the month it would be in the Treasury and on the first day of the month paid out.

And that sum stimulates business all over this country and relieves us from the depression that we are now in, brings us back to prosperity, and it brings us back in a sound financial condition. Why do I say that? Briefly, this, that there can be stabilization of the currency of this country brought about by that procedure when we take the commodities, 100 of them if necessary, scale the price of those commodities for the last 10 to 25 years, average the price of each commodity and peg that price as the average price for the year.

The volume of circulating medium in the country makes that price go up or down. If the volume of the circulating medium has increased to the point where there is a larger volume, the price goes up. If the price goes up on all of the commodities, then you put the sales tax into operation and it will come down by taking out of circulation the medium of circulation.

If it goes below the place where the price has been pegged, suspend your sales tax and the price of the commodity will immediately rise to the level, and there it will be up and down as the volume of circulating medium increases or decreases. And in the language of that great man, William J. Bryan, the quantity theory of money is the only correct theory of money in the United States.

If your Honor desire to ask questions, I will answer them for the next 5 minutes.

The CHAIRMAN. We thank you for your appearance and the information you have given the committee.

Mr. SANDERS. Mr. H. H. Halsell, of Lubbock, Tex., is here and would like to speak for 3 minutes. I ask that he be given that privilege.

The CHAIRMAN. Without objection, at the request of the member of the committee, Mr. Halsell is privileged to speak for 3 minutes.

STATEMENT OF H. H. HALSELL

Mr. HALSELL. My name is H. H. Halsell, of Lubbock, Tex. I am from Congressman Mahon's Nineteenth Congressional District. I started out a month and a half ago, speaking, securing signatures to an old-age pension petition. As soon as it was discovered that I was not interested in a $200 plan, and the encouragement to spend the money, the expense money that was offered and tendered to me with was withdrawn, and I returned it to the committee. Then the other class of citizens in our congressional district, with whom I had a great many friends, and who recognized me and gave me endorsements, paid my expenses up here. I arrived Wednesday night. That class of citizens believe as I believe, that the aged people who have made this country what it is should receive a sufficient amount to adequately take care of them in their old age, and thereby bring about a circulation of money and buying power in the hands of people who do not now have that buying power, and also absorb some amount of unemployment. That is what I stand for. I do believe that those in distress should have a relief that will lengthen their lives and bring about—as they are depressed and oppossed and discouraged—I do believe that it will bring relief to that aged class and help the social and economic condition of this country. I do not stand for any unreasonable amount, nor do the thinking class of people who sent me here stand for that amount. I hate to say that in the presence of these fine gentlemen who stand for the other amounts.

I thank you. If you want to ask me any questions I will be glad to try to answer them. Now, I am not an educated man; at least I am practically educated. I have educated myself without ever having gone to school. I am a stock farmer. But I do believe that I have a mind to analyze these problems in some measure. Very humbly I ask you all if you want to, to ask me any questions you want to.

Mr. THOMPSON. What would you consider a reasonable amount?

Mr. HALSELL. I would think somewhere from 30 to 50 dollars.

Mr. THOMPSON. Does that represent the Federal Government's share or what they may receive from the Federal Government and the State as well?

Mr. HALSELL. No, sir. I do not favor, for instance, Texas has Confederate pensions, and they are $3,000,000 behind, and their checks are not good now. They have a $20,000,000 bond issue. Suppose all the States of the Union had an old-age pension. That would be exactly the same as if the Federal Government provided for an old-age pension. So I would just figure that we ought to have a pension supported by a sales tax upon all the approximately 100 million people in the United States to provide something like between 30 and 50 dollars.

Mr. THOMPSON. Per month?

Mr. HALSELL. Yes, sir.

Mr. THOMPSON. Have you any idea about the age limit that you care to express?

Mr. HALSELL. Age limit? I figure that it ought to be 60 years. And I do think there ought to be provision made that those folks who do not need it would never procure that amount.

The CHAIRMAN. We thank you for your appearance and the statement you have made to the committee.

Mr. HILL. Before the record is closed I will ask permission to have inserted in the record an analysis from a financial standpoint of the operation of the Townsend old-age pension plan as stated in H. R. 3977. I modify that request by broadening it to this extent, that any statement pertaining to the subject matter of this bill offered by any member of the committee may be so included before the record of the hearings goes to the printer.

Mr. LEWIS. May I suggest in addition any statement of the economist they thing they might have here Monday be included in the record for our reading?

Mr. HILL. I said submitted by any member of the committee.

Mr. LEWIS. These gentlemen say they have an economist coming here tomorrow or Monday.

Mr. HILL. If it is submitted to the chairman he will pass on it.

The CHAIRMAN. Without objection, the request of Mr. Hill will be granted.

Mr. CROWTHER. I desire to submit for the record a very interesting analysis of the old-age pension reserves and the problem of their investment. It is presented by one of my constituents, Mr. C. M. Armstrong, of Schnectady, N. Y.

The CHAIRMAN. Without objection it may be inserted in the record.

(The matter referred to follows:)

STATEMENT OF C. M. ARMSTRONG, SCHENECTADY, N. Y.

OLD-AGE PENSION RESERVES

Everyone agrees that old people should have some source of income. The argument on old-age pensions deals with the method of providing it. Some say each individual should privately save enough to care for his old age by buying insurance or annuities or depositing funds in a savings bank. Others believe the Government should force everyone to save and deposit the money in a Government fund instead of in banks or insurance companies. The advocates of all of these plans have assumed that safe investments can be found for the large sums involved if all of us followed their plan. They have overlooked the fact that insurance companies are raising their rates and savings banks are reducing their interest rates because—

1. They overestimated past interest by failing to accumulate adequate reserves for losses which are now being partially recognized.
2. They cannot find new investments bearing good interest rates that they believe are safe.

If the insurance companies cannot find good investments for their increase in assets of about $300,000,000 a year (1932–33), where will the Government invest a fund of a billion dollars or more per year which will be necessary if a modest pension is to be paid? If the insurance companies are having difficulty in keeping 22 billion dollars successfully invested, what would the Government do with the 50 billion they would ultimately collect on a modest reserve pension plan? Would the Government build elegant post offices, roads, etc., with it, or would it finance unemployment relief by borrowing the funds for the Government deficit? In either case the future generations will really pay for the current pensions by paying for post offices that were not needed or for long-past deficits. Any national reserve pension plan will have to depend on the earnings of future generations unless the reserves are invested in income-producing capital. There is serious question if as large a sum as would be accumulated could be successfully invested by the Government or anybody else to yield any net interest return. The losses on some investments would probably offset the earnings on others.

If no interest can be earned, the amount which must be collected is the same as the amount to be disbursed, and there is little or nothing gained by collecting it many years before it is to be disbursed. Thus there is no need to build up large reserves. A plan can provide (with actuarial safety) for full normal payments immediately to all those now meeting the age requirements.

Census figures give a very accurate picture of the current disbursements required. The payments should not be withheld from those who have other income or relatives able to support them. This would tremendously simplify the administration and eliminate the incentive to conceal other income.

Individuals now working and supporting parents or aged relatives would be relieved immediately of their individual responsibilities (up to the amount the Government provided) but would pay their share of the amount raised for current national old-age disbursements. Corporations now supporting old employees would be relieved of part of their pension obligations—i. e., the basic "$30 per month per pensioner" or whatever sum the Government provided. Relatives or corporations would, in many cases, continue some payments to those now receiving more than the new Government pension would provide. The change would eliminate the double cost now borne by corporations with pension plans and individuals supporting aged relatives. That is, the companies having a pension plan now support all of their own aged employees, and also, through taxation, support the indigent who worked for employers without pension plans.

Under such a plan with immediate full benefits the disbursements on a national scale will change very slowly from year to year. They will increase over a period of years as our population ceases to expand, because the proportion of aged people will increase slowly. However, at the same time there will be a decrease in the proportion of children to be supported from the national income, and the change in cost of supporting all dependents will be close to zero. If we eventually reach a seriously and rapidly declining population, the cost of support of dependents will increase per capita of workers. However, under these circumstances there will be less need for expenditures for the expansion and maintenance of capital facilities, and the standard of living of pensioners and workers can still be maintained by living on the savings caused by eliminating capital expenditures not needed.

118296—35——69

There is nothing new in having each working generation support the preceding generation of workers. That has been the practice of families and society for uncounted generations. Only a few in each generation have laid aside enough to support themselves after their working lifetime.

While the foregoing proposal is sound for a country, attention should be called to the fact that company pension plans cannot be built with safety on the principle of paying pensioners from current operating income. Companies rise and fall over relatively short intervals and hence cannot safely assume that there will always be a younger generation to pay the pension costs of their predecessors. As an example, the railroads are now facing a continual increase in number of pensioners and decrease in the number of active employees.

Serious inflation would destroy the value of a reserve type of pension, but would not greatly disturb the above proposal. If prices are doubled, the monthly pension would need to be doubled, but the national (taxable) income or pay roll would also double, requiring no change in the tax percentage.

The committee's proposal involves a tremendous clerical task of recording individual contributions of a few cents per week and accumulations thereof. It would seem that the national problem is to supply a minimum income, which should be alike for all. Then voluntary accumulations, in the established savings media, provide a larger income for those with larger incomes or thriftiness. The proposal outlined above may be financed by whatever system is simplest and currently acceptable to Congress. Its immediate payment of full normal benefits and the collection of the needed funds would have no appreciable effect on current business.

Furthermore the Wagner-Lewis bill makes no provision for the women who are not gainfully employed or for the large number of farmers or others who are working on their own behalf.

STATEMENT OF HON. WILLIAM M. COLMER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI

Mr. Colmer. Mr. Chairman and gentlemen of the committee, I am intensely interested in the Economic Security Act now under consideration by your committee. I am naturally interested in anything that tends to the betterment and the economic stability and comfort of the aged. President Roosevelt assured the Seventy-third Congress that he would recommend social legislation of this type. The people of the country as a whole, both young and old, are intensely interested in the problem. I have read with meticulous care and increasing interest the bill of the distinguished gentleman from North Carolina—Mr. Doughton—the chairman of this committee, which proposes to put into actual operation legislation seeking economic security and comfort for the aged, the unemployed, and the unfortunate cripple. The theory of this piece of legislation is beautiful, but I am very much concerned about its practical operation. We are all agreed that some legislation looking to this end is desirable. This committee has had many plans submitted to it, some most fantastic and impractical, some more practical and logical. But I desire to discuss briefly one feature of the legislation introduced by your distinguished chairman, as I feel that that particular bill in some form will be the one most likely reported by your committee.

The point that I want particularly to call to your attention is the provision which requires that the States must contribute an equal amount to that provided by the Federal Government up to $15 per month. As I understand the bill, the Federal Government will contribute to the aged people over 65 who can qualify thereunder an amount up to $15 per month, provided the State or other subdivision of the Government of which that particular aged person happens to be a resident will contribute an equal amount.