly government. It constitutes a threat to State sovereignty * * *."

"I therefore recommend that the general assembly adopt a joint resolution declaring unionization of employees of the State or any agency or political subdivision thereof to be contrary to and in violation of its public policy, and that it is beyond the power of authority of any public officer to recognize or negotiate with any such union or its representatives with respect to any matter relating to government employees or their service * * *."

The Virginia State Legislature promptly complied and passed the requested resolution.

State and local governments are exempted from the provisions of the Labor-Management Relations Act of 1947 as they were excluded from the National

Labor Relations Act. This exclusion follows simply from the fact that Congress has no authority to do otherwise, in view of constitutional limitations. Unfortunately, many public officials take this exclusion as an excuse for their refusal to meet with union representatives and to discuss with them, around the table, conditions of employment.

We thus witness the peculiar phenomenon of public officials showing a great deal of zeal and energy in trying to convince employers in private industry of the blessings of the processes of collective bargaining, and yet continuing to run their own units of government according to out-dated ideas and practices of personnel policy. Employees are kept in line, not through a policy of mutual respect and understanding as well as regard for their justified interests, but through a system of favors or the deadening hand of force. Such attitudes might fit well into an authoritarian state, but are incompatible with a democratic society.

Conclusions and recommendations.—Substandards of living are a detriment to the health and efficiency of this Nation, whether the persons concerned are in private employment or in the public service. Many elected or appointed officials seem to follow a policy of trying to find out how little they can pay and still get by. Salaries paid are below any concept of a minimum living, however modest. Often the standard requirements which welfare agencies prescribe for public assistance to needy families are higher than wages and salaries paid to employees by the very same units of government. The present situation calls for early and forceful action. Unless conditions of employment are improved soon, the public service will find it impossible to recruit the type of personnel necessary to maintain its services. The Federal Government cannot sit idly by while State and local government fail to live up to their social responsibilities.

There are several ways open to Congress to bring about a solution to the problem of substandard pay in State and local government. Congress might give formal expression to the thought that the exemption of State and local government from the provisions of Federal labor legislation did not and does not constitute a mandate to the States or any of their subdivisions to violate in their personnel policies the principles established for private industry through act of Congress. Unfair labor practices which have been banned successfully from the realm of private industry have no place in governmental agencies.

In some specialized fields, it is within the power of Congress to deal more directly with employment conditions in State and local government. Substantial amounts of Federal funds are going to the States under the various highway acts, and the National Mental Health Act. Both highway employees and personnel in mental institutions are notoriously underpaid and constitute a large portion of those who, as expressed by the Subcommittee on Low-Income Families, constitute a drag on the United States economy. The program under the National Mental Health Act is a typical example of how the objectives of Congress may be hampered or frustrated through the incidence of inferior conditions of employment and pay in the various States. The act authorizes grants-in-aid for the development of mental health programs at the community level, and provides for grants for the training of personnel in mental institutions, such as: Psychiatrists, psychologists, psychiatric social workers, nurses and attendants.

Thus far, the program has had only limited success, especially as far as training for nurses and attendants is concerned. In the first place, shortage of that type of personnel in mental institutions is so serious that it is often impossible to release even a single employee for such training. Still more important is the fact that administrators of mental institutions are afraid that nurses or attendants receiving special training might not be willing to return to their former place of employment—in view of the prevailing low pay—but would look for more lucrative positions elsewhere. Finally, in politically controlled States, it is not qualifications which count, but political pull. If an employee loses the support of the county party chairman, he is out, no matter what kind of training he may have received. Grants-in-aid given under such conditions are merely a waste of taxpayers' money. We therefore propose that your committee recommend the amendment of the various Federal aid-to-highway acts and the National Mental Health Act, through inclusion of a provision whereby the Federal administrators shall withhold payments to any State unless the law of such governmental unit includes provision for the establishment and maintenance of personnel standards on a merit basis.

There are ample precedents available for such a procedure in the administration of Federal social security. Grants-in-aid to the States are, almost without exception, made contingent upon merit provisions for the selection and

protection of employees. With regard to the National Mental Health Act, we suggest that Congress move one step further and include in the proposed amendment a provision which compels cooperating units of State and local governments to establish minimum salary standards. There clearly is no sense in appropriating Federal money for the training of nurses and attendants in State, county or city institutions as long as the pay is such that employees would hardly stay long enough to get acquainted with their jobs. It is quite evident that only very few of those receiving training made possible by grants from the Federal Government would choose to return to their former place of employment unless present salaries are increased, substantially.

While it is the primary function of this federation to protect the social and economic interests of State and local government employees, we have never failed to pay special attention to the problem of maintaining the public service at high levels of efficiency. Low pay and lack of security in employment do not promote good government. It is with this objective in mind that we submit this brief to you. We trust your committee will give earnest consideration to our recommendations.

Income of State and local government employees, 1939-48¹

Year	Average salary ²	Cost of living figures	Increase from 1939	Money index	Index of real wage ³
			Percent		
1939.....	\$1, 530	99. 4			
1940.....	1, 552	100. 2	01. 4	101. 4	101
1941.....	1, 574	105. 2	2. 8	102. 8	97
1942.....	1, 628	116. 5	6. 4	106. 4	91
1943.....	1, 756	123. 6	17. 7	114. 7	93
1944.....	1, 855	125. 5	21. 2	121. 2	97
1945.....	1, 986	124. 4	29. 8	129. 8	104
1946.....	2, 142	139. 3	40. 0	140. 0	100
1947.....	2, 329	159. 2	52. 2	152. 2	95
1948.....	2, 533	171. 2	65. 5	165. 5	96

¹ Nonschool except work relief.
² Department of Commerce figures.
³ Deflated by Consumers' Price Index.

STATEMENT OF GEORGE D. RILEY, NATIONAL LEGISLATIVE REPRESENTATIVE; ACCOMPANIED BY PETER HENLE, ECONOMIST, AMERICAN FEDERATION OF LABOR

Mr. RILEY. I would like to call attention to the fact that Mr. Henle of our economic staff is present, and on the technical side, if the chairman has questions, I am sure that between the two of us we will do our best.

Senator SPARKMAN. We are glad to have Mr. Henle with us.

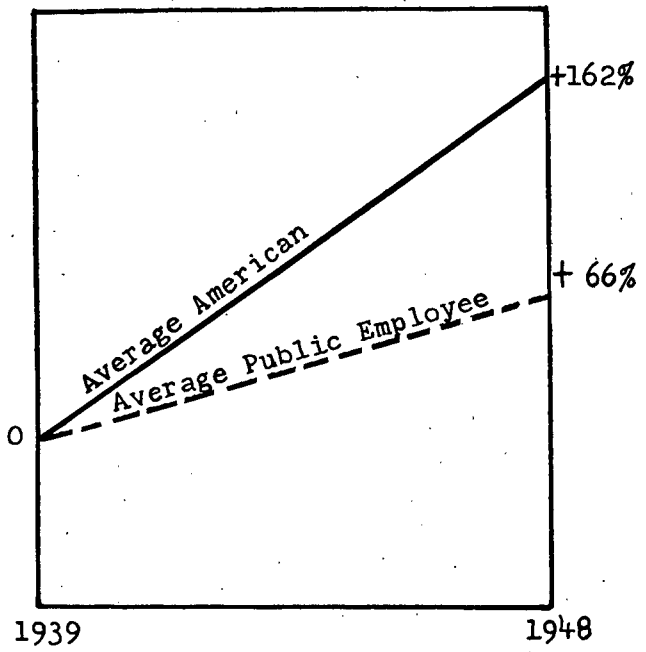
Mr. RILEY. Mr. Chairman, the officers and members of the executive council of the American Federation of Labor have just concluded the conference which established the International Confederation of Free Trade Unions. This is the confederation which will become the first line of defense against the predatory destructive onswep of communism and other isms designed to shackle our free institutions.

The leaders in the American Federation of Labor wish to express their appreciation to your committee for exploring the important subject of low incomes. Accordingly, they have instructed me, as a member of the legislative committee, to present their views as our contribution toward the program which your committee has under consideration.

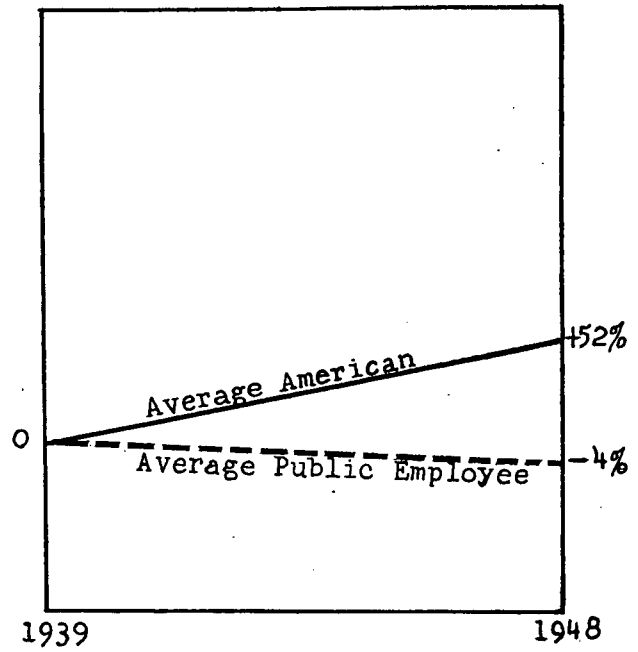
The A. F. of L. has long been concerned with the fact that even in our most prosperous years a sizable proportion of the Nation's families

GAIN OR LOSS OF AN AVERAGE AMERICAN COMPARED TO AVERAGE STATE AND LOCAL GOVERNMENT EMPLOYEES, 1939-48

MONEY INCOME



REAL INCOME



Sources : Department of Commerce and Department of Labor.

have not had an income high enough to permit them to enjoy an adequate standard of living.

In the past, too many people have been content merely to accept the fact that we have low-income families. There have been some relatively vague ideas as to how many families were in this group and perhaps some inkling of the deprivations to which they were subject. But in the main there has been very little detailed knowledge about these families and very little accomplished to enable them to reach a decent standard of living.

During the depression attention was focused on the low-income group because of the widespread recognition that general prosperity could not be restored unless the purchasing power of these families was raised. It was then that President Roosevelt focused the eyes of the Nation on that one-third of American families which were "ill-fed, ill-clothed, and ill-housed." But since the developing prosperity of the war and postwar years, the low-income families have become a largely forgotten group.

We wish to commend the members of this committee for considering at this time of relative prosperity the problems of low-income families. We believe that your investigation reflects a recognition that we cannot have a genuinely healthy economy until we make sure that even those families in the lowest third on the income scale can enjoy the fruits of what we have come to call the American standard of living.

We recognize that a survey of the problems confronting low-income families must necessarily be complex. All too frequently, discussions on this subject have tacitly assumed that low-income families can largely be classified into certain special groups, such as the aged and the handicapped, which can somehow be set apart and treated separately from the population as a whole. There is some measure of truth in this assumption, but it falls far short of telling the whole story. It cannot be denied that families headed by older people, women, the handicapped, and members of minority groups make up more than a majority of the low-income families. But there is still a substantial minority of low-income families headed by able-bodied white males who hold full-time jobs in regular employment and yet, because their pay is so low, their annual income amounts to less than \$2,000 a year. It is this last group which is frequently ignored when attempts have been made to tackle the problems of the low-income group. I want to devote my testimony to a discussion not of what constitutes the low-income problem, because that has been adequately handled by the committee's staff, but of what can be done about it.

First let me discuss the problem of raising the income and purchasing power of those families whose head is either temporarily or permanently without full-time work. I refer to those people who are beyond the age of gainful employment, those who are temporarily or permanently prevented from working full time by illness, disability, or family responsibilities, and the unemployed.

In general, assurance of a decent standard of living for such families involves the whole gamut of social-security measures. The benefits of our social-security system must be extended and liberalized so that a family dependent on them can be assured a decent and comfortable standard of living. In appearances before congressional committees, the A. F. of L. has made detailed recommendations with

regard to various types of social-security programs. In my limited time here today, I wish merely to summarize these recommendations:

1. *Old-age, survivors and disability insurance.*—In the main we support H. R. 6000 as it passed the House of Representatives in the first session of the Eighty-first Congress by a 333 to 14 vote. The following are the major changes which this bill would make in the existing system:

(a) Eleven million new persons would be brought under the coverage of the system, including most of the self-employed, employees of State and local governments, domestic servants, employees of nonprofit institutions, and agricultural processing workers.

(b) Current benefits would be materially liberalized with an increase averaging about 70 percent for the 2,600,000 persons currently receiving benefits.

(c) Future benefits would be increased by a more liberal method of computing the average wage, by raising the annual wage basis from \$3,000 to \$3,600, and by less stringent eligibility provisions.

(d) Beneficiaries would be permitted to earn up to \$50 per month without loss of benefits instead of the present maximum of \$14.99.

(e) Protection of the system would be extended to World War II veterans.

(f) The principle of social insurance would be extended to cover protection against the hazard of enforced retirement and loss of earnings at any age caused by permanent and total disability to all persons covered by the old-age and survivors' program.

In addition to the provisions now contained in H. R. 6000, we would favor the following provisions:

(a) Lowering of retirement age to 60 years for women.

(b) Extension of coverage to agricultural workers.

(c) Liberalizing the eligibility requirements for permanent and total disability benefits.

(d) A system of temporary disability insurance as was provided for in the original bill, H. R. 2893.

2. *Public assistance.*—H. R. 6000 also liberalizes the Federal Government's share in the State public assistance and welfare services by the following provisions:

(a) Aid would be extended to several categories of persons not now eligible for assistance.

(b) The Federal Government's share of public assistance costs would be increased for old-age assistance, aid to the blind, aid to the disabled, and aid to dependent children.

(c) The Federal Government would pay the cost for caring for people in public medical institutions and for making direct payments for medical care.

(d) Amounts for child welfare services would be doubled.

3. *Unemployment insurance.*—The A. F. of L. takes the position that the present Federal-State system of unemployment insurance is inadequate and should be replaced by a unified national system of unemployment insurance and employment services. We believe that unemployment insurance should be liberalized as follows:

(a) Benefits up to 60 percent of wage loss due to involuntary unemployment for a maximum of 26 weeks in the year.

(b) Extension of coverage to groups now excluded, including persons employed in small firms and all other employees covered by old-age and survivors' insurance.

(c) One week waiting period.

(d) Any disqualification should be limited to 4 weeks.

Until such time as the present unemployment insurance system can be federalized, we favor in the main the provisions of S. 281 and H. R. 5591, bills which were introduced during the first session of the Eighty-first Congress, which would liberalize the existing Federal-State unemployment insurance system by providing minimum Federal standards for the State programs with regard to the amount of benefits, duration of the provisions, eligibility provisions and coverage.

4. *Health insurance.*—We favor the provisions of S. 1679 and H. R. 4312 and 4313, which are identical bills introduced during the first session of the Eighty-first Congress. The provisions of these bills contain a comprehensive program to meet the health needs of the Nation by providing:

(a) Funds for improving our educational facilities in the field of medicine.

(b) Establishment of research institutions in the fields of the most ravaging diseases.

(c) Additional funds for construction of hospitals, health centers, clinics, and group practice facilities.

(d) Special funds to improve health facilities and medical care in rural areas.

(e) Additional funds for extension of State and local public health services.

(f) Additional funds to carry on programs for maternal and child health care and for services to crippled children.

(g) Establishment of a national program of health insurance, enabling everyone to pay for needed health and medical care services while insuring the protection of individual rights of both patients and doctors. Such a program of insurance is our only guaranty against the eventual socialization of medicine.

These social-security measures are needed to help the family without a wage earner or the family whose wage earner is, for one reason or another, out of a job, or whose income is threatened by the high and unpredictable cost of medical care.

Now let me turn to another aspect of the low-income problem. There are many low-income families with an actively employed wage earner whose earning power is limited by one or more special characteristics. He may be an older worker or physically handicapped. Our society must make every effort to make certain that the talents and skills of these workers are fully utilized and that they are not subject to any discrimination in employment opportunities. Here are some of the steps that can be taken to achieve this objective:

Education: Our school system should be expanded and improved so that young people will not only remain in school longer but will be given the kind of training that will be most valuable in securing jobs after they leave school. Workers whose trade or skills have been made obsolete by technological advances should be given special consideration in a vocational-training program.

Apprenticeship: The apprenticeship system, which has been of particular interest to the trade-union movement as a means of training large numbers of young people for the more highly skilled jobs should be expanded and more fully utilized by employers.

Handicapped: Utmost use should be made of handicapped workers. To this end, A. F. of L. unions and union officials have been working in collective bargaining for arrangements under which more handicapped workers would be employed.

Older workers: Every effort should be made to publicize as widely as possible the facts which clearly establish the employability of many older workers in order to dispel the prejudices which exist in many companies against employment of older workers.

Members of minority groups: We recommend prompt enactment of the FEPC bill (S. 1728 and H. R. 4453) in order to guarantee equal job opportunities to all workers, regardless of race, color, religion, or national origin.

Farm laborers: This group presents a somewhat special case. The committee report emphasizes the very low income of most families who are supported by hired farm workers. The report points out that in the prosperous year of 1948 the average wage of farm workers was only 58 cents an hour, and the annual wage only \$1,343. This is less than one-half of the average wage for industrial workers. Needless to say, this leads to a terribly low standard of living for these people. These are truly America's forgotten families. It seems to us utterly unconscionable that these workers, most of whom are employed on large industrial-type farms, are exempt from the benefits of all labor and social-welfare legislation, including the Fair Labor Standards Act, all labor-relations legislation, the social-security law, and State unemployment-compensation laws.

One of the chief reasons for their low income is the discrimination they face at the hands of Congress and the various State legislatures. The very purpose of these measures is defeated when the law's protection is denied to the very group most in need of it.

The American Federation of Labor strongly urges the Congress to revise each of these laws so that farm workers can receive the benefits of these laws. This is certainly a very important step which must be taken if we are to begin to tackle the problem of raising the income of the families in the lowest brackets.

All the above measures, although essential, are not enough by themselves. They fail to tackle the heart of the low-income problem.

Let me illustrate what I mean by referring briefly to the statistical materials put together by your committee staff. In 1948, according to the material compiled by the Bureau of the Census, there were 6,320,000 nonfarm families whose incomes were below \$2,000.

Of this group, 1,740,000 or 27.5 percent, were older families in which the family head was over 65 years of age. In the younger-age group, we find 1,150,000 families, or 18.1 percent, in which a woman was head of the household. In other words, there was no male wage earner. In addition, of the younger families headed by a man, there were 970,000 in which the family head was either a member of a minority group, or was not able to work either because of a physical disability or some other reason.

What these figures show is this: For many of the nonfarm families with incomes below \$2,000, there were special factors contributing

to this low income. In over a quarter of the cases, the head of the family was over 65 years of age. In almost one-fifth of the cases, the head of the family was a woman. In another large group of families, the family head was a Negro, or a member of another minority group. In other cases, he was handicapped and unable to contribute to the family income.

However, even after we account for all these categories, we find that there still remain out of our original group a total of 2,360,000 families in which the family head was a male, white, between 21 and 64 years old, and with a job. This represents 37.4 percent of the total nonfarm families with income below \$2,000. To my mind, this is the most significant fact that comes out of the study prepared by your committee staff. I find it extremely significant that such a large proportion—almost two-fifths—of these low-income families constitute what we generally consider as the average American family, a middle-aged man and wife, and in many cases, additional dependents.

Unfortunately, the statistics gathered by the committee staff do not give us a full picture of these families. They do not tell us, for example, in what industries or occupations the family wage earner is employed. It might well be that in some cases these families are in this low-income group only temporarily. For example, if a wage earner of a normally middle-income family sustains a serious illness which deprives him of his earning power for most of the year, his family income would be bound to slip below the \$2,000 mark.

On the other hand, we do know that there are many workers in full-time jobs in our society whose income is less than \$2,000 a year. For example, the Department of Labor reports that the current weekly earnings for the average worker in the Nation's hotels is \$32.79. That amounts to only \$1,705 a year, assuming 52 full weeks of employment. For a laundry worker the average weekly earnings are \$39.77. For work in retail-trade general-merchandise stores, it is \$35.24. Therefore, a family whose income is dependent on the earnings of an individual employed by one of these industries will not, unless it has other sources of income, have an income over \$2,000 a year.

Confronted with this evidence of low income, some people will shrug their shoulders and say that nothing can be done. They will argue that "the poor are always with us," or say with Lincoln that "the good Lord must have loved the poor, because he made so many of them," that some workers have to be paid more than others, and that workers whose pay is at the bottom end of the ladder simply are not worth any more money to their employer.

The A. F. of L. takes strenuous issue with this do-nothing attitude. The experiences of our affiliated international unions tell us that many workers are low paid not because their productivity is low, but because their bargaining power is weak. Without union organization, they are unable to obtain for themselves in any effective way earnings which are rightfully theirs. While it may be quite true to say that there will always be some individuals and some families with incomes higher than others, this is no excuse for perpetuating the present levels of wide inequality.

Organized labor is convinced that something can be done to improve the conditions of low-paid workers, because that is exactly what labor unions have been doing for the past 100 years. If you make a careful examination of the wage structure of American industry today, you

will find that those industries paying the lowest wages are by and large industries in which there is no union organization or in which union organization has appeared relatively recently. This is true, for example, of farm laborers and domestic service, almost completely unorganized, and of retail stores, hotels, restaurants, and laundries where strong unions have only developed in relatively recent years.

Organized labor does not say flatly that all union workers make higher wages than nonunion workers. We do not say that by joining a union a janitor will automatically earn the pay of a skilled mechanic. What we do say is that only through union organization can workers in low-paid jobs find a way to obtain the collective strength necessary if they are going to bargain with their employers on an equal basis.

Let me give you just two examples of what I mean. I am selecting these examples from industries which today are far from being completely unionized. However, they are appropriate for this purpose since they are industries in which a large number of low-income workers are employed.

The Building Service Employees' International Union covers maintenance men, elevator operators, janitors, charwomen, and other employees who work in commercial office and apartment buildings. In 1937, that international union began to organize window cleaners in the city of St. Louis. At that time, these employees were paid 45 cents an hour for their work. Today they are receiving \$1.60 an hour, an increase of over 250 percent. Even the hourly earnings of factory workers during this period have only jumped a little over 130 percent.

Another example from the history of the same union concerns its Chicago local which began organizing janitors in Chicago office buildings in 1938. At that time janitors were paid between \$50 and \$60 per month, and janitresses received 38 cents an hour. Today, the pay for janitors ranges from \$60 to \$69 per week, a 400-percent increase, while the janitresses are receiving \$1.08 an hour. It is important to note that this comparison merely covers questions of wages and omits all additional benefits these workers have won through union organization, such as paid vacations and holidays, overtime compensation, and protection against arbitrary discharge.

Another union in a very low-paid industry is the Laundry Workers International Union. Here is the story of improvements that the union has gained for workers in the deep South. In June 1941, a local of this international union was first organized in one of the large laundries of Atlanta, Ga. At that time wages were as low as 10 cents an hour and hours ranged from 60 to 80 per week. The lowest rate in the contract in effect today is 38 cents an hour, admittedly still too low but almost four times the rate 8 years ago, while hours have been limited to 48 per week. In addition, the union has gained for its members vacation rights, holidays with pay, and a paid 10-minute rest period morning and afternoon.

The American Federation of Labor believes that laundry workers are entitled to decent treatment, too.

The A. F. of L. has always maintained that union organization was the primary method whereby workers could raise their living standards. We have placed greatest emphasis on the role of unions as voluntary organizations of free workers combined to engage in collective bargaining. Wherever possible, the A. F. of L. has emphasized

this voluntary method instead of relying upon any compulsion by Government legislation.

Now we find, however, that our voluntary efforts have been threatened by restrictive legislation. The Taft-Hartley law has prevented our unions from carrying forward effectively their organizing programs. Unless this law is repealed, there is grave danger that the efforts of organized labor to eliminate poverty will be completely frustrated.

While our emphasis has always been placed on voluntary efforts by organized labor, the A. F. of L. has fought for a national minimum-wage law which would get a floor under wages to yield a minimum living standard. The A. F. of L. was in the forefront of the fight to enact the original Fair Labor Standards Act of 1938. We have continued to fight for improvements in this law, particularly in recent years for a revision of the outmoded standards in the original act.

We welcome the improvements which were made in the first session of the Eighty-first Congress. However, we feel that even the present minimum wage of 75 cents is too low to provide an adequate standard of living. Only a minimum wage of \$1 an hour will yield a yearly income of over \$2,000, a figure which is barely sufficient to yield the minimum standard.

Even more important at the present time than raising the minimum is the necessity for extending the coverage of this law to the millions of workers now deprived of its benefits. The A. F. of L. was very disappointed that in revising the wage-hour law Congress failed to extend the coverage of the law to such industries as large department stores and hotels, processing and canning of food products, interurban bus and streetcar lines, and large-scale industrialized farms.

Our experience tells us that those who would keep the low-paid worker in his present status are absolutely wrong when they say that the pay of these workers cannot be increased because of what is called their low productivity.

An actual fact, raising of low wages has proved the greatest stimulus to increasing productivity. In the past, employers have been able to use their low labor costs as an excuse for not worrying about improving techniques or increasing efficiency. It has been only when employers in these low-paid industries have been confronted by the fact of rising wage rates that they have taken the trouble to examine their techniques, machinery, and productive processes to see how these could be improved. The result in many cases has been that these increases in low-wage rates have been accomplished without any corresponding increases in prices.

Thus we say that through union organization supplemented by necessary legislation the income of these low-income families can be raised to a point where they can enjoy a decent standard of living. For the good not only of the low-income group themselves but also for the economy as a whole this must be done promptly and effectively.

It should be noted that recently the President of the United States called for a \$300,000,000,000 national income as a means of lifting the low-income families to at least some semblance of semifinancial competence. Said Mr. Truman on that occasion:

It will mean better incomes for everybody. It will mean that we can lift up those families—one-fourth of our population—who have incomes today of less than \$2,000 a year and place most of them in the better-income brackets.

We recall that Mr. Truman added that this plan could afford an average income of \$4,000 per family per year. Most of us agree upon the desirability of higher national income although there are some who disagree about how that higher national income shall be shared. The American Federation of Labor finds no difficulty in suggesting who shall participate in a better income. The answer is everybody, including the low-income families, who still are lowest on the totem pole of our national economy. Indeed, in giving serious material attention to their problem we also are increasing the economic status of everyone all along the line.

Senator SPARKMAN. Thank you, Mr. Riley. It is a very fine statement.

Mr. RILEY. Thank you, Mr. Chairman.

Senator SPARKMAN. Mr. Henle, do you have a statement to make?

Mr. HENLE. No, Senator.

Senator SPARKMAN. I have only one or two questions that I would like to ask you, Mr. Riley. You referred to the social security bill that has passed the House. You say, "11,000,000 new persons would be brought under the coverage of the system." What would be the total today?

Mr. RILEY. 50,000,000 today. That would bring it up to somewhere around 60,000,000; is that not true?

Mr. HENLE. I am sorry. So far as I am concerned, I do not have the details.

Senator SPARKMAN. Some have referred to this measure, but I do not believe anybody has mentioned what the total coverage will be.

Mr. RILEY. I will be glad to prepare additional opinions on it, and send it to you or Mr. Brown.

Senator SPARKMAN. I would like the record to show it because the question suggested itself to me immediately.

Mr. RILEY. You will get it in the mail this week.

As a matter of fact, that subject should be explored a little bit in detail. Of course, this testimony is necessarily sketchy and subject to expansion at any point that the committee desires to have it expanded.

Senator SPARKMAN. This statement is a very fine coverage.

Under "Public assistance"—

Mr. RILEY. Yes, sir.

Senator SPARKMAN. We are still talking about H. R. 6000, you say:

The Federal Government would pay the cost for caring for people in public medical institutions and for making direct payments for medical care.

What kind of institutions would they be?

Mr. RILEY. I do not think that the type of institution has been dwelt upon sufficiently there, Mr. Chairman. If you want I will be very glad to fill you in on an expansion with respect to that point.

Senator SPARKMAN. I just do not know myself.

Mr. RILEY. No.

Senator SPARKMAN. I do not know myself, and I was wondering. It seemed to me that it would be a pretty extensive program.

Do you happen to know, Mr. Henle?

Mr. HENLE. I do not know the details, but, as I understand it, the bill liberalizes the Federal Government's participation in the payment of those groups, indigent, and the very low-income groups, when

they are accepted as patients in the public hospitals, either public health places—veterans hospitals, too.

Senator SPARKMAN. Of course, the Government does participate in that program now, but on a joint-participating basis. From a casual reading of this you would get the idea that the Federal Government would carry the whole burden.

Mr. RILEY. I think this might well lend itself to the further interpretation, Mr. Chairman, that the Government can step in in cases where there is a deficiency and fill in the gaps up to the theme that I presented here of a decent standard of whatever it may be, living or medical care, or what not. In other words, if there is a breakdown—and we hope there is not on the local side—then the Government will assume a responsibility for the whole people.

Senator SPARKMAN. In other words, you would expand the idea, which I think is good, that Government-aid program in all of these various undertakings should be related to need rather than to a purely matching basis.

Mr. RILEY. Well, I think the need is No. 1, the No. 1 point, at all times.

You will notice that we did not say in here that we favor socialized medicine or anything of that sort, but I do believe there is an obligation existing at all times to fill in wherever the weather is coming through the cracks, so to speak, wherever the roof is leaking.

Senator SPARKMAN. Of course, in recent years there has been a tendency in legislative matters to provide that the Federal Government's participation should be on the basis of need rather than on the purely matching basis.

When this program was started, for instance, in the—well, we could name many, many programs, such as the Federal Highway Act and various other measures—but I am talking now primarily of the social-welfare program—social-security program; it was put in on a direct matching basis, where the State was required to put up dollar for dollar.

Mr. RILEY. That is right.

Senator SPARKMAN. A good example of that is the old-age pension. Gradually Congress has changed that to some extent and in the new measures enacted it has shown a tendency to make the Government's share on the basis of need rather than outright matching.

Mr. RILEY. Yes.

Senator SPARKMAN. You would endorse that type of program?

Mr. RILEY. I think that paragraph should be read in the same light in which the chairman has expressed the view, and I think we could certainly wholeheartedly concur.

Senator SPARKMAN. Of course, we saw the anomalous situation, going back and using the old-age pension, for example—the situation in which the richest States that could do the most matching and that needed the help least got it most, whereas the poorer States got the least of it because they were least able to match.

Mr. RILEY. And I think that holds true, Mr. Chairman, in all grants and Federal aid, and so forth, such as highway building, and so on.

Senator SPARKMAN. Where an outright matching is required.

Mr. RILEY. Exactly.

Senator SPARKMAN. And for that reason you would approve what seems to be the new tendency.

Mr. RILEY. That is right.

Senator SPARKMAN. The new tendency of putting it on the basis of need.

Mr. RILEY. Need; that is right.

Mr. HENLE. I think the tendency you mentioned, among other things, is in the Federal aid-to-education bill, which the Senate passed last year.

Senator SPARKMAN. Well, in the hospital-construction bill—and I believe in all of these programs that have been enacted in the more recent years—there has been a tendency to do that, even on the old-age pension, where we have changed it several times, to make an outright contribution on the part of the Federal Government, without requiring any matching on the part of the States for this additional Federal contribution.

Of course, that does not exactly reach the problem that I just described, but it is getting away from the requirement of exact matching.

Mr. HENLE. Well, I think you should mention at the same time that statistical formulas have been worked out whereby these two tendencies, the question of need and matching have been geared together, so that the result is neither complete emphasis is placed on one or the other, but the two have been worked together.

Senator SPARKMAN. That is right. In other words, we certainly want the States to participate to the extent that they are able to do it, without crippling their other services unduly.

Mr. RILEY. That is right.

Mr. HENLE. There certainly should be a minimum requirement that each State make a minimum effort to contribute, and make a contribution.

Senator SPARKMAN. Yes; I certainly agree with you on that.

Now, another thing I wanted to ask you about with respect to your health-insurance program, you state:

Establishment of a national program of health insurance enabling everyone to pay for needed health—

and so forth.

How would you finance that program?

Mr. RILEY. Have we got something on that?

Mr. HENLE. I might preface my remarks by saying that I do not consider myself as an expert on health insurance.

Senator SPARKMAN. The only reason I am asking it here is because this is a recommendation, I take it, of the American Federation of Labor. It says: "We favor the provisions of S. 1679"—which bill is that? We have several health bills.

Mr. HENLE. It is the omnibus bill.

Senator SPARKMAN. It is the so-called Wagner-Murray-Dingell bill?

Mr. HENLE. That is right.

Senator SPARKMAN. Then the method of financing would be through the pay-roll tax?

Mr. RILEY. We consistently supported that position, Mr. Chairman.

Senator SPARKMAN. That is what I wanted to find out, whether that was your program.

Mr. RILEY. Yes.

Mr. HENLE. Yes.

Senator SPARKMAN. If you support the financing of it through a taxing scheme, a pay-roll-taxing scheme, somewhat similar to the present social-security program is what I wanted to find out.

Mr. HENLE. That is right. In that taxing scheme employees would contribute, as well as employers.

Senator SPARKMAN. Now, I want to ask you another question. You recommend the enactment of the FEPC bill. I do not care about going into any extended discussion of it. I think you know my views on that. But this thought popped in my mind as I went along.

How would an FEPC law work in with a closed-shop principle?

Mr. HENLE. I do not see that there is any conflict there, Senator.

Senator SPARKMAN. Well, let us suppose that a firm was employing its people under a closed-shop agreement with a union which does not permit Negroes in its membership, and there are A. F. of L. unions where that is true, is that not so?

Mr. HENLE. Yes, Senator, but I think if you would examine the record you will find that there are a lot fewer unions in that category than, perhaps, you might think.

Senator SPARKMAN. I do not say it for the purpose of criticizing. I am just trying to find out how it would work on the question of a closed shop.

Mr. RILEY. Well, may I suggest this, that in two States, where the FEPC program is actively administered, Mr. Chairman—let us take Minnesota and New Jersey—

Senator SPARKMAN. Those have just been recent enactments?

Mr. RILEY. New Jersey.

Senator SPARKMAN. They really have not put it into effect, have they?

Mr. RILEY. In Minnesota it is actively in effect.

I heard the State commissioner of labor from New Jersey, who seems to be the successor eventually to Mr. Thomas of New Jersey, discuss that at a recent conference in the Department of Labor with State labor legislative persons, and—

Senator SPARKMAN. Well, may I say that I have never heard it discussed; I just thought of it as we were going through this statement.

Mr. RILEY. Yes; I think you can get your trial-and-error examples from what has happened in the States. In other words, I have found nobody yet to offer any suggestion that there is a conflict. If you wish, I would be very glad to ask this commissioner of labor in New Jersey or the one in Minneapolis and Minnesota, who are actively out of the laboratory stage, and now in the applied end of the thing, to either give their statement to you directly, or we will be glad to relay it with any embellishments that you would care to have.

Senator SPARKMAN. I recall one of the most difficult problems to solve under the FEPC during the war was the transit situation over in Philadelphia.

Mr. RILEY. Yes.

Senator SPARKMAN. Was that an A. F. of L. union?

Mr. RILEY. No; that is a CIO union.

Senator SPARKMAN. CIO union.

Mr. RILEY. I was up in Minneapolis recently and saw quite a number of Negro motormen on the streetcars up there.

Senator SPARKMAN. Well, they never did put them on in Philadelphia though, did they?

Mr. RILEY. I have never seen them there.¹

Senator SPARKMAN. We had the same trouble here in Washington with the Capital Transit. I do not believe they ever put them on here.

Mr. RILEY. No; I have never seen them here.

Mr. HENLE. You might be interested in the New York experience, which has had a law on its books for 2 or 3 years, and there have been these results in New York:

First of all, a number of the international unions, mostly the independent railroad unions with their long history behind them, which have had provisions in their constitutions regarding this problem, have on their own motion adopted amendments to their constitutions stating in definite terms that any provision of discrimination do not apply in those States where State FEPC laws have been adopted.

Now, to my mind, that indicates very clearly that in those few unions which have restrictions such as the ones we have been talking about, that there is a definite inclination there if the States wish to enact FEPC legislation, and similarly if the Congress desires to do so, to fix their constitutions so that there would be no problem involved in this closed shop question that you mentioned.

Senator SPARKMAN. Well, we will not go into it any further. If you do have a statement on it, I will be very glad at any time to have it.

Mr. RILEY. I think it would be gainful for you to have it, and I will be glad to supply it showing the way in which it has been working out in the States.

Senator SPARKMAN. Dr. Brown, do you wish to ask any questions?

Mr. BROWN. No, thank you, Senator. I think it is a very fine statement.

Senator SPARKMAN. Thank you very much, we appreciate your coming and we are very glad to have the statement.

Mr. RILEY. Thank you, Senator.

Senator SPARKMAN. The next witness is Beverley Munford Boyd, executive secretary of the Department of Christian Social Relations of the Federal Council of the Churches of Christ in America.

Come around, Mr. Boyd.

STATEMENT OF BEVERLEY MUNFORD BOYD, EXECUTIVE SECRETARY, DEPARTMENT OF CHRISTIAN SOCIAL RELATIONS, FEDERAL COUNCIL OF THE CHURCHES OF CHRIST IN AMERICA

Mr. BOYD. Thank you, Senator.

Senator SPARKMAN. We are very glad to have you with us.

Do you have a prepared statement?

Mr. BOYD. Yes, sir.

Senator SPARKMAN. You may read it or proceed in any way you wish.

¹ After appearing before the committee Mr. Riley had an opportunity to check his statement and asked that his testimony be revised to read as follows: "I have seen at least one there on the Chestnut Street line."

Mr. BOYD. I would like to read it, if I may. There are one or two typographical errors.

My middle name is spelled incorrectly. It is Munford, and you had better correct it in the record since I have appeared before, and I am the same person.

With your permission, I will read this statement from our committee.

I am Beverley Munford Boyd, executive secretary of the department of Christian social relations of the Federal Council of the Churches of Christ in America. I wish to submit the following statement adopted by the executive committee of the Federal Council of Churches of Christ in America at a meeting held in Atlanta, Ga., on December 6, 1949. The statement is as follows:

In 1932 the Federal Council at its quadrennial meeting at Indianapolis, adopted a revised edition of the Social Creed of the Churches. Sixteen social ideals, which had previously been affirmed by the Federal Council, were reaffirmed. The fifteenth social ideal reads as follows:

A living wage as a minimum in every industry, and for the highest wage that each industry can afford.

In summing up the purpose of the ideals these words were used:

These social ideals in identical or slightly different language have been adopted from time to time not only by the Federal Council itself, but by the constituent bodies of the council—the major denominations of Protestant Christianity—as a practical working program.

In the 17 years that have elapsed since the adoption of these social ideals as a practical working program, progress has been made on the part of the churches in the support of such a program. The goal is far from achieved. The Christian social ideal of a good life abundant, progressive, and generously devoted to human welfare—a life lived under the eye and by the strength of God—is still the goal toward which the churches strive in the social welfare field.

Therefore, the executive committee of the Federal Council continues to promote in cooperation with its members, every effort to increase understanding and amelioration of the social and economic conditions in our society which threaten the integrity of family life and the life of the individual. These conditions we recognize as unemployment, substandard wages, inadequate medical care, poor family shelter, and the lack of sound educational facilities for all children and young people of the Nation.

The executive committee recognizes that social and economic conditions can, and often do, create moral and spiritual problems, which make it difficult for families and individuals to live "the good life" God intends.

Recognizing that the mere possession of material goods is no guaranty of the abolition of moral, spiritual, and social problems; at the same time, the churches are cognizant of the fact that the low-income family and the low-income individual labor under a serious handicap. Such groups and individuals are subject to special pressures to break moral, spiritual, and social laws.

Therefore, the Federal Council registers its interest and concern in the studies now being made by the Subcommittee on the Low-Income Family of the Joint Congressional Committee on the Economic Report.

Further, the executive committee will be glad to share with the Congress any data which it may have at its command through the cooperation of its constituent bodies.

Finally, the executive committee realizes that the churches have a definite obligation to stand against low standards of living, and to promote the ideal of the good life as inherent in the Gospel, both by social and educational activities of their own, and by fruitful cooperation with one another and with voluntary and governmental agencies created for that purpose.

Senator SPARKMAN. Voluntary and governmental agencies created for that purpose.

Mr. BOYD. Yes. In other words, voluntary agencies; they are Government agencies created by law.

Senator SPARKMAN. Well, you give us a statement with which we certainly cannot quarrel.

Mr. BOYD. I would say, sir, that it is—

Senator SPARKMAN. I cannot quarrel either with its substance or with its length.

Mr. BOYD. We like to be brief, sir; particularly this officer.

Senator SPARKMAN. Well, it is very fine, and we are glad to have it.

I do not know of any questions that I can put to you that would shed further light on it.

Mr. BOYD. Well, there is only one thing I would like to say.

Senator SPARKMAN. You do think that it is worth while making a study of the conditions which we recognize as not being the best for the kind of life that we would like to think of as being the entitlement of everybody.

Mr. BOYD. We feel that would be of some assistance in achieving the kind of life that all of us are concerned with.

Senator SPARKMAN. I assume that you agree with previous witnesses who have been here, who have been here before us, that there is a high incidence of juvenile delinquency to be found in conditions that poverty brings on.

Mr. BOYD. Well, that has been our experience. I think any minister who has had a pastorate in a community under substandard living conditions will testify immediately that he sees that problem.

Senator SPARKMAN. You are a minister of the Gospel?

Mr. BOYD. I am; yes, sir.

Senator SPARKMAN. For how long?

Mr. BOYD. Twenty-three years.

Senator SPARKMAN. You have had ministries?

Mr. BOYD. Most of my ministry has been in the South until I went on the staff of the Federal Council. The last one was in Richmond, Va.

Senator SPARKMAN. You have seen conditions, slum conditions, bad housing?

Mr. BOYD. The last pastorate I had was on the edge of a very bad section of the city.

Senator SPARKMAN. You have knowledge that those conditions do contribute to juvenile delinquency and crime?

Mr. BOYD. They are one factor.

Senator SPARKMAN. Backwardness, health, that sort of experience from the point of view of public health?

Mr. BOYD. Oh, definitely. I would not be so categorical as to say it is the only factor; there are many others.

Senator SPARKMAN. None of us would say that at all.

Mr. BOYD. But it certainly is one of the contributing factors.

Senator SPARKMAN. You will find a high incidence of these where you find a high degree of poverty.

Mr. BOYD. I think you do. I think, however, one must be fair and also say, if you are now sticking to juvenile delinquency, you will also find it tragically among the children of our more favored families, too.

Senator SPARKMAN. Undoubtedly that is true. However, that point was brought out by Dr. Burgess, I believe it was, from the University of Chicago, who appeared before us, to the effect that so often that child in the higher-income family would be in a situation where corrective measures could be taken. He could be sent to a very rigid training school or something of that kind, at the expense of the family; whereas, for the lower-income boy, he drifts on and he is put in the custody and care of his parents, and eventually he may have to be placed in a public institution or training school or something of that kind.

Mr. BOYD. I quite agree with you. The only thing that we would be careful in saying is, naturally from the Christian approach, we do not like to denominate any one group as being the bad child, so to speak.

We were very careful to say that in this statement, that although we believe these things do contribute, and it does put the low-income family—it has pressures, as we expressed here, maybe the other group does not have, they are not alone in the delinquency.

Senator SPARKMAN. I think we are all in agreement with the thing that you are saying.

Mr. BOYD. I would like to make that clear because I know my constituents would not wish me to say otherwise.

Senator SPARKMAN. We certainly appreciate your giving us this time and your thinking in this matter today.

Mr. BOYD. I might say this, I do not know whether it would be of any help to the committee. The Southern Presbyterian Church has just made a study—I think the title of it is—it is now in book form published by the John Knox Press of Richmond, Va.—I think the title of the book is "The Church and Community in the South."

It was done in cooperation with the department of sociology of the University of North Carolina. It is admittedly a definitive study and slanted from the church angle; it is admittedly competent.

Senator SPARKMAN. The Church and Community in the South.

Mr. BOYD. Published by the John Knox Press.

Senator SPARKMAN. John Knox?

Mr. BOYD. Not by John Knox.

Senator SPARKMAN. I thought he was one of the descendants.

Mr. BOYD. He may be.

Our own department of research and education of the Federal Council for the past 3 years has been making a study of economic conditions, and they are not official statements of the Federal Council; they are studies. You may have seen some of them; they are available if

your committee would like to have them, and we will be glad to submit them.

Senator SPARKMAN. Thank you very much, Mr. Boyd.

Mr. BOYD. Thank you, Senator Sparkman.

Senator SPARKMAN. This concludes the hearings, and the committee will stand in adjournment.

(Whereupon, at 11:45 a. m., the subcommittee adjourned.)

(The following statements were submitted at the request of the chairman for inclusion in the record:)

STATEMENT BY HAROLD F. CLARK, PROFESSOR OF EDUCATIONAL ECONOMICS, TEACHERS COLLEGE, COLUMBIA UNIVERSITY, NEW YORK, N. Y.

There are two general methods of trying to deal with the problem of low-income families. One method is to attempt to divide up more evenly the income now produced. The other method is to try to take steps that will enable low-income families to produce more and thereby increase their own income. If we consider only a short period of time, there might be some argument over which method to use. Over any long period of time, there can be only one possible answer.

One hundred years ago thoughtful people were very greatly disturbed over the plight of low-income families. Then, as now, suggestions were made to try to divide up more evenly what was produced. We can be thankful today that the method of trying to increase production was followed. If this method had not been followed, practically all families in the United States would have an income smaller than is now obtained by the low-income group. A family income of \$200 was a substantial income 100 years ago. Today, the low-income family has three or four times the income of the average family of 100 years ago.

Can the low-income family of 100 years from now look forward to an income three or four times what the average family has today? I think that is entirely possible. I think a subcommittee of Congress in the year 2050 will be studying how to raise the income of low-income families that have three times as much as the average family has today. That would be, say, around \$10,000 a year in terms of 1949 purchasing power. This can happen, however, only if, in trying to help the low-income family of today, we do not take steps that endanger the future growth and development of income for the middle-income families and all other income levels.

In emergency cases and for highly special situations, some further direct assistance or evening up of income may be desirable. But, in general, I think we can cross off this method as a valid way of helping low-income families over a long period of time. If, then, we are committed to the idea that the proper method to use in raising low incomes is to increase production, how do we proceed?

It can be stated emphatically that improvement in the status of the low-income families must be based primarily upon their increased ability to produce. There are two major things to be watched. Public opinion sometimes assumes that they are in conflict but they definitely are not. These families must be helped to get the additional training and skill that is necessary in order to produce more and, consequently, to earn higher wages.

In addition, they must be given a great range of increase in the skills that are necessary to do things for themselves. A comprehensive school program that is designed to raise the skill of all these people is about as simple a formula as can be advanced to deal with the problem.

No general statement, however, will get very far. There are low-income families in the mountainous sections all over the United States. This poverty is created primarily by the fact that these people do not know how to make a high income in mountainous territory. Many of the people in Switzerland make a large income out of extremely mountainous territory. People in most sections of the United States live at an extremely low level of poverty when they have much better natural conditions. We have been unable to find a single good school in the United States with a program showing people how to use mountain resources.

The school programs in the slum sections of our great cities are not at all well adjusted to raise the incomes of these families. These families should be doing more things for themselves. Many of these slum areas and sections could be cleaned up, painted up, and fixed up by the young people alone. These are

the same young people who are creating problems of juvenile delinquency because they have nothing to do. Few if any schools in the slum sections of our great cities are really designed to give boys and girls the information they need to raise their own standards of living.

A study we have made of the poor countries of the world has convinced us that they are poor because they do not know what they need to do to be rich. The countries that are relatively well-to-do are in that position because, through a small part of their economic life, some people do know what to do. No country in the world has yet built a good school system which meets the needs of its population.

A few countries are compelling most of the children to go to a school system designed for a handful of people. There is every reason to assume that the low-income sections of the United States could have a high income by the simple process of showing the people what to do to get a high income, then helping them become skilled in doing those things.

A State such as Mississippi has a relatively large number of low-income families. It should be one of the richest States in the Union and will be as soon as those people are brought to a high level of skill in doing what they should do.

Even the highly paid factory worker in Detroit or in Pittsburgh could probably get a 30- or 40-percent increase in his income if he knew how to spend his income wisely and if he knew how to use his leisure time profitably in producing other things that he needs and can use. An industrial worker with a high cash income, modern powered tools producing food for himself on a little plot of ground; power tools taking care of his house; power tools making furniture and doing many other things for himself, comes about as near providing a formula for high incomes as anything now known.

There are families in Alabama with an inadequate diet. As a matter of fact, a good fraction of the families in Alabama probably have an inadequate diet. This is caused almost 100 percent by the lack of knowledge and skill as to what to do. In a climate as mild as Alabama, food can be produced the year round. Our experiments have shown beyond any doubt that practically all families that have an inadequate diet in the State could have a thoroughly adequate one if they knew what to do and how to do it. It may be somewhat more difficult to get a good diet in Vermont, Minnesota, or North Dakota. But even there, if the person has a sufficient amount of skill, in most cases, it probably could be done. Much of the clothing in Vermont is inadequate and again a lack of essential information is probably at the root of the difficulty. The schools in Vermont do not teach the essential information people need in order to be comfortable in a cold climate.

Studies of 58 countries of the world have convinced us that the crucial factor in determining the level of economic welfare of practically all people is the level of technical competence of those people. This, in turn, of course, depends upon the level of general education. Any help extended to other nations of the world should be extended in a way that will improve their technical competence. This would quickly enable them to solve their own economic problems. Any assistance that is extended to people in the United States insofar as possible, should be to increase their technical competence to help themselves. In extreme cases of disability and old age, undoubtedly, some assistance will have to be provided. If a program of helping people to help themselves has been adequately planned and executed, the number that will have to be helped by the other methods should constantly decrease and finally move toward the vanishing point.

The central point to watch in all legislation trying to help low-income families is to increase the technical competence of these families to help themselves. The countries that have proceeded this way have become the rich countries of the world. We have as yet only a very hazy idea as to how far we can go in solving the problem of poverty along these lines because no countries have really been aggressive in trying to solve it in this way.

STATEMENT PREPARED BY REV. WILLIAM J. GIBBONS, S. J., ON BEHALF OF THE NATIONAL CATHOLIC RURAL LIFE CONFERENCE

The National Catholic Rural Life Conference is an organization concerned with rural welfare, which has membership in all parts of the United States. Educational and program work is carried out on the local level by rural life directors, appointed by their respective bishops, in some 90 of the dioceses of the country. The national organization carries on educational work through

publications, training courses, national and regional conferences, and similar means. The headquarters are located in Des Moines, Iowa. The president is Bishop John P. Treacy of LaCrosse, Wis.; the executive director, Monsignor Luigi G. Ligutti.

This opportunity to express the views of the NCRLC is fully appreciated. It is noted with gratification that the Joint Committee on the Economic Report has gathered detailed facts and statistics on family income in the United States, and on the status of low-income families in both urban and rural areas. There is, therefore, no point in reviewing similar statistics here. In the comments that follow, observations are confined to the question of finding ways and means of helping low-income families improve their economic and social situation.

The founders of NCRLC organized themselves a quarter century ago because they realized that the population of America is becoming increasingly urban; and that in the process rural families have suffered neglect, while city families do not necessarily benefit by being separated from the land. Today the conference membership is more convinced than ever that the economic disequilibrium, manifest in practically all countries of the world whatever the degree of industrialization, cannot be resolved without more attention being paid to conditions in agricultural and rural areas generally. This applies particularly to the use of arable land for the benefit of as many families as possible.

Several years ago a group of rural leaders, prominent in religious welfare work, drew up a statement, *Man's Relation to the Land*. It sets forth basic principles which should underlie our national, State, and individual actions. One paragraph especially is worth quoting:

"Since the family is the primary institution, access to land and stewardship of land must be planned with the family unit in view. The special adaptability of the farm home for nurturing strong and wholesome family life is the reason for the universal interest in land use and rural welfare. A unique relationship exists between the family and the vocation of agriculture. The farm is the native habitat of the family. The family's welfare must, therefore, have the first consideration in economic and social planning. Throughout the history of the United States these fundamental principles have been worked out through national and State legislation, and they have been upheld by court decisions and popular acclaim."

Worthy of note also are the suggested methods for the practical application of the declared principles on land policy as given in this statement. It is of significance that *Man's Relation to the Land* was subsequently adopted by the NCRLC as a statement of policy. Various Protestant and Jewish groups have made similar use of it. A copy is appended to this memorandum.

In the promotion of economic development, so much effort has been directed toward raising productivity and increasing money income that the desirability of adjusting the economic order to the over-all needs of family life tends to be overlooked. To achieve proper perspective it is necessary to consider how better use of the land can help the family to fulfill its destiny.

The Nation's agriculture is currently experiencing mounting surpluses which threaten the stability of the farm economy. Some of these surpluses are absolute in terms of domestic needs. There are simply more of certain commodities than can be used by our people, without discovery, at least, of new forms of industrial utilization. Part of these surpluses might be sold abroad, where there purchasing power available in deficit countries, but due to dollar shortages and problems of convertibility only a portion of these surplus commodities can be sold abroad despite world need.

In the case of other commodities the domestic surplus is only relative. More eggs would be sold, for example, were lower-income families able to purchase them. The needs of these families are not fully satisfied in this instance, as in others, but their purchasing power is exhausted.

Partial answers, not always satisfactory, have been found for this phase of the surplus problem through such devices as the school-lunch program. Other surplus disposal measures, such as gifts or sales at concessional prices to institutions, have also been tried. Through such devices, and others like the food-stamp program, underprivileged groups can benefit to a degree by the productivity of America's agriculture. But it needs to be emphasized that the continued stress on sustained prices and restriction of production has tended to obscure the fundamental fact that the Nation's lower-income families especially do not benefit as they should from the potential productivity of our agricultural land.

Faced with the problem of unmarketable surpluses in agriculture, traditional economic analysis has usually arrived at the conclusion that the only thing to

do is to move surplus rural population off the land and to find economic opportunity for the displaced families or individuals in industry. Up to relatively recent years in the United States, and even yet in some underdeveloped countries abroad, this usually meant finding a place for the additional industrial workers in already overcrowded and congested cities.

Today we see that while the encouragement of urbanization of population and industrialization of the economy may solve some problems, it creates new ones as well. Completely deprived of any opportunity for meeting their needs by primary production, the urban industrial families become wholly dependent upon cash income from their employment. In times of depression this employment is quite precarious; in times of relative prosperity it often provides insufficient income to meet family needs. To meet this situation, growing out of a totally money economy, all sorts of methods for supplementing earned income have had to be devised. These include various social-security provisions, unemployment compensation, public-assistance programs, increased welfare and social services.

Many of these provisions would, of course, be desirable under any circumstances, to insure a more satisfactory standard of living for our population. But it should be recognized that at least some of the social services instituted since World War I have become necessary because so many lower-income families must rely exclusively upon precarious industrial wages. Barring wage increases, there is no other way of improving their standards of living or of providing a measure of economic security except through social services. In a very real sense they are proletarians.

Most of the energy of the labor movement in the United States has been spent in securing wage increases for workers or in protecting them against untimely cessation of income. Moreover, much of the energies of Government have gone in the same direction. There is merit to the suggestion that at least comparable efforts should go into developing opportunities for supplementing the real income of as many low-income families as possible by means other than cash payments. That is particularly necessary in times of depressed economic activity, but even in prosperous times it is desirable to have ways of improving the living standard of low-income families by increasing their real income.

The NCRLC fully appreciates the fact that there is a limit to the number of full-time farmers who can achieve a livelihood by raising crops for sale. That limit in part derives from the amounts of certain commodities which can be consumed, and in part from the inability of the nonfarm population to purchase all the foodstuffs they would desire. Increasing the number of acres planted in certain crops could, under such circumstances, actually result in lower living standards for the farmers producing. To draw attention to this fact is not to advocate a policy of restriction whereby the land's productivity would be curtailed simply to keep up prices in the market. Rather it is to point out that identification of agriculture with raising of cash crops, particularly when this is on a single-crop basis, is to overlook the importance of proper land use in raising standards of living.

Specifically, it has been a fundamental of NCRLC policy in recent years to advocate strongly the use of as much arable land as possible for subsistence purposes. This means bringing more families in contact with such land, and keeping as many families as possible on the land. Since, as has been said, only a limited number of families can achieve adequate cash income through commercial farming, this means in the concrete that additional opportunities must be devised for families to live on the land and at the same time earn all or much of their cash income in industry or similar occupation. This has been referred to as "having a foot in industry and a foot on the land." It can be put into effect in various ways:

- (1) By providing industrial opportunity, on a part-time basis, for marginal farm families who do not have enough land or proper quality land to secure a decent standard of living.

- (2) By enabling families now in congested cities to establish a homestead on the land where they can raise a part or most of their food, while earning a cash income in nearby towns or cities.

- (3) By encouraging all farm families to raise as much of their own food as possible, thus improving their living standards, while securing their cash income by the sale of commercial farm products.

Such a program is posited on the belief that food raised for the family at small cost or without cash outlay helps to raise the living standard. Not a few of even our more prosperous farm families could have the standards of living they do, were it not for the practice of supplying themselves with food. They could not

purchase in commercial stores the same amount of foodstuffs on the income they normally have. If full-time farm families can thus better their economic lot, there is no reason why nonfarm families with a piece of arable land, or part-time farm families, cannot do the same thing.

Even a casual survey of the Census of Agriculture will reveal that a considerable amount of this sort of land use already exists. It is the contention of the NSRLC that more of it could exist to the benefit of the economy and the improvement of many families' standard of living.

It may, of course, be argued that the result would be something of a decline in the amount of foodstuffs sold through commercial channels. The objection is answered in large measure by saying that all too often families that need the extra foodstuffs to improve their living standards cannot purchase them at prevailing prices. Nor is there any immediate prospect that money incomes will increase so as to enable them to so purchase all the food they need. Even were this possible, it would not follow that families should be made wholly dependent upon money income. There are social and spiritual values which must be considered. The ownership of even a small piece of land on which part of the family subsistence is grown makes for greater security, stability, and initiative when the task is approached in the right spirit. Furthermore, it provides for the family the space, light, and air of which it is usually deprived in contemporary congested urban living.

Obviously such an approach to bettering living standards of low-income families will not work out unless there are adequate industrial and other employment opportunities in rural areas. For this reason the NCRLC has stood behind the movement to decentralize industry to the maximum extent feasible. Such a development will not only benefit families in rural areas by providing increased economic opportunity, but it will also do much to clear up the congestion of our larger cities which have become most difficult places in which to raise a family and provide it with a living, particularly among the lower-income groups.

MAN'S RELATION TO THE LAND—A STATEMENT OF PRINCIPLES WHICH SHALL UNDERLIE OUR NATIONAL, STATE, AND INDIVIDUAL ACTIONS

We hold:

God created the world, of which the earth is a portion, with a purpose, and through His loving providence He maintains the world for the good of human beings. Therefore, all human beings possess a direct natural right to have access to created natural resources.

God's intention in creation is to enable man to live with dignity in accord with his noble nature and destiny, to develop his personality, to establish and maintain a family, and to be a useful member of society. Society exists to fulfill these aims.

The good earth

The land is God's greatest material gift to mankind. It is a fundamental source of food, fiber, and fuel. The right to use such elemental source of life and development is essential for human welfare. No law or contract is superior to natural law. A fundamental human right is not to be denied or rendered ineffective by any legal ordinances, apparent previous rights, or obligations.

Stewardship

Land is a very special kind of property. Ownership of land does not give an absolute right to use or abuse, nor is it devoid of social responsibilities. It is in fact a stewardship. It implies such land tenure and use as to enable the possessor to develop his personality, maintain a decent standard of living for his family, and fulfill social obligations. At the same time, the land steward has a duty to enrich the soil he tills and to hand it down to future generations as a thank offering to God, the giver, and as a loving inheritance to his children's children.

The family and land

Since the family is the primary institution, access to land and stewardship of land must be planned with the family unit in view. The special adaptability of the farm home for nurturing strong and wholesome family life is the reason for the universal interest in land use and rural welfare. A unique relationship

exists between the family and the vocation of agriculture. The farm is the native habitat of the family. The family's welfare must therefore have the first consideration in economic and social planning. Throughout the history of the United States these fundamental principles have been worked out through National and State legislation, and they have been upheld by court decisions and popular acclaim.

Land use and human welfare

Efficiency in land use is not to be judged merely by material production but by a balanced consideration of the spiritual, social, and material values that redound therefrom to person, family, and society. The land is not to be a source of benefit to a favored few and a means of servile labor to the many.

Second only to making land available to the family is the responsibility of society to encourage and to educate the land stewards in the proper and most efficient use of the land and in such techniques as will make them masters of their own economic destiny.

The tiller's rights and duties

The worker on the land and his family possess the first right to the fruits of their toil for a decent standard of living. Second to such right come the rights of any nonoperating owner and of the State. Rural people have the right to receive directly their just share of the economic, social, and religious benefits in organized society.

The stewards of the land owe sacred duties and obligations to God, the community, and humanity. A faithful and honest fulfillment of their responsibilities goes hand in hand with their rights and privileges.

Suggested methods for the practical application of the declared principles on land policy

1. Make use of the land an integral part of socioeconomic planning and thinking.
2. Insist that education for land stewardship and the productive home be outstanding features of rural education.
3. Emphasize a special program of enlistment and training in secondary, liberal arts, technical, and professional schools for professional service to the rural community.
4. Make the family-type farm operated by the owner a major objective of legislation and planning.
5. Reform the system of taxing land and improvements so as to facilitate access to natural resources, security of tenure, and proper land use.
6. Revise land sale and rental contracts, mortgage obligations, and other debt instruments so that no loss of ownership or insecurity of tenure be possible except through negligence or injustice on the part of the farmer-operator.
7. Discourage large land holdings as undemocratic and unsocial.
8. Where large-scale production is necessary and advisable, encourage the use of cooperative techniques with local ownership and management.
9. At all times encourage cooperatives as a means of intellectual, moral and material advancement.
10. Where and when large-scale industrialized farming exists and requires employment of seasonal or year-round labor, demand for such labor group a living family wage, decent housing conditions, and collective bargaining.
11. Urge that wages and housing for the laborer on the small farms be decent and just. (Low wages and poor housing for the farm laborer tend to lower the reward and standards of living of the family-type farmer, bringing his own family labor into competition with the poorly paid hired hand.)
12. Extend social-security provisions, particularly health, old-age and survivors insurance, to farm people and other rural dwellers.
13. Develop locally owned and controlled business and industry in rural communities.
14. Encourage development of the "one foot on soil and one foot in the city" type of living as greatly advantageous to the family when adequate cash income is secured from work in industry or commerce.
15. Make land settlement possible for returned soldiers and displaced war workers through proper financial and educational planning, provided qualified people so desire and sound arrangements can be made.

ALPHABETICAL LIST OF SIGNATORIES

The Roman Catholics signing:

Rev. A. J. Adams, S.J., Campion High School
 Dr. Thomas J. Arceneaux, South Western Louisiana Institute
 Frank Bruce, publisher, Milwaukee
 Mrs. Albert Eisele, farm homemaker—rural columnist, Blue Earth, Minn.
 Most Rev. William A. Griffin, D.D., bishop of Trenton
 Rev. George C. Higgins, National Catholic Welfare Conference
 Prof. Emerson Hynes, St. John's University
 Rev. John LaFarge, S.J., editor, America
 Very Rev. Hubert Lerschen, regional director of Rural Life, Rayne, La.
 Rt. Rev. Msgr. L. G. Ligutti, National Catholic Rural Life Conference
 Will Lissner, the American Journal of Economics and Sociology
 Rt. Rev. Donald A. McLean, professor, Catholic University of America
 Prof. William J. McDonald, Catholic University of America
 Most Rev. William T. Mulloy, DD., bishop of Covington
 Rt. Rev. Msgr. John O'Grady, National Conference of Catholic Charities
 Most Rev. Edwin V. O'Hara, D.D., bishop of Kansas City, founder of National Catholic Rural Life Conference
 Rev. Charles Phillips, St. Mary's Church, Oakland, Calif.
 Rev. Patrick T. Quinlan, regional director of Rural Life, Brookfield Center, Conn.
 Rev. John C. Rawe, S.J., author and teacher, Ridge, Md.
 Martin L. Salm, dairy farmer, Chilton, Wis.
 Rev. Martin E. Schirber, O.S.B., dean, St. John's University, Collegeville, Minn.
 Edward Skillin, Jr., editor, Commonweal
 Joseph J. Trainer, sales manager, Roller Bearing Co. of America
 Rev. Joseph V. Urbain, pastor, Millville, Ohio
 Dr. Lydwine van Kersbergen, Grail Workers, Loveland, Ohio
 Rev. Leo R. Ward, C.S.C., Notre Dame University
 Most Rev. Charles D. White, D.D., bishop of Spokane
 Dorothy Willmann, the Queen's Work, St. Louis

The Protestants signing:

Joseph Ackerman, Farm Foundation
 Rev. O. O. Arnold, United Brethren in Christ
 James C. Baker, bishop, Methodist Church
 Dr. O. E. Baker, University of Maryland
 Rev. Edwin L. Becker, Disciples of Christ
 J. Burt Bouwman, Michigan Council of Churches and Christian Education
 E. R. Bowen, Cooperative League of the U. S. A.
 Rev. Leonard M. Braam, Reformed Church in America
 Dr. Mark A. Dawber, Home Missions Council of North America
 Dr. William V. Dennis, Pennsylvania State College
 Rev. Francis A. Drake, Friends of the Soil
 Rev. Shirley E. Greene, Merom Institute
 Stanley Hamilton, Rural Life Association
 Rev. Hilda L. Ives, N. E. Town and Country Church Commission
 Rev. John B. Ketcham, International Council of Religious Education
 Dr. Benson Y. Landis, Committee on Town and Country
 Dr. Kathleen MacArthur, National Board, YWCA
 Dr. Henry W. McLaughlin, Presbyterian Church in the United States
 Rev. I. W. Moomaw, Church of the Brethren
 Dr. Hermann N. Morse, Presbyterian Church in the U. S. A.
 Rev. Donald F. Pielstick, Home Missions Council of North America
 Dr. Henry S. Randolph, Presbyterian Church in the U. S. A.
 John H. Reisner, Christian Rural Fellowship
 Dr. Mark Rich, American Baptist Home Mission Society
 Rev. Clifford L. Samuelson, Protestant Episcopal Church
 Dr. Martin Schroeder, Midwest Synod, United Lutheran Church in America
 Dr. Rockwell C. Smith, Garrett Biblical Institute
 Rev. Claude J. Snyder, Evangelical and Reformed Church
 Rev. William H. Stauffer, Mennonite Church
 Dr. F. P. Stocker, American Moravian Church
 Dr. Thomas Alfred Tripp, Congregational-Christian Churches

ALPHABETICAL LIST OF SIGNATORIES—continued

The Protestants signing—Continued

- Dr. A. J. Walton, superintendent, Department Town and Country Work,
Methodist Church
Rev. Ralph L. Williamson, New York State Council of Churches
Rev. O. L. Willits, Town and Country Department, Ohio Council of Churches
Rev. Ralph L. Woodward, Yale Divinity School

The Jews signing:

- Dr. Gabriel Davidson, Jewish Agricultural Society
Rabbi Maurice N. Eisendrath, Union of American Hebrew Congregations
Dr. Louis Finkelstein, Jewish Theological Seminary of America
Richard S. Goldman, Jewish Agricultural Society
Rabbi Herbert S. Goldstein, Synagogue Council of America
Rabbi Ferdinand M. Isserman, Commission on Justice and Peace, Central
Conference of American Rabbis
Maurice Jacobs, Jewish Publication Society of America
Dr. Isaac Landman, editor, Universal Jewish Encyclopedia
Dr. Solomon Liptzin, College of the City of New York
Dr. Julian Morgenstern, Hebrew Union College
Rabbi Stephen S. Wise, Jewish Institute of Religion
Dr. Joseph Zeitlin, Rabbi Temple Ansche Chesed, New York

STATEMENT ON ACREAGE LIMITATION ADOPTED BY THE EXECUTIVE COMMITTEE ON
THE NATIONAL CATHOLIC RURAL LIFE CONFERENCE AT A MEETING IN DES MOINES,
IOWA, APRIL 16, 1947

Land-tenure policy and trends in landownership are closely connected with the welfare of the family and the distribution of private property. Even when brought about under the guise of economic efficiency, the concentration of land in the hands of a few is a practice destructive at once of wholesome family living and of widespread private ownership. The National Catholic Rural Life Conference stands unalterably opposed to such concentration of landownership, even in cases in which charitable or religious enterprises, or both, are made partial beneficiaries of the profits from such holdings.

The conference strongly advocates the framing of public land policy in such a way as to protect family-type farmers and to safeguard them from the inroads of land monopolists, whether the monopolists be individuals or corporations. One of the objectives of the conference is to encourage residence upon the land by families who operate their own productive and efficiently managed agricultural holdings. In accordance with sound American principles and established Christian teaching, the conference wishes to see as many families as possible enjoy the light, the space, the air, and experience the wholesome and encouraging sense of enterprise and ownership fostered by productive rural living.

The National Catholic Rural Life Conference intends to resist to the extent of its powers the dangerous collectivistic tendency of the large landholders who would repeal the acreage limitations wisely attached for over 40 years to federally sponsored reclamation and irrigation projects. It recalls that outstanding men of both major political parties have favored the inclusion of such restrictions in the bills authorizing appropriations for reclamation projects. The conference does not wish to see this tradition departed from in the case of the Central Valley project of California or in any other projects which have been or will be authorized. If, at times, minor modifications are necessary in certain areas in order to rectify errors in judgment as to what constitutes an efficient unit, these modifications should always be made in the interest of the family-type farmer and not for the benefit of a privileged few who own many hundreds or even thousands of acres of land.

The efforts of large landholders to fasten the term "socialistic" or "communistic" upon the restrictive provisions adopted by our Congress for the purpose of widely distributing private property are repudiated by the National Catholic Rural Life Conference. The conference, in fact, is convinced that no more dangerous collectivistic tendency exists short of communism than the present concentration of productive property. The practices of land monopolists destroy the spirit of private enterprise and reduce our rural population to

the status of proletarian agricultural workers. No surer preparation for state capitalism was ever devised than this progressive concentration of wealth in the hands of a few.

In reiterating the genuine Catholic viewpoint on this grave social question, the conference draws attention to the statement of Pope Pius XII, September 1944, on the subject of widespread ownership:

When the distribution of property is an obstacle to this end (the genuine productivity of social life and the normal returns of national economy) * * * the state may, in the public interest, intervene by regulating its use or even, if it cannot equitably meet the situation in any other way, by decreeing the expropriation of property, giving a suitable indemnity. For the same purpose, small and medium holdings in agriculture * * * should be guaranteed and promoted.

The conference considers the acreage restrictions of the reclamation acts to be in full accord with this teaching.

It is noteworthy that the repeal of acreage limitation in the Central Valley and in other projects would benefit special-interest groups and damage family-type farmers; that it would mean diversion of federally appropriated funds to speculative commercial enterprises and corporation farms; that it would appreciably increase the number of migrant agricultural workers, who with their families are required for large-scale farm operations; that it would encourage the exploitation of these workers; that it would exclude from landownership veterans wishing to set up moderately sized farms of their own on acres made productive through public irrigation; that by aggravating the trend to large-scale landholdings and attaching speculative values to land which individuals or families wish to purchase, it would militate against the best interest of the people in other parts of the country. The National Catholic Rural Life Conference, accordingly, asks that our National Legislature take into consideration these facts as well as the pleas of the special-interest groups who stand to benefit by repeal.

Most Rev. W. T. MULLOY, *President*,
Rt. Rev. L. G. LIGUTTI, *Executive Secretary*.

STATEMENT SUBMITTED BY CALVIN B. HOOVER, DIRECTOR OF RESEARCH, COMMITTEE OF THE SOUTH

DEAR SENATOR SPARKMAN: Colonel Palmer, chairman of the Committee of the South, has referred your letter of December 20 to him to me for comment. I have previously received the report of your Subcommittee on Low-Income Families and found it profoundly important. The subject is one in which I have been deeply interested throughout my life.

As you know, Dr. B. U. Ratchford and I made a study for the Committee of the South on the "Impact of Federal Policies on the Economy of the South." The Committee of the South undertook this study at the request of the Council of Economic Advisers. The Council of Economic Advisers transmitted the report to the Joint Committee on the Economic Report of which you are a member. I believe there is a good deal in the report which would be of significance to the work of your Subcommittee on Low-Income Families.

One comment I would like to make which may be of some direct relevancy to the work of your committee. In proposing various programs for foreign aid it is often argued that the market for the products of American agriculture and industry would be immensely expanded if the low incomes of the people of, say, India, or China could be increased. This is quite true but it is often overlooked that the same result would follow from raising the incomes of the lower level income receivers in the United States. This is particularly true of the South where per capita income is only some two-thirds as high as that for the rest of the country.

A billion dollars made available in free grants to backward countries for the purpose of building railways, power dams, irrigation works and the like would create a demand for American goods. There might, indeed, be circumstances:

under which our national interest would be served by such action. It should not be overlooked, however, that a similar expenditure of Federal funds for hospitals, roads, school buildings, social security and the like in the United States would likewise create a demand for the products of American industry while the results of such expenditures would go to benefit our own citizens.

There are difficulties and limitations on a policy of free Federal grants either to our own citizens or to those of foreign countries. Only under conditions of threatened economic depression would the Federal Government be justified in making such grants for the purpose of stimulating demand for the products of our industry.

However, there is every reason to explore the possibilities of increasing the earning power of low-income groups in the South with a view to improving their capacity to absorb the generally high productivity of the American economy. Among the millions of relatively low-income families in the South a really great market opportunity exists. No constructive means for building up this market should be overlooked.

What is needed, on the one hand, is a constantly larger volume of capital investment in industry in the South, as well as the development of industries with a greater value of product per worker. On the other hand, similar developments in agriculture are essential. The continuance and acceleration of the trend toward greater diversification in agriculture, the development of dairy and livestock production, the further application of mechanical power on efficient-sized farms and related developments, all tend toward a greater value product per worker which would contribute greatly toward the expansion of this great potential market.

Something can be done also through minimum-wage legislation and through minimum-price supports or compensatory payments in agriculture. In both cases, however, it is immensely important that these minima should not be so high as to put either industry or agriculture in a strait-jacket.

With best wishes, I am,
Respectfully yours,

CALVIN B. HOOVER,
Director of Research, Committee of the South.

TEXT OF NATIONAL GRANGE RESOLUTION ON EXTENSION OF OASI COVERAGE TO
AGRICULTURE ADOPTED AT THE ANNUAL CONVENTION, SACRAMENTO, CALIF.,
NOVEMBER 16-26, 1949

We have considered the report of the interim committee on social security appointed pursuant to resolution adopted at the Eighty-second session and endorse that section of the national Master's address "Social Security for Farmers" and recommend the adoption of the following resolution:

Whereas (1) the old-age assistance program is a heavy financial burden in many States and will become increasingly so, and (2) the old-age and survivors insurance program is a plan whereby each worker during his working years must help to pay for the survivorship and retirement benefits, and

Whereas (1) the old-age and survivors' insurance program has not been extended to farm people, and (2) many difficult problems will be encountered in its extension to farm people; therefore be it

Resolved, (1) That we favor extension of coverage to farm people on a trial basis working toward the perfection of a practical plan; (2) that coverage be extended to farm people in those States adopting appropriate legislation (3) that the executive committee be authorized to advocate the Grange and favoring general coverage of farm people if it is satisfied that the plan proposed is workable.

TEXT OF AMERICAN FARM BUREAU FEDERATION RESOLUTION ON EXTENSION OF OASI
COVERAGE TO AGRICULTURE ADOPTED AT THE ANNUAL CONVENTION, CHICAGO,
ILL., DECEMBER 15, 1949

The Federal old-age and survivors insurance program under the Social Security Act provides a type of assistance which has become accepted as an integral part of our economic system. However, the total of direct payments by Federal and State governments to needy aged persons is constantly increasing. This trend must be changed by extending old-age insurance coverage and by establishing insurance benefits on at least a minimum subsistence level. Employees of general agricultural organizations should be covered. Farm labor should also be covered. If the extension is provided by law to include self-employed other than farmers, and is proved feasible and administratively practical, then careful consideration should be given by State and county farm bureaus to the question of the coverage of farm operators under the old-age and survivors insurance program.

X