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Women and Retirement Security 10/27/98 [2]

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S	91	6	9	3

Final 10/26/98 6:00pm

Jeff Shesol

PRESIDENT WILLIAM J. CLINTON

REMARKS ON RETIREMENT SECURITY FOR WOMEN

THE WHITE HOUSE

October 27, 1998

Acknowledgments: VP; Sec. <u>Herman</u>; the panelists; the satellite audience at 12 sites across America

Six years ago, when I became President, I dedicated my administration to fulfilling a new vision of government. At heart it is a simple vision: I have always believed that our government can live within its means, and, at the same time, invest in our people. I think the experience of the past six years shows us this was the right path, leading America into a new realm of prosperity, a new economic renaissance. These are prosperous and productive times for the American people: Opportunity is abundant. Communities are getting stronger. Families are more secure.

This year I have been talking and thinking about ways to strengthen that feeling of confidence -- particularly, and most important, the need to save Social Security for the 21st Century. On December 8th and 9th, we'll hold the first-ever White House Conference on Social Security to help pave the way toward a bipartisan solution next year.

Social Security, as many of you know from experience, means more than an ID number or a monthly check. It is a sacred trust among generations; between parents and children and grandparents and grandchildren; between those in retirement and those at work; between the disabled and the able-bodied. It is our obligation to one another and to our deepest values as Americans. It is and must remain a rock-solid guarantee.

America has never had a greater opportunity to save Social Security. Just this month, I had the privilege to close the books on three decades of deficits and open -- at long last -- a new era of balanced budgets and budget surpluses. We have turned red ink to black, and in impressive fashion: the projected $70 billion surplus is the largest in history. It is the product of the hard-working Americans who drive the most powerful economic engine in a generation; and it is the product of hard choices by lawmakers who put our nation's long-term economic interests above their own short-term political gain. It is an achievement in which we can all rightly take pride.

We also know that we have not balanced the budget solely for its own sake.

We have not balanced the budget purely for our own prosperity. We have balanced the budget so we can do something meaningful for future generations. That begins -- as it should, as it must -- with strengthening Social Security for the 21st Century. There is no task more important. Strengthening Social Security helps keep our economy sound, our budget balanced, and honors our duty to older Americans.

But soon, there will be many more older Americans. I suppose I will be one of them. And 75 million other baby boomers will be retiring during the next two decades. By 2013, what Social Security takes in will no longer be enough to fund what it pays out, and we will have to dip into the trust fund.

By 2032, the trust fund will be empty, and the money Social Security takes in will only be enough to pay 72 percent of benefits. [*chart 1*]

But by making the budget surplus a Social Security surplus, we have already taken an important step in the right direction. Every American deserves retirement security during their sunset years. We plan for it, we count on it, we should be able to rely on it if need be. That holds true for women and men -- but, in the case of women, Social Security is particularly important. Women, on average, live longer than men; so it shouldn't surprise us that women make up 60 percent of all aged recipients, and 72 percent of recipients over 85 years old.

For elderly women, Social Security makes up more than half of their income -- and, for some, it is all that stands between themselves and the ravages of poverty. In fact, without Social Security, more than 50 percent of elderly women would be in poverty. [*chart 2*]

Study after study shows us that women face greater economic challenges in retirement than men do. There are three reasons for this: first, as I said, women tend to live longer: a woman who is 65 years old today can expect to live to 85, while a man of 65 can expect to reach 81. Second, even for comparable hours of work, women have lower lifetime earnings than men. And third, women reach retirement with smaller pensions and other assets than men do.

Social Security has a number of features that help women meet these challenges; but the fact remains that too many retired women, after providing ably for their families, are having trouble providing financial security for themselves.

That is why, for six years, my administration has been working hard to expand pension coverage, make pensions more secure, and simplify the management of pension plans. We are working for the economic empowerment of women -- working to end wage discrimination and strengthen enforcement of the Equal Pay Act. But there is more we must do. Until women earn one dollar for every dollar men earn -- and today we are only three-quarters of the way there -- we must work harder to give retired women the security they deserve.

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I believe we must save Social Security and do it next year. Social Security should be an issue that binds the American people not only across generational divides, but across party lines.

It is an issue that offers a choice between progress and partisanship, between moving forward and turning back. I think that is a very clear choice for the American people. The Congress we elect in eleven days is the one that will shape Social Security for decades to come. America needs a Congress that is 100 percent committed to saving Social Security first. America deserves a Congress that puts long-term security above short-term politics.

I am eager to hear our panelists talk. It is fitting that we will be talking about women's retirement, because one of the greatest advocates for Social Security was a remarkable woman named Frances Perkins. As Secretary Herman will tell you, Frances Perkins' name graces the Department of Labor building, just down Pennsylvania Avenue.

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Jonathan Orszag 10/26/98 12:35:39 PM

Record Type: Record

To: Jeffrey A. Shesol/WHO/EOP

cc:
Subject:

For Speech:

The paragraph that says "Yet in study after study" needs to convey these two broad points. Call me with questions.

Women Face Greater Economic Challenges in Retirement. First, women have lower *lifetime* earnings than men do. Second, women also tend to live longer: a woman who is 65 years old today can expect to live to 85, while a 65 year old man can expect to live to 81. And third, women reach retirement with smaller pensions and other assets than men do.

The Current Social Security System Has a Number of Features That Help Women Meet These Challenges.

1. Social Security provides an inflation-protected benefit that lasts as long as you live. Since women tend to live longer than men, they are in greater danger of outliving their other sources of retirement income; but it is impossible to outlive one's Social Security benefit.

2. The progressive benefit formula provides a higher replacement rate for workers with lower earnings. For the median female retiree, Social Security replaces 54 percent of average lifetime earnings, compared with 41 percent for the median male.

3. Social Security provides extra benefits to spouses with low lifetime earnings. The Social Security spousal benefit helps many women, even if they did not work at all outside the home.

4. Social Security provides benefits to elderly widows; 74 percent of elderly widows receive benefits based on the earnings of their deceased spouse.

5. Social Security provides benefits to spouses of any age who care for children under 16 if the worker (other spouse) is retired, becomes disabled, or dies; women represent 98 percent of recipients receiving benefits as spouses with a child in their care.

Jeffrey A. Shesol
10/26/98 04:32:33 PM

Record Type: Record

To: Melissa G. Green/OPD/EOP, Jonathan Orszag/OPD/EOP, Jeff B. Liebman/OPD/EOP

cc:

Subject: women and retirement -- draft 10/26 4:30pm -- changes in bold

Draft 10/26/98 4:30pm
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No ~~one is better qualified to talk about the vital importance of Social Security than women.~~ For most of us, it's women who raised us, and many of them did so while working two jobs: mother and worker. ~~As a result, many are left less well prepared for retirement than full-time workers are.~~ I believe we have a special duty to American women for the dual roles they fulfill and the sacrifices they make for all of us. We will be talking more about that in a few moments, and I know we are going to learn a lot from our panelists.

2

another reason
that is why soc sec is so important is essential for in filling gaps for these people

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I am eager to hear our panelists talk. It is fitting that we will be talking about women's retirement, because one of the greatest advocates for Social Security was a remarkable woman named Frances Perkins. As Secretary Herman will tell you, Frances Perkins' name graces the Department of Labor building, just down Pennsylvania Avenue. Frances Perkins was the first woman to hold the office Secretary Herman now holds -- in fact, she was the first woman to hold any Cabinet office. Years later, on the 25th anniversary of the Social Security Act she helped shape, Frances Perkins looked ahead and said: "We will go forward into the future a stronger nation because of the fact that we have this basic rock of security under all of our people." Frances Perkins and President Roosevelt laid that foundation. Now it is up to us to strengthen it for all of our people, women and men, as we move forward into the 21st Century. Thank you.

Draft 10/26/98 10:30am
Jeff Shesol

PRESIDENT WILLIAM J. CLINTON
REMARKS ON RETIREMENT SECURITY FOR WOMEN
THE WHITE HOUSE
October 27, 1998

Acknowledgments: TK

Six years ago, when I became President, I dedicated my administration to fulfilling a new vision of government. At heart it is a simple vision: I have always believed that our government can live within its means, and, at the same time, invest in our people. I think the experience of the past six years shows us this was the right path, leading America into a new realm of prosperity, a new economic renaissance. These are prosperous and productive times for the American people: Opportunity is abundant. Communities are getting stronger. Families are more secure.

This year I have been talking and thinking about ways to strengthen that feeling of confidence -- particularly, and most important, the need to save Social Security for the 21st Century. On December 8th and 9th, we'll hold the first-ever White House Conference on Social Security to help pave the way toward a bipartisan solution next year.

Social Security, as many of you know from experience, means more than an ID number or a monthly check. It is a sacred trust among generations; between parents and children and grandparents and grandchildren; between those in retirement and those at work; between the disabled and the able-bodied. It is our obligation to one another and to our deepest values as Americans. It is and must remain a rock-solid guarantee.

No one is better qualified to talk about the vital importance of Social Security than women. For most of us, it's women who raised us, and many of them did so while working two jobs: mother and worker. As a result, many are left less well prepared for retirement than full-time workers are. I believe we have a special duty to American women for the dual roles they fulfill and the sacrifices they make for all of us. We will be talking more about that in a few moments, and I know we are going to learn a lot from our panelists.

I want to begin, though, by noting that we have never had a greater opportunity to save Social Security. Just this month, I had the privilege to close the books on three decades of deficits and open -- at long last -- a new era of balanced budgets and budget surpluses. We have turned red ink to black, and in impressive fashion: the projected $70 billion surplus is the largest in history. It is the product of the hard-working Americans who drive the most powerful economic engine in a generation; and it is the product of hard choices by lawmakers who put our nation's long-term economic interests above their own short-term political gain. It is an achievement in which we can all rightly take pride.

We also know that we have not balanced the budget solely for its own sake. We have not balanced the budget purely for our own prosperity. We have balanced the budget so we can do something meaningful for future generations. That begins -- as it should, as it must -- with strengthening Social Security for the 21st Century. There is no task more important. Strengthening Social Security helps keep our economy sound, our budget balanced, and honors our duty to older Americans.

But soon, there will be many more older Americans. I suppose I will be one of them. And 75 million other baby boomers will be retiring during the next two decades. By 2013, the surpluses we now see in the Social Security Trust Fund will start to dwindle; and by 2032, Social Security will face a serious fiscal crisis. [*chart 1*] But by making the budget surplus a Social Security surplus, we have already taken an important step in the right direction.

Every American deserves retirement security during their sunset years. We plan for it, we count on it, we should be able to rely on it if need be. That holds true for women and men -- but, in the case of women, Social Security is particularly important. Women, on average, live longer than men. For many elderly women, Social Security is the only source of income; so it shouldn't surprise us that women make up 60 percent of all aged recipients. What ~~should~~ concern us most is when Social Security is all that stands between an elderly woman and the ravages of poverty. In fact, without Social Security, more than 50 percent of elderly women would be in poverty. [*chart 2*] and for some

shown face larger econ chall in retirement than ♂

Yet study after study ~~tells~~ us that women lag behind men in Social Security and pension benefits. There are three reasons for this: first, women are more likely than their husbands to take time off work to care for children; second, for the same reason, they are more likely to work part-time; and third, even for comparable hours of work, women have lower average earnings than men. Lower earnings mean lower pensions for women. Fewer work hours mean fewer contributions to pension plans. After providing ably for their families, too many retired women are having trouble providing financial security for themselves. Soc Sec has features that help ♀ face chall...

For six years, my administration has been working hard to expand pension coverage, make pensions more secure, and simplify the management of pension plans. We are working for the economic empowerment of women -- working to end wage discrimination and strengthen enforcement of the Equal Pay Act. But there is more we must do. Until women earn one dollar for every dollar men earn -- and today we are only three-quarters of the way there -- we must work harder to give retired women the security they deserve. But shouldn't stop us from doing

Today, I am announcing two concrete steps we must take: I am proposing, first, that workers who take time off under the Family and Medical Leave Act should be able to count that time toward retirement plan vesting and eligibility requirements. Sometimes, the few months spent at home with a child means the difference between pension benefits and no pension benefits. That is the wrong message to send to workers who are trying to balance work and family. Second, I am proposing that families be given the choice to receive less of their pension when both spouses are living, leaving more for the surviving spouse after the breadwinner dies. This should help keep elderly widows out of poverty in their twilight years.

These proposals build on the work of Congressman David Price and Senators Barbara Boxer and Carol Moseley-Braun, and they will make a difference for our mothers, wives, sisters -- and, someday, for our daughters. But let me emphasize again that the most important thing we must do for future generations is to strengthen Social Security. Now, I know it is an election year. When I said in my State of the Union Address that I would reject any attempt to spend any surplus until we have saved Social Security, I knew that the majority in Congress would demand to drain billions from the surplus -- even before it appeared in the books, even before the black ink had dried.

Regrettably, that's what they tried to do. The Republican leadership tried, in recent weeks, to pass a tax plan that squandered the surplus. I said all along I would veto it, and their plan failed. But this week, I was disappointed that the Senate Majority Leader said he may not want to join me in reforming Social Security. He and his colleagues in the majority may prefer to try again for tax cuts that squander the surplus. I think that is unwise. It is most certainly unhelpful. As with so many other long-term challenges, it will be far easier to resolve it if we act now than if we wait until crisis comes.

I believe we must save Social Security and do it next year. Social Security should be an issue that binds the American people not only across generational divides, but across party lines. It is an issue that offers a choice between progress and partisanship, between moving forward and turning back.

I think that is a very clear choice for the American people. The Congress we elect in eleven days is the one that will shape Social Security for decades to come. America needs a Congress that puts long-term security above short-term politics and puts Social Security first.

I am eager to hear our panelists talk. It is fitting that we will be talking about women's retirement, because one of the greatest advocates for Social Security was a remarkable woman named Frances Perkins, whose name graces the Department of Labor building, down Pennsylvania Avenue. As President Franklin Roosevelt's Secretary of Labor, Frances Perkins was the first woman to hold a Cabinet office. Years later, on the 25th anniversary of the Social Security Act she helped shape, Frances Perkins looked ahead and said: "We will go forward into the future a stronger nation because of the fact that we have this basic rock of security under all of our people." Frances Perkins and President Roosevelt laid that foundation. Now it is up to us to strengthen it for all of our people, women and men, as we move forward into the 21st Century. Thank you.

Jeff B. Liebman 10/26/98 02:51:12 PM

Record Type: Record

To: Jeffrey A. Shesol/WHO/EOP

cc: Jonathan Orszag/OPD/EOP, Melissa G. Green/OPD/EOP
Subject: comments cn Retirement Security for Women draft

The lines describing chart 1 aren't quite right.

In 2013 we start redeeming assets from the Social Security trust fund to pay benefits, but the trust fund doesn't start shrinking until 2021 (interest earned by the trust fund keeps the trust fund growing even as we start redeeming some of the assets). Also, describing 2032 as a "serious fiscal crisis" is a little too strong for our Democratic friends who like to argue that Social Security just needs a little tune up.

How about something like : "By 2013, what Social Security takes in will no longer be enough to fund what it pays out, and we will have to dip into the trust fund; and by 2032, the trust fund will be empty."

In the following paragraph, it would make more sense to have the "so it shouldn't surprise us" sentence right after the "women live longer than men" sentence.

Jeff

Charles M. Brain
10/26/98 02:33:09 PM

Record Type: Record

To: Jeffrey A. Shesol/WHO/EOP

cc:
Subject: soc sec remarks Barbara Karen

it may be too late by Cong Kennelly and Thurman were behing the letter that was sent earlier this year (june) to the president urging him to directly address the concerns of women in the soc sec debate. the letter was signed by 39 women mc's. 1st raised issue

altogether

if you can do something, it would be appreciated all around.

THE PRESIDENT HAS SEEN
10-19-98

'98 OCT 17 PM 3:54

THE WHITE HOUSE

WASHINGTON

October 17, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: MICHAEL WALDMAN

SUBJECT: SPEECH THEMES FOR UPCOMING WEEK

This week

The two weeks before the election are an opportunity for you to make a sustained argument to the public in advance of the election. We are seeking to minimize overtly political "campaign swing" events, focusing instead on events and arguments, mostly at the White House, that press your successful theme of progress versus partisanship.

The speeches and events will be dominated by Social Security, with this central theme: You achieved your central fiscal goal, setting aside the surplus for Social Security; we stopped the Republicans in Congress from raiding the surplus, and if they try to do it again, we will stop them again. Now we must take the next step and save Social Security. In addition, your speeches will address the continuing need for American leadership in the face of the worldwide economic crisis. In addition, you will have numerous opportunities to make a broad electoral case – about the progress of the past 8 days versus the partisanship of the past 8 months.

10/17-19 **Held for Wye Plantation talks**

10/20 **Possible personnel announcement (*tentative*)**

10/21 **After school care and school construction – Oakland, California**

This event, with Senator Boxer, will focus on one of the major Democratic victories in the budget – doubling funds for after school programs, to give children someplace safe to learn – and on the need to press forward with school construction. (Rather than a global education wins and losses speech, this event should focus on these two programs.)

10/22 **Day off**

10/23 **Social Security event #1 – Retirement security for women**

This event will focus on the special importance of Social Security to women, who are both less likely than men to have pensions and substantial retirement savings. You will announce two concrete steps to help women in retirement. First, they will now be allowed to count time taken under the Family and Medical Leave Act toward the vesting of their pension. Second, families will be given the choice of organizing their finances so they receive less from the pension when both are alive, but the surviving spouse receives more after the breadwinner dies. And we will release a report on women and retirement security stressing the centrality of Social Security to women.

Swearing in 100,000th AmeriCorps members

You will swear in the new class of AmeriCorps members, which will mark 100,000 young people who have earned their way through college by serving their communities.

10/24 **Social Security event #2 – radio address**

This radio address will be an opportunity to press the urgency of bipartisan Social Security reform, and point out that the Congress elected in one week will be the Congress that decides the fate of Social Security. It will restate your Social Security "principles" for reform. <u>And if possible, it will announce the date of the Social Security Conference in December.</u>

The week before the election

While any message schedule for the next week must necessarily be tentative, here is what we are proposing right now for that crucial period.

10/27 Social Security event #3 -- announcing budget surplus number

10/28 Press conference with President of Colombia
HIV in the African American community (tentative)

10/29 Attending launch of Shuttle Discovery carrying Senator Glenn

10/30 Departure statement on the economy (3rd quarter GDP released) (tentative)
Campaign with Rep. Schumer in New York – possible Social Security event #4

Other events, including those on the international economy, will be scheduled as appropriate.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release October 24, 1998

RADIO ADDRESS BY THE PRESIDENT TO THE NATION

THE PRESIDENT: Good morning. Yesterday, after nine days of difficult negotiations on Maryland's Eastern Shore, Israeli and Palestinian leaders signed an agreement that restores hope for peace in the Middle East. It strengthens security, increases cooperation against terrorism, and brings both sides closer to the day when they can live together as free people.

Keeping the peace process on track will require continued courage by Israelis and Palestinians in the months ahead. But this agreement shows what is possible when the will for peace is strong. And I'm proud that, together, we were able to make real progress. America will continue to work for a just and lasting peace in this land that is holy for so many people throughout the world.

Now, I'd like to talk with you about an historic opportunity we face here at home. Ten days from now, the American people will head to the polls for one of the most important elections in recent years. You will help select a Congress that will determine whether we seize this moment of prosperity to save Social Security for the 21st century.

Earlier this month we celebrated America's first budget surplus in 29 years. But even before the black ink was dry, some in Congress were determined to squander our surplus on an unwise election year tax plan. But we turned back these efforts. The balanced budget I signed this week protects our hard-won surplus until we save Social Security first. As a result, the new Congress will have the best chance ever to ensure that the baby boomers can retire in dignity, without imposing unfair burdens on our children.

As we begin the process of reform, I have proposed five core principles to guide our way: First, we have to reform Social Security in a way that strengthens and protects the system for the 21st century. We simply cannot abandon a program that represents one of our country's greatest successes.

Second, we should maintain universality and fairness. Third, Social Security must provide a benefit people can count on, regardless of the ups and downs of the economy or the financial markets. Fourth, Social Security must continue to provide protection for disabled and low-income Americans. And finally, any reforms we adopt must maintain our fiscal discipline.

Today I'm proud to announce the next important step we'll take in putting these principles to work. On December 8th and 9th, we'll hold the first-ever White House Conference on Social Security to help pave the way toward a bipartisan solution early next year.

Unfortunately, some in Congress already may be backing away from this historic opportunity. Just last week, the Senate Majority Leader said he may not be willing to join me in our efforts to save Social Security. That would be a grave mistake. As with so many other long-term challenges, if we act now, it will be far, far easier to resolve the problem than if we wait until a crisis is close at hand. I believe we must save Social Security and do it next year.

I pledge to work with anyone from any party who is serious about this task. We cannot let partisanship derail our best opportunity to strengthen Social Security for the 21st century.

For more than 60 years now, Social Security has formed the sacred bond between the generations. In the words of one elderly woman three generations ago, "it is a precious shield against the terror of penniless, helpless, old age."

If the Congress you elect in 10 days chooses progress, it can strengthen that shield for generations to come. But if it chooses partisanship, this historic opportunity will be lost. You have the power to shape a Congress that will keep our Social Security system as strong for our children as it was for our parents. You have the power to elect a Congress pledged to save Social Security first.

Thanks for listening.

END

REMARKS FOR VICE PRESIDENT AL GORE
ROUNDTABLE ON SOCIAL SECURITY
Friday, October 23, 1998

I want to thank all of you for coming today for this discussion of what we must do to strengthen Social Security for the 21st century -- and in particular, for the millions of American women who depend on it.

Three weeks ago, I was proud to stand with President Clinton and announce that America had posted its first budget surplus since Neil Armstrong walked on the moon. Long before that surplus materialized, everyone had a different idea about how we should spend it. Back when the surplus was projected to be $63 billion, even David Letterman weighed in with the "Top Ten Ways to Spend the Budget Surplus," including:

For 63 citizens, birthday cards with billion-dollar bills tucked inside.

Rent "Good Will Hunting" from Blockbuster and keep it 63 billion days.

Goodbye Pentagon, hello Octagon.

And my personal favorite, number 10: digitally remaster Al Gore.

But President Clinton ended the debate nine months ago with four memorable words in his State of the Union Address: Save Social Security first. It would have been easy to join with those who wanted to give away the store in risky, budget-busting tax schemes. But for the generation of Americans who saved Private Ryan, President Clinton committed us to saving Social Security first.

Last week, that leadership was rewarded, when President Clinton and I signed a new budget that not only saves the surplus for Social Security first, it makes a down payment on hiring 100,000 new teachers. It couldn't come at a better time. Over the next decade, projections show more than $1.5 trillion in surpluses for Social Security. But consider this: 75 million baby boomers will be retiring over the next two decades. By 2013, those surpluses start to dwindle, and by 2032, Social Security faces a serious fiscal crisis. By making the budget surplus a Social Security surplus, we have taken an important step in the right direction.

We all know that Social Security is a vital lifeline for millions of Americans, especially American women. More than 60 percent of Social Security recipients are women, and three out of every four recipients over the age of 85 are women. Without Social Security, the poverty rate among elderly women would be over 50 percent. But this isn't just a story of numbers and statistics, but faces and families. We are proud to be joined today by some of the people for whom Social Security has made all the difference.

We are proud today to be joined by Bernice Meyer, from Seattle. Ms. Meyer works with older Americans and disabled seniors, helping them with personal care, shopping, and cleaning. She expects to receive a small pension from an old job when she retires in 15 years -- but her job today doesn't have a pension plan. She is depending on Social Security to be a major part of her retirement.

We are also joined by Molly Lozoff from Miami Beach. Molly is a retired real estate broker and 77-year-old widow who receives a Social Security check each month. When she was 35, her husband had an incapacitating stroke, which left him unable to speak for the rest of his life. She became his legal guardian, and in the process of getting her life together, she "discovered that there were government programs that could provide assistance for the minor children of disabled parents." The assistance that the government provided at that time she believes, enabled her children to become the successful adults that they are today.

Also with us today is Wilma Haga from Bristow, Tennessee. Wilma is a 76-year old retired cafeteria worker with a small pension. Eight years ago, her husband died, and she receives his Social Security check each month. Wilma says that she could not survive without Social Security and would do anything to help people understand how important it is to women like her.

Finally, we are joined by Lucy Sanchez, from here in Washington, D.C. Over the course of eight months, her husband had heart surgery twice. To care for her husband, Lucy was able to use the Family and Medical Leave Law, and use accrued annual leave and sick time to retain her full salary. Today, Ms. Sanchez says, " If I *had* to go to work I would have been useless. Family and Medical Leave allowed me to do what I had to do because, no matter what, family comes first."

The message of these stories is clear: strengthening Social Security is not just a fiscal responsibility -- it is a profoundly moral responsibility. It is not just about saving our most successful social program, it is about preserving our oldest and most cherished values. Nobody understands that better than President Bill Clinton. For decades now, few elected officials have been willing to take on this important challenge. But President Clinton believes that it is so important to America's future that we can't afford <u>not</u> to take it on. And that leadership is making an enormous difference for America. Ladies and gentlemen, it's my pleasure to introduce . . . President Bill Clinton.

DRAFT****DRAFT****DRAFT****DRAFT****DRAFT****DRAFT

PRESIDENT CLINTON AND VICE PRESIDENT GORE PROPOSE NEW STEPS TO IMPROVE RETIREMENT SECURITY FOR WOMEN

October 23, 1998

President Clinton and Vice President Gore Announce Two New Steps to Improve Retirement Security for Women. For nearly six years, President Clinton and Vice President Gore have worked hard to expand pension coverage, make pensions more secure, and simplify pension plan administration. Despite the achievements the President and Vice President have had, there is still more work to do. While 40 million women work in the private-sector, approximately 60 percent of them do not participate in their employer's pension plan. That is why President Clinton and Vice President Gore are putting forward two new steps to improve retirement security for women.

I. **Counting Time Taken Under the Family and Medical Leave Act Toward Retirement Vesting and Participation Requirements.** Under the President's proposal, workers who take time off under the Family and Medical Leave Act (FMLA) can count that time toward retirement plan vesting and eligibility to participate. Under FMLA, eligible workers are entitled to up to 12 weeks of unpaid leave to care for a new child, to care for a family member who has a serious health condition, or because the worker has a serious health condition.

- The proposal would ensure that workers do not lose the retirement benefits they have earned when they take time off under FMLA.
    - <u>Example:</u> Jane, an employee with four years on the job, goes out on leave in May to have a baby. She has not yet worked 1,000 hours in that year. Under current law, because Jane does not have at least five years of service credited, she might not be vested and therefore could lose the matching contributions that have been made for her and any other employer-provided pension she has earned. Under the President's proposal, she will get the first 12 weeks of her leave credited, so that she will not lose the employer benefits she has earned.
- Under the proposal, workers who use FMLA leave to care for a critically ill family member will not suffer a pension loss as well.

- **Example:** Susan works part-time (1,000 hours a year). When her child becomes seriously ill in October, she takes unpaid leave under FMLA for the rest of the year to care for the child. Under current law, because Susan has less than 1,000 hours of service that year, the year is not credited toward vesting or eligibility to participate in the employer's plan. When Susan returns to her job in January, she will have to work another 1,000 hours over the next year in order to earn another year of vesting and eligibility credit.

- The loss of a year of vesting can be critical for many workers, especially women, who may have to leave the workforce to care for a seriously ill family member or to raise a child.

II. **Added Benefit Security for Widows and Widowers.** Traditional pension plans are currently required to offer to pay pension benefits in the form of a "joint and survivor annuity" option. This protects the surviving spouse of a plan participant/ex-employee in much the same way as life insurance. Regular (typically monthly) payments are made while both spouses are alive. Then, if the former employee dies first, the surviving spouse continues to receive benefit payments for the rest of his/her life.

But plans are allowed to meet this requirement by offering only a joint and 50 percent survivor annuity: under this option, the monthly pension payments to the surviving spouse are reduced to 50 percent of the level of monthly payments that were made while both spouses were alive. Many couples may prefer an option that pays a somewhat smaller benefit to the couple while both are alive but a larger benefit -- larger than the 50 percent survivor benefit -- to the former employee's surviving spouse. The effect would be much like providing added "life insurance" for the surviving spouse.

- Under the President's proposal, these plans would have to offer an option that pays a survivor benefit equal to at least 75 percent of the benefit the couple received while both were alive.

- Plan participants would not be required to choose this option.

A couple could still choose the plan's joint and 50 percent survivor annuity or single life annuity (with the spouse's consent). (A single life annuity pays benefits only for the lifetime of the participant.) Alternatively, a plan could offer the couple the choice between the new joint and 75 percent survivor annuity and a single life annuity (with the spouse's consent).

- This proposal should be especially helpful to women, because they tend to live longer than men and in view of the related problem of poverty among elderly women.

DRAFT****DRAFT****DRAFT****DRAFT****DRAFT****DRAFT****DRAFT****DRAFT

EXECUTIVE SUMMARY

- **Women Have Lower Income in Retirement than Men -- And Thus Higher Poverty.** In 1996, median income for elderly unmarried women (widowed, divorced, and never married) was $10,483, compared with $13,733 for elderly unmarried men and $27,944 for elderly married couples. Thus, the poverty rate for elderly women was higher than that of men: in 1997, the poverty rate of elderly women was 13.1 percent, compared to 7.0 percent among men. Among unmarried elderly women, the poverty rate was significantly higher -- about 20 percent.

- **Social Security Is Particularly Important to Women.** Elderly unmarried women -- including widows -- get 51 percent of their total income from Social Security. Unmarried elderly men get 39 percent, while elderly married couples get 36 percent of their income from Social Security. For 25 percent of unmarried women (widowed, divorced, never married), Social Security is their only source of income, compared to 9 percent of married couples and 20 percent of unmarried men. Without Social Security benefits, the elderly poverty rate among widows would have been 60 percent.

- **Women Receive Lower Monthly Social Security Benefits than Men Due to Lower Lifetime Earnings.** The average monthly benefit for beneficiaries ages 65 and above was $842 for men and $633 for women in December 1996. Women receive smaller benefit checks because, on average, they have lower *lifetime* earnings than men do. This is explained by three factors: first, women take more years out of the labor force than men do; second, women who work are more likely to work part-time; and third, full-time female workers earn less than full-time male workers.

- **Women Live Longer than Men.** A woman who is 65 years old today can expect to live to 85, while a 65 year old man can expect to live to 81. This gap is expected to persist into the future. Because women live longer, they depend on Social Security for more years, and become increasingly dependent on Social Security with age.

- **The Current Social Security System Has a Number of Features That Are Particularly Important to Women.** First, Social Security provides an inflation-protected benefit that lasts as long as you live. Since women tend to live longer than men, they are in greater danger of outliving their other sources of retirement income; but it is impossible to outlive one's Social Security benefit. Second, the progressive benefit formula provides a higher replacement rate for workers with lower earnings. For the median female retiree, Social Security replaces **X** percent of average lifetime earnings, compared with **Y** percent for the median male. Third, Social Security provides extra benefits to spouses with low lifetime earnings. Social Security provides a spousal benefit that helps many women, even if they did not work at all. Fourth, Social Security provides benefits to elderly widows; 74 percent of elderly widows receive benefits based on the earnings of their deceased spouse. Fifth, Social Security provides benefits to spouses of any age who care for children under 16 if the worker (other spouse) is retired, becomes disabled, or dies; women represent 98 percent of recipients receiving benefits as spouses with a child in their care.

- **Social Security Will Continue to Be Important for Women in the Future.** As the labor force participation rates of women continue to rise, women in the future will reach retirement with much more substantial earnings histories than in the past. Therefore, the percentage of women receiving benefits based solely on their own earnings history is expected to rise from 37 percent today to 60 percent in 2060. However, this means that 40 percent of women will continue to receive benefits based on their husband's earnings.

- **Challenges, Though, Remain for the Current System.** First, poverty rates among unmarried elderly women -- especially widows who make up 45 percent of all elderly women -- remain high. Second, there remains a substantial -- but falling -- number of relatively young widows who tend to be poorer than older widows. Third, divorced women are a growing share of the elderly population and their poverty rate is higher than the overall elderly poverty rate. Fourth, poverty rates among elderly minority groups remain unacceptably high.

- **Evidence Suggests Decline In Social Security Benefits in Widowhood Explains Much of Rise in Widow Poverty.** Empirical studies suggest that the fall in Social Security benefits for widows to 50 to 67 percent of benefits for married couples can explain as much as half of the excess in poverty among widows. Other explanations for the rise in widow poverty are (1) that poorer husbands typically do not live as long as richer husbands. Therefore, women who are widowed are more likely to have been poor throughout their lives than are the women whose husbands have not yet died; (2) the loss of the husband's pension income; and (3) declines in income from other assets at widowhood.

- **Among Current Retirees, Women Have Much Less Pension Coverage Than Men.** Only 30 percent of all women aged 65 or older were receiving a pension in 1994 (either worker or survivor benefits), compared to 48 percent of men. However, there is higher pension coverage among public-sector workers.

- **Pensions Received by Women Are Worth Less than Those Received by Men.** Among new private sector pension annuity recipients in 1993-94, the median annual benefit for women was $4,800, or only half of the median benefit of $9,600 received by men. And among women approaching retirement, pension wealth is much smaller: for example, single women had average pension wealth that was 34 percent of the single men's average.

- **Among Workers, Women's Pension Coverage Depends on Work Status.** Overall, fewer women have pensions through work, 40 percent of women compared to 44 percent of men. However, women in full-time jobs are equally likely to have pension coverage; in 1997, 50 percent of women in full-time jobs compared to 49 percent of men. Pension coverage is significantly lower for women who work full-time. In 1997, 15 percent of women working part-time were covered by pensions versus 50 percent working full-time. And women are more likely to work part-time or be out of the labor force than men.

Remarks by Frances Perkins

at the 25th Anniversary Celebration of the Signing of the Social Security Act
Department of Health, Education, and Welfare
August 15, 1960

Mr. Flemming, and all my friends here today, I cannot tell you what it means to me to meet you all on an occasion like this and to realize suddenly that I must have grown very old in these 25 years because I see on some of you whom I thought of as the working boys of the first staff of the enterprise that was attempting to bring forth the Social Security Act, I see some of you touched with grey. I even see Senator Carlson, now a Senator but in 1935 only a member of Congress, I see that he too has been touched with that terrible mark of the passage of time. So I know that there is something very real and important to the human race; something that is good for us to look back every now and then at the roots of our beginnings to see what they were, why they were, and who took the trouble and the enterprise to build up an institution which like this institution of social security in the U.S.A. became, as Franklin Roosevelt said, the cornerstone of his administration. For I think that nothing that was done during his day has brought so much credit to his day and to his wisdom as has this one thing, and this, of course, is due to the activity and the effort and the understanding and the planning of thousands of people, not only those who took a part in the original investigation and in the original survey of the possibilities, but to those who have administered this program down through the years and are still administering it.

I think too that as we stand here, and as we sit here and think about this precious child we want to see it grow. It has grown enormously in these years, it has improved, its administration has grown bigger and bigger as the imagination of those in charge have pointed out what could be done, but there is yet much that needs to be done and that I hope in God's good time will be done by bipartisan action as were the last amendments.

This, I think, is one of the things we need to remind ourselves about. I think too that we must remind ourselves of a few of the people who are not here today and who have gone to their last reward. In particular I think of Ed Witte, of Wisconsin, who did the heroic major work of writing in his own hand the results of the deliberations of committees and sub-committees and student research and who drove a high-powered team of volunteer workers who came to do the research work for those of us who had the responsibility of developing and proposing to the President, and by the President to the Congress, the Social Security Act. For this was a thrown-together team, as many of you remember. We had no money. It was a great misfortune. The Committee on Economic Security had been appointed, but nobody remembered to have the Congress pass an appropriation for us to work on. It was a little embarrassing and it seemed as though it couldn't be done, but by one device and another--it was all honest, everything we did was honest--(nearly fell into a trap didn't I). We borrowed the money from Harry Hopkins as a matter of fact--$125,000-- an enormous sum but that was what it needed and it was all that it took to get the social security investigations, and research, and proposals, and planning, and law-writing under way. Well, we borrowed it and that was all there was to it. We never paid any interest and I've never yet known whether we, ah ... but we employed unemployed stenographers and typewriters and college professors, people like that and that was why it was possible for Hopkins to lend us the money. We went to all the Government agencies for people who would be given by the head of the Department to somebody else. You know how easy that sort of thing is. The Labor Department, of course, we gave over almost bodily. I said this morning to someone, I think that 80% of the people who worked for the Labor Department were all working for the social security program because they were available, and Agriculture was nice and generous, and they gave us a good many, and they say the Treasury, who was also on the economic security committee which the President appointed, gave us just two, (very measly little things). The Attorney General's office gave us nobody, except Mr. Halstaff who was a thousand men in himself. He was so good; he's a judge now, I believe. I hope he is happy because he did an amazing amount of legal work for nothing for us.

But this was all that we had to work with. Then we got in this group of, we had of course, the great help of the Advisory Council who were really remarkable in what they were able to do and the support they were able to muster for the ideas and in their support behind the working staff. And then we borrowed the working staff from all over the country. I remember it was just a telegram saying "We have no money. We can pay your railroad fare and your expenses if you really need expenses while you are in Washington, but there is no salary. Will you come?" and we only had one refusal. And the people who knew the most about the existing security systems in other countries came and worked willingly and worked at high pressure all through a summer so different from this one as you can hardly believe it possible. This was a team of high-powered people, professors from all over the country whom Ed Witte had to drive and from whom he had to extract a program and to whom he had to break the news that this particular idealistic pattern which some professor had thought up wouldn't do because, you know, the Senate, the Congress, the Supreme Court, politics in general. It was not an easy thing to do.

But this was a different summer and I shouldn't talk more about the past because no one likes to hear the reminiscences of those who may be incorrect in a part of their reminiscence. But the summer was so different. I wish I could make it clear to you. In the first place it was hot, really hot. If any of you have looked at the newspaper pictures of the Congress assembled in that long, hot period, because they didn't adjourn and didn't adjourn -- it was still in session in August -- have looked at the pictures of the ceremony of signing the bill in President Roosevelt's office, have looked at the bedraggled state of the hair and the clothes of the people who were present, will realize it was a terrifically hot Washington summer and we worked all through that terrifically hot summer. Then again there was another difference. We were not yet out of the woods of the Great Depression and, of course, it was the Great Depression which we must never forget in this country, which was the approximate cause of this movement which was launched at that time -- this movement to write under the lives of the American people a basis of security which came to them out of the orderly and substantial, and regular, contributions to their future and to the future hazards. It would not have been done in that year, I am sure, except for the fact that the Great Depression was still staring us in the face and we were conscious of it whenever we walked on the streets of Washington. These were the different days. Today this is a very different world. You even have air conditioning, which we never heard of, you know. There wasn't an air conditioned spot in Washington in '34 and '35 and, as for how we were going to keep the records, you know, of the social security program once it was launched, was one of the great problems. The IBM hadn't been invented, the machines you all operate so easily. And I want you to realize that it took some courage, Mr. Secretary, to launch the program without the IBM machines. I would like to add that under any circumstances I was always a bit nervous about it, and I remember the day that Arthur Altmeyer, who was then First Assistant Secretary of Labor, walked into my office and said, "You know I think we found it." Because he had been talking about, you know, handwritten pieces of records and how they were to be organized and stacked up, "I think we've found it. These new IBM machines, I believe they can do it." And so out of that really inventive group, that worked in the IBM research group we found a way by which this could be done.

So I think in every step as the social security program has progressed from year to year, and year to year, and in the attitude of the people themselves toward the payment of the tax there has come the answers to many of the questions that we knew not how to solve when we began, but which we were determined we had to solve and I am thankful to say that I believe we did solve them. And I learned from your own speech, Mr. Secretary, that you too believe that problem has been solved and that we will go forward into the future a stronger nation because of the fact that we have this basic rock of security under all of our people.

Frances Perkins

VIEWPOINT

MARY RUDIE BARNEBY and JENNIFER KELLY

A Pension Gap for Women

BY the latest count, there are 58 million working women in the United States. In 1995, women made up 46 percent of the American labor force, according to the Labor Department. Although they are still concentrated in technical, clerical and sales occupations, women now hold 48 percent of all managerial and executive jobs and nearly 53 percent of all professional positions. They also own eight million businesses; companies led by women are among the fastest-growing sectors of the economy, the Small Business Administration says.

Despite this growing participation in nearly every part of the labor force, women still lag behind men in traditional pension and Social Security benefits. And because they live longer, women actually need more retirement savings than men, not less.

Fortunately, several legislators have recognized the need for better retirement savings vehicles for women. Measures now in Congress would go far to address women's interests in these key areas:

1)

• *Retirement savings during maternity leave.* About half of all women drop out of the work force at some point to have or care for children. During maternity leave, women make no contributions to their companies' pension plans. They may not be eligible for traditional individual retirement accounts, either, if their spouses have pension coverage and their income exceeds threshold levels.

A bill sponsored by Senator Judd Gregg, Republican of New Hampshire, addresses this problem. The proposal would allow nonworking spouses to make tax-deductible contributions of up to $2,000 to I.R.A. accounts, even if they are married to people who participate in an employer-sponsored retirement plan.

A similar provision was enacted into law this summer as part of the balanced-budget agreement. But the deductibility phases out for couples with incomes between $150,000 and $160,000. Senator Gregg's measure would allow women (and men) at every income level to continue building retirement assets tax-free during periods when they drop out of the work force to care for children. It also allows larger "catch-up" contributions by parents returning to work.

2)

• *Faster vesting for pension coverage.* Women have just 3.8 years of tenure, on average, at their current jobs, according to the Bureau of Labor Statistics. Because some pension plans begin to offer vesting only after five years, frequent job shifters may not earn adequate pension coverage.

mother

Senator Bob Graham, Democrat of Florida, has introduced a bill that requires companies to offer vesting after three years instead of the current five.

The Graham bill also addresses other issues: It lifts the restriction that permits employees to contribute only 25 percent of their salaries to defined-contribution pension plans like 401(k)'s; under that rule, lower-paid employees are unable to contribute the maximum $9,500 per year allowed better-paid workers. And, like the Gregg bill, it allows catch-up contributions to retirement plans after unpaid maternity or paternity leaves.

The bill would also provide some benefits to the spouse of a deceased Government employee, even if the employee died before becoming eligible for benefits.

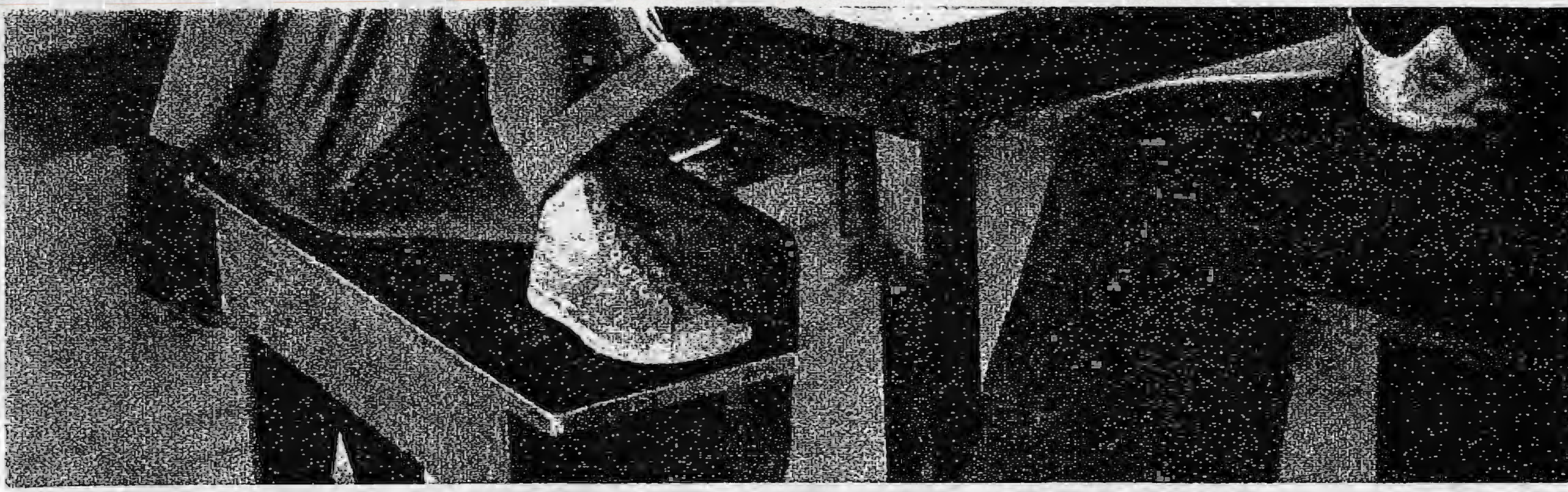
• *More equitable division of pension assets after a divorce.* Nearly half of all married women get divorced — and in many cases suffer a drastic drop in their standard of living. New legislation by Senator Carol Moseley-Braun, Democrat of Illinois, would help insure that divorced spouses at least have a chance to share in pension benefits.

The bill would require employers to notify spouses of divorced employees that they may be eligible for pension benefits. The spouse would then have to present divorce papers to the employer. If a court has not already decided how pension assets should be split, the divorced spouse may be entitled to half the pension benefits earned during the marriage. Another provision would set up a hot line for questions about women's pension issues. Representative Barbara B. Kennelly, Democrat of Connecticut, has introduced a companion bill in the House.

Clearly, these bills would help level the playing field and help women save for retirement. They would add to an increasing menu of options, like the new I.R.A.'s for nonworking spouses and an array of small-business retirement vehicles.

It is encouraging that legislators are looking for more ways to help women save for retirement. Women, and men, should actively support this legislation. But just as important, women need to be aggressive in taking advantage of all corporate or organizational retirement savings programs available to them. In our rush to provide so much for our families, we often forget to provide financial security for ourselves. □

Mary Rudie Barneby is president of Delaware Investment and Retirement Services, a Philadelphia firm that manages retirement plans, and of the National Defined Contribution Council, an organization of plan providers. Jennifer Kelly is a freelance journalist in Walpole, N.H. Both are working mothers.



F. Allen Morgan.

Transient Jobless—"Unemployment Insurance Will Within a Short Time Considerably Lighten the Public Burden of Caring for Those Now Unemployed."

SOCIAL SECURITY: THE FOUNDATION

The New Measure, Says Secretary Perkins, Is a Step Toward a Better Ordered Society

In the following article the aims and purposes of the Social Security Act are set out by the Secretary of Labor. Miss Perkins was chairman of the President's Committee on Economic Security, which made the study leading to the introduction of the bill. She has been active for fifteen years in advocating such legislation and conducted a special study of European insurance systems for Mr. Roosevelt when he was Governor of New York.

By *FRANCES PERKINS*
Secretary of Labor

THE social security program, which has just been embodied in an act of Congress, represents a most significant step in our national development. It is a milestone in our progress toward a better ordered society, providing, as it does, protection against the loss of income due to unemployment, old age, and the death of the breadwinner. All this is in the interest of the national welfare.

If we are to maintain a healthy economy and thriving production, we need to maintain the standard of living of the lower-income groups in our population, who constitute 90 per cent of our purchasing power. The President's Committee on Economic Security, of which I had the honor to be chairman, in drawing up the plan, was convinced that its enactment into law would not only carry us a long way toward the goal of economic security for the individual, but also a long way toward the promotion and stabilization of mass purchasing power, without which the present economic system cannot endure.

That this intimate connection between the maintenance of mass purchasing power through a system of protection of the individual against major economic hazards is not theoretical is evidenced by the fact that England has been able to withstand the effects of the world-wide depression, even though her prosperity depends so largely upon foreign trade. English economists agree with employers and workers that this ability to weather adverse conditions has been due in no small part to social insurance benefits and regular payments, which have served to maintain necessary purchasing power.

* * *

FEW legislative proposals have had as careful study, as thorough and conscientious deliberation, as that which went into the preparation of our social security program. This program is embodied in perhaps the most useful and fundamental single piece of Federal legislation in the interest of wage-earners in the United States.

It provides the majority of our people with a substantial measure of security in infancy and childhood, in economic crises of their working life, and in their old age. It will be one of the forces working against the recurrence of severe depressions in the future. We can, as the prin-

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ciple of sustained purchasing power in hard times makes itself felt in every shop and store and mill, grow old without being haunted by the spectre of a poverty-ridden old age or of being a burden on our children.

In its outlines it recognizes and covers a wide area of the social distress and maladjustment which has long been present in American life in times of plenty as in times of depression. The measure provides at present a modest degree of protection against known hazards. It is reasonable, and if it errs it is in the direction of safety—of taking on only known problems and making the original provision well within the capacity of our present business structure and outlook.

Growth of the program on these principles will inevitably and naturally take place, as a response to the experience and testing which come only with the attempt of conscientious officers to make just and fair application of a new law. The vitality of legislation of this sort consists in its capacity for sound growth from orderly and solid foundations.

The passage of this act with so few dissenting votes and with so much intelligent public support is deeply significant of the progress which the American people have made in thought in the social field and awareness of methods of using cooperation through government to overcome social hazards against which the individual alone is inadequate. To socialize the costs of individual disasters which are unpreventable by the individual is a growing method in our highly complicated civilization.

* * *

THE cost of social security will be comparatively small for some years to come. This was deliberately arranged by the committee for the President in order that the incidence of tax might be gradual, as business and workers would be paying this tax in the early years of recovery from depression and before the full prosperity level had been reached.

The act provides for Federal aid to the States for old-age assistance, mothers' pensions, public-health services and various other measures which have for their purpose the care of dependents or the reduction of destitution and dependency in future years. This Federal assistance will aggregate slightly less than $100,000,000 in the next fiscal year and will increase thereafter. Almost all of these grants will be made on condition that they are matched by the States.

It is an error to treat the Federal and State expenditures for these purposes as a new and additional cost. All State and local governments now spend money for all or many of these purposes. Also, in the near future, the policy under which State and local governments must resume responsibility for the care of their people unable to work on relief goes into effect. Their expenditures for these purposes will have to be greatly increased. Through the aid provided by the social security measure, the Federal Government will assist the States and local governments in the proper discharge of this function.

It is desirable that it should do so, not only to stimulate the States to undertake these very necessary social services but also for fiscal reasons. With the very wide differences which exist between States in per capita income and wealth, and the limited possibilities open to the State and local governments for securing revenues other than from property taxes, it is sound financial policy that a part of the costs for social services should be met by the Federal Government.

* * *

SIMILARLY, the costs of unemployment compensation and old-age insurance are not actually additional costs. In some degree they have long been borne by the people, but irregularly, the burden falling much more heavily on some than on others, and none of such provisions offering an orderly or systematic assurance to those in need. The years of depression have brought home to all of us that unemployment entails huge costs to government, industry and the public alike.

Unemployment insurance will within a short time considerably lighten the public burden of caring for those now unemployed. It will materially reduce relief costs in future years. In essence, it is a method by which reserves are built up during periods of employment from which compensation is paid to the unemployed in periods when work is lacking.

It substitutes systematic for haphazard methods of providing income for the unemployed, and, while it will not eliminate entirely the need for work programs and direct relief, it should make these measures largely unnecessary except in major depressions or in communities where a particular industry is dying or moving away. Unemployment compensation may also be made a most effective weapon in stabilizing industry and reducing unemployment. Cooperation of government, business and labor will undoubtedly make rapid progress in this field.

The first tax which will be levied is that under the unemployment compensation title, which will amount to 1 per

to substantially all workers other than those engaged in farm labor, private domestic or government service. These annuities will not be granted as a matter of public charity and will usually be more adequate than the pensions it is possible to provide to needy old people under the State old-age assistance laws. They will be earned annuities to which the recipients are entitled as a matter of right.

Taxes needed will prove no fearful burden on industry. What were the possible alternatives? Free pensions to the needy are very necessary, but during the past year it became doubtful whether we could maintain the principle that free pensions be given only to those old people without adequate means and without children able and willing to support them. It seemed reasonably likely that unless a contributory old-age insurance system was established this country would be driven to free pensions for all citizens who reach a specified age, regardless of need.

A pension of $30 per month to all those now over 65 would cost nearly two and one-half billion dollars, and within a generation the number of those who are over 65 will be doubled, as the proportion of older people in the country is tending to increase, according to all vital statistics. Nor would we (Continued on Page 15.)

Childhood—"The Legislation Provides a Measure of Security From Infancy to Old Age."

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Associated Press.

(Continued from Page 2)

find it easy to stop at $30 per month or adhere to a 65-year age qualification once we came to free pensions for everybody. Contributory old-age insurance, as provided for in the social security measure, while it is costly, is not nearly so costly as its probable alternative—free pensions for all the many millions of old people in the country without regard to need.

* * *

THE social security legislation has been criticized because the Federal Government makes no contribution from general tax revenues to the costs of unemployment compensation and old-age benefits. This criticism overlooks the very large amounts the Federal Government has appropriated for work relief and the aid it will give to the States for the care of unemployables.

It is certainly justifiable that the government should at this time devote its contributions to the relief of those now destitute, rather than to the accumulation of reserve funds for the payment of unemployment compensation and old-age benefits in future years. The government will also in future periods of long depression participate in or maintain the work benefits that may follow cash benefits paid from reserves and thereby make its contribution at the time of greatest need when other payments to the fund are found to be lowered by the shrinkage of business volume.

The Federal Government also, in participation with State governments, will maintain old-age pensions for those indigent aged persons not covered by the age annuity section of the measure. Thus the government contribution from general taxation will be substantial and will serve to establish the Federal Government's continuing responsibility for proper administration and proper growth of a system of social security on an adequate and businesslike basis.

Like all pioneer legislation, the social security measure is not perfect, but it is essentially sound. It imposes no impossible financial burden, and it distributes the burden it does impose in at least a reasonably fair manner. It provides systematic income to those placed in personal jeopardy by most recognized social causes. While the degree of benefit may often be inadequate, it is at least as generous as that in other government systems.

Now that the social security program is assured, the States will have the opportunity to bring most of the nation's wage-earners under its benefits. New York, Washington, Utah, California and New Hampshire have passed unemployment insurance laws in recent months; Wisconsin's law is in effect. Thirty-three States have old-age pension statutes, and mothers' pension acts are in force in all but two States. I am convinced that the people of the different States favor the program designed to bring them greater security in the future and that their Legislatures will speedily pass appropriate laws so that all may help to promote the general welfare.

Federal legislation was framed in the thought that the attack upon the problems of insecurity should be a cooperative venture participated in by both the Federal and the State governments, preserving the benefits of local administration and national leadership. It was thought unwise to have the Federal Government decide all questions of policy and dictate completely what the States should do. Only very necessary minimum standards are included in the Federal measure, leaving wide latitude to the States.

* * *

WHILE the different State laws on unemployment insurance must make all contributions compulsory, the States, in addition to deciding how these contributions shall be levied, have freedom in determining their own waiting periods, benefit rates, maximum benefit periods, and the like. Care should be taken that these laws do not contain benefit provisions in excess of collections. While unemployment varies greatly in different States, there is no certainty that States which have had less than normal unemployment heretofore will in the future have a more favorable experience than the average for the country.

It is obvious that in the best interests of the worker and industry and society there must be a certain uniformity of standards. It is obvious, too, that we must prevent the penalizing of competitive industry in any State which plans the early adoption of a sound system of unemployment insurance, and provide effective guarantees against the possibility of industry in one State having an advantage over that of another. This the uniform Federal tax does, as it costs the employer the same whether he pays the levy to the Federal Government or makes a contribution to a State unemployment insurance fund. The amount of the tax itself is a relative assurance that benefits will be standardized in all States, since under the law the entire collection must be spent on benefits to unemployed.

The social security measure looks primarily to the future and is only a part of the administration's plan to promote sound and stable recovery. We cannot think of it as disassociated from the government's program to save the homes, farms, businesses and banks of the nation, and especially must we consider it as a companion measure to the Work Relief Act, which does undertake to provide immediate increase in employment and corresponding stimulation to private industry by purchase of supplies.

* * *

WHILE it is not anticipated as a complete remedy for the abnormal conditions confronting us at the present time, it is designed to afford protection for the individual against future major economic vicissitudes. It is a sound and reasonable plan and framed with due regard for the present state of economic recovery. It does not represent a complete solution of the problems of economic security, but it does represent a substantial necessary beginning. It has been developed after careful and intelligent consideration of all the facts and all of the programs that have been suggested or applied anywhere.

The foundation has been laid. On it will be reared a structure, through the experience of the years to come, which will prove a haven for the nation's wage-earners in times of economic distress and when they become old and feeble. It will be a refuge also for widows and dependent children. In achieving such results it will likewise benefit all employers and investors by promoting and stabilizing mass purchasing power.

During the fifteen years I have been advocating such legislation as this I have learned that the American people want such security as the new measure provides. It will make this great Republic a better and a happier place in which to live—for us, our children and their children. It is a profound and sacred satisfaction to have had some part in securing this great boon to the people of our country.

The privilege of participating with economists, business men, workers, and socially minded people everywhere in the plans and details has been a gratifying one. But to one who looks consistently to the ability of a free people to use political technique for the solution of major problems of individuals with due regard to welfare and progress of the whole of society, the new revelation of the capacity of Congress to act quickly, conscientiously and scientifically, and of the intellectual courage and human insight of the President, has brought a renewal of faith in the possibilities of life in this great nation as broad as a continent.