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NATIONAL DEFENSE MIGRATION

HEARINGS

BEFORE THE

SELECT COMMITTEE INVESTIGATING

NATIONAL DEFENSE MIGRATION

HOUSE OF REPRESENTATIVES

SEVENTY-SEVENTH CONGRESS

FIRST SESSION

PURSUANT TO

H. Res. 113

A RESOLUTION TO INQUIRE FURTHER INTO THE INTERSTATE
MIGRATION OF CITIZENS, EMPHASIZING THE PRESENT
AND POTENTIAL CONSEQUENCES OF THE MIGRA-
TION CAUSED BY THE NATIONAL
DEFENSE PROGRAM

PART 17

WASHINGTON HEARINGS

JULY 18, 19, AND 21, 1941

Printed for the use of the Select Committee Investigating
National Defense Migration





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MIGRATION

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NATIONAL DEFENSE MIGRATION

FRIDAY, JULY 18, 1941

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE INVESTIGATING
NATIONAL DEFENSE MIGRATION,
Washington, D. C.

The committee met at 10:30 a. m., July 18, 1941, in room 1015 of the new House Office Building, Washington, D. C., Hon. John H. Tolan (chairman) presiding.

Present: Representatives John H. Tolan (chairman), of California; Laurence F. Arnold, of Illinois; Carl T. Curtis, of Nebraska; and Frank C. Osmer, Jr., of New Jersey.

Also present: Robert K. Lamb, staff director; Mary Dublin, coordinator of hearings; Creekmore Fath, acting counsel; F. Palmer Weber, economist; and John W. Abbott, chief field investigator.

The CHAIRMAN. The committee will please come to order.

Dr. Parran will be the first witness this morning.

Mr. Reporter, this is Dr. Thomas Parran, Surgeon General, United States Public Health Service.

TESTIMONY OF DR. THOMAS PARRAN, SURGEON GENERAL, UNITED STATES PUBLIC HEALTH SERVICE, FEDERAL SECURITY AGENCY, WASHINGTON, D. C.

The CHAIRMAN. Dr. Parran, we appreciate very much your coming here this morning. From my personal interview with you I understand you have a short statement of eight or nine pages and that you desire to read it to the committee.

You may proceed in that manner if you desire.

Dr. PARRAN. Thank you very much, Mr. Chairman (reading).

In response to your request this statement is based upon the health problems which have arisen as a result of the migration of large numbers of people to those areas in which military cantonments or defense industries are located. This migration has given rise to many crucial problems of a public health nature. The rapidly growing population in these areas has, in many instances, imposed responsibilities and burdens upon State and local health departments and agencies which cannot be met with their present facilities and resources.

HEALTH FACILITIES INADEQUATE

In many localities these facilities could not be termed adequate even for the demands of normal times. The additional strain im-

posed by the sudden and sharp increase in the population to be served has not only intensified inadequacies but has brought forth new problems with which some local health authorities are not equipped to cope.

At the very outset of the national-defense program the Public Health Service realized the critical nature of the situation and set about taking steps which would meet it in the most comprehensive and effective manner possible.

Before such steps could be taken it was necessary to prepare estimates of the additional facilities needed. Such estimates have now been made and are set forth in a report, "Health Needs in Extra-Military and Industrial Defense Areas," which is based on reconnaissance surveys conducted by the Public Health Service in cooperation with State and local health departments.

(The estimates referred to above are as follows:)

Health needs in extra-military and industrial-defense areas

Number of establishments in area	Corps area	Expected increase in population	Required increase in Public Health budgets	Hospital facilities		
				Additional beds required	Required capital outlay	Cost—1 year of operation
19	First.....	212,800	\$903,369	529	\$2,144,600	\$105,800
8	Second.....	73,990	457,380	741	2,964,000	148,200
16	Third.....	374,600	1,220,244	1,647	6,588,000	329,400
38	Fourth.....	480,970	2,353,451	4,898	19,592,000	979,600
21	Fifth.....	234,166	2,106,479	1,721	6,884,000	344,200
23	Sixth.....	193,930	1,180,848	646	2,584,000	129,000
12	Seventh.....	143,000	1,288,459	169	676,000	33,800
23	Eighth.....	201,100	1,247,500	876	3,504,000	175,200
24	Ninth.....	454,450	1,852,100	1,563	6,252,000	312,600
184	Grand total.....	2,369,006	12,609,830	12,790	51,188,600	2,557,800

Health needs in extra-military and industrial defense areas

Number of establishments in area	Corps area	Clinic facilities			Medical care			
		Additional clinics required	Capital outlay required	Cost—1 year of operation	Population applicable	Total annual expenditure required	Expenditure by individuals	Additional amount needed
19	First Corps Area.....	16	\$560,000	\$80,000	2,751,694	\$57,786,000	\$38,554,000	\$19,282,000
8	Second Corps Area.....	6	210,000	30,000	842,478	17,692,012	11,794,728	5,897,314
16	Third Corps Area.....	12	420,000	60,000	1,715,700	36,029,100	24,069,798	12,019,902
38	Fourth Corps Area.....	33	1,155,000	165,000	4,739,500	99,528,700	66,352,800	33,178,900
21	Fifth Corps Area.....	22	770,000	110,000	3,442,950	72,311,250	48,205,500	24,135,750
23	Sixth Corps Area.....	7	245,000	35,000	1,713,348	35,980,000	23,987,000	11,993,000
12	Seventh Corps Area.....	12	420,000	60,000	2,875,863	60,812,384	40,540,255	20,292,628
23	Eighth Corps Area.....	13	455,000	65,000	2,265,700	47,600,700	31,733,800	15,866,900
24	Ninth Corps Area.....	22	770,000	110,000	4,034,000	84,713,700	56,475,800	28,237,900
184	Grand totals.....	143	5,005,000	715,000	24,382,233	512,453,876	341,663,682	170,874,294

Number of establishments in areas	Corps area	Housing requirements			Public water supply (in terms of population)				
		Units required for increased population	Additional units required	Capital expenditure needed	Units authorized by U. S. Government	Additional capacity needed	Cost	Additional population to be served	Cost
19	First Corps Area.....	33,026	32,816	\$131,764,000	4,983	19,100	\$382,000	125,825	\$1,887,800
8	Second Corps Area.....	12,960	12,740	50,998,000	5,750	15,700	314,000	41,180	407,000
16	Third Corps Area.....	79,700	79,570	317,403,000	5,742	124,900	2,510,000	170,275	2,533,700
38	Fourth Corps Area.....	101,641	101,385	405,548,000	5,562	186,850	3,737,000	357,000	5,354,625
21	Fifth Corps Area.....	38,358	34,113	136,433,000	400	81,150	1,592,500	133,250	2,005,050
12	Sixth Corps Area.....	26,325	25,005	100,024,000	---	55,225	1,104,500	91,900	1,378,250
23	Seventh Corps Area.....	28,722	22,747	90,980,000	---	42,575	851,590	97,575	1,404,250
23	Eighth Corps Area.....	41,525	32,830	131,320,000	3,277	52,750	1,055,000	141,050	2,115,750
24	Ninth Corps Area.....	61,130	39,986	159,944,000	6,900	104,850	2,097,000	192,375	3,515,800
184	Grand totals.....	432,276	381,202	1,624,436,000	27,614	682,700	13,643,500	1,350,430	20,742,225

Health needs in extra-military and industrial defense areas—Continued

Number of establishments in area	Corps area	Sanitary privies (based on existing privies)		Wells (based on existing wells)		Mosquito control		Rodent control, cost
		Requiring replacement	Cost	Requiring correction	Cost	Estimated cost of ditching	Yearly maintenance cost ¹	
10	First Corps Area.....	3,250	\$138,770	3,784	\$188,950	\$122,700	\$113,459	\$261,700
8	Second Corps Area.....	3,255	138,363	3,330	166,500	161,465	70,224	231,700
16	Third Corps Area.....	8,100	344,375	7,320	366,250	611,631	136,301	122,000
38	Fourth Corps Area.....	16,270	691,995	13,819	691,700	3,289,460	708,283	2,325,500
21	Fifth Corps Area.....	6,040	256,575	5,900	285,250	-----	-----	205,000
23	Sixth Corps Area.....	3,126	133,510	3,201	160,050	299,645	135,785	195,000
12	Seventh Corps Area.....	2,940	124,950	2,440	147,000	61,240	35,112	311,000
23	Eighth Corps Area.....	3,541	150,535	3,480	174,000	462,504	376,483	1,385,000
24	Ninth Corps Area.....	3,362	142,850	4,874	187,500	(\$120,000)	-----	335,000
184	Grand total.....	49,884	2,122,123	48,148	2,377,200	5,008,645 (\$120,000)	1,595,647	5,591,900

¹ Mosquito control maintenance includes supervision and oiling.

ESTIMATES OF SHIFTS IN POPULATION

Dr. PARRAN. These surveys have covered 184 critical areas in which in-migration of population will take place as a result of the presence of military camps or industrial activities concerned with defense. In general, the area covered in each instance was that within a 25-mile radius of the military or industrial establishment.¹

After careful study, civilian population increase in the extra-military areas was estimated as one-half the aggregate military population, whereas the increase in industrial areas was estimated as three times the increase in the number of industrial employees when due allowance was made for the employment of local residents and those who might be expected to commute from nearby communities.²

I have here samples of the kind of surveys upon which the estimates are based. The survey covering Savannah, Ga., is representative of the surveys of military areas, and that covering Pascagoula, Miss., is representative of those conducted in industrial defense areas. (The material referred to above is as follows:)

STATEMENT BY DR. THOMAS PARRAN, UNITED STATES PUBLIC HEALTH SERVICE, FEDERAL SECURITY AGENCY, WASHINGTON, D. C.

RECONNAISSANCE SURVEYS

EXTRA-CANTONMENT AREA, SAVANNAH, GA.

I. *Military area.*—Two Military Establishments, the Army air base about 5 miles south of Savannah, and Fort Scriven on Tybee Island 18 miles east, are located in Chatham County. Much of the area is flat tidal marsh. Strength of the air base and Fort Scriven expected to reach 4,000 and 2,000, respectively. Separate water supplies are to be developed from deep wells and chlorinated. In the past sewage has been discharged untreated into the Atlantic Ocean. A plea for primary treatment is under consideration. Sewage from the air base is to be treated by the activated sludge process. Garbage disposal is expected to be by incineration.

II. *Communities in critical area.*—Savannah, 97,000.

III. *Industries.*—No major industries connected with national defense contemplated.

IV. *General character of area.*—Malaria was formerly a serious public-health problem in Chatham County. Agricultural and residential developments, as well as drainage projects, however, have resulted in confining the problem to more or less isolated sections of the county. Negroes comprise about 47 percent of the total population of area. *Aedes sollicitans* mosquitoes are certain to be a problem in the area. There are 5 towns, all less than 500 inhabitants, within the county and inside the 25-mile zone, but none are expected to be of importance to the military population. Ground water is readily available throughout Chatham County. Many wells are shallow. Excreta disposal is usually by pit privies. There are a number of food and drink stands, as well as cheap night clubs and "juke joints" along the main highway.

V. *Summary (Savannah).*—Water: Ground supply readily chlorinated from wells 600 to 1,000 feet in depth. Present system can be expanded to care for expected increase in population. Consideration has been given to development of surface supply for industrial use. Present consumption is about 6.7 million gallons per day. It is claimed that water system is accessible to nearly all parts of city, but that some Negro homes in outlying sections still use water from shallow wells.

Sewage: Sewerage system is said to be accessible to nearly all premises in the city. Evidence indicated that several homes in outlying sections were not connected with sewers. System is at present being extended to serve the ex-

¹At the time this testimony was given, reports were available on 115 of the 184 surveys. A list of these appears on p. 6696. In order to cover all existing and contemplated defense areas, Dr. Parran estimates that about 300 more such surveys will have to be made. (See p. 6708.) As these become available they will be obtained for committee files.

²For detailed description of the method of estimating population in defense areas, see Exhibit A, p. 6694.

pected increase in population. Sewage is discharged untreated into the Savannah River. Stream pollution not believed to be a serious problem.

Food: Present ordinances are outdated and inadequate. It is hoped that within the next year a modern restaurant ordinance based upon the United States Public Health Service suggested code will be enacted. Present control is vested in the State department of agriculture. The Savannah city-county health department is now considering the use of the rules and regulations covering food shops adopted by the State board of health in 1940.

Milk: Present consumption is about 4,000 gallons per day, 84 percent of which is pasteurized. The standard milk ordinance will become effective in January 1941. The State health department has recently employed a well-trained milk sanitarian to assist full-time health units in communities where the standard milk ordinance is in effect.

Garbage: Local ordinance requires storage in tightly covered metal container. In collection, no separation of garbage and refuse is required. Collection is daily from business establishments and twice weekly from residences. Disposal is by hog feeding, land fill, and burning. Facilities with regard to disposal are said to be poor.

Vermin: The incidence of typhus having been high in this area, studies are being conducted by the State public-health service. Practically all types of mosquitoes common in the United States find favorable breeding areas in and around Savannah and Chatham County. Drainage work has been done by Work Projects Administration under direction of the county sanitary engineer.

Housing: The housing situation in Savannah was not considered critical by the chamber of commerce, who feel that the increased population may be cared for without difficulty. A low-cost housing development, "Garden Homes," consisting of 376 units was ready for occupancy. In connection with the air station, 325 units are to be built immediately. Two low-cost housing developments for Negroes were being completed. Private building in city and county was active.

Health organization: A combined city-county unit serves Savannah and Chatham County. Total budget is \$127,232. A number of the employees are not responsible to the health officer. A venereal disease clinic is maintained.

Medical care: 112 physicians and 35 dentists are engaged in active practice. About 400 hospital beds are available to the public in Savannah. In addition, there is a marine, Fort Scriven, and Georgia Railway Central Hospital. Hospital insurance plans have contributed to a high occupancy rate. None of the hospitals has a modern or well organized out-patient department. Medical care for the indigent and low-income groups is provided for ambulatory patients of the city through a combination of four part-time city physicians and a city clinic, which is sponsored jointly by the health department, junior league, and the county medical society.

Welfare organizations: The county welfare department employs about a dozen case workers and spends about \$2.75 per family per month for relief to the unemployed. There is also a nonofficial family-welfare organization with a staff of 5 persons and a budget of \$22,000. Approximately 95 percent of the budget is derived from community chest funds and 5 percent from private contributions. The agency's program embraces only unemployed families and deals with rehabilitation and social adjustments.

Outstanding needs: 1. One of the special problems is that of building an efficient sanitation service in the local health department.

2. A well-trained sanitary engineer worthy of a salary of \$4,000 to \$5,000 should be employed to direct sanitation and malaria control work.

3. (a) Venereal disease program will no doubt be reorganized; (b) venereal disease clinic night sessions should be increased; (c) adequate police regulation should be exercised to abolish "street walkers."

PASCAGOULA SHIPYARD AREA, PASCAGOULA, MISS.

I. *Military area.*—Ingalls Shipbuilding Corporation, located on the east bank of Pascagoula River at Pascagoula, Jackson County, Miss. At present the shipyard is employing 2,200 workers and will employ an additional 2,200 to 2,300 men within the next few months.

II. *Communities in critical area.*—

Pascagoula	5,900
Moss Point	3,042
Ocean Springs	1,881
Biloxi	17,475

III. *Industries.*—Ingalls Shipbuilding Corporation is building cargo vessels for the United States Maritime Commission; paper, woolen, and plywood mills; commercial fishing.

IV. *General Character of area.*—Most of Jackson County is very flat and the town of Pascagoula is practically surrounded by swamp and low-marsh areas. The soil is of the sandy loam type and is underlaid with a black gumbo clay at a depth of 15 to 18 feet. Ground water is available over the entire county at depths varying from 18 to 70 feet. Few of the wells are provided with satisfactory pumping equipment. The county is essentially rural. It is reported that approximately 97 percent of the population in the area use old open surface privies for the disposal of human excrement. There is very little development along the main highways. Pest mosquito control is a major problem in the area and it is understood that there is some malaria in the outlying districts. The hookworm problem is causing the local health authorities much concern.

V. *Summary.*—Water: Pascagoula's water supply is secured from three active deep wells having an average depth of 360 feet and two emergency wells of which one is a salt well. The supply is believed to be adequate for present needs and additional wells will provide water for any reasonable future expansion. No treatment is provided. The average consumption is estimated at 200,000 gallons per day. The entire population is accessible and connected to the supply.

Moss Point water supply is served from five flowing wells, three of which are 850 feet deep and two of which are 1,100 feet deep; there are two additional emergency wells. The supply, exclusive of the emergency wells, will produce approximately 1,000,000 gallons per day and is considered adequate for any present or future needs. No treatment is provided. The average daily consumption is estimated to be 100,000 gallons per day. The supply is accessible to the entire population and 75 percent are connected.

Ocean Springs water supply is secured from two flowing wells which flow directly into the mains. No pumps are provided and the pressure is not adequate. The supply is probably adequate for present needs if provided with the necessary pumping equipment. Under present conditions both supply and distribution system are considered to be unsatisfactory and potentially unsafe.

Sewage: Pascagoula. The sewerage system of the town is only accessible to about 5 percent of the population. The system is inadequate for present needs. A new sewer line is now under construction as a national-defense measure to serve 697 units of the naval housing project and some 45 residences. Plans have been prepared to install adequate sewerage in the entire town, with discharge into the Pascagoula River. There is no sewage treatment. Plans have been prepared and approved for the construction of a new modern activated sludge treatment plant as a national-defense measure. About 70 percent of the population is served by septic plants (subsurface irrigation fields not satisfactory in this area). Three hundred privies are reported in the town and are for the most part old surface or pit privies.

In Ocean Springs approximately 300 homes use septic tanks; 140 homes have approved sanitary pit privies; and 60 homes use open-surface privies.

Food: State law with enforcement by county sanitation supervisors. Personnel of State board of health are reported to make one or two inspections a year of food-handling establishments.

Milk supply: Milkshed includes Jackson County and a supplementary supply from Biloxi, Miss. Supply is 775 gallons daily. Sixty percent of milk produced is pasteurized. Supervision of 1939 standard ordinance is the responsibility of the Jackson County health unit.

Garbage: In Pascagoula the city collects and disposes of garbage by hog feeding and low-land fill. Moss Point has refuse collection but garbage disposal is an individual problem; no ordinances are in effect.

Vermin: No special control measures are in effect.

Housing: There are no vacancies either in Pascagoula or nearby points. Twenty-five percent of existing buildings are substandard. The Navy is building 697 dwelling units for 2,300 shipyard workers. Six hundred and ninety-seven dwelling units are not sufficient to meet present demands and probably 200 new units are needed. An additional 500 to 600 units will be needed to meet demands of 2,500 additional shipyard workers.

Health organization: Jackson County total full-time budget, \$12,000. Venereal disease and hookworm are problems.

Hospitals: General (35 beds) in Jackson County-----	1
Physicians: Jackson County-----	10
Dentists: Jackson County-----	5

Welfare organization: Jackson County has a full-time welfare organization and a full-time Red Cross secretary.

Outstanding needs:

1. Venereal disease control program.
2. Control of prostitution.
3. Additional venereal-disease nurses and general sanitary personnel.
4. Sewerage system for entire town of Pascagoula.
5. Chlorination of municipal water supplies.
6. Augmented facilities for county welfare association.
7. Increased housing facilities for the expected additional employees.

TESTIMONY OF DR. THOMAS PARRAN—Resumed

Dr. PARRAN. The reconnaissance surveys indicate that, according to present plans for military and industrial defense developments, communities in the areas surveyed will be faced with the necessity of providing housing, health, and medical facilities for an influx of almost 2½ million civilians. Many communities will grow by 50 percent or more, and some will practically double in size. Some of the migratory population will settle in communities where facilities are relatively adequate. Others, however, will invade parts of the country where health and sanitation facilities may be described as genuinely primitive and of the sort that characterized the frontier boom towns of past generations.

This does not mean that poor judgment has been used in the selection of defense areas, for military and tactical factors must sometimes outweigh health considerations in choosing a site for a camp or a munitions plant. It is our task to see that health and sanitary needs in these areas are met as rapidly and efficiently as possible.

COMPOSITION OF POPULATION IN DEFENSE AREAS

Those who make up the new population in these areas are, and will continue to be, a variegated lot. Many of them are industrial workers drawn by the prospects of getting a job in a defense plant or on construction projects. Then, too, there is a great army of service workers whose business it is to provide for the many different needs of soldiers on leave and workers during their off hours—small merchants, waiters, bartenders, entertainers, and so forth. There are camp followers of various descriptions. In many instances the expectations of these people for employment or profit do not materialize and they become a burden on the already overstrained community. Even though they cannot pay for medical care and treatment, the health of the community demands that some provision be made for them.

SHORTAGE OF ESSENTIAL FACILITIES

Our surveys indicate that practically all defense areas are deficient in one or more of the essential facilities which they must have if they are to meet the demands imposed upon them by the emergency situation.

Briefly stated, the amounts of money in addition to present expenditures from all sources which will be needed to provide the necessary facilities in the areas surveyed are:

For public health activities budgets-----	\$12, 609, 830
Hospital facilities:	
Capital outlay-----	51, 188, 600
Operating cost, 1 year-----	2, 557, 800

Clinic facilities:	
Capital outlay-----	\$5,005,000
Operating cost, 1 year-----	715,000
Medical care-----	170,874,294
Housing-----	1,524,436,000
Public water facilities:	
Supply-----	13,643,500
Distribution-----	20,742,225
Sewage disposal:	
Collection-----	24,036,175
Treatment-----	37,958,100
Garbage and trash collection and disposal (yearly cost)-----	4,555,852
Sanitary privies-----	2,122,123
Wells-----	2,377,200
Mosquito control:	
Ditching-----	5,008,645
Yearly maintenance-----	1,595,647
Ditching and maintenance in ninth area-----	120,000
Rodent control-----	5,591,900
Total-----	1,885,137,891

It should be noted that of this sum, the largest single item, \$1,524,436,000, or almost 81 percent, is needed for additional housing. The next largest single item, \$170,874,294, is needed for medical care and treatment over and above what the communities are now equipped to provide on the basis of present expenditures from all sources. When these two large items are deducted from the total amount needed for all purposes, a balance of \$189,827,597 remains, which is the amount required for hospitals, clinics, and those facilities traditionally regarded as public-health and sanitation services.

APPROPRIATIONS FOR EMERGENCY NEEDS

Incorporated in this statement are more detailed estimates of the facilities and funds required in the surveyed areas in each of the nine Army corps areas.

A beginning has already been made toward meeting the needs in these critical areas. In addition to the usual activities of the United States Public Health Service during the past year, the provisions of the urgent deficiency appropriation made possible a program of cooperative activity with State and local health departments whereby the facilities of health departments serving vital defense areas could be supplemented or augmented by additional personnel and equipment furnished directly by the Public Health Service.

On March 1, 1941, an appropriation of \$525,000 was made available to the Public Health Service for emergency health and sanitation, of which \$98,000 was utilized by the Industrial Hygiene Section of the Division of Scientific Research for the development of industrial-hygiene programs among employees of vital defense industries.

A further appropriation of \$1,235,000 was made to the Public Health Service for emergency health and sanitation in the regular Federal Security Agency Appropriation Act, approved July 1, 1941. This was supplemented by an additional appropriation—a further appropriation of \$1,940,000 in the second deficiency appropriation of July 3, 1941.

TRAINING COURSES

In order that personnel employed by the Public Health Service under the emergency health and sanitation program might have the

advantages of knowledge of the practices, procedures, and policies of the Public Health Service, an orientation course was established at the National Institute of Health at Bethesda, Md. All categories of professional personnel are required to attend this course of instruction, which consists of didactic work, demonstrations, and field training activities, and is of 6 weeks duration.

This course is designed to acquaint the student with the public-health problems encountered in national-defense areas. Medical officers, engineers, nurses, and laboratory personnel have been and are being recruited.

Requests from State health officers for personnel have been reviewed and those areas in which the need is determined to be most urgent have been supplied as personnel became available from the training courses.

ASSIGNMENT OF MEDICAL PERSONNEL

Personnel assigned to States for duty in national-defense areas are required to complete their field training by undergoing a period of orientation of from 10 to 14 days at the State health department of the State to which assigned.

At the expiration of this time, personnel are assigned at the request of the State health officer, to vital defense areas where additional aid is considered necessary. Personnel assigned in this manner are subject to the rules and regulations of the State and local health departments to which they are attached. Traveling expenses, in most instances, are furnished by the States.

Three groups have completed the orientation and training at Bethesda and the field training at Baltimore, and have been assigned to vital defense areas. Twenty-six physicians, 33 engineers, 40 nurses, and 5 chemists and laboratory workers are now on field duty in defense areas. In addition, 8 physicians, 12 engineers, and 5 nurses are occupied with the administration, teaching, and supervision of the field-training activities. A fourth group is now attending the orientation class in Bethesda, and consists of 25 physicians, 26 nurses, 9 engineers, and 6 chemists and laboratory workers. To date a total of 65 doctors, 48 engineers, 65 nurses, and 16 chemists and laboratory workers are devoting their activities to emergency health and sanitation measures.

MOSQUITO CONTROL

The Public Health Service is assisting in a mosquito-control program in cooperation with the States and the Work Projects Administration. Engineering supervision and technical advice are furnished by the Public Health Service; labor and materials by the Work Projects Administration.

One phase of the program is concerned with the control of mosquitoes in areas contiguous to extra-cantonment zones and national-defense industries. It is expected that about 300 engineers and engineering aides will be needed to carry out the provisions of the program.

It is estimated that at least 35 additional medical officers, 50 nurses, and about 20 chemists and laboratory personnel will be em-

ployed during this fiscal year in order to comply with requests by State health departments for supplementary personnel.

This personnel will be assigned to States in the same manner as the group now on duty in vital defense areas. Assignment of personnel to national-defense areas has been made on the basis of need, but there has been general distribution over the 48 States. As yet no personnel has been assigned to Territories or island possessions, but it is expected that their stated needs will be met during the summer.

CONTROL OF LIQUID WASTES

Surveys and studies are being conducted on liquid wastes produced by new defense industries, particularly munitions plants, and on the probable effect upon public water supplies obtained from streams polluted by these wastes. The studies will be followed by specific recommendations as to means and methods of treating and disposing of such wastes in a manner which will not endanger public water supplies.

At this time one survey is being completed on a new munitions plant, the wastes from which are discharged into a stream serving as the source of water supply for nearly half a million people in the immediate vicinity.

CONTROL OF VENEREAL DISEASES

Within the last few years a broad program of Federal aid has been developed to supplement State and local facilities for the control of the venereal diseases. The national defense program has given added importance to this pressing public health problem.

Persons in the civilian population constitute alternate links in the chain of venereal disease infections in the armed forces. In order to cope with the situation, the Public Health Service has entered into an agreement with the War and Navy Departments which provides certain safeguards against the spread of infection in areas where armed forces or defense employees are concentrated. Among these safeguards are provisions for enforcement by local authorities of laws against prostitution, contract tracing, an aggressive educational campaign, and prompt diagnosis and adequate treatment for infected soldiers and civilians.

The activities mentioned above constitute the present work of the Public Health Service in meeting the health problems arising out of the migration of population as a result of the national-defense program.

NEED FOR INCREASED FUNDS

We have determined as nearly as possible the facilities and funds needed to meet these problems in such a way that the health of the communities involved will be protected. In many respects present facilities fall far short of what will be required. Legislation such as the recently enacted community facilities bill, H. R. 4545, which appropriated \$150,000,000, will serve to correct some of the shortcomings. Additional action, however, needs to be taken, especially with regard to such factors as housing, hospitals, clinics, and the provision of medical care.

Raising the level of these and other needed health services to the status required by the present emergency will not only safeguard our people during the present crisis, but it will give us the means of providing better and more complete health protection when the crisis is over and we can return to normal peacetime living. (Reading ends.)

(The following exhibit was submitted by the witness and accepted for the record:)

EXHIBIT A.—POPULATION ESTIMATES IN DEFENSE AREAS—BASIS FOR CALCULATION OF INCREASED POPULATION ESTIMATES BY THE PUBLIC HEALTH SERVICE

REPORT BY UNITED STATES PUBLIC HEALTH SERVICE

Before estimating needs and calculating costs thereof in defense areas it is necessary to determine the expected increase in population incident to a military, naval, or industrial establishment. Certain basic data, modified by reasonable assumptions, have been utilized in determining a factor which when applied to a given aggregate military strength or number of industrial employees may be expected, in general, to indicate the increase in population of the area concerned. The methods outlined herein are believed to give conservative factors.

MILITARY OR NAVAL AREAS

Data furnished by the Army (table I) indicate that the number of officers, non-commissioned officers, and civilian employees, families included, attached to a Military Establishment but not generally living on the reservation may be expected to be between 30 and 40 percent of the aggregate military strength of a particular command.

TABLE I

	Percent of aggregate military strength	Percent married	Percent married of aggregate military strength	Wives as percent of aggregate military strength	Number of children per family	Children as percent of aggregate military strength	Outside population as percent of aggregate military strength
Commissioned officers.....	7.4	80	5.92	5.92	1.75	10.36	22.20
Noncommissioned officers eligible to marry.....	4.0	35	1.40	1.40	1.25	1.75	4.55
Civilian employees.....	5.0	60	3.00	3.00	1.50	4.50	12.50
Total.....	16.4	-----	10.32	10.32	-----	16.61	39.25

METHOD 1

It will be noted from table I that a group directly connected with the establishment equivalent to 39.25 percent of the aggregate military strength may be expected in the area; however, because of certain known factors such as employment of local persons in the civilian activities, the possibility of a lower percentage of married officers, and the fact that some officers are not bringing their families to the area, it appears logical to reduce this figure by about 25 percent which leaves a group equivalent to 29.44 percent of the military strength of the establishment. Assuming that the service demands of this group will require a group 50 percent as large ($29.44 \times .50 = 14.72$), attached persons and families included, the requisite population outside of the Military Establishment will be 29.44 plus 14.72, or 44.16 percent of the aggregate military strength.

It is further assumed that 10 enlisted men or selectees will require in services and make expenditures equivalent to 1 civilian wage earner or family head. Together with other substantiating data this assumption is made on the basis that each soldier will spend about \$15 per month locally outside of the reservation and that this expenditure will in general be of a type requiring considerable personal service. On this basis the effect on the outside population of a given aggregate military strength would be equivalent to that of a wage-earner group, family heads only, 10 percent as great.

(NOTE.—Quoting from a paper on Sectional Economic Research by Col. James M. S. Waring presented in 1934, it is stated that: "It can be demonstrated that in any community, rural or urban, the service workers requisite to the needs of the local community are equal to one-half of the production workers, or in other words 33½ percent of the gainfully employed in each community are required in the services. These constitute the dependent services. The remainder are the extra services.")

TABLE II

Percent of aggregate military strength

Commissioned officers and families.....	22.20
Noncommissioned officers and families.....	4.55
Civilian employees and families.....	12.50
Total.....	39.25
Less 25 percent.....	9.81
Connected with establishment but living outside.....	29.44
Service workers and families incident to above group.....	14.72
Service workers and families incident to enlisted personnel.....	10.00
Expected population increase.....	54.16

With reference to the note above, the direct-service group requisite to the needs of the personnel quartered on the reservation would be one-half of 10 percent, or 5 percent of the aggregate military strength. Adding another 5 percent to include the families, attached persons, and extra service personnel of the direct-service group would bring the number of persons incident to the outside activities of the enlisted personnel up to 10 percent of the aggregate military strength of the establishment. Hence by this method the total outside population may be expected to be about 44.16 plus 10, or 54.16 percent of the aggregate military strength as shown in table II.

TABLE III

Town	Population	Number of industrial employees	Type of industry
A.....	1,000	350	Cartridge and powder company.
B.....	4,000	1,190	Chemical.
C.....	5,000	1,860	Distillery.
D.....	3,500	1,300	Mine and smelter.

METHOD 2

Another method utilizing additional information gives a similar result. It may often be demonstrated that the population of a community is about three times the number of industrial or productive employees. Detailed information on several such communities has been obtained by the office of stream sanitation of the Public Health Service. The communities listed in table III are an example of typical one-industry towns which should reveal a normal relationship between the number of productive workers and the total population in a given community. It will be observed upon examination of table III that in each case the population of the municipality is about three times the number of industrial or productive employees.

Assuming married commissioned and noncommissioned officers, together with the members of the civilian personnel employed in the military establishment (families excluded) as equivalent to an equal number of productive employees, it may be expected that the outside population incident thereto will be three times the number of persons in these groups.

$$3 \times (5.92 + 1.4 + 5.0) = 36.96$$

Adding 10 percent for the group, families and attached persons included, which will service the enlisted personnel, gives a factor of 46.96 percent of the aggregate military strength for the total outside population.

An average of the factors obtained in methods 1 and 2 is found to be $\frac{54.16+46.96}{2}$ or 50.56 percent of the aggregate military strength. It would,

therefore, appear probable that in defense areas the population increase may be expected to be about one-half of the aggregate military strength of a new establishment, and this factor has, in general, been used in calculating population increases in extra-military or defense areas.

INDUSTRIES

The four industrial towns listed in table III indicate that the industrial employees represent about one-third of the total population of the community. Other data substantiate this information which appears to be particularly applicable to the small or medium-sized town in which the extra services have not been developed to the extent that they have in large cities. Hence population in defense-industrial communities has, in general, been calculated on the basis of two additional persons for each industrial employee.

TESTIMONY OF DR. THOMAS PARRAN—Resumed

The CHAIRMAN. That is a very valuable statement, Dr. Parran. I understood from my personal talk with you this morning that you had reduced some of your surveys to written form. Do you have that report with you?

DR. PARRAN. I do, Mr. Chairman. I have already submitted for the record, abstracts on the military and industrial defense areas of Savannah, Ga., and Pascagoula, Miss. (see p. 6687 ff.). These are two detailed reports which we made following the reconnaissance surveys in these defense areas. If the committee wishes the others, they will be made available.

The CHAIRMAN. We will place the complete set of abstracts in the committee files so that they will be available to the staff.

(The 115 military and defense-industry areas covered in the abstracts of reconnaissance surveys by the U. S. Public Health Service which were available at the time of the hearing are as follows:)

Camp Edwards, Mass.	Hercules Powder Plant, Radford, Va.
Fort Devens, Mass.	Camp Davis, Holly Ridge, N. C.
Quincy, Mass.	Marine base, Jacksonville, N. C.
Quonset Naval air base, Rhode Island.	Fort Jackson, Columbia, S. C.
Newport area, Rhode Island.	Fort Moultrie and Charleston Navy Yard, Charleston, S. C.
Bath-Brunswick area, Maine.	Camp Croft, Spartanburg, S. C.
Portland, Maine, area.	Camp Forrest, Tenn.
New London shipyard and harbor defenses, New London, Conn.	Wolf Creek Ordnance Plant, Milan, Tenn.
U. S. Army airport of Windsor Locks, Conn.	Fort McClellan, Anniston, Ala.
New Haven defense industries, New Haven, Conn.	Childersburg, Ala., industrial area.
Fort Ethan Allen, Colchester, Vt.	Military and industrial area, Mobile, Ala.
Pine Camp, N. Y., military and maneuver area.	Orlando Army air base, Orlando, Fla.
Camp Upton, Long Island, N. Y.	Morrison Field, West Palm Beach, Fla.
Kearny, N. J.	Army Gunnery School No. 8, Panama City, Fla.
Fort Dix, N. J.	Key West naval base, Key West, Fla.
Camp Indiantown Gap, Lebanon, Pa.	Naval air training station, Jacksonville, Fla.
Assembly plant and flying field, Hatboro, Pa.	Army Air Corps training base, Tallahassee, Fla.
Survey of area surrounding Philadelphia Navy Yard.	Naval air station, Pensacola, Fla.
Fort George G. Meade, Md.	Miami air base, Miami, Fla.
Naval Powder Factory, Charles County, Md.	Savannah antiaircraft training and firing center, Hinesville, Ga.
Hagerstown, Md., area.	

- Extra-cantonment zone areas, Savannah, Ga.
- Extra-cantonment zone areas, Macon, Ga.
- The central Louisiana extra-cantonment area, Alexandria, La.
- Barksdale Field, Shreveport, La.
- New Orleans, La., military and industrial area.
- Camp Polk, Leesville, La.
- Pascagoula Shipyard, Pascagoula, Miss.
- Henderson Ammonia Plant, Henderson, Ky.
- Louisville, Ky., area.
- Fort Knox military area, Kentucky.
- Fort Thomas, Ky.
- Union Center, Ind., area.
- Jefferson Proving Ground area, Madison, Ind.
- Defense industry near South Bend, Ind.
- Defense area at Fort Wayne, Ind.
- Columbus, Ohio, military and industrial area.
- Cincinnati, Ohio, area.
- Erie Ordnance Depot, Lacarne, Ohio.
- Ravenna Ordnance Plant, Ravenna, Ohio.
- Defense industry near Sandusky, Ohio.
- Patterson Flying Field—10 miles east of Dayton, Ohio.
- Wright Flying Field—eastern edge of city of Dayton, Ohio.
- Aero products factory—10 miles north of Dayton, Ohio.
- South Charleston industrial area, South Charleston, W. Va.
- Morgantown Ammonia Plant, Morgantown, W. Va.
- Defense industry near Detroit, Mich.
- Fort Wayne, Mich.
- Fort Brady, Chippewa County, Mich.
- Fort Custer, Mich.
- Midland County area, Michigan.
- Benton Harbor area, St. Joseph, Mich.
- Saginaw-Bay City area, Mich.
- Muskegon, Mich.
- Air Corps Technical School, Chanute Field, Rantoul, Ill.
- Fort Sheridan and the Great Lakes Naval Training Station areas, Illinois.
- Western Cartridge Co., Illinois.
- Scott Field, Ill.
- Savanna Ordnance Depot area, Illinois.
- Camp Grant, Rockford, Ill.
- Camp McCoy, Wis.
- Defense industries, Beloit-Janesville, Wis.
- Defense industrial areas at Manitowoc and Two Rivers, Wis.
- Barksdale, Wis., defense industry area.
- Fort Warren, Cheyenne, Wyo.
- Fort Meade, S. Dak.
- Seventh Corps area training center—Pulaski County, Mo.
- Kansas City, Mo., and Kans., defense industries.
- Jefferson Barracks, south of St. Louis, Mo.
- Fort Riley, Junction City, Kans.
- Fort Leavenworth, Kans.
- Military areas and national-defense industries in the vicinity of Omaha, Nebr.
- Fort Sill, Okla.
- Denver, Colo., area.
- Camp Hulen-Palacias, Matagorda County, military area.
- Fort Bliss military area, El Paso, Tex.
- Brownwood military area, Brownwood, Tex.
- Camp Wolters military area.
- Galveston County military area.
- Defense industry at Orange, Tex.
- Abilene, Tex., area.
- Air Corps Technical School and Airport, Wichita Falls, Tex.
- Ellington Field, Houston, shipyard and defense industries, Houston, Tex.
- Fort D. A. Russell, Marfa, Tex.
- Military and industrial area, Brownsville and Harlingen, Tex.
- Fort Clark, Brackettville, Tex.
- Everett Airfield, Everett, Wash.
- Sunset Airfield, Spokane, Wash.
- March Field, Riverside, Calif.
- Camp San Luis Obispo, Calif.
- Los Angeles, Calif., area.
- Mare Island Navy Yard area, Vallejo, Calif.
- Fresno air base, California.
- Air base, Boise, Ada County, Idaho.
- Harbor defense and naval air base, Astoria, Oreg.

The CHAIRMAN. Dr. Parran, some of the members of the committee desire to ask you a few questions.

LACK OF ADEQUATE HEALTH FACILITIES

Mr. OSMERS. Dr. Parran, from your statement I gather that our health facilities are quite deficient in many of these places. Could you give the committee some notable example in the country where these facilities have collapsed or have been so inadequate as to endanger the health of the defense workers?

Dr. PARRAN. Yes, sir. There are several cases of these defense communities like that. One example is the Norfolk area, which al-

ready had a substantial municipal organization and a substantial tax base. Perhaps San Diego, Calif., would represent another community of this type.

Such communities need some help but do have tax resources with which they can carry out some of the added provisions of water supply and other community facilities and services.

Then there are the even larger towns, like Detroit or Chicago or Pittsburgh, in which large amounts of defense activities have been concentrated, and those cities, perhaps, can carry most of the added cost.

INABILITY OF COMMUNITIES TO MEET NEED

At the other extreme there is the Camp Leonard Wood area in Missouri, in which the population within 25 miles of that very large camp consisted of only a few thousand people. The largest town within 40 miles was Rayville, Mo., a small town of a few thousand. There is no community organization there. There is no municipality close by the camp; no tax base upon which the community or any of us can depend for providing the needed services and facilities for these people.

Private industry, you may say, should build some houses. Yes, but who will put in the water supplies, the sewage systems, and so forth? In areas such as that some very dangerous and unsanitary health conditions have developed.

Tullahoma, Tenn., is another example in which at the time of these reconnaissance surveys it appeared that human excreta were being deposited promiscuously not only over the yards, but the streets of the town. The place was just overwhelmed and a very dangerous situation had developed.

Hinesville, Ga., is another camp adjacent to a very small community in which there is a large influx of people.

We have tried to divide the problem in another way in our approach to it. In some of these instances there is a very large construction job, bringing in thousands of workers for a temporary period. We have not advocated permanent facilities for such construction workers. We have tried to see that some of the most basic and elemental sanitary needs were met in order to prevent the spread of epidemics, and we have attempted to base the estimates we have made upon, if not the permanent, the semipermanent population, or shall I say the population which will be in that area for the duration of the emergency.

ADMINISTRATION OF SERVICES

MR. OSMERS. I would like to have you specify for the committee, if you would, just how these services to which you refer in your list of needed appropriations and so on will be administered. Will they be administered as Federal Government functions or as part of the State and local program?

DR. PARRAN. It is a very complicated question because it will vary. The pattern will vary in many instances.

MR. OSMERS. Is it fair to assume that where there are local health agencies established they can be expanded, and that you will work through those agencies?

DR. PARRAN. In connection with the ordinary public health services and the venereal-disease control and sanitation services, we have

built in every instance upon a nucleus provided by the State or the State and local health departments. In many instances the personnel are paid with funds normally channeled to the State for public health.

To the nucleus of trained officers and nurses we have added other personnel when it comes to such matters as a recreation center near a camp, presumably so the local community will have the operation of it, but I understand that the Public Works Agency is now considering these many complicated problems to determine at what point, in terms of local participation in construction, the locality should own and operate the plant, or at what point it should be operated by the Federal Government.

So far as I know, no definite yardstick has been made because there is an infinite gradation of variety of local participation and local ability to operate.

PLANS FOR DISPOSITION OF EMERGENCY FACILITIES

Mr. OSMERS. I was thinking principally, Doctor, of the postwar situation with respect to a hospital that might be built and operated by the Federal Government when the area might well become a ghost town at the conclusion of the emergency. I was just wondering, then, what the Federal Government would do—whether they would abandon it, or turn it over to the local authorities, or what.

The defense worker by and large throughout the country is not a charity patient; he has a job and he has an income. Are there sufficient doctors in these areas to serve him, and so on?

Dr. PARRAN. In many of them there are by no means sufficient doctors. Some doctors, however, are being attracted to these areas, such as doctors who have not gotten along very well where they happen to be—occasionally a young man just locating his practice. Such people are drifting in.

AVERAGE AGE OF DOCTORS IN RURAL AREAS

Mr. OSMERS. We had some testimony in the Baltimore area which I recall was very interesting about the situation in the State of Maryland—that for one reason or another the average age of the doctors in the State of Maryland was much higher than it had been.¹ Many young men, I presume, had Reserve commissions and had gone into the Army. Is there any trend in that direction on a national scale or not?

Dr. PARRAN. For a number of years, perhaps for more than a decade, there has been a decided trend toward higher average ages for doctors in rural areas. The younger doctors seem to gravitate to the cities, frequently into areas already oversupplied with doctors, but they are unwilling to go into the rural areas, especially unwilling if those areas are not supplied with facilities for modern medical care, treatment, and hospital facilities.

Mr. OSMERS. That bears out substantially what we heard in Baltimore, and it bears out my own personal experience. I have a farm, which is naturally in a rural area. I am told that 50 years ago the area had a stated number of doctors. As these men grow old and

¹ See testimony of Dr. Abel Wolman, Baltimore hearings, p. 5902, and of Dr. Robert H. Riley, *ibid.*, p. 5941.

pass on there is no replacement whatsoever, yet there has been no substantial change in the population. I wonder whether we are facing a shortage of doctors, generally, in rural areas in the United States.

Dr. PARRAN. We are confronted now with such a shortage.

Mr. OSMERS. Is there any factor you can see on the American horizon which will change this trend?

Dr. PARRAN. Yes, sir; I think that the measure proposed in the Senate last year by Senator Wagner and Senator George providing for community hospitals is the most direct and efficient answer to the problem.

NEED FOR MORE HOSPITALS IN RURAL AREAS

The reason the doctor doesn't go to the rural areas is that after receiving modern medical training he is not willing to practice "saddlebag" medicine. But if there are some modern medical facilities—X-ray and laboratory, and other aids to the practice of medicine in such areas—I am confident that we shall see a larger group of young doctors going into such regions.

Mr. OSMERS. Do you think, Doctor, that the possibilities for higher incomes in the so-called metropolitan areas have also been an influencing factor in bringing medical men to the cities?

Dr. PARRAN. Of course, the whole thing, except for the points I have mentioned, has an economic base. Yes, sir.

With the increased facility of transportation, I don't think we need a doctor at every cross road as we did a generation ago. On the other hand, in our studies of this matter the best thought which has come out of them, I think, is that, barring the very remote and sparsely settled areas in the West—let us say a few spots in the West—there should be a hospital within a radius of 30 miles, so that 30 miles would be the maximum that one should need to travel to get to a hospital.

Mr. OSMERS. Was the bill you mention referred to by its sponsors as the "socialization of medicine bill?" Is that the bill to which you refer?

Dr. PARRAN. No; I believe an earlier bill was given that label, but not this one. The one you mention was a bill providing for medical care and public health—for the whole medical front rather than just hospitals.¹

Mr. OSMERS. Was the medical profession, by and large, in support of the measure you refer to—the Wagner-George bill?

Mr. PARRAN. Yes; medical and hospital groups throughout the country seemed to give it their support.

BASIS FOR ESTIMATING MEDICAL FACILITIES

Mr. OSMERS. Now, how do you arrive at the estimates, Dr. Parran? What was the method used?

Dr. PARRAN. We sent a doctor and an engineer to each of these 115 medical areas; we naturally had to adopt some yardstick. I can't say that the estimates we have made here will turn out to be exactly right. I will say that they are the result of the application of cer-

¹ The Wagner-George measure—S. 1230—was introduced March 27, 1941, and was known as the "Hospital Construction Bill."

tain standards which we agreed upon and which at that time seemed the best standards.

Mr. OSMERS. Do you have data supporting your estimates, Dr. Parran?

Dr. PARRAN. The data were collected largely during the last month of 1940—during December 1940 and the first month of this year.

Mr. OSMERS. Do you expect there will be as sharp an increase in the estimates as there has been in the estimates of every one of these defense problems?

Dr. PARRAN. I think not.

Mr. OSMERS. Well, that is encouraging.

Now, I notice you have an item in there of \$170,000,000 for medical care and I would like to have you tell the committee how you propose to spend that medical-care item.

Dr. PARRAN. In the report, and in our thinking up to now, we have not formulated any one definite method of operating that general aspect of the problem. The figures were arrived at by taking the amounts which are being spent per capita for medical care and the agreed normal, necessary per-capita amount which should be spent for medical care. Then there was deducted the proportion of that total cost which it was estimated the wage earners could supply for themselves.

Mr. OSMERS. And this represents the difference between what the figure should be and what they could afford to pay?

Dr. PARRAN. Essentially that.

HEALTH DEFICIENCIES OF SELECTEES

Mr. OSMERS. Now, I believe that some time ago you expressed yourself with regard to the health deficiencies of the draftees. What was it you did say about that subject, Dr. Parran?

Dr. PARRAN. Well, as a result of the examinations of the first million men coming under Selective Service, I think all of us have been tremendously disappointed at the large proportion of them who are ineligible for full military service.

The figures, as I recall them, are that 43 percent of the men examined are not eligible for full military experience. Of those, however, 15 percent are eligible for limited military service but not for full military service.

In other words the figures break down to 28 percent not eligible for either full or limited service, and 15 percent eligible for limited service only.

Mr. OSMERS. What is the major cause, if there is a major cause, of rejection?

Dr. PARRAN. The most frequent cause of rejection is defective teeth.

Mr. OSMERS. Defective teeth?

Dr. PARRAN. Yes.

Mr. OSMERS. Is there a close second—some other outstanding defect?

Dr. PARRAN. Eyes—defective vision stands high on the list. Underweight or general physical unfitness also constitutes an important factor. I am shifting the base of my comparison for a moment. Out

of the first 1,000,000 men we found about 49,000-odd cases suffering from syphilis, and another 15,000 suffering from gonorrhoea.

I should be glad, Mr. Chairman, if you wish, to have inserted in the record and to provide you with a brief table showing the percentage and relative standing of several physical defects in a representative sample of draftees.

The CHAIRMAN. We would like to have that, Doctor. You may send it to us at any time. Our record will be open for 10 days at least.

(The table referred to above was received subsequent to the hearing, and in accordance with instructions from the chairman, was made part of the record. It is as follows:)

Percentage of examined men classified as not qualified for any military service or as qualified for limited service only under the Selective Service Act of 1940,¹ according to cause

Diseases ²	Percentage of examined men classified as—		
	Not qualified for general military service ³ (Classes IV-F and I-B)	Not qualified for any military service (Class IV-F)	Qualified for limited service only (Class I-B)
All.....	42.68	27.92	14.76
Defective or deficient teeth.....	8.32	4.33	3.99
Eye diseases.....	5.03	2.51	2.53
Diseases of the cardiovascular system.....	3.69	3.02	.67
Musculo-skeletal diseases.....	3.17	2.11	1.07
Nervous and mental diseases.....	2.95	2.54	.41
Ear, nose, throat diseases.....	2.39	1.77	.61
Hernia.....	2.02	.93	1.10
Diseases of the respiratory system.....	1.71	1.33	.39
Veneral diseases.....	1.62	1.02	.60
Foot diseases.....	1.42	.77	.65
Overweight and underweight.....	1.37	.75	.62
Diseases of the genito-urinary system.....	1.08	.72	.36
Endocrine disturbances.....	.58	.49	.10
Varicose veins.....	.48	.34	.14
Mouth and gum diseases.....	.39	.30	.094
Skin diseases.....	.31	.23	.079
Diseases of abdominal viscera.....	.31	.23	.082
Hemorrhoids.....	.22	.12	.10
Underheight.....	.10	.10	.004
Other specified diseases.....	.58	.44	.14
Generally unfit.....	2.83	1.80	1.03
Obviously defective ⁴	2.06	2.06	.....

¹ These data are a combination of local board and induction center examinations.

² The term "disease" is used to mean disease, defects, or impairments. Data are classified by primary cause.

³ Sum of second and third columns.

⁴ Classified by local boards as obviously defective without medical examination.

MEDICAL CARE A DEFENSE PROBLEM

Mr. OSMERS. Now, Dr. Parran, what recommendations have you to make with respect to correcting the health deficiencies of these rejected draftees?

Dr. PARRAN. I think it is quite clear that this is a national-defense problem. If we continue to need an army no larger than its present size, then from a strictly military point of view, perhaps, the problem

is not of so much immediate military importance. If, on the other hand, we should need to expand that army materially, we shall be faced with a shortage of people in the proper age group who are fitted for the job—for the bearing of arms.

Just take this one group infected with gonorrhoea and syphilis, both correctible diseases. I think it should be a national obligation to see that every one of these men is not deprived of the privilege of citizenship—the privilege of bearing arms for his country—simply because he has one of these infections. In the same way, I think the boy with defective teeth, with a hernia, or with varicose veins should have those defects corrected insofar as he is willing and able to pay the bill himself. That should be his personal obligation, but by and large much of the cost, I feel, will have to be borne by Federal funds, working in cooperation with the State and local hospitals and medical services.

Of course I feel very strongly that this is an important job right in front of us, and that we should see that these men are put in the best possible physical condition.

Mr. OSMERS. You mentioned that 48,000 of the 1,000,000 had syphilis and I presume that average will continue.

Now, when the examiners found that a venereal condition existed with respect to an individual, was a report made to the State or local authorities?

Dr. PARRAN. Yes, sir.

STATE LAWS CONCERNING VENEREAL DISEASES

Mr. OSMERS. The law in several States provides that this be done. I don't know whether all States have syphilis-reporting laws or not. My own State does.

Dr. PARRAN. They do, and the selective-service regulations require the doctor at the local draft board to notify the health authorities of all communicable diseases, in accordance with the State laws.

Mr. OSMERS. Have you had any opportunity at all of finding out whether the States are doing their duty in following up these cases?

Dr. PARRAN. They are doing a heroic job. To understand the problem one must recall that for the first time in the recruitment of any army an army is being recruited free from venereal diseases.

A routine blood test is made on all the boys before they are inducted, and I might say this is a novel and unique fact. The reason such a large proportion of syphilis cases was uncovered was because of the blood test. In fact, out of every hundred positives, 97 would have been missed, had we not made blood tests. Only 3 percent showed clinical signs of syphilis. The clinical syphilis rate was only one-seventh that of the last war, and the rate of gonorrhoea only one-fifth.

The CHAIRMAN. To what do you ascribe that?

Dr. PARRAN. I ascribe it to the work which has been done in many States since the last war and in all States during the last few years, plus the more efficient chemical treatment of gonorrhoea.

Mr. OSMERS. I would like to ascribe a great deal of this to the leadership of Dr. Parran.

The CHAIRMAN. And I will second that motion.

Dr. PARRAN. Thank you very much.

HEALTH PROGRAM IN ENGLAND

Mr. OSMERS. I understand that you visited England recently. Did you find any essential change in their public health system as a result of the war?

Dr. PARRAN. A tremendous expansion: An important sector of their whole gallant civil-defense effort, of course, is the medical and hospital side. That is a large unit of the Ministry of Health in Great Britain. Fortunately, they had, prior to the war, a good staff of trained, full-time medical health officers, and they have been the keystone on which the whole emergency medical service has been built. The training of personnel, the planning and operation of first aid posts, the contamination centers, the provision of emergency hospital beds—all of that has been possible because, on the basis of a central corps of trained men, they have recruited the leading doctors of the country to aid them.

Mr. OSMERS. Having no scientific knowledge of the subject at all, it has seemed remarkable to me that England has been able to avoid large epidemics throughout this trying period. Would you say that the present organization of their health service has a great deal to do with this?

Dr. PARRAN. Their health service has; and I should also recall the tremendous effort they have made to prevent contamination of public water supplies and, where they are contaminated, to see that steps are taken to prevent the use of this water.

WARTIME HEALTH HAZARDS IN ENGLAND

Mr. OSMERS. There must arise, as a result of bombing raids, some very serious problems with regard to water supply. I am thinking of damaged water mains and transmission facilities of all kinds.

Dr. PARRAN. Most every imaginable thing that you can think of has happened.

Mr. OSMERS. But they have developed some subsidiary system of supplying the water to the people, have they not?

Dr. PARRAN. No; they have been able to cut out of circulation the damaged spots to see that the mains are promptly disinfected; they have seen in other instances that the water is boiled, or that emergency chlorine is furnished, or that tank wagons are used, in order to insist upon a safe water supply.

Mr. OSMERS. Do they have a rodent problem as a result of bombing raids?

Dr. PARRAN. No; they do not seem to. They did have, strange to say, a mosquito problem in the dead of winter in the subways.

Mr. OSMERS. A mosquito problem?

Dr. PARRAN. Yes, sir; a mosquito problem which nobody expected. They came from the stump holes, where the mosquitoes hibernated, and they filled the subways. They were not disease-carrying mosquitoes, but they were a very great pest. These swarms of mosquitoes in the subways were exterminated without much delay.

Mr. OSMERS. I am sure the New York subways are so crowded a mosquito couldn't fight his way in, so we don't have to worry about that.

FUNDS FOR DEFENSE HOUSING

Now, the largest item on your list is this housing item of about 81 percent of the total amount. We have appropriated, I think, something like \$400,000,000 in Congress for housing. Is that meeting the present need?

Dr. PARRAN. Frankly I don't feel qualified to express any very definite opinions on the housing situation. We debated initially whether or not we should leave out this estimate of housing, but since our crews had gotten in the field early, we thought it might be of some value to the housing authorities—agencies of the Government dealing with housing—as representing the best estimates we could make as to what was the size of that total job.

Mr. OSMERS. Now, you made reference to H. R. 4545, the \$150,000,000 Defense Facilities Act. Have any of those funds been allocated to your service, or do you expect any particular sum to be allocated?

Dr. PARRAN. They have not been allocated and I fear we shall have to ask Mr. Carmody to answer your other question.

Mr. OSMERS. You probably would like to know that as much as we would. Have any of the proposals of the Interdepartmental Committee to Coordinate Health and Welfare Activities been embodied in the national defense health program?

Dr. PARRAN. From a very practical point of view a great many of the recommendations are being carried out step by step, particularly in the defense areas. In other respects I think one can say that coordination has gone further than that committee suggested a few years ago.

Mr. OSMERS. It has gone further?

Dr. PARRAN. Yes, sir; there has been more coordination than was at that time contemplated.

HEALTH INSURANCE

Mr. OSMERS. Do you believe that if we had a national health insurance plan this situation would be better today?

Dr. PARRAN. Well, again one must define the terms, and when you say a "national health insurance plan," that might mean so many different things.

Mr. OSMERS. I shall try to make it a little more specific: We expect to hear this morning from the chairman of the Social Security Board. He is going to leave a paper with the committee in which, I believe, he wants to extend the Social Security program to include a social insurance program providing medical care on an insurance basis and cash benefits to those unemployed because of sickness. What would be your view of such an extension?

Dr. PARRAN. I wonder if we shall have during this emergency sufficient doctors to operate a new type of medical service in this country. There are such a large proportion of doctors being called into the military and national defense services. I am sure we shall have, just as the British have had, an acute shortage of doctors.

If or when the present system of medical practice is to be radically changed by a national law putting into effect a compulsory health-

insurance system all over the country, I hope all of the doctors of the country will be at home in order that they may be on hand to advise and participate in the carrying out of such a plan.

In other words, I hold the view that a time of crisis is no time for a radical change in the social structure. It is also, I may say parenthetically, no time to retreat or abandon necessary social measures. I see, from my point of view, additional things which need to be done in the health field in terms of providing the basic facilities necessary in defense areas and elsewhere and in providing more intensive preventive service having, shall I say, priority over a national compulsory health-insurance system.

Mr. OSMERS. In other words, however meritorious the proposal might be when it would be studied you feel that today it might be an upsetting factor, rather than a helpful one?

Dr. PARRAN. I am inclined to think so, and yet I have a great respect for the judgment and wisdom of the chairman of the Social Security Board.

Mr. OSMERS. I realize too, Doctor, that this is hardly the way to present a national-health program—in a more or less informal questioning such as we are doing here this morning—but I wondered what your opinion might be.

Are the safeguards you mentioned, which are now being provided by local authorities and military authorities against the spread of venereal disease adequate?

PREVALENCE OF VENEREAL DISEASES

Dr. PARRAN. I fear they are not because of the fact that during this past 7 or 8 months we have uncovered 48,000 new sources of syphilis infection and 15,000 sources of gonorrhea infection.

There is a great variation in the prevalence of these diseases. We found, for example, that the prevalence of syphilis among white selectees in Florida is nearly 20 times as high as in Connecticut. There are 10 States with rates of under 10, and another 10 States with rates over 30—between 30 and 40.

The States having the largest amount of syphilis are in general the poorer States, and their facilities in many instances are overburdened or breaking down. As a result, we have not been able to follow up promptly and put under treatment the sources of infection that have been found. That is important, not only from the standpoint of the individual, but from the standpoint of eradicating that source of infection, which in turn will give rise to other cases.

I am confident that if it were possible to deal with each of these cases promptly, we should be able to advance by several decades the ultimate control of syphilis. The data on these first million men show, in effect, that syphilis is now a rare disease in a few of our States.

Mr. OSMERS. What you have to say about syphilis in certain sections of the country bears out testimony which has been given to this committee. When we were in Montgomery, Ala., we heard from the health officer of Palm Beach County, Fla., and I think he said he was trying to handle 10,000 cases in that county alone.¹ One man, with 2 nurses, handling 10,000 cases; of course, that is a physical impossibility.

¹ See testimony of Dr. William Weems, Montgomery hearings, p. 589.

NEW JERSEY BLOOD-TEST LAW

I sponsored, and there was passed, the premarital blood-test law in New Jersey and some other measures along those lines, and I think we have made substantial progress there. This committee being primarily interested in migration is, of course, very much interested in the interstate cooperation on this problem.

Now, in my own State, we have a great many migrant farm workers who come there annually. We blood-tested an entire group of them last year and found syphilis to be prevalent among 33 percent of the men and among 40 percent of the women. We gave preliminary treatment and forwarded the reports to the States where they said they were going. I have always been extremely doubtful as to the ultimate follow-up of these cases, particularly when these people return to the South. I wondered whether you could tell the committee anything about this migrant syphilis care.¹

SYPHILIS TREATMENT OF MIGRANTS

Dr. PARRAN. I may say at the outset that I share your doubt. Some progress has been made in dealing with the migrant who is suffering from syphilis. The public-health service has had quite a lot of experience in dealing with merchant seamen and has been able to work out certain patterns by which a transfer card or treatment card can be taken from one port to another.

We have attempted, with good success in some instances, to apply that same principle to syphilis in the general population, specifically at Hot Springs, Ark., where we operate a center. Patients come there for treatment. Frequently they do not and cannot stay until they complete the treatment, but we have found excellent cooperation from the States of origin when the proper notification is given.

I think, as an over-all statement, however, that it must be realized that in many of the States where venereal diseases are most prevalent, facilities are inadequate.

Mr. OSMERS. It almost runs in direct proportion, I presume, to the facilities available.

That is all I have, Mr. Chairman.

The CHAIRMAN. Dr. Parran, regarding your remarks relating to England; I was thinking how they got on top of the health problem. Of course, that is more of a compressed area and under a single governmental control.

Dr. PARRAN. Yes, sir.

EXTENT OF HEALTH PROBLEM

The CHAIRMAN. We run up against the problem, don't we, of municipal control, State control, county control, and Federal control; and in addition to that we have 48 States, which comprises a much greater area than Britain and consequently our problem is much greater. Is that not so?

Dr. PARRAN. Obviously our problem increases in complexity—actually in geometric ratio because of the expanse of country and the varying conditions—social, economic, and other conditions in different parts of the country.

¹ See New York hearings, pp. 78 and 79, and Trenton hearings, pp. 5647-5654.

The CHAIRMAN. You spoke about San Diego. This committee visited San Diego about 6 weeks ago and was very much impressed with the new project going in there. San Diego has increased by 100,000 people, and they are putting up 1,766 housing units in the Kearney Mesa project to house 10,000 people.

When we visited San Diego and that project we were impressed with the idea that there were no hospital facilities of any kind or character, and the project is 6 miles away from San Diego.

Of course, they have a sewage problem there, as well as all the other problems that go with a project of that kind.

Now, in regard to the \$150,000,000 that you are asking for to take care of all the different facilities, including sanitation and health and education, San Diego wants \$21,000,000 alone, don't you see, so I am impressed with the idea that \$150,000,000 is inadequate.

You think so, too, don't you?

FUNDS INSUFFICIENT TO MEET NEED

Dr. PARRAN. I agree fully with the statement that Governor McNutt made, I think it was in his testimony before the Senate committee, in which he said it was "a drop in the bucket," although I do not have the figures in mind.

With your permission, I should like to offer them as unofficial.

The CHAIRMAN. Very well, unofficially.

Mr. OSMERS. Dr. Parran, would you say that your figure of \$1,800,000,000 is a little bit nearer the mark than \$150,000,000?

Dr. PARRAN. Yes; although please recall that 81 percent of that is housing. I should also point out that the \$1,800,000,000 estimate covers only the 184 areas surveyed. The number of additional areas which will have to be surveyed before we have a complete picture will probably be about 300.

Mr. OSMERS. Even figuring the 19 percent of that figure which is not for housing, that would probably be under what is really required?

SELF-LIQUIDATING PROJECTS

Dr. PARRAN. Yes; although I should hope that, in this and any additional expenditure we should save by as good bargaining as possible with the local communities. Many of these projects will be self-liquidating. Water supply, for example, and sewage-disposal systems can be taxed, which would go a long way toward amortizing the cost.

Moreover, I should think that the larger communities should be required to pay some part of the cost of these facilities, but I take it the great difficulty is to know just what sort of yardstick one can use, bearing in mind that there are some areas which simply cannot pay anything.

SERVICE FACILITIES

Mr. OSMERS. Dr. Parran, one of the great objections we have found on the part of communities—local communities—to the Federal defense housing program has been the failure of the Federal Government, in most instances, to take into consideration and to provide for the facilities that new housing must have. I am referring to

facilities of the type that you have mentioned—hospitals, schools, roads, and all of the many things that go into the creation of a community.

It is a simple matter for the Federal Government to go in and build thousands and thousands of houses, but to put up a school that will take the children of 1,000 families is another matter. As a result, the people I mentioned in the various communities are doubtful about the Federal Government's sincerity.

I questioned Governor Townsend the other day. He is a member of the Plant-Site Committee, I believe it is called, and I was rather critical of the activities of the Government in that respect.¹

It is very easy to negotiate a contract to build a plant or deliver certain materials here in Washington. But when you consider the strain placed on that community and its contiguous territory, I think that this should be considered when a contract is signed—not 6 months afterward when it is too late, but before they begin the project.

That is all, Mr. Chairman.

CIVILIAN MORALE IMPORTANT TO SUCCESS OF DEFENSE PROGRAM

The CHAIRMAN. Dr. Parran, just one more observation I desire to make and then I am through. I am greatly impressed with the valuable paper you have given us this morning. We have got to get it across to the American public that housing, health, education, and similar activities are an important part of the national-defense program.

You just can't separate civilian morale from Army and Navy morale, can you?

Dr. PARRAN. I agree fully with that statement, Mr. Chairman. After all, what is it we are preparing to defend? It is not so much an island here or the bulge of a continent there; it is the men and the women and the children who make up this country. If we can't produce the instruments of war and at the same time give decent living conditions to the people through whose labor and interests and energy these things are being produced, then I do not think our democracy is as good as I firmly believe it to be. But I believe we can do it.

The CHAIRMAN. Well, thank you very much, Dr. Parran. We appreciate your coming here and the very valuable assistance you have given to us.

Dr. PARRAN. Thank you very much, Mr. Chairman, and gentlemen of the committee.

Mr. OSMERS. Mr. Chairman, I would like to have the record show that one of the reasons for the uncertainty of my appearance here during these hearings has been the fact that I am also a member of the Rivers and Harbors Committee, which has been holding concurrent hearings on the subject of the St. Lawrence seaway.

The CHAIRMAN. The reporter has made a note of it.

We will take a 3-minute recess.

(Whereupon, a short recess was taken.)

The CHAIRMAN. The committee will please come to order.

Mr. Taft is our next witness.

Mr. Reporter, this is Mr. Charles P. Taft, assistant coordinator of health, welfare, and related defense activities.

¹ See Washington hearings, pt. 16, July 15, 16, and 17, p. 6568.

TESTIMONY OF CHARLES P. TAFT, ASSISTANT COORDINATOR OF HEALTH, WELFARE, AND RELATED DEFENSE ACTIVITIES, FEDERAL SECURITY AGENCY, WASHINGTON, D. C.

The CHAIRMAN. Mr. Taft, we appreciate your coming here this morning. I have read your very interesting statement.

The committee is quite conversant with the work you have done. Now, would you prefer to read your statement, or should I ask questions that will bring out what the committee is particularly interested in?

Mr. TAFT. I think questions would be quite satisfactory, Mr. Chairman.

The CHAIRMAN. I think so, too, because we find in our experience, Mr. Taft, that there is duplication otherwise.

(The statement referred to above is as follows:)

STATEMENT BY CHARLES P. TAFT, ASSISTANT COORDINATOR OF HEALTH, WELFARE, AND RELATED DEFENSE ACTIVITIES

NATIONAL DEFENSE MIGRATION AND ITS RELATION TO HEALTH, WELFARE, AND RELATED DEFENSE ACTIVITIES

AUTHORIZATION AND FUNCTIONS OF THE OFFICE OF THE COORDINATOR

On November 28, 1940, the Council of National Defense, with the approval of the President, designated the Federal Security Administrator, Paul V. McNutt, as Coordinator of all health, medical, welfare, nutrition, recreation, and other related fields of activity affecting the national defense, including those aspects of education under the Federal Security Agency. In February I was appointed Assistant Coordinator.

The Coordinator relies on the fullest use of the services of public and private agencies, national, State, and local, now operating in the fields for which he is responsible and stimulates any further developments necessary to carry out the following responsibilities:

1. To secure social protection for men, women, and children in communities suffering disproportionate burdens as a result of military or industrial defense activity.

2. To assist civilian agencies and individuals in making an effective contribution to the health, welfare, and morale of men engaged in military and naval service, in the communities near military and naval posts.

3. To promote the health, security, and morale of the civilian population as an essential part of effective defense.

ORGANIZATION OF OFFICE AND METHOD OF OPERATION

(Attached is a copy of the organizational chart of the Office of the Coordinator.)

The Office of the Coordinator functions through committee organization and through direct operation where no existing agency has primary responsibility in the particular field. The Federal functions are carried on in Washington through an interdepartmental advisory council, advisory committees, and the staff. A similar pattern is followed on the regional level.

In order to coordinate effectively the activities of Federal agencies in health, welfare, and related fields as they affect the national defense, the Coordinator established an interdepartmental advisory council composed of the heads of all Federal organizations whose activities relate to the functions of the Coordinator. Advisory committees of specialists, drawn from Government and non-Government agencies, have been set up on health and medical care, family security, nutrition, and social protection.

The program divisions are: The Division of Recreation, responsible for recreation programs for defense communities and for the total population affected

by defense; the Nutrition Division, which works through State nutrition committees for the improvement, through education, of nutritional standards and food habits; and the Division of Social Protection which seeks to safeguard the armed forces and the civilian population from the hazards of prostitution, sex delinquency, and venereal diseases, and to offer other types of social protection. The Coordinator's responsibilities with regard to education are carried out largely through the Office of Education.

Similarly, a regional pattern of organization has been developed. Regional advisory councils, composed of the regional representatives of the Federal agencies which comprise the interdepartmental advisory councils, have been appointed. Each regional director of the Social Security Board has been designated regional coordinator in his region to act as agent of the Federal Coordinator and as chairman of the regional advisory council. The field staff of the Divisions of Recreation and of Social Protection operate from the regional offices and into the communities which most urgently require their services.

The significance of this type of coordination is that there is now one source to which State and local groups can turn for assistance with health, welfare, and related problems affecting the national defense, and that such assistance represents the joint efforts of all Federal agencies with anything to offer on these problems. It means that the efforts of one agency are supplemented by the efforts of all other agencies with resources to meet specific problems. Information available to one agency is available to all. By clearance of such information, much effort can be saved at all levels. Action taken by the Federal Government in the fields included will be a result of joint thinking and planning and cooperative effort.

GENERAL STATEMENT OF NATIONAL PROBLEMS

Your committee in March heard the testimony of the Coordinator of Health and Welfare on defense migration,¹ and also has had access to my testimony before both the House and Senate Committees on Public Buildings and Grounds in connection with the need for community facilities. While I shall summarize as much as is necessary for presentation here, I hope that you will review the earlier testimony in connection with this statement.

The national-defense program is the greatest single cause of migration in the United States today.

The different types of migrants may be distinguished as follows:

The million and a half young men who have been called by the Army and Navy.

Their civilian followers, families, and service workers. The ratio is estimated at one for every two soldiers. For naval concentration it would be higher.

The construction workers for the new military, industrial, and community facilities who numbered 750,000 at the peak, and who have moved from community to community as projects were announced.

The families who have had to be relocated when the Government purchased vast tracts of land for new facilities.

The industrial production workers who have moved into industrial defense centers to meet labor shortages. In the GS areas for which the Bureau of Employment Security has made special labor-market surveys, it is estimated that a total population of 16,831,000 will absorb over a million persons in employment during this year, and of these about 350,000 will have to be imported from outside the commuting area.

The influx of families and dependents of these industrial production workers which may be expected to multiply the above in-migration figure by 3. A considerable servicing population will accompany the wage earners and their families.

Hordes of unemployed who flock frequently with their families, to boom towns in search of jobs for which they are not qualified, and who are without means of support.

These migration figures will undoubtedly be augmented by possible increase of the armed forces, and increased defense industrial operations.

¹The reference is to Hon. Paul V. McNutt, one of the witnesses at the Washington hearings, March 24, 1941, p. 4321.

COMMUNITIES AFFECTED BY IN-MIGRATION

The types of communities affected by in-migration are as diverse as the kinds of migrants, and for each a different kind of planning is necessary. There are communities which are affected by military activities, or by industrial activities, or by a combination of activities.

A military establishment may be placed in a wilderness where there are no nearby communities. This involves control of the mushroom communities that spring up, the greater development of resources on the reservation, and the organization of distant communities for week-end service. An example of this is Fort Huachuca in Arizona.

Or, as in the case of Fayetteville, N. C., a camp may be near a single city whose population it outnumbers many times. This city must be assisted to plan for receiving the full impact of the concentration.

Elsewhere there may be a number of cities of varying size surrounding a camp site, and they must be organized to work together so that the impact may be dispersed according to the ability of each community to absorb it. Camp Edwards, at Cape Cod, Mass., has enjoyed the benefits of the coordinated effort of 13 towns.

There are also a number of special planning problems. The proximity of troops to the Mexican border has resulted in an increased venereal-disease rate and has necessitated planning beyond national boundaries. Where communities have at first resented the location of a military establishment, or have been unsympathetic to the needs of industrial workers, the difficulties of community organization have been increased. In other communities where the influx of Negro troops has been unwelcome, it has been necessary to overcome prejudice, and to plan activities exceeding those planned for whites because of the relative scarcity of community resources.

Planning for military concentrations is for a relatively short-term period, for it is assumed that at some time the bulk of the troops will be demobilized. How many of the troops, their followers, construction workers and other transients may be expected to remain in the community, and the types of problems they will create cannot now be ascertained. Again, needs vary according to whether the concentration is a maneuver area, as is Caroline County, Va., a 3-month replacement center like Camp Roberts in California, or a more permanent camp.

CENTERS OF INDUSTRIAL CONCENTRATION

Centers of industrial concentration present different problems. The need for integrated community planning by local, county, State and Federal agencies is perhaps intensified. Such a program should be visualized as augmentation of community living rather than duplication of community responsibility.

There are the already established industrial centers whose multiple industries are converted to defense needs and which are, in addition, the sites of greatly increased new facilities. True, the influx may be so small relatively that the population can readily absorb it. But it is more likely, as in the case of Detroit, which anticipates 75,000 in-migrants out of the 350,000 needed by 68 areas for defense industry, that the city has reached its ultimate expansion and will have to spread to outlying areas beyond city and even county units. The development of commutation facilities, although it may disperse the impact from the principal community, may enlarge the area of need in even different directions. Services must be brought to these periphery areas, which may be totally lacking in facilities, in a manner that will fit into the total community plan.

Somewhat different is the case of a fair-sized city such as Wichita, Kans., which is still undergoing expansion. Here one industry, aviation, has received contracts requiring huge construction and operation labor. Here the need is greatest for the development of the nucleus of growing facilities to meet the needs of the added population without distortion of the community plan in the direction of the new defense activity.

A more spectacular situation is illustrated by Charlestown, Ind., and Childersburg, Ala. In each case a government-owned ordnance plant requiring several thousand workers has been located in open country near a town of several hundred people. In contrast to other types of industries which may have post-war value, the period of use of ordnance plants is probably limited and probably requires planning of limited duration, but of total extent.

Some communities are affected by a combination of types of activity. In Hampton Roads, Va., for example, there are Army, naval, and industrial concentrations. No matter how large the area, real effort is required to meet the different needs of the various groups.

The Office of the Coordinator is concerned with the health, welfare, and related needs of the communities to which the migrants go; similar needs of the communities from which they come, and which are thereby deprived of essential labor supply, and financial support; and the needs of the migrants themselves in becoming adjusted to conditions of their new community life.

In addition, I wish to mention briefly certain other defense-connected problems which will ultimately require solution:

Assistance to nonresidents who are in need. These may be defense workers waiting for their first pay; families of men in service whose allotments do not permit them to provide their families with subsistence; transients; construction workers left stranded as a result of the completion of defense projects. All such persons are almost universally barred from State and local assistance by local restrictions.

Economic dislocation resulting from conversion of industries, priorities, and the curtailment of consumer goods industries.

The need in some manner to compensate localities for the land removed from the tax base by the purchase of sites for Government-owned defense facilities; this is now provided for only under the Lanham Act (housing).

The need for zoning regulations in defense areas, as basic to health and welfare;

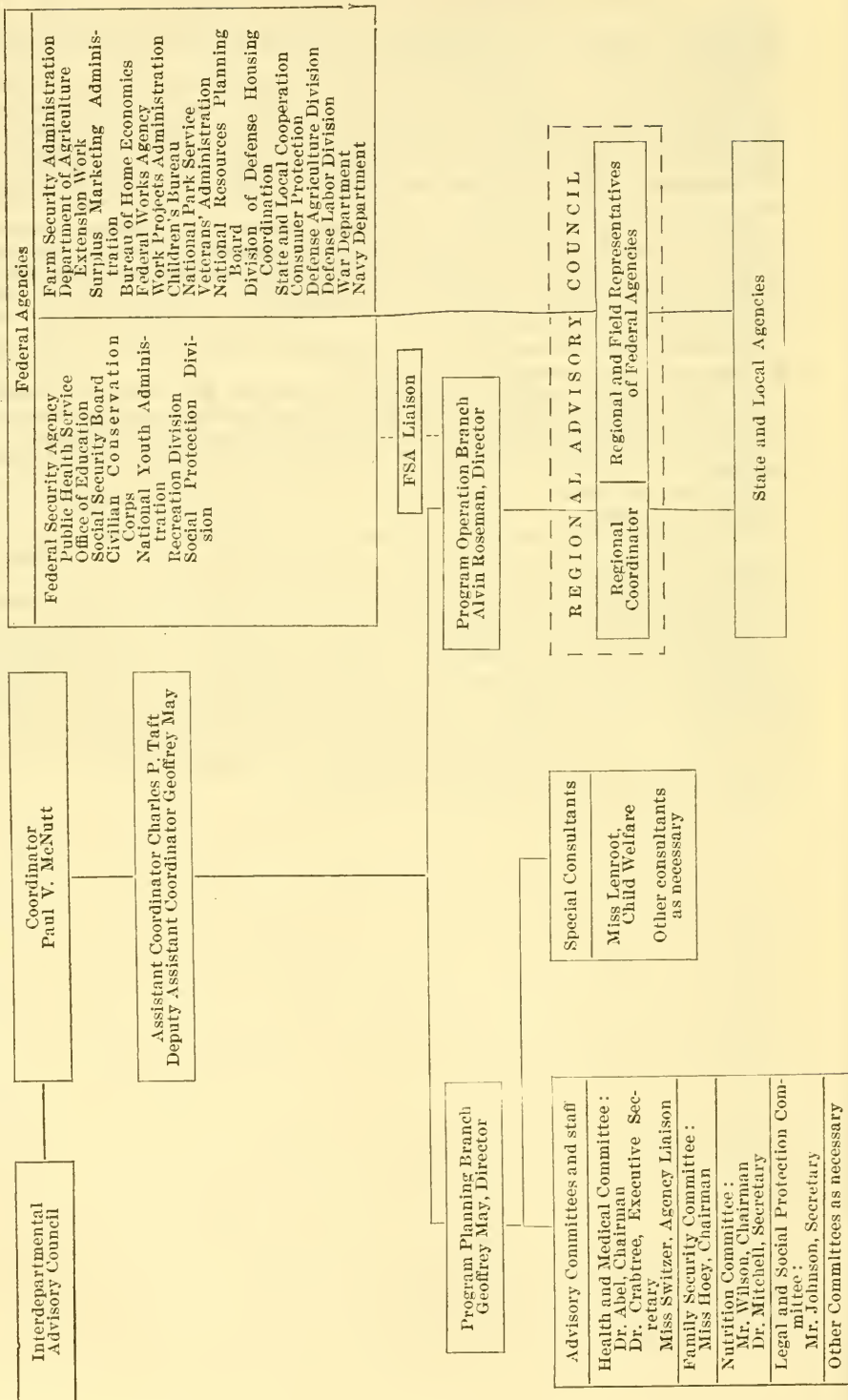
The needs that will be occasioned by further diversion of national income for defense purposes;

The need for strengthening the planning and program machinery of our public agencies now so that the potential post-war migration may be minimized, when the time comes, both in extent and in effect.

As an essential aid in meeting some of the welfare problems occasioned by the national-defense effort, I should like to suggest the establishment of a general public assistance category in the Social Security Act. This category is needed to meet not only defense connected dependency problems arising among migrant workers, transients, and others, but also to fill a long-existing gap in the Federal Security program. Federal grants-in-aid to the States under this category should be on a matching basis and should be accompanied by conditions assuring adequate administration, personnel, and other safeguards, and assurances that such funds will be expended without discrimination as to the residence or legal settlement of recipients.

ORGANIZATIONAL CHART

OFFICE OF THE COORDINATOR OF HEALTH, WELFARE, AND RELATED DEFENSE ACTIVITIES



TESTIMONY OF CHARLES P. TAFT—Resumed

Mr. TAFT. There may be a few points you may not have covered when you have finished, so I would like the opportunity of emphasizing them, if I may.

The CHAIRMAN. Certainly, you may have that privilege.

Have you any idea, Mr. Taft, as to approximately how many people have migrated into camp areas?

MIGRATION INTO CAMP AREAS

Mr. TAFT. Into camp areas, by themselves?

The CHAIRMAN. Yes; on account of defense activities. What we are getting at is defense migration, don't you see?

Mr. TAFT. I would have to distinguish between the industrial areas and the camp areas.

As to the industrial areas, we figure that on the basis of labor-market surveys by the Employment Security Office about 350,000 will have to come from outside of the commuting area in industrial communities in order to supply the employment necessary in new defense activities. So far as the camps are concerned, it would be only a guess, but I would say between 300,000 and 500,000 up to date.

The CHAIRMAN. I quoted you in one of the hearings as a result of a newspaper article wherein it was stated that you felt that probably 1½ million people had migrated from State to State on account of the national-defense program.

Mr. TAFT. Well, I think that is an estimate based on what will ultimately happen, and therefore is in the process of happening now.

I don't think I would be prepared to say definitely that there were 1½ million right up to date, although there may be, because it is the kind of thing which is extremely difficult to measure, and no one has actually measured it with any accuracy.

The statement of 1½ million I will stand by, however, as being the probable total shift under existing defense industrial activities and in existing camps.

If you take a camp site, for instance, where you have 40,000 soldiers, our estimate is that eventually you will have 20,000 civilians within 25 miles of that camp. They don't all come at once; it will take perhaps 6 months before that actually develops, but I will stand by that figure because I think it will be reached probably in the fall, although not at this present moment.

The CHAIRMAN. Have you made any surveys, that is, have you yourself made any specific surveys in any specific areas?

Mr. TAFT. I have visited a number of areas simply for observation, ordinarily to assist in community organization, rather than to survey the existing situation, and what I have picked up for myself, therefore, has only been incidental.

The CHAIRMAN. Well, now, after you make the surveys, just how does your office fit into the picture? That is what I want to get.

Mr. TAFT. Well, our office has, in the first place, the function of collecting information. That information is collected both in our regional offices and in Washington. If it is collected in Washington direct, we distribute it to the appropriate regional office. The information is then analyzed for the benefit of the various divisions of our activities, which cover, as I have already indicated, health, recreation, and family

welfare, as well as nutrition and some specialized activities in social protection—all of which gets a little bit outside of the direct field.

OPERATIONS TAKE PLACE THROUGH EXISTING GOVERNMENT AGENCIES

Then, too, our operations take place entirely through the existing agencies of Government, and such additional staff as we have set up for services not regularly included within the Federal Government's operations.

For instance, in connection with health, we are conducting most of the negotiations between our office and between the Public Health Service and the Federal Works Agency in connection with the construction program.

That is done in the regions, through the regional public health service which works with our regional coordinator, who is the regional director of the Social Security Board.

I am in fairly continuous conference with Colonel Gilmore, the Commissioner of Public Works, discussing procedures and the individual projects that are considered—applications that are considered under the community facilities act—but for the action program we rely on the Public Health Service of the Office of Education and the Division of Recreation, in our agency.

They made the original survey as of last December, which was reported to the Senate under Senate Resolution 324 of the last session, and have secured additional reports since then through the State departments of education.

However, for the purpose of the Community Facilities Act, it is necessary to have a more detailed study and a check of those estimates because they came from the State departments and the local boards of education. During the last 6 weeks I have secured from our budget enough funds to enable the Office of Education to put on a staff of qualified school people—mostly from the State departments of education, but well-qualified and well-instructed as to the purpose and the method of operations—which has been working in the field under Mr. Alves in analyzing the needs in individual communities where we knew there was some sort of defense need.

PUBLIC ASSISTANCE AND FAMILY WELFARE

In the case of public assistance and the family welfare problem, we have worked ordinarily through the Public Assistance Bureau of the Social Security Board. Miss Hoey is the chairman of our advisory committee on family security.

In that case we have accumulated all the information that has come in, and the family security advisory committee has met and discussed various individual problems, such as the needs of families of Army and Navy personnel—that is, relief needs of those families—and the possibility of a program of allowances.

That committee has discussed the availability of personnel for some of these services; has investigated the need of training for additional personnel in that field; but has not operated as much in the field as the other activities.

RECREATION

In the case of recreation, we have a staff of somewhat over 70 now in the field which has been organizing the individual communi-

ties. That is the only case where we have actually had someone in the local communities. All the other agencies work through the States.

In general, that is the type of activity we have been engaged in. It is an effort to stimulate activities in these lines and to get some local, State or private agency to do the job under our guidance, with instructions and suggestions from our field people.

SIMILAR ACTIVITIES DURING LAST WORLD WAR

The CHAIRMAN. Mr. Taft, I was just thinking—have you ever made an investigation of activities similar to those you are now engaged in, as they were carried on during the World War? Was this same work being done in the World War?

Mr. TAFT. Well, I can say "Yes" about a great many of our activities.

The CHAIRMAN. Have we improved on past activity or not?

Mr. TAFT. Well, that, I am afraid, I am not qualified to say. I think beyond any question that the amount of attention being devoted to both schools and sanitation and family welfare is greater than that devoted to it in the World War. The results, therefore, within say 6 months or a year will certainly show a better situation than that existing in the former period.

Certainly the other activities—the recreation activities and the social protection—are almost the same as were carried on in the last war but I wouldn't be qualified to compare them.

The CHAIRMAN. Do you find, Mr. Taft, that the local communities are making a real effort to help out on the problems you just mentioned?

COMMUNITY ORGANIZATION

Mr. TAFT. Yes; there is no question about it. Their interest and their desire for community organizations have readily developed and they make a good start. The only difficulty you run into is the perfectly natural local reaction that, as soon as suggestions are made by publicity or otherwise, that either Federal or private money is going to be available to do particular jobs, they sit back and wait until they see whether it is available. Therefore, when you have a succession of events such as the hearings on the communities facilities bill in the House—first the hearings in the Senate; and when you have the announcement of a U. S. O. campaign to provide some private funds; when you have staffs of either Government or private agencies coming into communities and advising them of resources that are available; then, it is only natural—and I am a sitting councilman myself—to sit back and wait to see for sure whether there are going to be any such contributions available.

I think, therefore, that if you get fairly definite plans on which you are going to provide aid, and limit specifically what that aid is going to be, and convince the community that you mean what you say, they will come through even under these circumstances.

The CHAIRMAN. But there is a financial limit on just what they can do in a good many instances?

ON FUNDS RAISED IN THE LOCALITIES

Mr. TAFT. There is no question about that. It varies tremendously, but at the same time you would always find places which have been brought to realize their responsibility to soldiers.

For instance, small towns which will raise \$10,000 are raising more than they would ever raise for any other purpose, in order to meet specific defense needs and to take care of them themselves. In other cases you will find that local communities have already made substantial public appropriations to meet some of these needs.

In the city of Louisville, for example, the Louisville Council is now appropriating over \$50,000 a year, which I may say puts the District of Columbia government somewhat to shame, for the purpose of handling their defense problems in connection with soldiers, recreation facilities, and so on.

On the other hand, when you get some small towns in Texas, or towns like Tullahoma, Tenn., which are located immediately outside of a big camp, it is impossible to expect any help from them, so the problem varies tremendously.

ON THE ADEQUACY OF THE FEDERAL APPROPRIATION

The CHAIRMAN. Of course you know, Mr. Taft, Congress appropriated \$150,000,000 for different facilities—health, education, sanitation, and kindred matters. Do you feel that is adequate?

Mr. TAFT. Well, I think it depends on your definition of adequacy, Mr. Chairman. I do feel, myself, as I testified before the Senate committee, that to meet the pressing emergency situations under existing conditions \$150,000,000 can do the job. If you mean that it is going to provide the same standard of education or the same standard of health that you would expect to find in a well-settled and well-established community, I will say no, it will not, but in many of those situations you don't know how permanent the affair is. Therefore it seems to me that a more temporary and emergency type of service is justified and is all that the Government should do at this stage.

So far as the requests are concerned, I heard Dr. Parran's testimony and I ought to say this in comment on the size of requests from various places: I think it is undoubtedly true that nearly every community having any possible excuse—and some that haven't any excuse—have dug up old P. W. A. projects and turned them in, and when you add those up they run to a lot of money.

THE PICTURE AT CAMP GRANT

If I may illustrate, I was discussing with Colonel Gilmore this morning the school situation in connection with Camp Grant at Rockford, Ill. Camp Grant is a camp of about 10,000 soldiers. It is a medical replacement center about a mile out of Rockford. In fact, the edge of the camp is practically on the edge of the town. The camp itself is in a township area. On the other side of the camp is a smaller community in which the W. P. A. built a school 3 or 4 years ago. On the other hand, Rockford, a city of about 70,000 or 80,000 people, has recently constructed two W. P. A. high schools. It has some industry, but not a large amount.

It has not been extremely congested. They have about 300 children connected with the families of commissioned and noncommissioned officers regularly on the post. The suggestion of our educational

adviser in the Office of Education is that those children be transported into Rockford, which could take care of the problem.

The township has applied for a school. The P. W. A. feels, on the other hand, that if Rockford won't take the children, they ought to make an addition on the other new high school they built in the other community.

When you add the applications, you find one for perhaps \$250,000; if you transport them to Rockford you have got only the expense of transportation; if you put them in the other place, you only have the expense of a small addition to an already existing school, so that I don't think the total of the requests is any fair gage of what you really are going to need.

NUTRITION

The CHAIRMAN. What is your office doing in the field of nutrition?

Mr. TAFT. In the field of nutrition we have had a staff which has been working on promotion pretty largely. It has worked through the Department of Home Economics of the Department of Agriculture and the Extension Bureau of the Department of Agriculture. In the States it has worked through State nutrition committees which usually operate through the Home Economics Division of the State departments of education and through such State agricultural agencies as fit into those other ones.

They set up and conducted a national conference on nutrition in May at the invitation of the President, and from the information and discussions that developed in those 3 days they prepared and are preparing various types of literature. They are stimulating the creation of committees right down into local communities which will emphasize the needs for good, palatable, and effective foods. Undoubtedly at the end of a period they will produce a consciousness of both the need for foods with high food value and the need for education as to food habits which will direct people to the right kind of food when they are able to pay for it.

I might say that one element which I think has not had sufficient emphasis, either in connection with nutrition or in connection with venereal diseases, is the very important effect of the poverty areas, because it is in poverty areas that you have the large incidence of venereal diseases and a larger number of prostitutes coming from those areas. It is always in those areas, too, that you have malnutrition, which grows, certainly in large part, out of the fact that these people haven't got money enough to buy the right kind of foods.

The CHAIRMAN. I take it that your office works with the local communities?

URGES LOCAL COMMUNITIES TO ASSUME THEIR RESPONSIBILITIES

Mr. TAFT. Yes. Our fundamental principle has been that we want to bring home to the local communities their responsibility and get them to assume them just as far as they can. Our recreation people are instructed to push the local citizen to the front, to put the responsibility on the local community, to get them to assume just as much of the job as they possibly can.

Inasmuch as in that field, as well as in health and in family welfare, we are going to have to rely, in very large part, on volunteers because of the absence of financial resources in the community, it becomes all the more important to lead the community to feel and actually assume its responsibility for carrying on whatever needs to be done.

I might give one example: We have just one man in the region of Camp Forrest, which is in the middle of Tennessee, at Tullahoma. There is no town of more than four or five thousand inhabitants closer than 70 miles. Our man has organized local communities in each of those towns to handle the various kinds of problems that arise. On Mother's Day the communities within 60 miles of Camp Forrest collected flowers, made bouquets, transported them to Camp Forrest, and had a bouquet to give to each one of the 5,000 mothers who came out to the camp on that week end; they telephoned and visited around to find every available spare room, either free or for rent, and were able to provide sleeping accommodations for these 5,000 or more women, with such other members of the families as came along over the week end.

Our man didn't organize all this but he did bring together the chairmen of the various town committees who had handled the whole thing and who did the whole job on a voluntary basis. One could apply that in health and all the other fields. We believe the community must get behind this thing if we are going to make it a united and effective defense effort.

FAMILY SECURITY COMMITTEE

The CHAIRMAN. Mr. Taft, within your organization you have what is called the Family Security Committee?

Mr. TAFT. Yes, sir.

The CHAIRMAN. What is that?

Mr. TAFT. The Family Security Committee is a committee made up of representatives of Government agencies and the representatives of national private agencies also interested in the problem. The chairman is Miss Jane Hoey, who is head of the Public Assistance Bureau of the Social Security Board. They come together, as I mentioned a moment ago, to consider the various kinds of problems arising out of the defense program. And I mentioned several of their topics of discussion. The one that is perhaps the most important has to do with the transient problem, because in many of these cases people get stranded in these communities in spite of the efforts of the Employment Security Service.

People come in to look for jobs or expect jobs, when for these people there are no jobs. You simply can't keep them out no matter what kind of process you may set up. If they are stranded, they are not residents and therefore are not eligible for support, and there are no funds available in many cases to send them back home, because in 17 of the States there is no local or State relief.

In some of the States—a few of them—there is no resource except surplus commodities for these families. In an effort to get at the problem they have considered all the questions reviewed so frequently by Federal agencies: How you can help transients without getting into some of the difficulties that were found in the Federal transient program prior to 1935.

GENERAL GRANTS-IN-AID NEEDED

Their conclusion was that the only way to get at it was by some kind of general grants-in-aid which would require that no distinction be made on the ground of residence. They have made that recommendation to the Administrator, Governor McNutt, where it is now under consideration, in order to find the best way to present it to Congress or to other Government departments for action.

The CHAIRMAN. In other words, you make that recommendation?

Mr. TAFT. We do.

The CHAIRMAN. And we did in our report to Congress.

PROBLEM OF THE NONSETTLED WORKER

The CHAIRMAN. Now, don't you think that the problem of the non-settled person will increase on account of this national defense migration?

Mr. TAFT. Oh, I think there is no question about it. I don't know whether you know that within the last 6 weeks some contracts have been authorized or let for some 80-odd additional defense plants of substantial size which will create, I suppose, in at least a third of the cases, new communities of just the character of the ones that we are having the most trouble with now, that is, places where there were only 500 or a few thousand people, and you put in a plant which is going to employ 12 or 15 thousand. There are quite a number of these places now, and I am sure that in this new batch of contracts there will be more.

Even if they are in larger industrial communities, as in the case of Detroit, you may find that the Ford bomber plant and the Chrysler and Nash tank plants, or Hudson, I guess it is, are placed out in the suburbs because there isn't any more room in the incorporated part of the territory. In Macomb County and in Warren township you have all these problems, as much as if they were out in the open country, away from any metropolitan community.

In fact, I have here available for the committee's consideration a report which is perhaps typical of the way in which our agency has tried to work on the Macomb-Oakland industrial-defense area just north of Detroit, which was made by Mr. Fisher of the National Resources Planning Board, by Lt. Col. Harold Furlong, of the Michigan Council of Defense, and by Dr. Fullerton of the United States Public Health Service.

The report we made goes to Mr. Goodwin, our regional coordinator at Cleveland, and comes to the Security Agency in that way.

(The report referred to above has been placed in the committee files for use of the staff.)

PROBLEM OF UNINCORPORATED PLACES

Dr. LAMB. In that connection, Mr. Taft, is one of the problems there the existence of unincorporated places?

Mr. TAFT. Yes; it frequently is.

Dr. LAMB. I believe that is true in the case of Macomb. It is difficult to arrange the responsibility for the flotation of bonds or some other means of financing public works of the kind needed in cases of this kind.

Mr. TAFT. Well, there is very seldom any difficulty with school districts in that respect, but when you consider sewers and other facilities there arises a very serious problem, which is a major problem in Macomb County, because the necessary drainage district runs through quite a number of different municipal subdivisions and it is always difficult to get them to work together or even form a drainage district. The State laws are sometimes awkward, too, and make it impossible to do it as effectively as it should be done.

Dr. LAMB. I think that this committee has a particular interest here for the reason, I believe, that there are large trailer colonies and large numbers of residents who have moved in for work in these developing defense industries.

Mr. TAFT. Well, I am sure of that. Detroit has always been a town to which migratory workers came because of the possibility of getting jobs. And while I am not as familiar with the details as I should be on that, I am sure that this is the case.

One of our difficulties in connection with schools is that you may frequently have, and I think this is true—I am sure it is true in Macomb County—that you have eight separate school districts covering an area which doesn't require more than 5 miles of transportation, which clearly should join in a consolidated school set-up to take care of the population in that area. It is not always easy to induce them to do that, however.

Dr. LAMB. Of course, Mr. Taft, you can also readily see that after this emergency is over, unless some status is given to the nonsettled person, the situation is going to be almost chaotic.

QUESTION OF RESIDENCE

Mr. TAFT. It is extremely difficult. The majority of the States, I believe, require only a year's residence. If that were general, I think your problem would gradually disappear, but where you have many States requiring 3 years' residence and some that require 5, you get into an almost impossible situation.

The CHAIRMAN. Mr. Taft, did you know that we have about 30 States in this Union which make it a crime to transport an indigent citizen across the State line?

Mr. TAFT. I didn't know there was such a provision in that many States. I am familiar with the New York case which went to the Supreme Court.

The CHAIRMAN. A case went to the Supreme Court on a constitutional question, but it has not been passed on; it is before the Supreme Court. It is a California case. A man in Texas by the name of Edwards transported a man by the name of Duncan into California. He was arrested. The covering statute provides that any person or corporation transporting an indigent citizen into California is guilty of a misdemeanor.

We now have the peculiar situation of the Federal Government encouraging that sort of migration. I am very pleased that your paper and your remarks indicate that we have to do something about this. Of course, the problem is difficult because you cannot tell a State just what residence laws they shall make.

Mr. TAFT. I think the grants-in-aid process is the only one which can bring any sort of legitimate pressure on them. I might add

this because I think it affects your transient problem, since it provides a labor supply without calling for transients. The Division of Defense Training in our agency, which is not under me but under Governor McNutt and headed by Colonel McSherry, has been working on the defense-training aspect of the program and has recently worked out relationships with the Labor Division of the O. P. M.

EMPLOYMENT OF MINORITY GROUPS

It has a staff and is working especially on the problem of inducing industrial organizations to employ what one might call minority groups. There are three in particular that are of importance—perhaps I ought to say four.

I don't know that we can do anything about the first one. There is great reluctance on the part of many employers to employ citizens of the Axis countries. As I said, I don't know how much can be done about that. However, something certainly can be done about the other three groups, and Colonel McSherry is meeting with considerable success in that connection.

I wouldn't put women in the minority group, but they have been discriminated against in employment. The defense training program includes the training of women and making them available for a great many types of operations in which they can become quite skilled and do a thoroughly adequate job. This is proceeding even in advance of securing from companies their consent to try women out. In a few cases they are beginning to meet success in getting industry to employ women.

NEGROES AND MEXICANS

In the case of Negroes and Mexicans, there has been a great reluctance on the part of some employers to use them, although they live in the community and in many cases are on relief.

The problem of placing Mexicans has been greatly improved in the last few months, and in southern California they are beginning to employ Mexicans.

In the case of Negroes, a number of forward steps have been made in connection with several new plants. The consent of the employer to use Negroes has been secured in advance and the training program has then started to fit them for the jobs which will be available.

If you do that, then you eliminate the necessity of bringing in so many people from the outside.

The CHAIRMAN. Mr. Taft, we appreciate your coming here, and I want to say on behalf of the committee that we have heard about your work and the splendid public service you are rendering. I especially appreciate your views because they are along the lines of my own.

EXPRESSES SATISFACTION IN DEVELOPMENT OF REGIONAL COORDINATION

MR. TAFT. May I add just one word on something about which we really feel a great deal of satisfaction? It is the development of a real coordination among the regions of the various efforts in these fields. We have just met in Chicago with 12 regional coordinators of the Social Security Board, and they report that the regional advisory councils which bring together representatives of all Federal

agencies in any of these fields—there are some 15 or 20 outside of our own agency—have increased their effectiveness in the interests of the meetings and in the importance of the accomplishments.

In practically every region, instead of sending in field people from Washington or from some regional headquarters to secure information, they go first to the regional office and, through getting a list of the travel plans of other field representatives, are in many cases able to get them together. They get the information they require, when they go to the particular locality from which it is needed. The Budget Bureau has recently visited all of these regions, and both they and we feel that not only has a substantial amount of travel money been saved, but far greater integration and effective service has been achieved.

The CHAIRMAN. You see, Mr. Taft, all during the last session of Congress we investigated the migration problem and traveled throughout the United States on that general subject.

We were then focusing our attention on the migration of destitute citizens between States and now we are concerned with this defense migration. So far as I know this is the first congressional committee that ever investigated human interstate commerce. We have spent billions for the iron and coal and steel going through the States, but we have neglected the human beings.

We thank you very much Mr. Taft.

Mr. Reporter, this is Mr. Arthur J. Altmeyer, Chairman of the Social Security Board.

**TESTIMONY OF ARTHUR J. ALTMAYER, CHAIRMAN OF THE
SOCIAL SECURITY BOARD, FEDERAL SECURITY AGENCY,
WASHINGTON, D. C.**

The CHAIRMAN. Mr. Altmeyer, we are pleased to have you with us this morning. Congressman Arnold has some questions, he wishes to ask you.

Mr. ALTMAYER. I appreciate very much the opportunity to appear before your committee. I have already filed a rather lengthy manuscript.

The CHAIRMAN. Yes; and that will be included in our record.
(The material referred to above is as follows:)

**STATEMENT BY ARTHUR J. ALTMAYER, CHAIRMAN OF THE SOCIAL
SECURITY BOARD, FEDERAL SECURITY AGENCY, WASHINGTON,
D. C.**

THE SOCIAL SECURITY PROGRAM IN RELATION TO DEFENSE MIGRATION

During the past year the national-defense program has stimulated an expansion of employment to the highest levels in the Nation's history. This increase has affected, not only the principal urban manufacturing centers, but also many of the smaller, predominantly nonindustrial communities as well. The rise in employment and the corresponding decline in unemployment have alleviated many of the problems of insecurity characteristic of the depression period. On the other hand, the increased mobility and migration, in response to expanding employment opportunities, are bringing in their wake many new problems of insecurity. People moving from one employment to another, or from one community to another, are exposed to hazards of social and economic readjustment. It can be confidentially predicted that some of these hazards will be met by the

traditional adaptability and resourcefulness of the American worker. Others will require new ways of meeting new social responsibilities in order to insure a continued progress of the United States toward the goals of social security.

EFFECTS OF THE DEFENSE PROGRAM ON THE INDUSTRIAL LABOR MARKET

It is estimated by the Bureau of Labor Statistics that nonagricultural employment in May 1941 reached 38.3 millions, the highest point in the Nation's history. This represents an increase in employment of 3.1 million over May 1940. Almost all of this increase is due, directly or indirectly, to the defense program. More than half of it occurred in manufacturing industries alone. In the aircraft industry, for example, employment increased by nearly one and one-third times. Employment in shipbuilding nearly doubled. Substantial increases occurred in such basic industries as machinery, iron and steel, nonferrous metals, chemicals, and rubber. The increase in the machine-tool industry, in which employment rose by nearly one-half during the year, is especially noteworthy since it was superimposed upon substantial gains in the preceding years.

In addition to the increases in manufacturing employment, every other branch of nonagricultural employment recorded higher employment in 1941 than in 1940. Increases were particularly great in construction, trade, and public employment.

As a consequence of expanding employment, there has been a material decrease in the number of persons unemployed and immediately available for employment. Unemployment at the time of the Census of Population in April 1940 stood at about 8 million. It is variously estimated that this figure has shrunk since then by at least 3 and perhaps by as much as 4.5 million. The volume of unemployment, that is, of persons in the labor market and seeking work at a given time, does not, by any means, measure the entire reserve of labor that may be available for defense employment. The file of applicants actively seeking work through public employment offices, which stood at 5.7 million in May 1940, was still above 5 million a year later. The rapid expansion of employment opportunities in certain areas has attracted into the market for wage employment many thousands of people not normally available for such work. In some areas of heavy demand, while employment was rising rapidly, registrations at the employment offices have actually increased in response to job opportunities or the prospect of job opportunities. It is likely that there are some millions of people who will become available in this way to meet the demand for labor as it arises.

Uneven effects of the defense program.—The effects of the defense program have not been felt equally in all parts of the country nor among all groups in the labor market. While nonagricultural employment for the country as a whole increased by less than 10 percent between May 1940 and May 1941, employment in New England and in the Great Lakes and South Atlantic regions increased by substantially more. On the other hand, in the West Central, and Rocky Mountain regions, the increases were much less. Spectacular gains were reported in Rhode Island, Connecticut, Indiana, Maryland, and Virginia, in all of which nonagricultural employment, as estimated by the Bureau of Labor Statistics, increased by more than 20 percent during the year. The smallest increases occurred in typically nonindustrial States, such as Iowa, Minnesota, Oklahoma, West Virginia, and the Rocky Mountain States. It is noteworthy, however, that employment in New York State increased by only 6 percent.

The uneven expansion of employment reflects roughly the concentration of defense contracts in the highly industrialized areas suitable for the production of aircraft, ordnance, and ships. More than half of all defense contracts allocated through April 30, 1941, were concentrated in 6 States containing one-third of the Nation's population. Exactly 80 percent of defense contracts were concentrated in 13 States containing exactly half of the total population.

Aircraft production up to the present has been concentrated in Los Angeles, San Diego, and Seattle on the west coast, and in Connecticut, Long Island, northern New Jersey, Buffalo, and Baltimore in the East. New concentrations are projected in Michigan, Ohio, Indiana, Illinois, and in a midcontinent belt from Dallas to Omaha. Shipbuilding activities center in San Francisco and Seattle in the West, in Boston, New York, New Jersey, Baltimore, and Norfolk in the East, and new yards are being located on the Gulf coast from Mobile to the east Texas ports. Production of heavy ordnance, and of machinery and

machine tools is concentrated in the metal-working centers of the Northeast and North Central States. The greatest dispersion of contracts has occurred in the location of huge new plants for the manufacture of explosives and ammunition, which have typically been built in rural areas in the interior where their requirements of space, water, transportation, and labor could be met.

On the other hand, many parts of the country have been relatively unaffected by the defense program. The Nation's two largest cities, New York and Chicago, have as yet been far underexploited as producers of defense materials; and the flow of orders in significant amounts to many sections of the Middle West and the South have only begun to use the labor supply in those areas. Moreover, even in places where the demand has been brisk not all groups in the working population have benefited equally. In general, the demand has been heaviest for men, for skilled workmen regardless of age, and for semiskilled and unskilled men in the younger and middle working ages (21 to 35), suitable for training. In most areas, women have not been used in defense production until the supply of men available locally or within recruiting range was exhausted, and only then in a few occupations and in limited numbers. Negroes have until recently been almost universally excluded from most defense industries; notably, aircraft, ordnance, tank construction, and powder plants. In the past 2 or 3 months a greater willingness to employ Negroes in these plants has been noticed. On the other hand, the insistence on citizenship has become a widespread restriction in the past year. Although the statutory restrictions on the employment of aliens in defense industries is limited entirely to the manufacture of aircraft and parts, and secret armaments, many employers in defense industries not included under the law have tended to exclude from employment aliens and, in some cases, naturalized citizens, or even native Americans of foreign parentage, particularly those of German or Italian descent. The employment of the supplies of available labor in certain areas has been further limited by the use of aptitude and personality tests and by physical examinations that sometimes impose more exacting standards than the jobs themselves would seem to require. As a consequence of these selective factors in reemployment, the available reserves are becoming increasingly concentrated in those areas where employment has not yet expanded greatly, and in those classes of workers immediately less acceptable to employers. These circumstances in part account for the persistence of problems of insecurity and dependency, in spite of the increase of employment opportunities.

Labor shortages.—The sudden and unprecedented demand for labor for defense industries, particularly aircraft, shipbuilding, machinery, and machine tools, has led to shortages in certain crucial skilled and higher grade semiskilled occupations. According to latest reports to the Bureau of Employment Security of the Social Security Board, shortages are evident in 78 of 394 defense occupations selected for continuous observations because shortages were feared. Most of the shortages are in skilled or highly specialized metalworking and metal-forming occupations, in many of which the supply has been so depleted by the demands of the past year that the market affords virtually no available qualified workers.

Perhaps the most difficult situations are occurring in aircraft and shipbuilding. In shipbuilding, old yards have been expanded and new yards are being established in areas where the industry did not previously exist or where the yards have been idle for many years. Because of increased employment in established shipbuilding centers, most shipyard workers in these communities, if there were any prior to the defense program, have found employment elsewhere. The new yards can in most instances train the bulk of the needed workers, but there remains an absolute minimum number of key skilled and supervisory workers who must be found if the yard is to get into production. Likewise, the aircraft industry, particularly that portion of the industry producing airframes, is, with the help of the defense training program, training huge numbers of workers. The training program can meet the requirements for semiskilled workers, but competent supervisors and a minimum nucleus of skilled craftsmen must be available to staff new plants.

In some areas where defense production got under way in the early stages of the program, the demand quickly exhausted the supplies of experienced workers and general area-wide shortages of acceptable factory labor are now threatened. Notably in the industrialized cities of Connecticut and in the aircraft-manufacturing centers of southern California, it has been necessary to recruit workers from the neighboring rural States in order to avert a general shortage.

In other communities, while no such widespread shortages have yet appeared, it is expected that the local labor supply will not suffice to meet the demands of the next 12 to 18 months. In such areas the most intensive recruitment, training, and placement programs will be required to prevent delays in defense production.

ROLE OF THE UNITED STATES EMPLOYMENT SERVICE

In response to the demands of defense industries, the United States Employment Service, under the guidance of the Bureau of Employment Security, has greatly intensified its recruiting and placement program. Placements for the year ending May 31, 1941, were 4.5 million, an increase of nearly 1,000,000 from the corresponding 12 months of the preceding year. The increases were particularly noteworthy in manufacturing and construction, the 2 industries most immediately affected by the defense program. Placements in manufacturing industries in April 1941 numbered nearly 100,000, an increase of almost 120 percent from the preceding April. More than 70,000 placements were made in construction in the same month, an increase of nearly 75 percent. The volume of placements of all kinds made through public employment offices currently is now at the rate of about a half a million a month, the highest in the history of the Employment Service.

The fact that the volume of placements continues to increase, while visible reserves of labor decline in itself suggests the extent to which new sources of labor are being tapped. During the spring of 1941 the Employment Service conducted an intensive campaign to list on its registers all available workers, especially those in the metal-working occupations in which shortages were apparent. This Nation-wide effort, together with the day-to-day activities of employment services in recruiting new sources of labor for job openings, explains why the registers of the employment offices have declined by only half a million in a year in which the decline in unemployment was six or eight times as great.

In addition to intensive use of local sources of labor, the Employment Service, through the machinery for clearance placements, has filled thousands of jobs, particularly in construction, in areas where the local labor supply was insufficient to meet the demand. Through the clearance-placement system the Employment Service is able to circulate information about job openings that cannot be filled locally and to recruit, on short notice, workers who are willing to move to the job site. More than 10,000 such placements have been made in every month of 1941, and in one month the number reached nearly 25,000. Most of these placements have been made in response to demands for construction workers in rural areas where large defense contracts have required many more workers than the area could supply.

More recently, in its attempts to deal with the problem of shortage through the Employment Service, the Bureau of Employment Security has designated a regional labor supply officer in each of the 12 Social Security Board regions. This officer is charged with the responsibility for guiding and coordinating the activities of State employment services in the recruitment of labor for defense employment. Through State and regional committees designated by the Office of Production Management, the Employment Service is collaborating with the vocational defense training program, the National Youth Administration, and the training-within-industry services of the Office of Production Management in order that training needs may be anticipated and trainees recruited, trained, and placed in defense employment. The program of job analysis and testing of the Bureau of Employment Security has been expanded to provide assistance to employers in selecting new workers, in training, and in breaking down complex jobs to permit the use of workers with limited specialized skills. At the same time, the Employment Service has undertaken to gather, through the local and State employment offices, current information on the extent and character of the anticipated demand in defense industries, the supply of workers available, and the emergence of labor shortages.

A NATIONAL SYSTEM OF PUBLIC EMPLOYMENT OFFICES

The fast-moving events that have been taking place and which will take place even faster during this period of national emergency have a profound effect on the public employment office system of this country. If we are to meet successfully the supreme test which confronts us today there must exist a really national system of public employment offices, in accordance with the mandate contained

in the Wagner-Peyser Act. There is still much needless migration of workers. Many workers and many employers still do not know what the Employment Service is and what it can do for them. But, on the other hand, in many employment offices a spirit of narrow localism still exists which prevents maximum Nation-wide utilization of our available resources. The Employment Service is no longer recruiting men from a particular city or State. Each employment office is a recruiting center for the entire United States. Each employment office is a link in a national effort. It is the responsibility of the Employment Service to find increasingly effective ways and means for minimizing the tremendous social and economic waste which now occurs in the haphazard matching of men and jobs. This job must be done irrespective of geographical location, irrespective of red tape, and irrespective of the time and energy required.

The task is a tremendous one. The Employment Service has a responsibility toward the 60,000,000 persons—employees and employers—working at the 25,000 different occupations in the labor market. It must know what these people are doing, what they can do, and where their abilities can best be utilized. It is for this reason that we are making labor market surveys in about 200 areas in order to guide operations and policy in the critical months ahead. Only 400 occupations are classified as defense occupations so far. But when it comes to finding a person to fill a job we must canvass every possible occupation and person that might yield the right man. In these days of total defense no job and no person is beyond the responsibility of the Employment Service.

Because of these demands the Employment Service is becoming a more truly national service. During the first 3 months of 1941 the number of clearance placements increased 10 times over a year ago. During this emergency we see clearly the trend that has been developing in recent years—a national labor market with a mobile labor supply. These facts clearly demonstrate the need for a Nation-wide employment service with a Nation-wide outlook and a Nation-wide supply of men and women available for placement. The horizon of the Employment Service cannot be limited to city and State boundary lines. The Employment Service is officially designated by the Office of Production Management for the recruitment of labor required to meet national-defense needs. This is an obligation which must be carried out.

During the coming months it will be the responsibility of the Employment Service to see that each and every person in the Nation is employed at his or her maximum usefulness in the defense effort. It must exercise every facility at its command to assure the greatest potential service of every person. It must encourage and assist employers and labor to make the most effective use of each individual's abilities, not only to help to speed up current production, but also to reduce the necessity for legislation regulating hiring practices.

In Great Britain, for example, as soon as shortages became obvious, employers in the metal industry and the construction industry were required to hire all new wage earners through the employment service. Later all dock labor, workers in shipbuilding, and in specific metal-trades occupations were required to be registered in the employment offices and are available for transfer not only from one employer to another but from one district to another. Except in the case of union contracts such transfers are the responsibility of the employment service. In making any transfers the employment office consults with local committees representing employers and unions.

Many shifts in labor from one job to another and from one employer to another must take place during the coming months if this country is to make an all-out effort. But such shifts and transfers must be made systematically, impartially, and efficiently and the United States Employment Service is best equipped to do the job.

The development of a really effective placement service, however, is a difficult task. It requires sound organization, leadership, professional competence, and hard work. There now exist wide variations in the quality and performance of the State services and wide variations between local offices in the same State. It is hoped that these problems can be satisfactorily worked out during the very near future in order that the Employment Service can make its maximum contribution toward the defense effort.

DEFENSE MIGRATION

Surveys undertaken by the Bureau of Employment Security in collaboration with State employment security agencies indicate that in some communities the supplies of labor locally available will not suffice to meet the labor demand generated by the

defense program. In such communities shortages will be averted only by the immigration of substantial numbers of workers. It is estimated, for example, that 120,000 workers will be needed in Los Angeles during 1941, of whom as many as 50,000 may have to be imported. Similarly, to meet a demand of nearly 80,000 in Boston by the end of 1942, 7,000 or 8,000 workers may have to be imported; and to meet a demand for 168,000 in the Philadelphia area during 1941 as many as 70,000 workers will have to be recruited from outside the city. Altogether, in 117 areas surveyed the demand for workers during the next 12 months will be approximately one and one-half million, of whom 500,000 cannot be recruited locally and will have to be imported to forestall community shortages of labor for defense industries. This estimate, it should be noted, includes only the necessary migration in the areas surveyed and takes no account of the excess movement of migrants who may be attracted to defense areas in their quest for jobs. There is ample evidence in the reports received by the Bureau of Employment Security from the State employment security agencies that migration arising as a result of the defense program has already been substantial in volume.

Causes of migration.—It is apparent that only a small part of the migration of workers during recent months has been planned or directed by community agencies with the specific object of meeting local labor shortages. While particular industries and communities requiring labor have made their needs known generally, it has been virtually impossible to control the response to such publicity. Workers have migrated in excessive numbers to certain points; very often a demand for certain specific types of workers, usually skilled, has resulted in an influx of workers of all types into a particular community.

There is no doubt that much of this migration has served a valuable purpose in meeting labor shortages, but a great deal of it has been unnecessary, wasteful, and costly both to the individual worker and the community to which he migrates.

The regular reports to the Bureau of Employment Security and the special reports on defense migration into selected areas, obtained at the request of the House Committee on National Defense Migration, indicate that migration is most frequently attributable to lack of employment in the home community, to increased employment in defense areas, and, particularly, to wage differentials between those areas and the communities from which the migrants came. Newspaper publicity, advertising, rumors, reports spread by friends and relatives, are frequently noted as stimulants to migration. The Washington State Employment Service reports that "the migration of unskilled job seekers is extraordinarily responsive to publicity. Skilled workers have some assurance of employment in their own communities and are less likely to move in response to rumors." Newspaper publicity on projects in Tacoma and Seattle was said to have "unleashed an avalanche of undirected migration."

California reports that a large proportion of workers are brought into the area by rumors and newspaper publicity. "This is particularly the case with unskilled agricultural workers and workers from the South Central States."

Intensive recruiting campaigns undertaken by employers, involving advertising and scouting for labor, have in the main been directed toward securing skilled workers in specialized branches of industry. While accounts of such activities occur frequently in the labor market reports, it would appear that workers secured in this manner are only a small proportion of the total number of migrants. Migration of skilled workers in response to recruiting activities of the State employment services in recruiting workers also account for a small proportion of the total number.

Character of the migration.—According to reports, the recent migrants have been typically white male citizens in the younger and middle-working ages, between 20 and 50. Many are reported to be heads of families, but most have not moved their families with them, frequently because of lack of adequate housing facilities. The migration of Negroes, so characteristic of the World War period, has not occurred in large numbers.

Although the character of the migration has varied widely from community to community, most of the migrants are reported to be semiskilled and unskilled workers and trainees. Many skilled building workers have migrated to the sites of defense construction projects, both military and industrial; and skilled industrial workers have moved from low-wage areas to high-wage centers of defense production. On the whole, however, the largest numbers of migrants appear to be lower skilled or inexperienced workers moving in response to reports of job opportunities in areas where defense employment is known to be expanding. Many of them are farm workers and others from rural areas; others are drawn from depressed manufacturing or mining areas.

General migration of skilled and unskilled workers of all kinds has occurred notably into New England, into the Middle Western and Great Lakes industrial areas, and into California. Migration in connection with defense construction projects accounts for most of the influx into the South Atlantic States and into scattered areas in the far West and Southwest. In general, there has been steady out-migration of workers from the mountain States and drought areas to the Pacific coast and other defense areas. A similar out-migration has been noted from Wisconsin and Minnesota. There has been a migration of urban construction workers to the South Atlantic States and a less pronounced movement of southern workers to industrial areas in the border States. It has been noted that some of the heavily populated industrial areas, notably Pennsylvania, New Jersey, Metropolitan New York, Boston, and St. Louis, though reporting some interchange of skilled workers with other areas, have been relatively little affected by mass migrations.

In addition to these interstate and Nation-wide migrations, there is reported a considerable volume of short-range migration from one community to another within the same general locality—industrial workers leaving small towns for nearby defense centers—rural workers leaving farms to seek work both in the smaller communities and the larger cities, with a net gain for the more highly urbanized districts. It appears that many skilled workers migrate over an extensive territory and that they are usually successful in finding work, while the less skilled workers migrating to nearby defense centers, often have difficulty in competing with the already plentiful local labor supply.

New England, the Middle Western, and Great Lakes industrial areas, and the Pacific coast have experienced a large volume of in-migration of workers of all kinds, skilled and unskilled. Migration into the New England region has been centered in the State of Connecticut where as early as September 1940 an influx of workers from Pennsylvania, New Jersey, New York, and from the remaining New England States was observed. A survey made by the Association of Manufacturers of Hartford, indicated that 15 percent of the workers added by manufacturing establishments in the Hartford area within the past year were last employed out of the State. Most of them came from other parts of New England. A survey made by the State unemployment compensation division in five important areas showed that for these five employment offices an average of 20.9 percent of new registrants with the employment service were last employed in other States. With respect to other New England States, migration has been predominantly outward, to Connecticut and the States immediately outside the New England area, and has involved considerable numbers of workers.

The Maryland State Employment Service estimates an in-migration of 15,000 to 20,000 workers into the Baltimore-Annapolis area during the period of defense expansion. In the District of Columbia it has been estimated that the population has increased by 65,000 from May 1, 1940, up to March 1941. Between 3,000 and 4,000 new Federal employees, a large proportion imported from outside the Washington area are being added to the pay rolls each month.

Ohio and Michigan have attracted a large number of migrant job seekers while at the same time there has been a smaller movement of workers from Ohio to such places as Charlestown, Ind., and to parts of Pennsylvania. Ohio notes particularly an influx of thousands of unskilled workers from Kentucky and Tennessee into industrial centers such as Cincinnati, Ravenna, and Canton. It is stated that "over 7,000 applications for work from such persons were received by 58 Cincinnati firms during January."

Detroit has been the center of attraction for migrant workers. These migrants are reported to come from other parts of Michigan, from other Middle Western States (especially Ohio, Indiana, Illinois), and from Kentucky and Tennessee. During the 8-month period ending March 31, 1941, nearly 11,000 workers from outside the city registered with the Detroit Central Placement Office.

Migration into Louisville, Ky., has been very marked. Workers have come both from within and outside the State resulting in a net increase in the supply of workers in spite of large scale migration of agricultural labor in Indiana and Ohio.

Along the Pacific coast there has been a vast movement within the area and from outside the area affecting California, Oregon, and Washington. Migration into Seattle-Tacoma-Bremerton area of Washington since September 1940 is estimated at 34,000 workers. The total number of workers coming into 4 areas of California (San Francisco, Los Angeles, San Diego, and the central coast

area) has been estimated at 168,000, about one-half of which migrated from outside the State. The California State Employment Service estimates that the peak of this in-migration has not yet been reached.

In contrast to the general migration of large numbers of workers into the industrial areas, there has been a more specialized type of migration in connection with defense construction projects, usually located outside populous urban districts. Such migration has been noted particularly in the Southern States, from Virginia and West Virginia to Florida, and extending as far west as Texas and New Mexico. A large influx of construction workers has been noted in Virginia, especially into Alexandria, Radford, Norfolk, and Newport News. Extensive migration has been reported into other areas of defense construction such as Spartanburg, S. C.; Tullahoma and Milan, Tenn.; Camp Wheeler, Ga.; Mobile, Ala.; and Camp Blanding, Fla. Many of the workers migrating to such communities have been skilled construction workers from northern urban areas, while at the same time it has been noted that many southern laborers, particularly from the rural sections, have migrated to industrial regions in the border States and farther North. Similarly, large construction projects in other areas, such as Charleston, Ind., Ravenna, Ohio, and Joliet, Ill., have attracted thousands of migrant workers.

In general there has been a steady out-migration of workers from Mountain States and drought areas to the Pacific coast and to other centers of defense activity. Similar out-migration has been noted from Wisconsin and Minnesota. These States in general have been relatively little affected by the program, and employment opportunities have been relatively less favorable than in other sections of the country. There are many reports from States ranging from Montana in the North to New Mexico in the South, from Nevada in the West through Missouri in the East, to show how this territory has lost skilled, as well as semiskilled and unskilled workers, to the industrial areas of the Middle West and the Pacific coast.

Some of the heavily populated industrial areas, especially those in the East, have been relatively little affected by mass migration movements, though reporting some interchange of skilled workers with other areas. A report received regarding the Boston metropolitan area indicates that in spite of a considerable amount of defense activity there has been no sizable in-migration. "The defense industries have, until this time, utilized the labor supply within a 25-mile radius. The Boston metropolitan district has, to date, been able to supply all the semi-skilled and unskilled labor required and has also been able to fill orders in the majority of the skilled occupations." New York reports similarly: "Our recent inquiries indicate that there is no significant amount of immigration of manual labor into New York State seeking defense employment. There is rather some out-migration to other defense areas, notably Connecticut." Particular mention is made of the 22,000 skilled construction workers to Army projects outside the State, as well as the exodus of a number of carpenters, plumbers, and metal-trades workers to points on the east coast from Massachusetts to Florida. Upstate New York, likewise, seems to have been little affected by in-migration although recent information received may indicate that such a movement is now beginning.

Philadelphia, up until very recently, has observed little in-migration. However, reports received during April indicate that migration into the Philadelphia area is accelerating. "Approximately one-half of those moving into the uptown area are from out-of-State. * * * The number of persons moving into the uptown area during the first 3 weeks in April will more than double the number moving in during the month of March." Workers from the anthracite region of Pennsylvania have sought work in New York and New Jersey and workers in the Johnstown area have migrated to sections of Ohio and West Virginia although this movement has "not as yet assumed any serious proportions."

New Jersey, a heavily industrialized region, reports that in spite of considerable increase of employment in certain areas there has been no appreciable migration of workers into the State since the inception of the defense program. This is attributed to the chronic housing shortage; persons obtaining employment in defense areas prefer or are forced to commute long distances rather than take up residence near the place of their employment.

St. Louis reports a condition similar to that observed in Boston, New York, New Jersey, and Pennsylvania. The local labor supply apparently has been ample to care for the reemployment arising from the defense program. "Generally speaking there has been no marked migration of workers to or from the

St. Louis area. * * * Movements of workers into the St. Louis area have not been so noticeable as out-migration.

Problems arising from migration.—The migrants have brought many problems with them. The concentrations of thousands of workers at the sites of large scale construction projects in sparsely populated areas have resulted in serious shortages of shelter and sanitary facilities. In most cases the accommodations for housing and feeding were sufficient for only a part of the workers. In at least one instance, an influenza epidemic affected half of the construction crew at a large Army project. In other cases, insanitary conditions and intense suffering were reported. Since most of the projects have been rushed to completion in a short time, these emergency situations did not persist.

The problems arising from the migration of workers in search of factory employment in defense industries have not been self-liquidating. In addition to the usual problems of adjustment to a new environment, the migrants, in common with residents, have been confronted with shortages of housing and community facilities. In some cases where country towns and small cities have grown, in a few months to accommodate thousands of migrants, housing, water supply, sewage disposal, schools and recreational facilities, and other services have proven inadequate. There are many reports of workers sleeping in "hot beds," so-called because they are occupied in three 8-hour shifts by three different individuals. Fears have been expressed that overcrowding and insanitary conditions may lead to serious epidemics when winter sets in.

A special problem has arisen in connection with the migration of young men to be trained in centers of defense employment. These men frequently leave home without money enough to maintain themselves during the period of their training and until they become self-supporting through employment. This period may vary from 4 or 6 to 14 weeks, during which they may be without money for food and lodging, with consequent damage to their health and morale.

Thousands of migrants have found jobs in defense or other employment; thousands more following rumors of job opportunities, have found no jobs. In general, the skilled workers are reported to have been readily absorbed; many of the unskilled have not. There is evidence that some of these have become transients, moving from place to place in search of work. Others have become stranded without means of support or means to move on. These present problems of dependency and relief.

THE FARM PLACEMENT SERVICE

The work of the Farm Placement Service of the Bureau of Employment Security is becoming increasingly important as the labor market tightens. During 1940 the Employment Service made 1,566,000 agricultural placements; and placements in agriculture for the first quarter of 1941 exceeded the same quarter of 1940 about 50 percent.

In preparing to meet the progressively difficult problems which are developing in the agricultural labor market, the Bureau of Employment Security is taking steps to strengthen the Farm Placement Service at each level of operation. The Bureau plans to add Farm Placement specialists to assist the States' employment services in developing their services to farmers and farm workers and in directing the movement of agricultural labor.

At present the Employment Service is developing an extensive plan for the direction of agricultural workers to areas of farm labor demand. Each State employment service is being encouraged to give proper consideration and attention to its agricultural labor problems. In a considerable number of States, Farm Placement supervisors are being added to the State administrative staff to give proper supervision and plan for the States' farm-placement activities. In addition to this supervisory attention, States are being encouraged to strengthen the personnel of local offices in order to adequately serve the agricultural labor needs of each community.

It is recognized that the problem of agricultural migration is so widespread and so intense that proper direction and control cannot be provided without the assistance of the Area Farm Placement representatives to coordinate movements of workers within a group of States comprising an agricultural labor market. Such an agricultural-labor market consists of a group of States in which there ordinarily exists both demand for and supply of workers who move with the crop seasons and in which the crops and production methods are similar. By having one individual devoting attention exclusively to the common problems of the agricultural-labor market in such an area, greatest progress can be made

toward developing an effective employment service to agriculture and toward securing an orderly and controlled movement of workers which will prevent surpluses and will fully utilize the labor supply by affording more continuous employment.

Plans are being put into operation for one experimental area organization in a number of Rocky Mountain and Pacific Coast States. The Area Farm Placement representatives will assist the individual States in strengthening their farm placement service by analyzing the problems of the State in order that the employment service may be organized effectively to recruit farm workers and direct them to employment in a series of peak-crop activities. He will coordinate and direct interstate movements of agricultural workers and will carry out essential studies relating to the agricultural-labor market which are vitally important for preseasonal planning, for discovering all possible sources of workers, and for developing methods to provide a controlled direction of seasonal agricultural workers. If operations in this area are successful, other similar areas will be established in other parts of the country.

All State employment services have been directed to cooperate with the agricultural labor subcommittee of the State land-use planning committee. In many States this subcommittee has recommended that farmers use the Employment Service exclusively in recruiting farm labor. These subcommittees lend every assistance to the Employment Service, which is the operating agency responsible for recruiting and placing agricultural workers, by making available information on the factors relating to the demand for and supply of agricultural workers, by cooperatively conducting studies on special problems, and by working with agricultural employers to bring about changes in hiring practices which will provide for the most effective utilization of farm labor. For example, it was found that workers in one State were getting only about 25 percent employment, while those doing similar work in an adjoining State were getting 75 percent employment because of arrangements made by the Employment Service with growers for joint use of workers. This made the labor supply three times as effective in the latter State. Such programs can be greatly implemented by the subcommittees.

The Farm Placement Service has two objectives in the immediate future. First, it seeks to tap all sources of workers by strengthening its organization and developing full cooperation with other governmental agencies such as Farm Security Administration, Work Projects Administration, and the Department of Agriculture. Second, it helps to attain more effective utilization of the labor supply, by influencing the movements of migratory labor to provide workers when and where they are needed, and by encouraging decasualization of employment to provide more continuous work and greater earnings.

EFFECTS OF DEFENSE ON THE SOCIAL-SECURITY PROGRAM

Unemployment compensation.—As a consequence of the increase in employment arising out of the defense program, the number of unemployment compensation benefit recipients has dropped sharply in recent months. Since January 1941 each month has witnessed a greater decline (compared with the corresponding month of the preceding year) in the average weekly number of claimants receiving benefits. The weekly average in January 1941 was 826,000, or 6 percent below the 1940 figure. By March the weekly number of claimants had dropped to 762,000 or 30 percent below the 1940 figure. The May figure of 659,000 was 45 percent below the corresponding month in 1940.

From October 1940, when the effects of the defense program first became evident, through June 1941 the amount paid out in benefits (\$289,000,000) was 22 percent less than in the corresponding period of the year before. Like the volume of claims, the amount of benefits paid has declined during the first half of 1941. Benefits paid in January 1941 were only 4 percent less than in January 1940. By March the difference was 29 percent, and by June, 43 percent. The monthly average of benefit disbursements for the first 6 months of 1941 was only \$32,800,000 per month, as compared with \$47,200,000 for the first half of 1940.

The largest decrease has occurred in the States along the Atlantic seaboard and in the Great Lakes region, where the industrial concentration is heaviest and where the bulk of the defense contracts has been awarded. Although some decrease may occur in the next few months, the volume of benefits will continue to be substantial, regardless of the high level of employment in manufacturing and construction. Labor turn-over, temporary lay-offs due to short-

ages of materials or equipment, dislocation resulting from establishment of priorities on materials, and other fractional factors will result in a continued volume of short-term employment for large numbers of workers.

Approximately 38 cents were disbursed in benefits for each dollar collected during October 1940-May 1941, compared with 50 cents in the corresponding period of the preceding year. As a result of the excess of contributions of payments, funds available for benefits in the claims of May 1941 totaled \$2,100,000,000, an increase of 22 percent over the balance at the end of September 1940. It should be recognized, however, that the growing fund represents a future obligation to millions of workers covered by the unemployment compensation laws. Much of the work in defense industries is of a highly unstable character. Construction projects, undertaken at great speed, generate a large volume of employment which terminates when the projects are completed. The great volume of employment in industries engaged in the manufacture of defense materials and the gigantic impetus provided to production and distribution by the defense program results in the accumulation of benefit rights for millions of workers. The reserves being accumulated today will supply the funds needed to meet these obligations after the termination of the emergency, when it may be expected that the volume of unemployment will result in claims in excess of the collections.

At the same time, it must be pointed out that the benefits provided by the State laws are even now inadequate to cover the risk of unemployment compensation. There is no doubt that the existing benefits must be made more nearly adequate if we are to achieve the objectives of unemployment insurance as a real first line of defense in meeting the ever-present problem of unemployment.

In many States the waiting period is much too long. Frequently an unemployed worker does not receive his first payment until the fifth or sixth week of unemployment. The amount of benefits is also inadequate. The payments in some cases have been as low as \$2 and \$3 per week. But the most significant inadequacy of the present laws is the very short duration of benefits. Last year over one-half of all workers in the United States receiving benefits were still unemployed when they exhausted all their benefit rights. In one State over 80 percent of the workers exhausted their benefits. In some States the maximum duration of benefits has been 2 or 3 weeks for particular individuals. An individual may receive a few dollars per week for only a very few weeks after a 3-week waiting period and a further delay for administrative reasons. As a consequence of these inadequacies, workers whose loss of wages should be compensated by unemployment insurance are frequently forced to turn to relief agencies for assistance.

In addition to the inadequacy of the benefits under existing laws there is the fact that some 3,000,000 employees of smaller sized firms are entirely excluded from coverage. These same workers, however, are covered already under the Federal old-age and survivors insurance system. They should also be given the protection of unemployment insurance.

Maritime workers—a group essential to the national-defense program—are another group already covered under the Federal old-age and survivors insurance system but excluded from unemployment insurance. There is no insuperable administrative difficulty involved in providing unemployment insurance benefits to maritime workers. Such coverage must and should be under a Federal system.

The financial situation with respect to the various State reserve funds is also very unsatisfactory. While the States have a total of over \$2,000,000,000 in their reserve funds this figure does not disclose the great unevenness which exists from State to State. Some State funds are bulging with reserves; others are in a relatively poor situation. For example, in Maine the State reserve fund at the end of 1940 was equal to less than 1 year of the highest previous benefit disbursements; in Delaware the reserve was equal to over 8 years of the highest benefit payments.

This variation undoubtedly will be further accentuated by the increased employment under the national-defense program due to the concentration of defense employment in industrial areas. The result is likely to be that those States with heavy defense employment may have their unemployment insurance reserve funds go completely bankrupt as a result of post-defense unemployment while other State funds will have much more than enough to remain practically intact.

Consequently, immediate consideration must be given to ways and means of strengthening the present unemployment insurance system so that it will be

a safer and sounder program. The existing State-by-State program must be carefully reappraised in the light of recent experience and current developments to see wherein changes must be made to provide more adequate benefits, a safer financial system, and a simpler, more economical method of administration.

The increase in the volume of interstate migration creates a special problem with respect to unemployment insurance. By the terms of an interstate agreement, worked out with the aid of the Social Security Board, a worker who becomes unemployed in one State, may, under certain circumstances, file a claim against benefit rights which he may have accumulated in another State. In this way, workers who have satisfied all conditions for benefits, except residence, can continue their search for work wherever employment opportunities appear most favorable, and at the same time, continue to draw benefits to which they were entitled. The volume of such interstate claims, while less in 1941 than in 1940 because of the decline in unemployment, has decreased relatively very much less than the volume of local claims. Interstate claims in the period from January to May 1941 numbered 859,000, only 6 percent less than in the same period in 1940, while the volume of intrastate claims in the same 5 months declined 32 percent. As a result, interstate claims, which accounted for only 4.6 percent of all claims in the first five months of 1940, accounted for 6.4 percent in the 1941 period. The relative increase in interstate claims reflects the increased interstate movement of covered workers.

On the other hand, under the Federal-State system, the eligibility of workers to receive benefits and the amount and duration of benefits paid are determined by the amount of employment and earnings in the State against which the claim is made. If during a given year a claimant has worked in more than one State, his earnings may be so divided that he is eligible for no benefits or for very small benefits in any one State, even though in the aggregate he may have worked and earned enough to qualify for substantial payments. Under existing laws no State permits an individual to pool benefit rights accumulated in two or more States. Since the problem of interstate mobility is becoming an increasingly important one, every effort must be made to work out some satisfactory method of fully protecting the rights of this group.

Federal old-age and survivors insurance.—Monthly benefits first became payable under the Federal old-age and survivors insurance program in January 1940. The rapid expansion of employment due to the defense program has resulted in larger contributions than originally estimated and less expenditures for benefits. Some 25,000 aged persons who already have applied for their insurance benefits have gone back to work and many others have not retired due to favorable employment opportunities at the present time.

The increased employment has resulted, however, in an increase in the number of persons covered by the system with the result that the insurance program is now incurring a tremendous liability for payments which will come due after the defense program stops and for many years thereafter.

Another one of the major problems which has arisen as a result of the defense program is due to the loss of protection which workers suffer when they leave employment covered by the insurance system to enter either the military service or Federal civilian employment. At the present time workers who leave their regular jobs to go into military service or into Government arsenals, or any other type of civilian employment under the Federal Government do not continue to build up their credits toward Federal old-age or survivors insurance. While it is true that some of the workers who go into the Federal service become subject to the Federal Civil Service Retirement Act, their contributions will be refunded to them when they leave the service at the end of the defense program. The result is that they will have lost the period while in Federal service in terms of credits toward their insurance benefits. This problem requires legislation for its solution and it is hoped that the appropriate committees of Congress will give early consideration to this matter.

Periods of increased industrial activity bring in many marginal workers into the labor market who are usually not employed or are unemployable during so-called normal times. Moreover, the increased industrial tempo frequently causes difficult problems of personal adjustment when business slackens or industrial processes change. These considerations indicate the necessity for giving further thought to the possibility of extending the present insurance system to cover the risk of disability.

The present law could easily and immediately be modified to include payment to individuals who become permanently and totally disabled. Every country in the world which has an old-age insurance system, with one exception, also

covers disability. There is a definite relationship between old age, death, and disability which justifies the existence of one common program for protection against these three hazards. All three risks materialize in a permanent departure of the worker from the labor market and the complete loss of wage income. Disability is concentrated at the upper ages and both death and disability occur frequently before the individual has an opportunity to retire from employment.

The addition of disability protection to our existing insurance program would do much to improve the program. Over one-fourth of all cases receiving State aid to dependent children at the present time are due to the disability of the father. Social insurance would provide a better mechanism for caring for the families of workers who become disabled.

The addition of disability insurance would greatly aid in meeting the problems which will arise in the post-defense period. There already exists a Nation-wide network of offices available to pay Federal old-age and survivors' insurance benefits. The administrative foundation exists for the extension of the system to meet the problem of disability. Congressional consideration of this matter at the present time would make it possible to have a going concern in operation at the cessation of the defense program.

Need for extended coverage.—The increased mobility of workers to meet the expanding demand for labor has resulted in a greater number of shifts between covered and noncovered employment. Many thousands of rural agricultural workers have left the farms temporarily to take jobs on construction projects. At the same time, the increasing stringency in the market for farm labor will lead workers who, at certain times of the year, work in covered employment to accept employment in temporary seasonal jobs in agriculture. Because of the exclusions from unemployment compensation and old-age and survivors' insurance of many persons, particularly those engaged in agriculture and domestic service, workers who shift jobs receive credits for only part of their employment during the year. As a consequence, many workers who should be protected by unemployment benefits and who should be accumulating rights for old-age insurance will not be eligible. Consideration should be given, therefore, to the extension of social insurance to agricultural workers, who are, in many respects, more exposed to the hazards of insecurity than urban industrial and white-collar workers. Consideration should also be given to the coverage of as many other groups as possible.

Public assistance.—The Social Security Act provides for grants-in-aid to match dollar for dollar, State funds for assistance to needy persons, 65 and over, to needy blind persons, and to dependent children. By definition the recipients of these forms of assistance are unemployable and not likely to benefit from increased employment opportunities, except to the extent that responsible relatives find it possible to provide for them out of increased earnings.

The increased volume of migration has implications also for the system of public assistance under the Social Security Act. The act permits, and the laws of most States provide, residence requirements which exclude from old-age assistance and aid to the blind, any person who has not resided in the State for 5 years during the 9 years immediately preceding his application for assistance and who has not resided in the State continuously for 1 year preceding. A few States have adopted more liberal requirements, but no State has entirely waived them. As a consequence, persons moving from State to State lose their rights to assistance and may not be able to reestablish them in their new residences for as much as 5 years. This may work a real hardship on people or families who move in search of employment and who may later find themselves stranded and in need of assistance. The Board believes that these residence requirements are unreasonably severe and should be liberalized in the Federal law by providing a maximum residence requirement of 1 year for old-age assistance and aid to the blind, following the precedent already established in the program of aid to dependent children.

Another problem arises in connection with the variation between States in the amount of public-assistance grants. In general, the States in which the volume of dependency is greatest are also those in which income and taxing capacity are least. As a consequence, old-age assistance payments, for example, vary from nearly \$38 in California and \$32 in Washington to less than \$8 in South Carolina and Arkansas, compared to an average for the entire country of more than \$20. Similar, though less extreme, variations occur in payments for aid to dependent children and aid to the blind. There seems to be little justification for these inequalities in the treatment of dependency. The Social Security Board

has recommended a change from the present system of uniform percentage grants to a system whereby the percentage of the total cost in each State that would be met through a Federal grant, would vary in accordance with the economic capacity of the State. Such a change would do much to aid the poorer States and to extend more adequate benefits to a larger number of needy people, particularly, if continued migration of younger and more productive workers in response to defense employment opportunities has the effect of reducing the base of tax support for matching grants in the poorer agricultural States.

At present, there is no provision in the Social Security Act for grants-in-aid from the Federal Government for general public assistance. The volume of such assistance, however, in the United States is still very great, amounting in March 1941 to nearly \$30,000,000, paid to 1,200,000 cases. The variations between States in the average payment per case are extreme: From a little over \$3 in Mississippi and \$6 in North Carolina, Georgia, and Florida, to \$37 in New York and \$34 in Rhode Island, with an average of nearly \$25 for the country as a whole. These payments are made to families who cannot qualify for one of the federally aided public-assistance categories but who are in need of public support. The relocation of population, which is taking place and will take place in increasing volume as a result of the defense program, has already left many families stranded as a result of their inability to find employment. Furthermore, after the passing of the emergency, other families will be left without support when defense production closes down. This will particularly affect the States to which large numbers of migrants have been attracted to employment in isolated communities where ordnance and explosives plants had been located. In order to forestall undue burdens on these States and unnecessary suffering on the part of families left without support, provision should be made through the Federal Social Security Act for matching grants to the States to assist them in carrying the burden of general public assistance.

Health security.—At the present there is a justifiable preoccupation with the development of the armed forces and with the manufacture of munitions, supplemented by the commencement of a coordinated program for defense, health, and welfare activities, especially for areas near cantonments and for industrial areas expanded or developed under the defense program. Along with this emergency phase, the strengthening of underlying measures for social security must go forward. I hope the Congress will give concerted and continued attention to the need for a comprehensive program designed to spread more evenly and more equitably the economic burden of ill-health, the most important gap in the present framework of social security. Through these next major steps in the protection of health and welfare, our Federal Government could complete the basic architecture of the defenses it began to build in 1935 for the economic and social security of individuals, families, and the Nation.

We find unhappy confirmation of inadequacies in our health services, reported 2½ years ago by an interdepartmental committee, in the preliminary findings of the draft boards that approximately 40 percent of our young men have defects so serious as to prohibit or limit their participation in selective service and military training.

You, as well as we, are well aware that a pattern for health security has been laid out. Last year and this, Congress has had specific bills available for careful study, bills intended to enact sound programs to meet well-defined needs for new hospitals, clinics and sanatoria and for funds to encourage their effective use; for strengthened public health, maternal and child health services; for more adequate medical services for all the people; and for protection against disability.

Some sharp clashes have centered around the proposals for health insurance. There are those who say that such proposals lead inevitably to "socialized medicine," a vague phrase. "Socialized medicine" is something to which I am opposed if that phrase means a system which destroys the personal relationship between the patient and his doctor. What we are interested in is the destruction of an even more personal relationship—the personal and exclusive relationship between the patient and his disease. In that we and the doctor have a common aim. But this is largely beside the point, because there is no reason why a plan cannot be evolved which will preserve the patient's right to choose his doctor. Indeed, I believe it is possible to develop a plan which will make it possible for a great many patients to exercise that right for the first time. The present trouble about free choice of a doctor is that so many people have neither a choice nor a doctor.

Health problems which demand attention call for increased efforts on two broad fronts: On the one hand, the provision of adequate facilities for the prevention, diagnosis, and care of illness where these are now insufficient or lacking; and, on the other, means of making it possible for individuals to use such services when they are available. We must be able to assure people that they will have a self-respecting income and independence when illness interrupts their ability to earn—to assure them, in plain words, that they can afford to admit they are sick, that they can better afford to stop work than to risk death.

Measures for health security are helping to pave the way toward giving Americans a more secure footing in life and toward strengthening our national security. In addition, I need only mention to a group such as this the crucial contribution of other general measures for economic progress, among them fair standards for wages and hours, control of child labor, advancement of workmen's compensation, the safeguarding of industrial home work, the more adequate provision of housing, and the beginning of a national program for more adequate nutrition.

Our immediate problem is national security. But no nation can be stronger than its people. Our continuing concern is the strengthening and deepening of our will to the American way of life, our conviction that democracy is the best way and—much of the world notwithstanding—that it is a feasible and practical way of life. We must recognize, as Britain has recognized, that the morale of the home front is essential. In peace or in war, we cannot afford to do less than our utmost to strengthen the place of health security in the "seamless web" of our national life.

Expansion of social security in Great Britain.—No sooner did the defense crisis loom than it was seized upon in some quarters as an argument against the further advancement—and even against the maintenance—of social gains. Defense has been regarded by some as a substitute for a working democracy at home. We were frequently told that the newly won rights of labor would have to be curtailed, that expensive frills like social insurance, public assistance, education and health services must feel the ax.

In this period of strain which confronts us now, it is instructive to look at countries under far greater pressure across the sea. Has Britain thrown overboard her social measures to protect family security? Or her social defenses against injury or health, or even loss of income? Not at all. She not only kept what she had but also liberalized existing social legislation, and, in addition, introduced new provisions to meet the emergency needs created by the war. The Personal Injuries Act passed in September 1939 grants benefits to civilian defense volunteers and gainfully employed persons who are injured by enemy action and to the survivors of persons who die as a result of enemy action. Wives, children, and other dependents of mobilized men are eligible for allowances. Persons or families who are in distress because of the exigencies of the war are cared for by the unemployment-assistance boards. Buildings may be requisitioned if needed to house those who are rendered homeless by bombings. A part of the property damage caused by bombings is refunded by the Government. Health, old-age, and survivors insurance rights are maintained for men entering the armed forces or a war occupation. In all these measures the Government bears all or a large part of the cost. More important from a long-range point of view than these emergency provisions is a significant liberalization of old-age insurance—reduction of the retirement age for women from 65 to 60 and assumption of responsibility by the National Government for supplementation of the old-age insurance benefits on a needs basis. Under both the emergency and the peacetime social-security measures, the scale of the allowances is being quickly adjusted to offset the rising cost of living.

That is what Britain has done when Britain was up against the bombs. If one looks at Britain solely in terms of defense against air raids, its ability to withstand the shock lies in three things: The Royal Air Force, the anti-aircraft defenses, and the smooth functioning of the health and social services. If one looks at Britain in terms of the total war, the three pillars of its defense are: the military forces, the industrial production, and the health and social services at home.

As the London Economist put it last August, "We have * * * been compelled to realize since the outbreak of the war that the community has greater obligations to the citizen, and the citizen greater obligations to the community, than either has been hitherto prepared to admit."

Comprehensive social protection.—We have made a good beginning in our social-security program but that is not enough. We still do not have any social-

insurance program covering the risk of ill health. Sickness is one of the most important causes of dependency. The method of social insurance can be applied to the problem of health just as it already has been applied in the case of unemployment, old age, and death. Cash benefits to those persons who are unemployed because of sickness should be made a counterpart to the cash benefits paid to those persons who are unemployed because of business conditions.

Our eventual goal should be the establishment of a well-rounded system of social insurance to provide at least a minimum security to individuals and their families due to unemployment, sickness, disability, old age, and death. In addition, we must provide a series of constructive social services to supplement the cash aids provided under social insurance. Medical care should be available to individuals and their families so that we may build a healthier, happier Nation. Such a system of medical care would be instrumental in reducing the costs of cash payments for sickness and disability. The work of the public employment offices is a logical part of a program of employment security. Unemployment insurance provides cash income to the worker when no job is available and the employment office helps the worker to find a new job.

No social-insurance program, no matter how comprehensive, can cover all possible contingencies. It is essential, therefore, that our system of public assistance be made more adequate to meet the special problems which are bound to arise. In particular, there should be special Federal aid to low-income States, more nearly adequate aid to dependent children, and Federal grants to the States for general assistance to all needy persons.

Social security and national defense.—It is more essential now than ever before that we make progress in social security. In past years we could satisfy ourselves with the knowledge that social legislation was a gradual, slowly developing process but at the present time when our democratic institutions are under attack it is imperative that we quicken the tempo of social progress so that our social services may be adequate to meet our increasing need. For social legislation is by no means a frill but a vital necessity in a period of national emergency. Sound social legislation not only makes democracy worth defending but far better able to defend itself, because after all national defense must be carried on by human beings whose strength depends upon their moral and physical fiber.

The social-security program, particularly social insurance, enables the Nation to provide its people with a better standard of living—that is, sufficient food, clothing, shelter, and other services—which is essential in order that they may be able and willing defenders of their country. In other words, we should all realize that social security is a sword as well as a shield. Therefore, let us go forward quickly and effectively.

(The following exhibits were submitted by Mr. Altmeyer at the request of the committee.)

[Source: Social Security Board, Bureau of Employment Security, Research and Statistics Division, July 12, 1941]

EXHIBIT A.—*Labor market surveys*

City or metropolitan area	Date of survey	Anticipated demand (12 months)	Labor needed to be imported	Expected earnings of migrants
ALABAMA				
Childersburg.....	May 1941	8,500 to 9,500	1,200	
Gadsden.....	Nov. 1941	700 producing workers.	At least 350	Probably less than \$25 per week.
Mobile resurvey.....	May 1941	11,000 to 13,000	6,500 to 8,500	\$25 a week up.
Sheffield (Muscle Shoals)	Nov. 1940	1,100 to staff plants..	Up to 550	Approximate civil service rates at Tennessee Valley Authority.
CALIFORNIA				
Los Angeles (preliminary)	Feb. 1, 1941	120,000	Perhaps 50,000 if they can be obtained.	\$27 to \$50 per week.
San Diego.....	do	22,000	17,000	\$27 to \$45 per week.
San Francisco.....	do	38,233	21,400 to 23,400	\$25 to \$50.
Vallejo.....	do	4,000 by July 1941, possibly 8,000 more by spring 1942.	Over 3,000 by July 1941.	\$20 to \$45 per week.

EXHIBIT A—Labor market surveys—Continued

City or metropolitan area	Date of survey	Anticipated demand (12 months)	Labor needed to be imported	Expected earnings of migrants
COLORADO				
Denver (preliminary).....	May 1941	9,000 by February 1942.	1,000 to 1,200 by February 1942.	35 cents to \$1.13 per hour.
CONNECTICUT				
Bridgeport.....	Dec. 1940.	12,000.....	4,000.....	Average over \$25 per week.
Bristol.....	Jan. 1941.....	1,550.....	300 to 400.....	\$20 to \$25 per week.
Hartford.....	Dec. 1940.....	10,000 to 12,000.....	3,350.....	Average 65 cents to 70 cents per hour.
Meriden.....	Jan. 1941.....	1,400 to 1,600.....	500 to 600.....	\$25 to \$30 per week.
New Britain.....	do.....	2,000 to 2,300.....	1,000 to 1,200.....	\$20 to \$25 per week to start.
New London-Groton.....	Feb. 1941.....	4,500 to 5,000 during 1941.	Probably approximately 500.	Average \$35 or more per week.
Stamford.....	Jan. 1941.....	1,500 to 1,600.....		
Waterbury.....	do.....	9,300.....	At least 2,000.....	45 cents per hour to \$1.20 per hour.
FLORIDA				
Pensacola.....	do.....	100 workers (800 Army by July 1941).	100 workers (800 Army).	\$1,080 per year minimum.
Tampa (resurvey).....	June 1941	2,500.....	800 skilled and semi-skilled, 300 civil service.	Averaging \$1,600 annually \$25 to \$40 per week, \$100 to \$130 per month.
GEORGIA				
Macon.....	May 1941	5,200 workers (also 3,500 seasonal workers).	500 to 600.....	Minimum of \$30 per week.
Savannah.....	do.....	8,100.....	3,500.....	Minimum of \$25 per week.
ILLINOIS				
Joliet-Wilmington ¹	Nov. 1941.	7,500.....	5,000.....	Probably a minimum of \$24 per week.
Quad cities: (Davenport-Rock Island-Moline-East Moline).	April 1941.	4,500 through December 1941.	Few.....	
Peoria.....	May 1941.	2,000.....	None.....	
Rockford-Beloit (Wis.).....	do.....	1,500 to 1,850.....	425 to 525 (if they can be secured).	65 cents to \$1 per hour.
Savanna.....	do.....	1,200.....	100 to 125.....	Mostly at civil-service rates.
INDIANA				
Charlestown.....	Mar. 1941	13,400 by October 1941.	600 by October 1941.	\$45 per week.
Fort Wayne.....	Feb. 1941	3,000 producing workers (1,200 to 1,500 construction workers.).	150 to 200 (400 to 500 skilled construction workers).	\$50 per week or over.
Indianapolis.....	Jan. 1941.	13,000.....	At least 3,000.....	Start at \$20 per week.
Kingsbury-LaPorte.....	Apr. 1941.	15,000 by Jan. 1, 1942.	7,500 to 9,500.....	About \$25 to \$28 per week.
Madison.....	Mar. 1941.	1,275 civilian employees by June 1942.	Most of the employees.	Civil-service rates.
South Bend.....	Jan. 1941.	13,000 by March 1942.	2,500 to 3,000.....	\$33 to \$45 per week.
IOWA				
Burlington.....	do.....	Up to 6,000 construction workers, 8,000 producing workers.	2,500 construction workers up to Oct. 1, 1941; about 2,000 producing workers by mid 1940.	
KANSAS				
Wichita.....	May 1941.	11,000 to 12,000.....	6,000 to 7,000.....	Probably about \$30 to \$40 per week.
KENTUCKY				
Louisville.....	do.....	27,000.....	3,500.....	2,100 workers \$33 to \$42 per week; 600, \$22 to \$26; 800, \$150 per month up.

¹ Being resurveyed.

EXHIBIT A—Labor market surveys—Continued

City or metropolitan area	Date of survey	Anticipated demand (12 months)	Labor needed to be imported	Expected earnings of migrants
MAINE				
Bath.....	Jan. 1941	1,000.....	About 800.....	10 percent under \$30 per week; 90 percent over \$30 per week.
Portland.....	do.....	5,000.....	do.....	300 will earn less.
MARYLAND				
Baltimore.....	Feb. 1941	43,000.....	20,000.....	\$20.50 to \$45 (without overtime).
Hagerstown.....	Dec. 1940	1,000.....	About 200 (from within the commuting area).	\$16 per week.
MASSACHUSETTS				
Boston.....	Mar. 1941	Approximately 78,000 through December 1942.	7,000 to 8,000.....	Averaging \$40 a week
Greenfield.....	Apr. 1941	1,135; 6 months demand.	.....	\$22 a week.
Springfield.....	May, 19, 1941.	10,700 to 11,200 by cember 1941.	1,500 to 2,000.....	\$25 to \$30 per week.
Worcester.....	May 1941.	3,000 through December 1941.	Less than 500.....	Approximately \$40.
MICHIGAN				
Bay City-Midland.....	Jan. 1941	1,000; 6 months demand.	200 to 300.....	\$35 to \$45.
Detroit.....	Feb. 1941	146,000 through December 1941.	Probably at least 66,000.	\$25 to \$55.
Flint.....	Dec. 1940	Less than 3,000.....	.....	.....
Jackson County.....	June 1941	1,700.....	None.....	.....
Muskegon.....	Dec. 1940	3,500; 6 months demand.	1,500.....	\$28 to \$42.
Niles.....	June 1941	1,400.....	350.....	\$25 to \$50.
Pontiac.....	Feb. 1941	5,000.....	200.....	\$36 to \$42.
Saginaw.....	Dec. 1940	3,500.....	Only a few.....	\$40 per week.
Washtenaw County.....	May 1941	Nearly 26,000.....	23,000.....	About 75 cents per hour.
MISSISSIPPI				
Pascagoula.....	Mar. 1941	1,850.....	550.....	65 cents to \$1.25 per hour.
MISSOURI				
Kansas City.....	Jan. 1941	20,000 to 25,000, July 1, 1941 through December 1942.	2,000 to 3,000.....	\$150 per month.
St. Louis.....	Feb. 1941	39,000 to July 1942.....	Possible 1,000 to 5,000.	Approximately \$25 per week.
NEW HAMPSHIRE				
Portsmouth.....	Mar. 1941	500 to 600 through December 1941.	Perhaps 200 (800 present employees may move into town).	\$40 to \$45 per week.
New Jersey.....	April.....	23,500 through December 1941.	12,000 to 14,000.....	70 to 90 cents per hour.
Northern New Jersey.....	Jan.-Feb. 1941.	104,000 through December 1941.	30,000.....	\$24 and up.
NEW YORK				
Albany-Schenectady-Troy. ¹	Jan. 1941	7,700 by midsummer	3,000.....	.....
Binghamton.....	May 1941	1,000 to 1,600 through December 1941.	.....	.....
Buffalo.....	Feb. 1941	28,000 to 30,000 through December 1941.	6,000 to 8,000.....	\$25 to \$35.
Dunkirk.....	June 1941	1,300 by March 1942; 1,600 seasonal workers.	600 to 700.....	Average \$30 to \$35 per week.
Elmira.....	Jan. 1941	At least 2,200 by July 1, 1942.	Less than 200.....	45 cents per hour and up.
Farmingdale-Bethpage.....	Dec. 1940	18,500.....	3,000 skilled, technical, and supervisory.	65 cents to \$1.10 per hour and \$40 per week up.

¹ Being resurveyed.

EXHIBIT A—Labor market surveys—Continued

City or metropolitan area	Date of survey	Anticipated demand (12 months)	Labor needed to be imported	Expected earnings of migrants
Jamestown (preliminary)	May 1941	600 to 700 through December 1941.	None.	
Massena	Mar. and Apr. 1941.	500 to 800 ²	(3)	
Poughkeepsie	May 1941.	3,600 to 3,700	200 skilled; few semi-skilled.	At least \$40 per week average \$25 to \$30.
Sidney	Dec. 1940 and Jan. 1941.	1,000; 6 months' demand.		
Staten Island	Apr. 1941.	5,180 by December 1942.		62½ cents per hour to \$2.
Syracuse	Jan. 1941.	5,000 to 6,000	2,000	\$25 to \$30 per week.
Utica	Jan. 1941.	4,000 to 5,000	1,500	\$40 to \$50 per week.
Watertown	Apr. 14, 1941.	3,000	(Depends on policy of Civil Service Commission.)	50 cents to \$1.50 per hour.
NORTH CAROLINA				
Henderson	Dec. 1940.	100		40 cents to 60 cents per hour.
Wilmington	May 1941.	6,000 to July 1942	Up to 4,000	Minimum of \$35 per week.
OHIO				
Akron (resurvey)	Feb. 1941.	17,000 through December 1941.	2,000 to 2,800 skilled and semiskilled plus 200 technicians.	65 cents to \$1.20 per hour.
Canton-Alliance-Massillon.		11,400 up to February 1942.	3,500 up to February 1942.	\$22 to \$40 per week.
Cleveland	Apr. 1941.	48,500	Approximately 6,000.	\$30 to \$50 without overtime.
Columbus	Jan. 1941.	9,300 to 11,300; 7,600 more first half 1942.	1,000 to 1,200; 1,300 to 1,600 first half 1942.	75 cents to \$1.10 and up.
Dayton	Feb. 1941.	17,200	7,500 to 9,000	\$20 to \$80 per week.
Hamilton-Middletown	Apr. 1941.	At least 4,000		Rates too low to attract migrants.
Sandusky	Feb. 1941.	2,000	300 to 400	45 cents per hour up.
OREGON				
Portland	June 1941.	12,000 through December 1941; 6,000 to 8,000 more by summer 1942.	Less than 2,000	\$20 to \$60 per week.
PENNSYLVANIA				
Allegheny County	April	13,000	4,000 to 5,000	62½ cents per hour up.
Berwick	Apr. 1941.	28,000 through December 1941.	1,500 to 1,700 men	About \$25 per week
Bucks County	do.	11,700	5,000	
Chester County	do.	3,500		
Delaware County	do.	18,900	At least 10,000 to 12,000.	Average over \$140 per month.
Eldred	May 1941.	1,100	100	
Ellwood City	Dec. 1940	350 by July 1941	180 men by July 1941	\$32 to \$45 per week.
Erie	Nov. 1940	5,500 to 6,500 by July 1941.	No large influx is expected.	
Harrisburg	Mar. 1941.	9,000 through December 1941.	2,500 to 3,000	Civil Service rates.
Johnstown	May 1941.	2,500 through December 1941.	None	
Montgomery County	Apr. 1941.	11,100 through December 1941.	None	
New Castle	Jan. 1941.	64; 6 months demand.	Oversupply of labor.	
Philadelphia	Feb. 1941	168,000 through December 1941.	70,000 through December 1941.	probably \$26 to \$36 per week to start.

² If St. Lawrence Seaway Project materializes 15,000 will probably be needed.³ If St. Lawrence Seaway Project materializes 10,000 may be needed to import.

EXHIBIT A—Labor market surveys—Continued

City or metropolitan area	Date of survey	Anticipated demand (12 months)	Labor needed to be imported	Expected earnings of migrants
Titusville.....	Dec. 1940	600 to 650, probably 900 more in 1942.	most of the 1,500 demand.	\$20 per week up to \$300 per month.
Williamsport.....	Jan. 1941	900	325	\$30 per week.
York.....	Apr. 1941	9,200 through December 1941.	700 skilled	\$35 to \$40 per week or over.
RHODE ISLAND				
Newport.....	Mar. 1941	2,500	1,700 to 1,800	\$1,500 to \$2,200 annually including overtime pay.
Quonset Point.....	Mar. 1941	400 in 1941; 200 in 1942; 400 in 1943 (civilians only)	same as demand	\$25 to \$45 per week.
Westerly-Pawcatuck (Conn.)	May 1941	348 by December 1941.		
TENNESSEE				
Alcoa (preliminary).....	Apr. 1941	7,000 through June 1942.	probably none	
Milan-Humboldt.....	Feb. 1941	8,500 producing workers by end of year.	1,000 producing workers.	most will receive \$150 per month or over.
Nashville.....	Feb. and Mar. 1941	6,000 during 1941.	2,500 or more	50 cents per hour up to \$80 per week.
TEXAS				
Dallas-Fort Worth.....	Jan. 1941	5,000; May 15 to January 1942, total of 30,000 through December 1942.	17,000 through December 1942.	\$20 to \$30 per week.
Orange.....	Dec. 1940	2,500; April 1941 to July 1942.	2,000 April 1941 to July 1942.	\$10 to \$60 per week for shipyard workers.
UTAH				
Ogden.....	Jan. 1941	5,000; May 1941 to July 1942.	2,200	Average more than \$30 per week.
VIRGINIA				
Radford.....	June 1941	8,600	1,000	
VERMONT				
Springfield.....	Feb. 1941	600 to 800 by August 1941.	(Some new workers and commuters may move in if housing becomes available).	
WASHINGTON				
Seattle.....	May 1941	62,000 to 72,000	40,000 to 50,000	7,000 will earn \$40; 33,000 to 43,000 will earn \$30 to \$40.
WEST VIRGINIA				
Charleston.....	Apr. 1941	2,700 between May 1942 and August 1942.	1,600	\$30 to \$40 per week.
Morgantown.....	Feb. 1941	600 (300 between October 1941 and April 1942).	300	Not yet available.
Point Pleasant-Gallipolis (Ohio).	Apr. 1941	450 to 600 through December 1941.	Negligible	
WISCONSIN				
Madison.....	May 15, 1941.	900 to 1,000		
Manitowoc.....	Dec. 1940	1,800 by February 1942.	900	\$28 to \$50 per week.
Milwaukee.....	Apr. 1941	10,000 through December 1941.	None	
Oshkosh.....	June 1941	1,000	Very little	
Total.....		1,575,415 to 1,607,265.	526,230 to 561,705	

EXHIBIT B—DEFENSE LABOR MIGRATION IN CALIFORNIA

REPORT 265, CALIFORNIA DEPARTMENT OF EMPLOYMENT, AFFILIATED WITH SOCIAL SECURITY BOARD; THE MOVEMENT OF WORKERS INTO AND WITHIN THE STATE AS A RESULT OF NATIONAL-DEFENSE ACTIVITIES, AUGUST 1940 TO APRIL 1941

(Research and Statistics, May 2, 1941)

Workers moving into centers of national-defense activity in California to look for jobs have gone primarily, although not exclusively, to four areas: The San Francisco Bay area, Los Angeles County, San Diego, and the central coast area (Monterey, San Luis Obispo, and Santa Cruz Counties). In-migration became significant in each of these areas between June and September 1940; the migration of industrial workers is continuing in the bay area, has slackened somewhat in Los Angeles, and is temporarily reduced in San Diego. The movement of construction workers into both the central coast counties and San Diego has now ended and been replaced by an outward flow. The net volume of migration cannot be estimated accurately because of duplication in the reporting of workers who have looked for work in more than one place. More than 95,000 workers who have moved into these areas since August 1940 to look for defense jobs have been hired, however; and the total number of workers who have come into the four areas since August 1940 to look for defense work, without any correction for possible duplication in reporting, exceeds 168,000. About 50 percent of the out-of-town workers looking for jobs are believed to have come from outside the State.

Virtually all the incoming workers have been white citizens. More than 80 percent have been men, and relatively few have had families with them at the time they looked for work. The age groups under 30 have been most heavily represented among the workers coming into Los Angeles, while in the other areas most of the workers have been between 25 and 45 years old.

The proportion of skilled and experienced workers coming into the bay area has been greater than elsewhere. Practically all skilled metal-trades workers looking for work have found it, and skilled construction workers have been almost as successful. Semiskilled workers and those with only short experience have not fared so well in the bay area as in Los Angeles and San Diego, where skill requirements have been reduced in the face of acute shortages. Very few unskilled laborers have found work in any of these areas—a matter of some consequence for the agricultural labor supply in other parts of the State, inasmuch as many agricultural laborers have tried to get industrial employment.

In general, workers who have not succeeded in getting work within a few weeks have gone elsewhere to look for a job. No estimate can be made at present of the number who have been or will be stranded as unemployables, and only two offices (Huntington Park and San Diego) report any serious hardships as a result of the incoming workers failing to find work quickly.

1. SAN FRANCISCO BAY AREA

The San Francisco Bay area consists of 2 principal cities, San Francisco and Oakland, which had a combined population of 936,000 in 1940; and several smaller, peripheral communities which contained another 477,000 persons. There were about 340,000 workers covered by unemployment insurance in the area in 1939, of whom only 13,000 were engaged in the manufacture of iron and steel and their products.

National-defense activities in the bay area were insignificant until late in 1940, with the exception of a shipbuilding at Mare Island Navy Yard, and there was an overflow of skilled metal-trades workers to the Los Angeles aircraft plants throughout most of 1940. As many as 6,000 local resident workers, almost all of whom were white men, citizens, 35 to 45 years old, with 8 to 10 years' experience in machine shops, may have left the area during this period. Present shortages of metal-trades workers can be attributed in part to this out-migration. Cantonment construction in the coast counties withdrew another 3,500 to 4,000 skilled building-trades workers in October and November 1940. The beginning of large scale national-defense work in November and December 1940 halted the outflow of skilled workers, but inexperienced juniors are now leaving the area at a rate of 200 to 300 each month, looking for work as semiskilled workers in the Los Angeles aircraft plants.

The movement of workers into the bay area became significant in the fall of 1940, although it began as early as 1939. Its volume increased markedly in

December 1940 and the peak has not yet been reached. At least 40,000 workers have come into the area since August 1940, the majority of them since January 1941, and about 15,000 of them have found jobs. Almost all who have not found work within 2 or 3 weeks have moved on.

(a) *Localization of in-migration.*—The early movement of workers was into peripheral communities and was made up as much of workers moving from San Francisco and Oakland to neighboring communities where there were job opportunities, as of workers coming into the area from outside. This fact reconciles the otherwise anomalous situation of skilled metal-trades and construction workers leaving the area to find employment elsewhere at the same time that others were coming in to look for work. The influx was first centered on Vallejo, where Mare Island Navy Yard was hiring large numbers of metal-trades workers in 1939 and throughout 1940. Few of the workers who came to search for work were successful, inasmuch as the navy yard normally hires from United States civil-service lists and requires relatively high qualifications. Some 8,500 new workers were added by the navy yard during 1940, most of them already residents of the bay area. A small influx was also remarked in South San Francisco, where there are a shipyard and a steel fabrication plant. South San Francisco employers likewise hired most of their new workers from local sources.

San Francisco and the east-bay cities attracted few out-of-town workers before November 1940, but, on the contrary, were losing men to Vallejo and South San Francisco, and to other centers of defense activity.

The movement out of these areas ceased about November, however, with the increase of employment in machine shops, and a heavy migration of construction and metal trades workers into Oakland, Berkeley, and Richmond began when newspapers began to publish accounts of large contracts awarded for shipbuilding and for shipyard, naval, and military construction. The city of San Francisco itself reports only a small influx which has dropped sharply since February 1941, probably because shipyards in the city will not expand their working forces for several months while east bay shipyards are already hiring men.

(b) *Personal characteristics of incoming workers.*—Almost all of the out-of-town workers looking for work in the bay area have been men, and most of them between 25 and 45 years old (in contrast to the heavy inflow of inexperienced juniors to Los Angeles and San Diego). As many as 65 percent are believed to be married, but only 40 to 50 percent have had their families with them at the time they are looking for work. Several of the employment offices, however, note a sharp increase in the number of claims filed for unemployment insurance by women who have moved into the area with their husbands; and Vallejo estimates that 75 percent of the new workers have brought families, a fact which may be due to the large proportion of workers who, being hired from civil-service lists, are certain of employment before moving. The workers are preponderantly citizens and belong to the white race.

(c) *Occupational characteristics of incoming workers.*—Not more than 15 percent of the total can be called skilled workers. Almost all of these have found work and an unlimited number of skilled metal trades workers are still needed. Metal trades unions with bay area jurisdictions accepted more than 1,000 new members on traveling cards between November 1, 1940, and January 31, 1941, 10 percent of whom were from out of State, and virtually all have found work. Building trades locals accepted another 1,000 traveling cards during the same period, although it does not seem likely that as many as 50 percent of the skilled workers who have moved to the bay area were construction workers.

Estimates of the proportion of semiskilled workers range from 25 to 35 percent of the total of workers recently come to the bay. Most of these men are "handy men," with intermittent experience in various metal and automotive trades, frequently as helpers. Many are rusty and need to brush up on their skills; for instance, Richmond reports that 95 percent of the applicants for jobs as welders at the Todd-California shipyard need retraining. About 50 percent of the semiskilled workers have found jobs, frequently at work which requires less skill than they claim to have. Many of them will be upgraded to jobs of medium skill as the plants expand, however.

The unskilled workers are mainly harvest hands, many of whom have been following California crops in recent years, and several employment offices comment on the coincidence of in-migration and the termination of work on specific crops. These workers base their hopes of industrial work on reports of widespread labor shortages and the Pacific coast tradition that during the last war

any able-bodied man could find shipyard employment at high wages. Fewer than 20 percent of this group have found local employment and the rest have returned home or drifted elsewhere.

(d) *Sources of incoming workers.*—About 60 to 65 percent of the workers are California residents: Building-trades and machine-shop workers from the interior cities, mechanics from the small north-coast towns, and agricultural workers. Between 35 and 40 percent are from out of State: Utah and Montana, Texas, and the drought-area States along the one-hundredth meridian. Workers from Utah seem more commonly to have had some industrial background and a number of airfield workers from Texas are reported. A good number of construction workers have come into the area from western construction jobs. Up to the present time, however, the out-of-State workers have not generally had long industrial experience.

(e) *Incentives to in-migration.*—There has been very little organized recruiting apart from the work of the United States Civil Service Commission and employment-office clearance orders. The most important causes of the inflow of workers to date appear to be newspaper reports of large shipbuilding and construction contracts, augmented by advertising by private trade schools. The influx of workers seeking shipyard employment has clearly grown out of newspaper accounts of shipyard activities and has generally been haphazard and premature and many thousands have come to look for work without careful consideration of their qualifications. For instance, 4,000 workers sought production jobs in Richmond in the weeks following newspaper accounts of a contract for 31 ships given to a shipyard which had not yet been built. Gate hiring which does not plan a recruiting program and depends upon a queue for its success is not uncommon in the bay area, and usually results in those who have found work writing to their friends and relatives suggesting that they also seek work at a plant without careful regard to their ability.

(f) *Migrants not securing employment in the area.*—Of the 40,000 workers who have come into the bay area, about 25,000 have failed to find work. Unemployment-insurance records indicate that most out-of-town claims are of short duration and the employment offices report that most of the incoming workers either find jobs in 2 or 3 weeks or move on. It is believed that most of the incoming workers have sufficient resources to support themselves for at least a few weeks and their problem is more likely to be finding adequate housing than finding sustenance. Relatively few workers seem to have been stranded, although the eligibility rules of relief agencies are such that relief loads no longer indicate the number of nonresident unemployed and exact information cannot be secured.

2. LOS ANGELES COUNTY

Los Angeles County had 2,786,000 residents in 1940, of whom 1,504,000 lived in the city of Los Angeles and another 603,000 in the 11 adjoining cities. An average of 590,600 workers were covered by unemployment insurance in the county during 1939. Employment in the manufacture of aircraft and aircraft parts rose during the year from 13,300 workers in January to 27,700 in December. Employment in the manufacture of iron and steel and their products averaged 15,700 workers.

Workers have been moving into the county in a steady stream since 1936, notably for aircraft and related employment, but the volume of in-migration increased sharply with the inception of national-defense activities in the summer of 1940. A total of 83,000 to 85,000 workers are believed to have come into the county since August 1940, of whom about 53,500 have found work and remained.

The high proportion finding work is attributed to the pressure of employer hiring schedules, which have steadily forced down the requirements for skill and experience; to the fact that the bulk of aircraft assembly work requires only limited skill; and to the large proportion who have come in as a result of labor scouting or recruiting. The others have left to look elsewhere for jobs after staying 2 or 3 weeks. The volume of in-migration has been dropping since February 1941, largely as a result of increasing employment opportunities in other parts of the country, but this may be only temporary. There is good reason to anticipate a resurgence of in-migration in the summer of 1941, after the closing of the school year.

The expansion of national-defense production in Los Angeles County ahead of the rest of the country forestalled any out-migration of skilled metal-trades workers and enabled local employers to secure several thousands of skilled

workers from the San Francisco Bay area. Unemployment in the building trades continued, however, and 8,000 building-trades workers (many of them carpenters from the motion-picture industry) left the county in September and October, going to the central coast counties, and to Riverside and San Diego, where Los Angeles contractors were building cantonments. These workers are now returning to Los Angeles. Several hundred shipyard workers left the San Pedro area for navy yards at Pearl Harbor, Mare Island, and Bremerton, but the prospects of local shipyard employment halted this outflow in November.

(a) *Localization of the in-migration.*—The earliest, largest, and most widely publicized increase in employment has been in aircraft manufacturing. About 40,000 workers have come into Los Angeles County to look for jobs in this industry since August 1940, of whom more than 30,000 have found work or admission to preemployment training classes. The industry is pretty well concentrated in a few plants, located in relatively small cities on the periphery of Los Angeles; Lockheed and Vega in Burbank; Douglas in Santa Monica; Vultee in Downey; North American in Inglewood; and Northrup in Hawthorne. In addition to those seeking aircraft employment, about 30,000 out-of-town workers have come into Los Angeles seeking work in the central manufacturing district. These people were looking for general factory work, largely in the metal trades. About 17,500 have found work of some kind, while about 12,500 moved on to other localities.

Another 4,000 have come into San Pedro for shipyard and construction work, of whom 2,500 have found jobs. Finally, 9,000 have come into the other communities in the county, of whom about 4,000 have found work.

(b) *Personal characteristics of incoming workers.*—Approximately 80 percent of the incoming workers are men. At least 50 percent are less than 30 years old. The ages over 45 are also heavily represented; the older workers are generally looking for work in shipyards and heavy metal-working shops. Not more than 33,000 of the workers who have come into the area since August are believed to be married; and only 12,000 to 15,000 have had their families with them at the time they looked for work.

Virtually all have been white citizens, but a considerable number have come without birth certificates or naturalization papers, and this has often delayed their going to work by 4 to 6 weeks. The total number of aliens who have come into the county since August 1940 does not exceed 3,000, of whom 1,500 have been Mexican. Between 1,000 and 1,500 Negroes have come into the area in the last 9 months, most of them from cities in the North Central States. The movement of Negroes into Los Angeles is not connected with national-defense activities, but has been taking place for several years and is now dwindling rapidly—probably because of the limited opportunities for work. Both aliens and Negroes have difficulty getting jobs because of strict citizenship and racial requirements enforced generally in the industries doing defense work.

(c) *Occupational characteristics of incoming workers.*—Some 11,000 skilled and experienced metal-trades workers have come into the county since August 1940. Most of them were recruited by local plants and all have found work. In addition, some 6,000 qualified workers with long experience in manufacturing have sought and found jobs. The influx of skilled workers is tapering off rapidly, because of increasing job opportunities in other communities.

Another 44,000 or 45,000 workers have had limited industrial or mechanical experience, although few of these can properly be called semiskilled. Some 65 percent of the preemployment trainees have been in this class, including most of those recruited by private schools. Many in this group have had experience which is of no significance locally—such as farm machinery maintenance work. Some have had intermittent experience in industry, having come from areas where agriculture, mining, and manufacturing are followed seasonally. Others have been garage mechanics in small towns. A notable group are the 1,000 or more oil-field workers who have homes in Long Beach but who have been working in Kern County for the past few years. Despite the general lack of extensive experience, about 24,500 of this group of workers have found jobs in aircraft plants, in the metal trades, and in general manufacturing where they often replace more experienced workers who have quit to take jobs in the aircraft plants.

About 7,000 workers with clerical experience have come into the county since August 1940, looking for clerical and mechanical work in aircraft plants. Most of them have found jobs, although not always in aircraft.

Finally, there have been 15,000 or 16,000 farm hands and workers without previous experience. No more than 5,000 of these seem to have found work—mostly men under 25—and the remainder have left.

(d) *Origin of incoming workers.*—The records of Los Angeles employment offices indicate that about 28,000 workers have come into the area since August 1940 from other parts of California to look for jobs in national-defense industries. Several thousand have been skilled metal trades workers from the San Francisco Bay area, and another thousand have been workers in machine shops, foundries, and garages in the cities of central and southern California. The rest have been semiskilled workers and trainees or harvest hands who have tried to leave migratory agricultural work. The volume of California agricultural workers available in the area is becoming smaller with the return of agricultural activity.

The origin of out-of-State workers who have come into the county since August 1940 is indicated in table 1, on the following page. A large proportion of the out-of-State workers are from small towns in the North Central States, where both aircraft plants and private training schools have been scouting for about 5 years.

These workers from out-of-State are generally under 30 years old, often have good but limited mechanical experience, and are attracted mainly to the aircraft plants. Many have taken preemployment training courses before coming to Los Angeles. A noteworthy, although small, group are skilled machinists recruited by manufacturers from the Detroit area. Workers from the eastern seaboard (New England and Middle Atlantic States) are usually skilled and often have been recruited, either by the local employers directly or through Nation-wide employment service clearance. Workers from the South Central States generally have little industrial background but seek shipyard and heavy construction work and many seem able to find work. Some offices report a slackening of immigration from this area, particularly from Texas and Oklahoma.

TABLE 1.—*Origin of out-of-State workers coming into Los Angeles County for employment in national-defense industries, August 1940 to April 1941*

Area and approximate number of workers coming to Los Angeles:	
North Central States.....	24, 500
Rocky Mountain States.....	8, 500
Atlantic Seaboard States.....	8, 000
South Central States.....	7, 500
Pacific Coast States.....	6, 500
Total.....	55, 000

(e) *Incentives to in-migration.*—A large proportion of the incoming workers have been influenced by rumors and newspaper and magazine accounts of the expansion of national-defense activity in Los Angeles County and the consequent opportunities for employment. This is particularly the case with unskilled agricultural workers and workers from the South Central States.

A major stimulus to in-migration has been the intensive recruiting campaigns of local aircraft plants and training schools. The number of workers who have come into the area as an indirect result of these campaigns is probably larger than the number brought directly. Recruiting has taken several forms: Advertising and recruiting by major aircraft plants; advertising without specific recruiting; clearance orders for workers; employees writing to friends and relatives urging them to come to Los Angeles, usually at the suggestion of their employers; and advertising and recruiting by private training schools. The aircraft plants have actively recruited skilled workers in the area around Chicago and on the eastern seaboard. The personnel officer usually makes use of public employment-office facilities for interviewing applicants secured through a brief advertising campaign, tests the more likely applicants, and moves on. Semiskilled workers and training students have generally been recruited from the smaller towns in the North Central States, where wages are not as high as in Los Angeles and where the largest proportion of men are found who meet the specifications of aircraft plants for semiskilled workers. Recruiting through employee letter writing has the double effect of getting new workers and reducing the number of quits due to the workers' desire to return to their families—a very important consideration.

(f) *Migrants not securing employment in the area.*—Of the 85,000 workers who have come into the area, about 30,000 have not found work. In addition, a

considerable number have met delays because of difficulties in proving their citizenship. Most of the incoming workers seem able to support themselves for a short time, although Huntington Park reports some hardship among the applicants. The majority of those who have failed to get work within 2 or 3 weeks have gone elsewhere, but an increasing unwillingness to leave is reported.

3. SAN DIEGO COUNTY

San Diego County had 289,000 residents in 1940, of whom 203,000 were in the city of San Diego. An average of 33,000 workers in the county were covered by unemployment insurance during 1939, of whom only 7,600 were engaged in manufacturing. Employment in aircraft plants averaged 2,550 workers during the year, but increased steadily throughout the year to reach 4,400 workers in December. In addition to these employees of private industry, there were about 32,000 workers employed by Army, Navy, and Marine posts in the county.

Large numbers of people have been coming into San Diego for many years, but the inception of national-defense activities in the summer of 1940 both increased the volume of in-migration and altered its character radically. The local aircraft plants doubled their accession rate in June 1940, having added 1,000 or more workers every subsequent month until March, and 80 percent of the new workers have come from outside the county. A total of 12,000 workers have come into the county since August 1940 to look for aircraft jobs, and about 8,000 have been hired. Another 1,000, not yet at work, have gone into pre-employment training classes: 500 are still enrolled, and 500 have finished training but as yet have not secured aircraft jobs. The peak of this in-migration has probably not yet been reached, but the curtailed hiring schedules of local aircraft plants and the increasing body of unplaced trainees are already reflected in a reduced flow of workers into the county. If previously announced hiring schedules are resumed, the movement should regain its volume and continue through the early part of 1942.

Construction work on military establishments, defense housing, and new plant facilities has drawn another 6,000 workers into the area since August 1940, of whom about 4,000 found work. This influx passed its peak in March and has now definitely ended; construction workers are already leaving the area. Some new construction is being started, but it does not require as many workers as are now being released by completed projects.

Between 4,000 and 5,000 white-collar workers have been attracted to San Diego by the prospects of defense employment, and there is also a group of women workers who have come in with their husbands.

(a) *Personal characteristics of incoming workers.*—The bulk of incoming workers are between 30 and 40 years old, although there is a heavy representation of juniors. About 80 percent are men. While 50 percent of the men are believed to be married, about half (3,600) have left their families at home and come to San Diego alone. Virtually all the men looking for aircraft jobs are white citizens, and so are most of the construction workers. More than 500 Negro construction workers have come into the county, however, apparently from the North Central States.

(b) *Occupational characteristics of incoming workers.*—Between 15 and 20 percent of the incoming workers looking for aircraft work have been professional or skilled machine-shop workers. Most of these have been secured on the eastern seaboard through clearance orders or direct recruiting by aircraft plants, and almost all have been hired. The larger part of those seeking aircraft work, however are semiskilled workers with little experience, men without any previous employment record, and white-collar workers interested in mechanical work. About half of the wives who have come into the area with their husbands have experience as clerks or as factory hands on the eastern seaboard.

Incoming construction workers have been about evenly divided between journeymen in the building trades and laborers.

(c) *Sources of incoming workers.*—Only about 20 percent of the aircraft workers coming into San Diego are from California, but almost all the construction workers have come from Los Angeles, San Bernardino, and Riverside Counties. About 1,500 aircraft workers have come from cities on the eastern seaboard, the remainder from small towns in the North Central States. About 500 Negro construction workers have come from cities in the North Central States.

(d) *Incentives to in-migration.*—Rumors and newspaper accounts of defense activities have undoubtedly played an important part in sending workers into San Diego, particularly for construction work, but the relative inaccessibility of the city places it at a disadvantage in competing with Los Angeles for freely

migrating workers. Much heavier reliance has been placed on recruiting, and the two major aircraft plants have maintained personnel officers in Chicago and New York for the past several months. Both skilled metal-trades workers and trainees have been extensively recruited, although not always hired, by these representatives. Arrangements have also been made to recruit workers through private preemployment training schools located in the North Central States.

(c) *Migrants not finding work.*—The local shortage of housing has forced unsuccessful job seekers to move out of the city almost immediately. The presence of out-of-town trainees in preemployment courses without adequate means of subsistence, has raised serious local problems. There are some 500 out-of-town trainees who have completed their training but have not found aircraft work some of whom have been out of school for 45 days. Temporary or part-time work has been found to keep them in the area until they are needed for aircraft work.

The influx of workers has raised more serious social problems in San Diego than in either Los Angeles or the San Francisco Bay area, but the rapid outflow of unsuccessful job seekers has eased the burden somewhat.

4. CENTRAL COAST COUNTIES

The central coast counties of Monterey, San Luis Obispo, and Santa Cruz had a total population of 151,000 in 1940. Between 15,000 and 16,000 workers came into these counties between September 1940 and February 1941 looking for construction jobs in the Army cantonment projects at Camp McQuaide, the Fort Ord Reservation, Camp Roberts, and Camp San Luis Obispo. Approximately 10,000 found work. Since the different projects did not begin simultaneously, the men were often able to move from one project to another, and the total number who found work did not greatly exceed the peak out-of-town employment at Camps Robert and San Luis Obispo in March. The influx tapered off in late February and ended about March 15. Nearly 7,000 workers have left the counties since that time, usually within 48 hours of being paid off. They have gone on to other construction jobs (some in New Mexico cantonment work), but most have returned home.

Nearly all the construction workers were citizens, white and middle-aged. Not more than 15 percent had families with them. About 10,000 were experienced construction workers generally recruited through trades unions from Los Angeles (4,500 to 5,000), the San Francisco Bay area (3,500 to 4,000), and the San Joaquin Valley. The remainder were mostly agricultural migrants attracted by rumor and newspaper reports, very few of whom found work.

Another group, now coming into the counties, hopes to stay permanently in the small towns near the Army posts—service workers, clerks, etc. These job seekers may total 6,000 workers before the influx ends.

EXHIBIT C—MIGRATION IN THE SEATTLE-TACOMA-BREMERTON AREA

STATE OF WASHINGTON, OFFICE OF UNEMPLOYMENT COMPENSATION AND PLACEMENT,
RESEARCH AND STATISTICAL SECTION, OLYMPIA, WASH., APRIL 24, 1941

VOLUME

The normal flow of migratory workers between the Seattle-Tacoma area and other points on the Pacific coast was accentuated during 1939 and the early part of 1940 by a drizzle of workers attracted by the possibility of increased employment opportunities. Prior to September 1940 this did not materially alter normal migratory trends. Beginning in September the volume of in-migration rose sharply as a result of publicity given to defense activities. It is estimated that the employable population of the area has increased approximately 34,000 while an additional 6,000 are members of new workers families. This includes workers added at the Bremerton Navy Yard but excludes additions to the military and naval forces (35,000 to 40,000). Another 10,000 job seekers have come into the area but by this time either have returned home or are seeking work in other areas. The net increase of 34,000 probably is distributed roughly as follows:

Bremerton.....	10,000
Seattle (including 2,500 new commuters to Bremerton).....	19,000
Tacoma (including 500 commuters to Bremerton).....	5,000

In Tacoma in-migration was greatest sometime in December, at which time construction work in the Fort Lewis-Camp Murray area was at its peak. At least 4,000 migrants in addition to those listed above were in Tacoma at that time. Many of these have returned home; others are now in Bremerton or Seattle. While 400 to 500 workers a month are still entering Tacoma, the pressure has been reduced materially since the first of the year. The heaviest months in Seattle were December and January, although there is still a net influx of about 1,000 per month. Bremerton, influenced principally by the importation of workers for the navy yard, has a still increasing volume of in-migration. Considering the entire area as a unit, it is anticipated that migration will slacken as current construction is completed but that a new influx may be anticipated later in the year as production picks up in aircraft and shipbuilding.

CAUSE

Experience in this area has been that the migration of unskilled job seekers is extraordinarily responsive to publicity. Skilled workers having some assurance of employment in their own communities are less likely to move in response to rumors. In September and October several stories were released concerning contracts to be let in Seattle and Tacoma and projected developments in aircraft and shipbuilding. These articles, circulated by national press services and indicating a need for thousands of workers, unleashed an avalanche of undirected migration. Labor scouting in the Midwest has been noted in a few instances but has not been a major factor. Rumor and information sent by local residents to relatives in other areas have encouraged in-migration.

CLASS OF WORKERS

Of the approximately 34,000 net migration to the area, about 7,000 are workers added to the Bremerton Navy Yard. A majority of these are journeyman mechanics selected through civil-service applications. Probably 1,000 have been drawn from this State, the remainder from all parts of the country, with a higher proportion from the west coast. Another 8,000 migrants are members of unions, principally in the construction crafts, who have transferred their memberships into local unions. Estimates by union officers indicate transfer of about 4,000 into Tacoma locals, 4,000 into Seattle, and 3,000 into Bremerton, a total of 11,000, of which two-thirds came from other areas of this State, the remainder principally from Oregon, California, and Montana. About 3,000 of this number already have left the Tacoma area with the completion of construction at Fort Lewis and Camp Murray. Some of these are included in the figures for Seattle and Bremerton.

This group of workers have come primarily in response to known job openings and have found work. With the exception of certain shipyard workers standing by in Tacoma pending resumption of activities and about 200 carpenters unemployed in Tacoma, virtually all members of skilled crafts are at work. This includes carpenters, electrical workers, plumbers, machinists, boilermakers, steamfitters, and sheet-metal workers. Unskilled organizations such as building and common laborers report some unemployment.

SOURCE

There remain an estimated 19,000 migrants (net) who have come primarily in response to rumor rather than specific job openings. (This number has been variously estimated up to 30,000, but most estimates do not take into account the considerable number who have not remained.) One-fourth of these are from other areas of this State, particularly the Eastside Spokane, Wenatchee, and Yakima. The remainder, upwards of 14,000, come from other States. Certain characteristics of this group have been deduced from the examination of recent applications for work at the Seattle and Tacoma offices of the Washington State Employment Service. Figures which follow are taken from samples of 464 Seattle and 332 Tacoma applicants coming from other States within the past year.¹

¹These were groups of self-registrations from which had already been removed some skilled workers to be called for interview, and some not skilled who had returned for an interview.

A third group of 653 migrants are a sample of those served by certain welfare agencies ² during the latter half of 1940:

Percentage of all out-of-State migrants

State of origin	Seattle applications	Tacoma applications	Served by Seattle agencies
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
Oregon.....	12.3	13.3	12.2
California.....	9.7	10.8	13.3
Idaho.....	5.6	4.8	3.8
Montana.....	15.5	15.4	15.5
Midwest ¹	33.8	38.8	36.8
Other West and Southwest ²	11.9	10.6	5.7
All other.....	11.2	6.3	12.7
Total.....	100.0	100.0	100.0

¹ Midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.

² Other West and Southwest: Arizona, Colorado, Nevada, New Mexico, Oklahoma, Texas, Utah and Wyoming.

In all three groups the State furnishing more migrants than any other was Montana, followed by Oregon or California, then Minnesota and North Dakota. This indicates a decided shift from the North-South migration which is characteristic of the Pacific coast in normal times. Furthermore, some of those indicated as originating in Oregon or California had previously come from the Midwest. A comparison of automobile registrations transferred between Washington and other States during the first 3 months of 1940 and the first 3 months of 1941 further reflects a change in the direction of migration, with the greatest gains from Montana and the midwestern farm States.

The new migrants have been loosely referred to as a Dust Bowl group. However, of the 332 applications surveyed in the Tacoma office, only 55, or 17 percent, listed experience primarily agricultural; 52 percent claim mechanical or construction experience; the remaining 31 percent either had some other type of experience (service occupations) or none at all. These figures cannot be accepted at face value since applicants naturally emphasize the experience most likely to improve their placement possibilities. While 1 in 6 report most of their experience as agricultural, the majority come from agricultural areas. Many apparently had relinquished poorly paying jobs to come West; others came because of unsteady work or lack of work. In contrast to the normal migration many of these had not been outside their home State before. The study made by welfare agencies found only 40 of 202 had lived less than 1 year in the last place of residence. However, this information was secured in less than one-fourth of the cases.

AGE, SEX, MARITAL STATUS

Employment service records indicate that virtually all the migrant job seekers are men and that the number of aliens and Negroes is insignificant. Of the groups sampled, 55.1 percent in the Seattle office and 56.8 percent in the Tacoma office were married. (See following section on family migration.) Of the remainder in the Tacoma group, 35.6 percent were single and 7.8 percent widowed, divorced, or separated. Predominantly the migrant group is young, the median age of married men studied being 37 in both cities while the median age of all others in Seattle was 31 and of single men only in Tacoma, 28. The group served by Seattle welfare agencies had a median age of 38. This is not inconsistent since those served were principally the destitute while employment service applicants are a more representative group. The complete age distri-

² From a study by a subcommittee of the State migrancy committee of the Washington State Conference of Social Work. Agencies submitting the bulk of the returns were the Compass Shiloh Mission, Millionaire's Club, Volunteers of America, Travelers' Aid, St. Vincent De Paul, and Goodwill Industries.

bution of the two groups sampled from employment service applications is as follows:

	Seattle		Tacoma		
	Married	Single or other	Married	Single	Other
Total.....	256	208	188	118	26
Under 20.....				2	
20 to 24.....	24	44	9	42	2
25 to 29.....	46	55	37	23	3
30 to 34.....	36	32	40	20	5
35 to 39.....	47	24	23	8	2
40 to 44.....	41	19	30	8	5
45 to 49.....	25	16	17	4	2
50 to 54.....	15	9	17	5	2
55 to 59.....	12	4	8	5	
60 to 64.....	9	4	5	1	4
65 and over.....	1	1	1		
Age not recorded.....			1		1
Percent under 50.....	86	91	83	91	
Percent under 40.....	60	75	58	80	
Percent under 35.....	41	63	46	74	

FAMILY MIGRATION

Although approximately 55 percent of the group of interstate migrants making application with the employment service are married and a comparable proportion of others entering the area may be assumed to have families, to date the volume of family migration has been strictly limited by lack of housing facilities. Characteristically, the pattern is that the head of the family and possibly the oldest son will come ahead with the intention of sending for the rest. That families have not been following to Seattle and Tacoma in numbers comparable with the influx of workers is attested by records of school enrollment.³ Enrollment in the Seattle public schools as of the end of March for recent years has been as follows:⁴

	Enrollment	Change from previous year
March:		<i>Percent</i>
1937.....	57,605	
1938.....	55,509	-1.9
1939.....	45,699	-3.2
1940.....	53,034	-3.1
1941.....	52,217	-1.5

Enrollment figures for the Tacoma public schools as of June of recent years were as follows:

	Enrollment ¹	Change from previous year
June:		<i>Percent</i>
1936.....	21,063	
1937.....	20,570	-2.3
1938.....	20,297	-1.3
1939.....	19,434	-4.3
1940.....	18,683	-3.9

¹ For records of the Takoma public schools.

Enrollment in Takoma schools includes all registering during the term; membership is net after deducting those leaving school.

³ Figures quoted cover high school, junior high school, and elementary; night school not included.

⁴ From records of the Seattle public schools.

These are supplemented by statistics of February membership for the past 2 years:

	Member-ship ¹	Change from previous year
		<i>Percent</i>
February:		
1940.....	17, 175	
1941.....	16, 756	- 2. 4

¹ From records of the Tacoma public schools.

Enrollment in Tacoma schools includes all registering during the term; membership is net after deducting those leaving school.

Modification of the rate of decrease in both cities justifies an assumption of immigration not to exceed 850 children in Seattle and 250 in Tacoma. This influx has come subsequent to last September, being first noticeable in February when the new term started. It is of interest that in Seattle not even the schools nearest to centers of defense activity have been noticeably influenced.

Outside the two cities the family increase has been more marked, in some cases creating a serious school problem. School districts just south of Seattle grew about 15 percent from June 1939 to June 1940, and an additional 8 percent (about 200 students) from June to November 1940. This reflected employment at the Boeing Aircraft Co. and was due in part to city residents moving closer to work. The area south of Tacoma has been affected both by families of Army men and of defense workers. Five schools in the area (Clover Park High School, Park Lodge No. 119, Lakeview No. 2, Lake City No. 314, and Du Pont No. 7) reported a total enrollment of 901 in June 1939, 1,087 in June 1940, and 1,299 in November 1940.⁵

In the Bremerton school district enrollment has grown as follows: ⁶

	Total enrollment	From homes where head of family engaged in defense work
June:		
1939.....	3, 357	2, 006
1940.....	3, 324	2, 229
Nov. 1, 1940.....	3, 665	2, 586
Apr. 15, 1941.....	3, 839	

Districts adjacent to Bremerton (South Kitsap High School at Port Orchard, Silverdale High School, Port Orchard No. 10, Pleasant Valley No. 29, Silverdale No. 24, and Chico No. 23) reported these figures: ⁷

	Total enrollment	From homes where head of family engaged in defense work
June:		
1939.....	1, 576	669
1940.....	1, 648	779
Nov. 1, 1940.....	1, 904	1, 151

Note that here again the school population has shown a greater proportionate increase outside the city.

Statistics of the State department of education show that transfers into the elementary, junior high, and high schools of Pierce, Kitsap, and King Counties

⁵ From The Problems of School Facilities in Areas Affected by Expansion of National Defense Activities in the State of Washington, a study by the emergency committee on school housing in national-defense areas in Washington.

⁶ Figures provided by Tillman Peterson, superintendent, Bremerton public schools.

⁷ From The Problems of School Facilities in Areas Affected by Expansion of National-Defense Activities in the State of Washington, a study by the emergency committee on school housing in national-defense areas in Washington.

(excluding Seattle), and Port Townsend (Fort Worden, Fort Flagler), totaled 3,404 when school started last fall. Of that number 2,248 were transfers within the State, 1,156 from outside the State. Most of the local transfers can be discounted in a consideration of defense migration. Interpolating from the figures in the preceding paragraphs, it appears that a reasonable estimate of school children entering the Seattle-Tacoma-Bremerton area as a result of defense activity from June 1940 to April 1941 is about 2,900, distributed roughly as follows:

Seattle.....	850	Bremerton.....	500
Vicinity of Seattle.....	400	Vicinity of Bremerton.....	450
Tacoma.....	250		
Vicinity of Tacoma.....	450	Total.....	2,900

This covers an area into which have poured an estimated 34,000 defense workers and job seekers and an addition of about the same number to the Military Establishment.

FAMILY HOUSING

Lack of family migration may be explained primarily by inadequate housing facilities. Figures released by the Seattle Real Estate Board show the following percentage of residential vacancies in February of recent years:

	<i>Percent of vacancies</i>		<i>Percent of vacancies</i>
1935.....	2.98	1939.....	1.45
1936.....	2.11	1940.....	1.44
1937.....	1.71	1941.....	.76
1938.....	1.52		

Mr. Ellis Ash, of the Seattle Housing Authority, estimates on the basis of a sample study made by the Work Projects Administration that in terms of dwelling units the Seattle situation was as follows in February 1941:

	Number	Percent
Occupied.....	122,200	96.6
Unoccupied.....	4,300	3.4
A. Not for rent (for sale or owner occupancy).....	1,896	1.5
B. For rent—major repairs or unfit for use.....	380	.3
C. For rent—good condition, and minor repairs.....	2,024	1.6
(1) Lack some standard facilities.....	885	.7
(2) Have all standard facilities.....	1,139	.9

This is a total of only 2,404 dwellings of all types and conditions for rent, of which at least 500 are one-room and 1,000 are two rooms in size, according to Mr. Ash.

In the city of Tacoma the housing situation is not as serious, but South Tacoma and vicinity are extremely crowded. In Bremerton it is virtually impossible to rent a house in livable condition. The greater effect of migration on rural schools suggests that families in many cases are forced to settle outside the cities because of housing.

The group of 232 out-of-State migrants whose applications were examined in the Tacoma office had an average of 2.35 dependents for married men and 0.42 for single.

Number of dependents	Total	Marital status			Number of dependents	Total	Marital status		
		Married	Single	Other			Married	Single	other
Total.....	332	188	118	26	5.....	3	3	0	0
0.....	96	0	86	10	6.....	2	1	0	1
1.....	80	51	20	9	8.....	4	3	0	1
2.....	84	73	9	2	9.....	1	1	0	0
3.....	43	41	0	2	11.....	1	1	0	0
4.....	17	14	3	0	Not indicated.....	1	0	0	1
					Mean.....	1.53	2.35	0.42	1.32

This agrees closely with applications of workers seeking housing facilities at the West Park project in Bremerton. These men have an average of 1.3 children (2.3 dependents including wife), of which 0.76 are of school age. It is therefore expected that to the extent that housing becomes available (850 units under construction in Bremerton) the schools will be further affected.

LIVING ARRANGEMENTS

Housing vacancies present an incomplete picture of migration for two reasons: First, it is clear that the amount of doubling up in available residences has increased, and second, the great majority of migrants have come singly and are not reflected in housing surveys. There has been a strong tendency toward the conversion of transient facilities into permanent residence. Auto camps are full; trailer villages have mushroomed in South Seattle and Bremerton; the cheaper hotels in Seattle and Bremerton are overloaded. In Tacoma the pressure on accommodations for single men has slackened since the first of the year.

There is no reliable information as to the number of men utilizing various facilities. The group of applications surveyed in the Tacoma office showed 18 percent living with relatives or friends and 26 percent boarding. Six percent stated that they owned a home and 42 percent that they rented; however, the application form was not originally designed to secure information about migrants and it is not possible to state how many of these were referring to ownership or rental in the city from which they had come nor how many who said they were renting actually were renting a room. The remaining 8 percent indicated some other living arrangement or none at all in the case of some just arriving.

EMPLOYMENT

It has been stated that of an estimated net in-migration of 34,000 workers and job seekers some 7,000 were imported for employment at the Bremerton Navy Yard and another 8,000 were transfers into local unions who came in response to definite needs and found employment. No positive statement can be made as to the proportion of the remaining 19,000 finding work. The following facts are significant:

(1) More than 90 percent of the transients applying at the Seattle office of the State employment service and about 75 percent of those applying at the Tacoma office fail to report back at the end of 30 days.

(2) The survey previously mentioned of migrants served by certain welfare agencies in Seattle disclosed the following lengths of residence in the city at the time the service was rendered:

Under 15 days.....	602	1 to 2 years.....	8
15 to 30 days.....	72	Not reported.....	16
1 to 6 months.....	135		
7 months to 1 year.....	31	Total.....	864

(3) Transient cases served by county welfare departments show no significant increase. (It should be noted, however, that assistance to nonresidents is limited and that the number of cases served is very small.) No statistics are available on transient applications for assistance but the intake office in Seattle has noted no increase.

(4) Unemployment compensation claims filed against other States in the Seattle, Bremerton, and Tacoma offices during recent months were a substantial increase over those for the same period of the previous year.

	Form IB-1 (initial claims)			Form IB-2 (continued claims)	
	1939-40	1940-41		1939-40	1940-41
December.....	426	896	December.....	3,388	4,952
January.....	717	1,051	January.....	4,414	5,717
February.....	447	776	February.....	4,334	5,231
March.....	490	794	March.....	3,797	5,231

NOTE.—Local claims are about 25 percent below the same period of last year. During the first quarter of 1941 multi-State claims have comprised 18 percent of all initial claims filed in Seattle, 38 percent in Bremerton, and 14 percent in Tacoma. The increase in multi-State claimants has come largely from Montana.

The unemployment-compensation records indicate a larger number of unemployed persons from other States than last year and a larger proportion of migrants among the unemployed group as a whole. It is apparent, however, that most of the migrants either (1) find work, (2) return home, or (3) remain in the area unemployed but cease to maintain their application with the employment service. It seems a safe estimate that at least half and probably more of the largely unskilled migrant group referred to above have found work. As of March 20 the active file of the Seattle office included 3,500 persons with less than 6 months residence. In Bremerton there are relatively few unemployed for the reason that unsuccessful job seekers will return to Seattle or Tacoma where it is easier to find a place to live. The number of migrants in the Tacoma active file is probably about 1,000. Although most guesses have run considerably higher, it is difficult to justify an estimate of more than 5,000 unemployed migrants in Seattle and 2,500 in the rest of the area.

As to where the balance of the group have found employment, it may be assumed that the majority have been absorbed by the industries showing the greatest gains during the past year. It is estimated that private employment in King, Pierce, and Kitsap Counties for the fourth quarter of 1940 was up 20 percent, 25 percent, and 50 percent, respectively, over the previous year. Gains were principally in aircraft and shipbuilding, secondarily in building construction. A general stimulation of trade has further increased employment opportunities.

SUMMARY

Seattle was a city of 370,000; Tacoma, 110,000; and Bremerton, 15,000 at the time of the 1940 Federal census. The three counties in which they are located had a total population of 730,000. At that time the effect of defense activity was already being felt. Boeing Aircraft, for instance, had upped employment to 6,000 from about 2,000 at the beginning of 1939. Most of the activity in defense and practically all of the in-migration of workers because of defense activity has come since March 1940, however. Estimates of volume are necessarily rough, as there is no measure of the number of migrants who can be absorbed by an area of this size. The estimate here presented—34,000 net in-migration of workers and job seekers since September 1940 exclusive of military—is somewhat lower than most. Adding a probable 6,000 members of families, the figure becomes 40,000. With the exception of workers being imported for work at the Bremerton Navy Yard, the rate of in-migration is slackening. Indications are, however, that an unlimited number of unskilled migrants could be attracted if the need developed. While many have found work, there is no present need for workers of this type.

MINER H. BAKER.

EXHIBIT D—REALLOCATION OF POPULATION AND THE DEFENSE PROGRAM

PAPER PRESENTED BEFORE NINTH ANNUAL MEETING OF POPULATION ASSOCIATION OF AMERICA, BY COLLIS STOCKING, BUREAU OF EMPLOYMENT SECURITY, SOCIAL SECURITY BOARD, MAY 17, 1941

INTRODUCTION

I. Our economic history, more clearly than that of any other Nation of modern times, is the story of successive migrations. It is the story of mass movements of population, from other continents to this one, and from one part of this country to another. The early migrations that settled the country; the restless westward movement that developed it; and, more recently, the cityward movements of rural population, all bespeak the response of population to changes in our economy.

In all considerations of the causes and motivating influences of migration, there runs an implied agreement that people in the mass move in response to differences of economic potential between areas. In some cases migration is explained as a flight from poverty; in others it is the lure of a gold rush, literal or figurative. In any case, it seems clear that masses of people move because they think that by so doing they will better themselves.

This relationship between economic changes and migration characterizes most of the important migrations in the history of the United States. The relationship has been apparent in the effect of business cycles in the United Kingdom and the United States on the migrations across the Atlantic. Similarly, the flow of Irish immigrants has been related to the famines in Ireland, and the flow

of southern and eastern Europeans to the overpopulation and poverty of those areas compared to the United States. In the history of our own country each of the periodic panics of the nineteenth and early twentieth centuries generated a westward wave of impoverished victims of our own economic maladjustments.

The urban industrialization of the United States demanded a type of migration quite different from that by which the country was settled and developed. The insatiable demand of the industrial cities for more and more labor coincided with the emergence of population surpluses in agricultural areas. Especially after the stream of immigrants from Europe was reduced to a mere trickle, the expanding cities could be supplied only by migrants from the countryside. This migration was stimulated during the World War and continued through the 1920's. The last depression reduced the volume of these movements and in one year actually reversed their direction; but with the signs of returning prosperity the migration was resumed.

HISTORICAL IMPORTANCE OF MIGRATION

The fact is that migrations in the history of this country have been not only a means of relieving the pressure of economic distress and surplus population, but also a means of providing population, which is to say labor, where and when it was needed. As pointed out in *Migration and Economic Opportunity*, the fact that migration has proved an imperfect means of adjustment of population to economic opportunity should not obscure its importance or its effectiveness. The dramatic and pathetic spectacle of thousands of Americans in flight from abject poverty toward an unknown and unattainable security, such as occurs during a depression, confuses the social implications of migration and beclouds its economic function.

It remains true that migration, as a form of social and economic mobility, has provided a fluidity which has made this a country of singular democratic opportunities. People on the move can scarcely be socially or economically caste bound. The migration of rural population to an urban scene involves not only a change of residence but more frequently than not a change of occupation and of social status. It is this many-sided fluidity that has made possible the adjustment of the American people to their rapidly changing social and economic environment.

MIGRATION AND THE DEFENSE PROGRAM

II. A new wave of migration resulting from the national-defense program has been stimulated by employment opportunities especially in aircraft and shipbuilding, in heavy-goods industry, and in large-scale-construction projects. Some indication of the extent of the expansion is given in the Bureau of Labor Statistics indexes of factory employment which show that from March 1940 through March 1941 employment increased by 81 percent in the shipbuilding industry, by 133 percent in the aircraft industry, by 30 percent in machine-production industries (excluding transportation equipment), and by 23 percent in iron and steel production.

In the early months of the defense program, contracts to the amount of many billions were awarded to plants in established industrial areas. It is estimated that 85 percent of direct contracts went to 12 States containing 48 percent of the population. Because of the importance of the contracts affecting manufacturing in the heavy-goods industries, economic revival has been most marked in thickly populated urban areas, which have long been centers of capital-goods production. In addition, shipbuilding and aircraft contracts have, for the most part, been awarded to urban industrial centers along the seacoasts.

Because the impact of these early contracts has recently begun to strain the facilities and labor resources in areas of industrial concentration, attempts are now being made to locate new plants in areas where reserves of labor have been largely untapped. For example, the first orders for aircraft went to the established California companies; the new plants, authorized more recently, have been located in Mississippi Valley cities close to predominantly agricultural areas. Similarly, while contracts for naval expansion were awarded to shipbuilding centers like Boston, Newport News, and Seattle, attempts have been made to locate some of the shipyards for the merchant shipbuilding program in the relatively unexploited ports of the Gulf.

In addition to the important expansion of industry in already well-developed cities, the national-defense program has led to large-scale construction in rural areas. The building of Army cantonments has been concentrated in the rural sections of the Southern States with many important projects scattered in the Middle and Far West. Powder and shell-loading plants are being built in small towns and rural areas remote from the centers of industry.

The depression left most urban communities well stocked with a diversified labor supply. It was only in certain of the aircraft centers and in the rural communities at the site of construction projects that migration of labor was needed in order to supply essential workers. Nevertheless, the opening up of economic opportunities has led to migration far beyond the requirements of industry, and has brought hundreds of thousands of workers to most of the important centers of defense activity. Large numbers of the unemployed have been eager to flock to places where wages were rumored to be high and jobs abundant. The House Committee on the Interstate Migration of Destitute Citizens has estimated that migration in connection with the defense program has developed in significant proportions during the last few months, and that in general the destinations of this migration are the industrial areas which received the influxes of workers during the World War, and in which important contracts have now been awarded.

FACTORS CONTRIBUTING TO DEFENSE MIGRATION

The level of wages, as well as the volume of employment, plays an important part in determining the areas which are to be the focal points of migration. Practically all States have reported to the Bureau of Employment Security a large-scale movement of workers from lower- to higher-wage areas. Workers are attracted from agricultural to industrial employment; workers in small communities migrate to large communities where wages are higher; workers from low-wage States are attracted to States where increased production provides an opportunity to obtain a "better" job.

In general, migrant workers at the present time fall into two major categories. In the first place, there are those who migrate in response to definitely assured job opportunities. Skilled workers in the machine industries and metal trades have been recruited by employers over wide areas, and skilled, semiskilled, or unskilled construction workers have frequently come great distances to work on vast defense construction projects. The second and probably the larger group of migrants consists of those workers attracted by the hope but no definite prospect of employment, who move in a haphazard and unorganized way. This group consists chiefly of semiskilled or unskilled laborers and includes a large number of agricultural workers seeking industrial employment and young people without experience of any kind.

Labor market reports and the related material received by the Bureau of Employment Security from State employment security agencies from September 1940 through March 1941 give detailed information about these two types of migration and the geographic areas most affected.

OCCUPATIONS OF MIGRANTS

Construction workers form a majority of the skilled workers involved in recent mass migration movements. There has been an out-migration of construction workers from heavily populated industrial areas to rural construction projects. New York State estimates a migration of 22,000 such workers to Army construction projects in recent months. The South Atlantic States appear to have been more affected than any other region by the influx of construction workers. There have also been significant mass migrations to other construction projects in the Middle West and Pacific coast areas, and some migration of carpenters and other construction workers to coastal shipbuilding centers. Many construction workers migrate from one project to another, setting up only temporary residence at the various points. They appear to be a highly mobile group and move over an extensive territory. Maryland reports an influx of about 5,000 construction workers as a result of construction projects in that area. Five thousand skilled construction workers are said to have migrated from West Virginia to the site of a huge explosives plant at Radford, Va. California estimates that thousands of construction workers have come from the Southwestern region and from construction projects in other Western States

to Army projects in California. Several States report that a majority of the construction workers do not bring their families with them and are ready to pull up stakes and leave town immediately after the completion of the work.

Skilled workers in nonconstruction trades, for example, machinists, metal workers, and aircraft workers, have been drawn to centers with expanding demand for highly equipped technicians. California reports that skilled workers from the eastern seaboard and Detroit areas have been recruited for work in Pacific coast aircraft factories and other defense industries. In addition, thousands of semiskilled workers and graduates of national defense vocational training courses have migrated to California and have obtained employment in large numbers. Eighty thousand workers are estimated to have entered California since August 1940, most of them in skilled or semiskilled occupations. Skilled and semiskilled workers have also been migrating to such centers as Detroit, Louisville, and the industrial cities of Connecticut.

In many States, centers of defense activity have attracted agricultural workers from the surrounding rural areas. Unskilled laborers have been employed in great numbers on construction projects in rural areas as "hammer and saw men," supplementing the skilled labor imported from outside the area. In New England and the Southern States, many agricultural workers have recently secured employment in factory towns.

MIGRANTS WITHOUT JOBS

However, a very considerable number of migrants from rural or depressed areas have failed to find work in defense industries and in many cases have become stranded without resources. Ohio reports that in January 1941 over 7,000 unskilled workers migrated from nearby Kentucky and Tennessee to sites of major defense projects and large industries, and that many of these migrants have remained unemployed. Connecticut reports that migratory laborers are coming into the State "to a large and alarming extent," and that the great majority of these workers "do not have much to offer in the way of skill." In California only a fraction of the thousands of agricultural workers who have moved toward areas of defense production have found work. Large influxes of unskilled rural workers in excess of those needed for construction work have been observed in such areas as Camp Blanding, Fla.; Fort Bragg, N. C.; Fort Meade, Md.; Camp Beauregard, La.; Fort Jackson, S. C.; and Fort Ethan Allen, Vt. The Work Projects Administration reports substantial defense migration from at least 13 States in which the primary industry is agriculture.

Another indication of the widespread trend of rural to urban migration is the concern expressed by many States in recent months over actual or prospective shortages of farm workers.

AREAS AFFECTED BY MIGRATION

Geographically, migration has affected certain areas of the country more than others. As indicated above there has been a mass migration of urban construction workers to projects in the South Atlantic States and the less pronounced flow of unskilled workers from the South to industrial areas in the border States. From the Mountain States and the drought areas, which in general have been little affected by defense reemployment, there has been a steady outflow of skilled and newly trained workers to the Pacific coast and to special defense projects throughout the West. Massachusetts and Connecticut have drawn many migrants from the New England and North Atlantic States. Some of the eastern industrial areas, notably Pennsylvania, New York, and New Jersey, though reporting some interchange of skilled workers with other areas, appear to have been relatively little affected by mass migration movements. The North Central and Middle Western industrial areas, on the other hand, have reported a considerable inflow of skilled, semiskilled, and unskilled workers.

It can accurately be said that with few exceptions the defense program has up to now created few problems of labor supply that could not be solved by intelligent use of local labor without migration. This could have been achieved by training and by systematic processes of breaking down complex jobs into simple ones, grading up experienced workmen to higher skills, and using to best advantage the training and experience of skilled craftsmen. The exceptions to this generalization have occurred principally where it has been necessary to import into a predominantly nonindustrial community relatively small numbers of specialized skilled workmen as a nucleus to permit the use of much

greater numbers of semiskilled and unskilled workers. The establishment of a shipyard, an explosive plant, or an aircraft factory in an area where none of the needed skills are found can often be accomplished only in this way.

MOBILIZATION OF LABOR SUPPLY

From information available to the Bureau of Employment Security it is becoming evident that we are approaching a new phase in the defense program, in which labor shortages may seriously handicap production unless our labor supply is effectively mobilized—literally, made mobile, both geographically and occupationally. The Bureau of Employment Security receives monthly from each of its 1,500 affiliated public-employment offices a report of the number of qualified registrants available in some 400 occupations important to the defense program. Paralleling these are reports from the local employment offices recording the anticipated labor requirements of approximately 11,000 employers in defense industries, together with nonstatistical reports on the changing conditions in the labor market. In addition, the Bureau has for its own use and at the request of the O. P. M. undertaken special surveys of selected local labor markets for the purpose of forecasting a year in advance the labor demand, the available supply, and the expected shortages. During the fall of 1940, these reports, in combination, consistently pointed to the emergence of labor shortages in relatively few highly specialized, highly skilled occupations (principally in machine shops, shipyards, and aircraft factories) in the midst of abundant supplies of un-specialized, untrained labor. Even where shortages were clearly in evidence, they were not, and, up to the present time, have not been sufficient to dissolve the aversions of most employers to the use of skilled Negro and alien workers, although the common depression restrictions on age have largely disappeared. Thus even in the occupations and industries in which the demand presses most heavily on the supply, the shortages must be considered limited, or relative, rather than absolute. In all cases these shortages have been specific to certain occupations, rather than general.

The most recent reports to the Bureau, however, have indicated that in some communities general labor shortages may appear before the end of this year. In Detroit, for example, nearly 150,000 additional workers will be absorbed into employment during 1941. It is estimated that half of these will have to be imported from outside of the commuting area. Similarly, in Philadelphia the additional employment of nearly 170,000 persons will require the importation of 70,000. In the aggregate, 68 labor-market areas in which special labor surveys have been conducted with a total population of nearly 17,000,000 will absorb just over a million persons in employment during this year, and of these about 350,000 will have to be imported.

Since these estimates exclude construction workers and are for production, skilled and semiskilled workers who will be offered jobs of a permanent nature (at least as long as the defense program continues), it may be conservatively estimated that at least half of the migrants will bring their families with them to the job. Estimating, again conservatively, that each of these married migrants bringing a family has an average of $1\frac{1}{2}$ dependents, a minimum of 612,500 persons will be migrating in 1941 as a result of the increased defense employment in these areas. These figures include only the necessary migration for defense employment in the 68 areas studied, and take no account of the large volume of service workers who may be needed as the result of population expansion in small communities, or of the mass of migrants who may be attracted to defense areas by rumors of employment or uncontrolled advertising.

The circumstances that give rise to this need for migration provide an interesting illustration of the relationship between migration and other types of mobility. In almost all cases it has been found that large numbers of workers already resident in these communities will be trained during the year to meet the local labor requirements. On the other hand, it has generally been found that 50 to 60 percent of the total supply of available labor in these communities cannot be counted on to meet the prospective needs, either because they are physically or otherwise unsuited to perform the work in the occupations in which the demand exists or because they are barred from employment by the hiring preferences of employers. That is to say, it is found with few exceptions that where occupational mobility in the form of training can be provided, the local labor can be used; but where employers' restrictions bar the use of women, Negroes, workers above or below certain ages, or workers of certain nationalities, it is the character of the demand, not of the supply, that will have to be adjusted in order to make efficient use of locally available labor.

NEED FOR UPGRADING AND TRAINING

The Bureau's reports constantly emphasize the futility of attempts to import skilled labor. Except where a new plant is being established and must provide itself with at least a nucleus of skilled workmen before it can operate, employers are generally becoming reconciled to the Nation-wide shortages of certain types of skilled labor and are taking effective measures to grade up and diffuse the skills already available in their plants. The workers needed to be imported into most of these communities are, for the most part, semiskilled and unskilled. A notable exception, of course, is again found in the case of construction workers. In most of the skilled building trades occupations and in most parts of the country, there still seem to be ample supplies of such workers available for movement to the site of some project where they may be temporarily needed.

The mobilization of our labor resources, whether by training or by migration, obviously requires a high degree of coordination of training and placement machinery with the visible labor needs of each community. Under the terms of an agreement recently arrived at between the Bureau of Employment Security, and the United States Office of Education on behalf of the vocational education authorities, training classes are being organized to meet specific labor requirements in each of hundreds of communities. In all cases an attempt is made to adapt through training the local labor supply as far as possible, especially in those occupations which require relatively little skill and for which training can be given relatively quickly. At the same time the employment service, through its machinery for transferring workers from areas of surplus to areas of shortage, is attempting to move needed workers directly in response to job openings and to discourage migration to areas in which local reserves of labor are adequate.

POLICY

III. From all of this there is beginning to emerge the outlines of a policy toward migration as an aspect of the defense program. There is a determination on the part of those responsible for planning various aspects of defense production to avoid as far as possible the mistakes made during the World War period, which survived to plague us long after the conflict. Although, in order to speed the present program, it was necessary to concentrate the early contracts very largely in great industrial cities where there were idle plant facilities and plentiful supplies of labor, there is now a determined effort to carry the jobs to areas relatively unexploited where labor is still available in order to avoid attracting to already overcrowded cities large numbers of people who will be left stranded when the emergency is past.

Similarly, in laying plans for the defense-housing program, attention has been given to the likely amount and kind of in-migration of workers for defense industries and to adapt the housing to suit their needs.

Underlying all of these efforts is the concept of migration as a means of adjusting labor supply to the needs of the defense program. As the policy is formulated it is clear that migration as a form of mobility should be encouraged only after all practicable means of adapting resident labor have been exhausted. This is not to say that the patterns of distribution should be frozen in their present form; it is to say, however, that migration should be directed as far as possible to achieve an optimum distribution in the light of economic resources and opportunities.

For the first time there exists in this country a mechanism which, if properly used, can achieve this result. Historically it has been one of the functions of a network of labor exchanges to encourage migration when and where it was needed and to prevent useless, aimless, wasteful wanderings of people in search of work. Indeed, this has been one of the reasons for the existence of labor exchanges. The Employment Service in the United States has only just made a beginning in this direction. Up to now the influence of the Employment Service in guiding migration has been relatively slight because the employment offices had at their disposal only a fraction of the job opportunities available. Where migration was necessary (and even in many cases where it was not) employers have found ways of stimulating it without reckoning the social and economic consequences. Where migration was not necessary, the Employment Service has been unable to stem it in the face of rumors or reports which the more ambitious and the more desperate workers felt compelled to follow themselves. This is, unhappily, hardly less true today than it was 2 or 3 years ago. And yet, there are signs that after many false starts some progress is beginning to be made. There is definite evidence that in certain agricultural areas the Employment

Service has operated to guide the migration of agricultural workers to the points where they were needed. There is some evidence too that on some of the large construction projects, the migration was directed or at least the overmigration reduced by the intervention of the Employment Service. And more recently the Service has undertaken to work out with employers means of recruiting in distant places that will result in the movement only of such workers as can find employment.

If the demand on our labor resources approaches the magnitude that some predict, there will be many problems encountered in mobilizing our available supplies of labor to man all essential defense activities. This will mean not only training millions of workers but also organizing the labor market on a scale hitherto unknown in this country.

(The following exhibits in connection with Mr. Altmeyer's testimony were received subsequent to the hearing and in accordance with instructions of the Chairman were made a part of the record.)

EXHIBIT E.—DATA ON INTERSTATE CLEARANCE OF WORKERS

FEDERAL SECURITY AGENCY,
SOCIAL SECURITY BOARD,
Washington, D. C., July 25, 1941.

Hon. JOHN H. TOLAN,

*Chairman, House Committee Investigating National Defense Migration,
Washington, D. C.*

DEAR CONGRESSMAN TOLAN: It was recently requested that we prepare and submit certain materials, bearing principally upon the interstate clearance of workers, to the House Committee Investigating National Defense Migration. Data as follows are enclosed:

1. A description of the recruitment methods of the United States Employment Service. The example approach is utilized in this document which describes the manner in which the interstate clearance of labor is accomplished.

2. An outline of the description of the recruitment methods of the United States Employment Service.

3. A statement outlining certain examples of the interstate referral of agricultural workers.

4. A table which states the number of interarea clearance placements made during the months of January, February, March, and April.

Since October 1940, 919 employer orders have been placed in intraregional clearance, and 729 have been placed in interregional clearance. These combined clearance orders represent 826 different occupations and 53,942 openings. These data, it should be understood, do not include the clearance of workers which may have occurred within individual States.

With respect to standards regarding wages and other conditions of work, there follows an excerpt from the Employment Service Handbook of Information, States Operations Bulletin No. 10, part IV:

"Although it is not the prerogative of the Employment Service to dictate standards for employment, there is an obligation to the community not to participate directly or indirectly in the exploitation of workers. It should, therefore, be a matter of policy for local offices not to refer workers to employment which, because of wages, hours, working, or sanitary conditions, is clearly below the standard accepted by the community for the class of work involved. Neither should an attempt be made to force obviously unfit workers on an employer."

It is hoped that the above, together with the enclosures, will be helpful to the House Committee Investigating National Defense Migration. Should further information be required, we shall be very glad to furnish it upon request.

Sincerely yours,

A. J. ALTMAYER, *Chairman.*

1. UNITED STATES EMPLOYMENT SERVICE RECRUITING METHODS FOR THE DEFENSE PROGRAM

JULY 14, 1941.

In the recruitment of labor for the national-defense program, the United States Employment Service has a twofold responsibility; namely, (1) to secure the best qualified workers available as expeditiously as possible with a minimum of migration of workers; and (2) to register and classify each worker effi-

ciently and correctly in order that the local office may refer him as soon as practicable to a job in which he may utilize his skill to the best advantage at place of employment as near as possible to his residence.

The entire network of public employment services throughout the country is engaged in this effort to recruit qualified applicants in such manner as to serve the best interests of defense employers and the workers themselves. When it becomes impossible to secure the required number of workers through the customary recruitment processes, it is necessary to utilize clearance procedures to recruit those workers in the most orderly possible manner.

It should be noted that present labor market conditions have necessitated the development of new recruitment methods and factors, incident to securing workers, not previously considered a part of the recruitment process.

Recruitment actually begins at the local office level. The processes involved in the recruitment of workers, and the clearance of orders, when that becomes necessary, are as follows:

I. LOCAL OFFICE LEVEL

An aircraft company in St. Louis, for example, places an order for 500 skilled workers with the local office of the Missouri State Employment Service. The St. Louis office searches the active file for all qualified applicants in the designated occupational classification and also for all applicants in related occupations who might be able to do the work described in the employer's job specification. It is determined, by reinterview of applicants if necessary, that there are 50 applicants in the desired classification qualified for referral to the employer; and that there are 10 applicants in closely related occupations who may be able to fill the job. The qualified applicants are referred to the employer; and the employer's personnel officer is also asked to consider for interview and possible employment the applicants who are skilled in related occupations. In a large number of cases, such interviews result in employment.

The Employment Services have cooperated with the Training Within Industry Section in all parts of the country to promote the development of the program for in-service training in defense occupations.

Accordingly, the local office in St. Louis suggests to the employer that it will facilitate the staffing of his plant if he will utilize the assistance offered by the Training Within Industry Section, whose representatives will come into the plant for the purpose of surveying its labor needs and will make suggestions and plans concerning the type of training to be inaugurated.

As the result of such training, the up-grading process can be utilized to supply some of the skilled workers required. The employer is assured that the Employment Service will assist in the replacement of workers who have been promoted, and that it will probably be less difficult to secure such replacements than to find the highly skilled workers stipulated in the order.

At this point it should also be noted that the employer is influenced to use job dilution as much as practicable. This permits the placement of several workers, each of whom has learned a single skill, in a job formerly held by a worker who is multiskilled. Obviously it requires much less time to train a unskilled worker; and this method also releases multiskilled workers, in many instances, for supervisory jobs, thereby increasing their value in the plant.

The Employment Service office will, if necessary, endeavor to persuade the employer to relax any restrictive policies which may limit the referrals which can be made to his plant. For example, if, in his specifications, he has set an age limit which appears to be too high, he will be asked to lower it. If he has prejudices against a race and/or other minority groups, an effort will be made to demonstrate that there are many qualified workers in the categories which he has banned who may probably be able to do the required work, if they are given the opportunity.

The local office of the Employment Service, through cooperative plans effected between the United States Employment Service Division and the Office of Education, is in a position to cooperate with local vocational education authorities to inaugurate the type of training classes needed in the community. Not only does the Employment Service participate in planning the courses but it refers the prospective trainees to the defense training schools and has them registered in the local office for employment after the training courses qualify them to accept employment in defense jobs. Many of those trainees can be utilized, for example, as replacements in jobs requiring one skill when the up-grading process is utilized in the plant.

Thereafter the search is directed to all possible sources of labor supply in the community. Communication is established with unions to secure leads for skilled workers; and other local sources are considered as follows:

Qualified Negroes: Vocational schools and other trainee sources for trainees who may be utilized as replacements.

Marginal workers who may qualify as replacements: Workers with required qualifications who are working in nondefense industries who can be released voluntarily by their employers, if it can be arranged that they may retain their seniority status in the present job and be guaranteed reemployment following the emergency.

When it is believed that there may be workers in the community with the required qualifications not registered with the Employment Service, nor employed by defense contractors, the local office resorts to advertising. Advertisements are released in local newspapers or over the radio, with the stipulation that workers already engaged in defense industries will not be employed. Applicants who respond to these advertisements are registered and interviewed at the Employment Service office, and if qualified are referred in response to the employer's order.

After all available local sources of labor are exhausted the area of immediate clearance is utilized for recruitment purposes.

II. AREA OF IMMEDIATE CLEARANCE

The area of immediate clearance is the natural labor market, surrounding a community, from which workers are customarily drawn. Its boundaries are fixed only by such specification and may cross county, State, and even regional lines. For example, St. Louis, Mo., and East St. Louis, Ill., are included in an area of immediate clearance. The local employment office in St. Louis may recruit workers in this area of immediate clearance in precisely the same manner as labor is recruited in St. Louis, and all of the steps in the process outlined above may be resorted to—even advertising, with the consent of the East St. Louis office.

If the order is still not filled after all sources of labor in the area of immediate clearance are exhausted, the order is ready for intra-State clearance, if the employer agrees to this extension.

III. STATE LEVEL

The local office in St. Louis sends the order to the administrative office of the State agency, indicating the number of openings which are still unfilled. The State clearance officer has at his disposal information concerning the labor market of the State of Missouri which will enable him to determine whether the order should be cleared generally throughout the State, or only in selected offices in the State. After this determination has been made, the order is sent to some or all of the local offices in the State for further intensive recruitment. Each local office which receives the order then exhausts all available sources of labor in the manner indicated above. A form, known as Reply to Clearance Request, is filled out for every available qualified applicant who is willing to be referred for employment and is sent directly to St. Louis, the office in which the order originated. These forms, which constitute a record of the applicants' qualifications and experience are reviewed by the St. Louis office, and if it is determined that they fill the employer's specifications, they are sent to the personnel officer of the company for decision as to which applicants should travel to St. Louis for personal interview by the employer.

If relatively large groups of applicants are available in certain cities in the State, the employer may choose to have the State clearance officer arrange to assemble preselected groups of qualified workers at a designated time and place for interview by a company representative, who can determine immediately which applicants will be employed.

If all of the openings have not been filled through intrastate clearance, recruitment may then be extended to other States.

IV. REGIONAL LEVEL

For administrative purposes, the whole country is divided into 12 Social Security Board regions, in each of which is located a regional office. In each of these offices is stationed a regional clearance representative, who has been appointed by the Bureau Clearance Office, and who cooperates with regional

representatives of the Bureau and officials of the State agencies in the operation of the clearance program.

Accordingly, when it becomes apparent that it will not be possible to fill the employer's order in Missouri, the State agency sends the order to the regional clearance representative who has jurisdiction over this area; in this case, region IX. The clearance representative then determines from the labor market information he has available whether or not to send the order to all of the other States in region IX; namely, Kansas, Oklahoma, and Arkansas, or whether to send it to selected States. After such decision, he sends the order to the administrative office of each of the State agencies which he has chosen. Thereupon, the State clearance officer will cause the entire State to be cleared in the same manner as was earlier done in Missouri.

In this case, also, the Reply to Clearance Request for each applicant is sent directly by the local office which recruits the applicant to the St. Louis office where the order originated.

From this point, the procedure is the same as has already been described above.

When there is quite a large group of workers available in the required occupational classification in some localities, the State agency so advises the regional clearance representative. He may learn, for example, that there are 100 qualified applicants in Kansas City, Kans.; 50 qualified workers in Topeka, Kans.; and 75 qualified workers in Oklahoma City, Okla. He will then communicate such information to the employer at St. Louis and advise him that if he will arrange to send his representative to these three cities, the available, qualified applicants will be assembled at the respective local employment offices on designated dates for interview and employment.

This method, known as the pooled interview type of recruitment, eliminates unnecessary travel on the part of applicants who live long distances from the point of employment. It also results in the employment of many applicants who might not appear to be able to do the work from a mere written record of their qualifications, but who can demonstrate by means of a personal interview that they are qualified for the job.

When all of the sources of labor supply in region IX have been exhausted, and the order is not filled, it becomes necessary to utilize interregional clearance.

V. NATIONAL LEVEL

Interregional clearance is initiated by the Bureau clearance office. That office is in possession of copies of all orders which are in interstate (or intra-regional) clearance. Accordingly, after it has been determined that there are no more qualified workers in the designated classification available in region IX, the clearance representative so informs the Bureau clearance office by mail, telegram, or telephone, designating the order number, and requesting further clearance on an interregional basis.

The Bureau clearance office, by utilizing available labor market data concerning labor supply and demand, determines in which other regions and in which States in those regions, clearance should be instituted. Such determination is sent by wire or telephone to the clearance representative in region IX. For example, he may be told to clear the order in regions VIII and X, which are contiguous to region IX; or he may be told to clear in all of region VIII and only in Texas in region X.

Thereafter, the clearance representative for region IX sends the order to the clearance representative in regions VIII and X, respectively, and requests them to institute clearance as indicated.

The Bureau clearance office may, of course, determine that the order shall be placed in national clearance, when all of the regions in the country will be cleared.

As is the case on all other levels, the replies to clearance requests concerning all applicants who are available for referral to the employer in St. Louis are sent directly to the Employment Service office in St. Louis by the office which locates the applicant.

For administrative purposes, the regional offices, the administrative offices of the State agencies, and the Bureau clearance office receive such copies of orders and replies to clearance requests as enable them to keep currently informed concerning clearance operations.

It should be noted that the pooled interview type of recruitment may be utilized on an interregional basis as well as on an intraregional basis, as has been described above. Such arrangements may be made by the clearance representatives with each other, or by the Bureau clearance office with the clearance representatives.

VI. NEW CLEARANCE PROCEDURES

Since the Labor Supply and Clearance Unit was established in the early summer of 1940, clearance procedures have been revised a number of times to meet the needs of the defense program and the rapidly changing developments in the labor market. Since stringencies in occupations required in defense industries are currently assuming alarming proportions, it has again become apparent that additional revisions must be made in clearance procedures further to expedite the actual referral process and to assure, so far as practicable, that every possible source of labor supply has been searched and exhausted. Such tentative procedures have already been formulated, and it is expected that they will soon be adopted. It is believed that the revisions in contemplation will result in a very substantial saving of time and will permit the labor clearance process to operate on a definitely streamlined basis.

2. OUTLINE OF UNITED STATES EMPLOYMENT SERVICE RECRUITMENT METHODS FOR THE DEFENSE PROGRAM

JULY 14, 1941.

I. UNITED STATES EMPLOYMENT SERVICE RESPONSIBILITIES

A. To secure qualified applicants expeditiously with a minimum of worker migration.

B. To register and classify each applicant correctly in order to expedite his referral to a job in which his skill may be utilized to the best advantage.

II. RECRUITMENT

A. *Local office.*—1. Employer places order with local office.

2. Local office utilizes the following procedures:

(a) Searches file for—

Qualified applicants in designated occupation.

Qualified applicants in closely related occupations.

(b) Endeavors to influence employer to—

Cooperate with the Training Within Industry Section to inaugurate in-service training and thereafter to—

Utilize the up-grading process.

Use job dilution by employing unskilled workers.

Relax any restrictive policies concerning workers, such as age limitations, etc.

Employ qualified trainees as replacements.

(c) Directs search to all possible local sources of labor, as follows:

Unions.

Vocational schools and other trainee sources.

Qualified Negroes.

Marginal workers.

Skilled workers in nondefense industry who can be released voluntarily by employers.

(d) Advertises through newspapers and radio for qualified applicants not employed by defense contractors.

B. *Area of immediate clearance.*—1. Local office recruits for workers in natural labor market surrounding community in which office is situated.

2. Local office utilizes same procedures for recruitment in this area as outlined in section 2 above.

III. CLEARANCE

A. *State clearance.*—1. State agency requested by local office to clear throughout State.

2. State agency selects offices to be cleared.

3. Each local office which receives order exhausts all local sources of labor supply as outlined under section II.

4. Each office clearing for workers sends Replies to Clearance Requests directly to office holding order.

5. Selected Replies to Clearance Requests are transmitted to employer.

6. Large groups of available applicants are assembled in cities throughout the State for pooled interview by employer's representative.

B. *Regional clearance.*—1. Country is divided into 12 Social Security Board regions for administrative purposes.

2. Federally appointed clearance representative is stationed in each region.

3. Regional clearance representative is requested by State agency to clear throughout the region.

4. Regional clearance representative selects States to be cleared.

5. Procedures in States and local offices are followed as outlined above.

6. Each office clearing for workers sends Replies to Clearance Requests directly to local office holding order.

7. Large groups of available applicants are assembled in cities throughout the region for pooled interview by employer's representative.

C. *National clearance.*—1. Bureau clearance office administratively responsible.

2. Regional clearance representative requests Bureau clearance office to inaugurate interregional clearance.

3. Bureau clearance office selects regions to be cleared.

4. Bureau clearance office informs regional clearance representative by mail, telegram, or telephone to inaugurate interregional clearance.

5. Regional clearance representative in region where order originated advises clearance representatives in regions selected by Bureau clearance office to inaugurate clearance as indicated.

6. Procedures in State and local offices are followed as outlined above.

7. Each office clearing for workers sends Replies to Clearance Requests directly to local office holding order.

8. Large groups of available applicants are assembled in designated cities in these regions for pooled interview by the employer's representative.

D. *New clearance procedures* (now being formulated.)

3. INTERSTATE REFERRAL OF AGRICULTURAL WORKERS

The following examples show the number of interstate agricultural referrals brought to our attention during the last 6 months. There may have been considerably more, but the Farm Placement Section received reports on this matter from only those States having Federal Farm Placement Supervisors.

During the months of May and June Federal Farm Placement Representatives assisted the California and Oregon State Employment Services in recruiting, and made arrangements for transporting, of 1,000 farm workers from the former to the latter State for work in strawberry fields. Formal clearance procedures were handled by the United States Employment Service Regional Clearance officer in San Francisco.

Since the expense of transportation to the berry fields presented a major difficulty to the workers, the prospective employers agreed to furnish gasoline and oil necessary for the journey. This was accomplished through an agreement made by Federal Farm Placement representatives with the Standard Oil Co. of San Francisco, to furnish gasoline and oil at designated stations along the route. Such workers were identified by State employment service referral cards and by windshield stickers on the workers' cars. All of the 1,000 workers recruited arrived at the proper Oregon State employment service office and were referred to their employers.

Farm Placement supervisors assisted in recruiting and transferring approximately 75 farm workers from North Carolina to Virginia strawberry fields during the month of May. However, during June more than 1,000 farm workers were recruited and transferred from North Carolina to Virginia potato fields. The above personnel also handled this operation. In these two instances clearance was effected between these two States through local offices. Up to July 1 Virginia was still securing more farm workers from North Carolina. The above operations took place only after it had been ascertained that stringent labor shortages existed in the localities mentioned.

Rates of pay, length of employment, and other conditions of work are ascertained and presented to the prospective employee prior to his acceptance or non-acceptance of referral to employment.

4. INTERAREA CLEARANCE PLACEMENTS

Interarea clearance placements,¹ first quarter, 1941²

Month	Total placements	Manu- facturing	Construc- tion	Percent change from previous month		
				Total	Manu- facturing	Construc- tion
January.....	11, 705	513	10, 915			
February.....	24, 394	772	23, 315	+108.4	+50.5	+113.6
March.....	14, 891	513	14, 000	-39.0	-33.5	-40.0
April.....	10, 869	795	9, 590	-27.0	+55.0	-31.5
Total.....	61, 859	2, 593	57, 820			
Percent distribution.....	100	4.2	93.5			

¹ Interarea clearance placements represent placements of workers referred through the intra- or interstate clearance system from any office outside the labor market area in which the opening occurred.

² Not available for 1940.

Source: Research and Statistics Division, Bureau of Employment Security, July 18, 1941.

EXHIBIT F—MIGRATION AND THE DEFENSE PROGRAM IN LOUISVILLE, KY.

FEDERAL SECURITY AGENCY,
SOCIAL SECURITY BOARD
Washington, D. C., August 15 1941.

MR. PALMER WEBER,

*House Committee Investigating National Defense Migration,
Washington, D. C.*

DEAR MR. WEBER: We are sending under separate cover a report we have received from the Kentucky Unemployment Compensation Commission on Migration and the Defense Program in Louisville, Ky. Louisville was 1 of the 20 areas from which special information on defense migration was requested by our Bureau in March 1941.

We are still waiting to hear from 6 of these 20 areas, and will send you other reports as they are received.

Very truly yours,

COLLIS STOCKING,
Chief, Research and Statistics Division.

MIGRATION AND THE DEFENSE PROGRAM IN LOUISVILLE, KY.

RAYMOND CELLA, SUPERVISOR, RESEARCH AND STATISTICS SECTION, FRANKFORT, KY.,
KENTUCKY UNEMPLOYMENT COMPENSATION COMMISSION

I. INTRODUCTION

The awarding of large contracts by the Federal Government in connection with the national-defense program has created an influx of workers and job seekers from all parts of the country to the areas in which these defense contracts have been awarded. Serious labor stringencies are already being felt as a result of the demands of the defense program, even at the present level of expansion. Workers are being selected from every known source and from all sections of the Nation to relieve the shortages which have developed. As defense industries expand in operations and production, the manpower for this mass production must increase.

Due to these developments in the labor situation and the resulting migration of workers to the defense centers it is essential that the causes, characteristics, and results of the migratory movement of workers be reviewed. Information with regard to the migration of workers to the defense centers—volume of the migration, the areas from which the workers migrated, the occupational skills and experience, and the age, race, and marital status of these workers—is of considerable importance in relation to the national-defense program, and in planning for the period of readjustment which must necessarily follow. The ere-

ation of defense centers and the increased employment opportunities which is bringing large numbers to these centers is causing overcrowded conditions, housing shortages, and a concentration of workers in a small area. Labor shortages are developing to such a degree that it is important to know to what extent these shortages have lessened employer specifications as to occupational skills and experience, and the age and race of workers. We also wish to determine the causes for the shifting of workers from one section to another. Is it a directed movement or is it an undirected movement caused by rumor or advertising? It is of relative importance in connection with national defense that the extent to which the migratory workers have found employment be ascertained along with other information such as the industries and occupations in which employment was obtained.

Several projects, including the construction and operation of the smokeless powder plant at Charlestown, Ind., by the E. I. du Pont de Nemours Co., the construction of the Hoosier Ordnance Works at Charlestown, the construction of warehouses at the Quartermasters Depot, Jeffersonville, construction work at Fort Knox, construction work at Bowman Air Field, are located in the vicinity of Louisville, making this one of the important defense centers of the Nation. The development of the Louisville area into a defense center and the resulting inflow of workers to the area is the reason for this study of the migratory movement presenting the sources and characteristics of this supply of labor.

II. SOURCES OF DATA FOR ANALYSIS OF THE MIGRATORY MOVEMENT TO THE LOUISVILLE AREA

The material for a study of the migratory movement to the Louisville area was drawn from records of applications and reports of the local employment office at Louisville, Ky. A narrative report outlining the causes, extent, characteristics, and the results of the movement was prepared by the local office. In addition, specific data with regard to migrant workers taken from a sample of the applications were listed on work sheets by the local office.

The sample selected for study was secured by taking each fifth application in the active file in May 1940 and each fifth referral in response to employer orders for regular workers received from July 1, 1940, to May 1, 1941. In an instance of less than five referrals in response to an order, the first referral was included in the sample. A count was made of the total number of applications in the sample which was obtained by using each fifth application and each fifth referral in response to an employer order. The following specific data were listed concerning each applicant in the sample who was a migrant to the Louisville area: Occupational code, age, sex, citizenship, marital status, color, years experience, place from which workers migrated, date of employment if the worker became employed, industry of employment if the worker became employed, and classification of employment by defense industry or other industry.

These reports were submitted to the Research and Statistics Section of the Kentucky Unemployment Compensation Commission and tabulations were made with regard to sex, color, age, occupational groups, area of emigration, years of experience, number securing employment, and distributions of those securing employment by industry, occupational groups, sex, and age groups. The information in the narrative report of the local office was combined with the information secured from the tabulations of these specific data to prepare the report on migration in the Louisville area.

A brief analysis was also prepared of migration from the Louisville area during the period from July 1940 to May 1941. The interstate claim file of the Unemployment Compensation Commission was checked for claimants whose last employment was in Louisville, Ky. A count was made of the number by States in which the claim was filed and by industry of last employer. These data were added to the report on migration.

III. MIGRATORY MOVEMENT

The migration of workers to the Louisville area in increasing numbers began in September 1940, the month in which the Du Pont Co. began construction of the smokeless powder plant at Charlestown, Ind. This project is located approximately 14 miles from Louisville, which is well within commuting distance for Louisville residents. The construction of the smokeless powder plant is chiefly responsible for the influx of workers and job seekers to this area.

Since September several other large projects have been under way in the vicinity.

In April 1941 a construction project at Bowman Air Field, recently leased to the Army Air Corps, was completed. This field comprises an area of approximately 400 acres on which has been constructed during the year 122 buildings consisting of barracks, mess halls, administration buildings, officers' quarters, recreation halls, store houses, etc., for the housing and operations of the Forty-sixth Bombardment Squadron, Twenty-eighth Air Base. Three concrete runways, each approximately 1,000 feet wide, and averaging in length from 3,000 to 4,000 feet, have been built here.

At Fort Knox, 31 miles from Louisville, are quarters of forces of the United States Army comprising approximately 86 acres. As a result of the expansion of the post from about 7,000 soldiers a year ago to nearly 30,000 officers and enlisted men at present, construction activity has been running high at Fort Knox. This project provided for construction of barracks, recreation halls, storage houses, administration buildings, as well as roads and utilities.

The United States Naval Ordnance Plant is located on the outskirts of Louisville and covers an area of 135 acres. Appropriations for the construction of this plant amount to \$4,500,000. The construction work is progressing rapidly and should be completed in August 1941.

In addition to these projects are the construction of the Hoosier Ordnance Works at Charlestown, Ind., the construction of warehouses at the Quartermasters Depot, Jeffersonville, Ind., and other private industrial and home construction. The increased employment opportunities due to the industrial defense activities and the exhaustion of the local labor supply in certain skilled occupations have motivated the migratory movement.

The speed with which the construction of the Du Pont plant progressed, which as noted previously was mainly responsible for the influx of workers, and the fact that the Government decided to double the capacity of the project, necessitating revised plans and many additional workers, created a shortage of skilled workers. Still later it was decided to further increase the operating capacity of this project, so that at the present time it represents an investment three times as large as originally planned.

This project was declared an "open job," with wages and hours equal to the prevailing union wages and working conditions. The Du Pont Co. began taking the applications of workers direct, in addition to accepting and considering the referrals of the public employment offices. No doubt some of the workers employed were migrants who soon informed friends and relatives from near and far that employment could be secured at Charlestown. In this manner the word began to spread, and more and more migrants were beginning to appear at the public employment offices and directly on the site of the job. Soon the employment offices exhausted their local supply of labor in various classifications and were selecting workers in Kentucky and Indiana through clearance procedures.

In addition to using the public employment offices the Du Pont Co. selected workers from many sources. It is understood that bold-type classified advertisements appeared in newspapers as far away as Minneapolis, Minn., advertising job openings for this project. Also, it was reported, the Du Pont Co. sent labor recruiters to various parts of the country to secure workers. Much of this work was carried on in cooperation with public employment offices in several of the States. This produced a large inflow of migrant workers, but fortunately the majority of those coming from outside Kentucky and Indiana were experienced in the methods customarily used in the employment of workers for construction projects and, if work was not available at any early date, moved on to other locations where they thought employment could be obtained. Besides the recruitment of workers by the Du Pont Co., some of the union locals, especially the carpenters, were obtaining workers through locals in other sections of the country.

Trained munition makers began reporting to the local Du Pont plant in March, being sent from the other plants in Tennessee and Delaware. Workers were being selected from the construction crews and trained in the skills necessary for production operations which were started on one of the six production lines in the latter part of April.

Extent of migratory movements.—"Migratory workers" has been interpreted as those workers who normally live outside of the territory served by the Louisville, Ky., and New Albany, Ind., employment offices so that daily commuting to their

work is an impossibility. On this basis, and after a review of the problem with union representatives, employers and other qualified and competent advisers, it is estimated that there were approximately 15,000 migrant workers in the area in May 1941. At least 13,000 of these workers were currently employed with approximately 95 percent of them in the construction industry. A check with various relief and charitable organizations clearly indicates that of the estimated 2,000 unemployed migrants, not more than 5 percent could be considered to be stranded without funds. It has been observed that in most instances, as they are laid off or otherwise lose their job, skilled workers leave the area within a comparatively short time.

IV. CHARACTERISTICS OF MIGRANTS WHO FILED APPLICATIONS FOR WORK WITH THE PUBLIC EMPLOYMENT OFFICE

The sample selected from the applications in the public employment office in Louisville, by taking each fifth application and each fifth referral in response to employer order, contained a total of 8,619 applicants. Of this number, 2,227 applications were selected from the active file and 6,392 applications were secured by the sampling of the referrals in response to employer order since July 1940. This sample, selected at random, was made up of local workers as well as the migrant workers. It was found that 221, or 10 percent, of the 2,227 applications taken from the active file were those of migrant workers. Of the 6,392 applications selected from the referrals in response to employer order, 806, or 13 percent, were workers who had migrated to Louisville.

Occupational groups and experience of migrants.—All occupational groups were represented among the migrants, the greatest concentration being among the skilled occupations (table I). Applicants registered in the skilled-occupational group accounted for 41 percent of all migrants. Since local labor supply was exhausted in several skilled construction occupations there was a greater demand for this group. Approximately 29 percent of the workers were in the unskilled-occupational group and 10 percent in the semiskilled.

TABLE I.—*Migrants classified by major occupational group and by years of experience in occupation—sample of active file as of May 1941 and of referrals, July 1940 to April 1941, Louisville local office*

Major occupational group	Years of experience						
	Total	Per-cent	0-4	5-9	10-14	15-19	20 and over
Total.....	1,028		515	244	155	54	60
Percent.....		100	50	24	15	5	6
Professional and managerial.....	32	3	17	10	3		2
Clerical and sales.....	93	9	64	14	7	6	2
Service.....	68	7	52	11	2	2	1
Agricultural, fishery, and forestry.....	13	1	4	5	3		1
Skilled.....	423	41	90	123	117	42	51
Semiskilled.....	106	10	59	26	16	2	3
Unskilled.....	293	29	229	55	7	2	

The degree of experience of the workers varied from no experience to as much as 45 years. However, 50 percent of the migrants have had less than 5 years' experience, 24 percent from 5 to 9 years, and 15 percent from 10 to 14 years. Of the 513 workers having 5 or more years' experience there were 333, or 65 percent, classified in the skilled occupational group leaving 35 percent in this group with less than 5 years of experience.

Area of immigration according to occupational group.—Workers have migrated from all sections of Kentucky as well as from all States of the Nation to the Louisville area (table II). The largest number, approximately 18 percent, of the workers migrating from various sections of the State were from the south-

central portion which is chiefly agricultural. Nine percent of the workers migrated from area 2, which is regarded as a mining and agricultural section. However, this territory contains Owensboro and Henderson and is adjacent to the industrial section of Indiana surrounding Evansville. This portion of the State would probably be considered fourth in industrial activity, area 4 (Louisville), area 6 (Covington and Newport), and area 8 (Ashland) being larger in the order mentioned. Area 5, from which 8 percent of the workers migrated, includes a part of the bluegrass region of the State. The bluegrass section also covers area 7 from which came 7 percent of the workers. Lexington is the industrial center of the bluegrass with practically all industry resulting from agricultural production. Seven percent of the workers came from area 9 which is the southeastern coal fields where the mining industry is predominant.

TABLE II.—Migrants classified by area of emigration and by major occupational group—Sample of active file as of May 1941 and of referrals, July 1940 to April 1941, Louisville local office

Major occupational groups	Area of emigration										
	Total	1	2	3	4	5	6	7	8	9	Other States
Total	1,028	40	89	187	2	84	26	72	23	72	433
Percentage distribution by area	100	4	9	18	(¹)	8	3	7	2	7	42
Professional and managerial	32	3	1	4	-----	-----	-----	4	2	7	11
Clerical and sales	93	4	9	7	-----	7	-----	11	2	2	51
Service	68	4	7	10	1	1	1	4	-----	4	36
Agricultural, fishery, and forestry	13	-----	1	2	-----	4	-----	1	-----	-----	5
Skilled	423	17	38	65	-----	39	17	31	14	26	176
Semiskilled	106	-----	11	14	-----	5	3	7	-----	7	59
Unskilled	293	12	22	85	1	28	5	14	5	26	95

¹ Less than 1 percent.

The number from areas 6 and 8, the territories surrounding Newport and Ashland and the largest industrial sections of the State with the exception of Louisville, is of small consequence.

Thirty-eight States and the District of Columbia were represented by 433, or 42 percent, of the 1,028 workers who were migrants (table III). A chart has been prepared showing the distribution of workers emigrating from other States to Louisville, Ky. (See p. 6775.) Of this group of migrants, 40 percent were skilled, 22 percent unskilled, 14 percent semiskilled, and 12 percent in the clerical and sales group. The adjoining States of Illinois, Indiana, Ohio, and Tennessee furnished 236, or 55 percent, of the number migrating from outside Kentucky. Skilled workers, particularly carpenters, millwrights, and structural-steel workers came from all parts of the country.

Personal characteristics of the migrants.—Additional insight into the labor situation is provided by a consideration of the age, sex, and color of the migrant workers (table IV). Negroes were represented by only 32, or 3 percent, of the 1,028 migrant workers. This may be attributed to the fact that the employment opportunities for this race were small due to the restrictions of the employers which excluded colored workers in most cases. Some evidence that the colored element is insignificant in the migratory movement is established by the fact that approximately 22 percent of the active applications in the Louisville office in May 1941 (the month in which the data were gathered) were those of colored workers.

The migrants were distributed by age from 17 to 64, with about 89 percent from 20 to 49 years of age. Approximately 69 percent of the workers were from 20 to 39, and 22 percent from 25 to 29.

TABLE III.—*Migrants classified by major occupational groups and by State of emigration—Sample of active files as of May 1941 and of referrals, July 1940 to April 1941, Louisville local office*

States	Occupational group							
	Total	Professional and manual	Clerical and sales	Service	Agricultural	Skilled	Semi-skilled	Unskilled
Total.....	433	11	51	36	5	176	59	95
Percent.....	100	3	12	8	1	40	14	22
Alabama.....	19	1	3		1	7	3	4
Arizona.....	2							2
Arkansas.....	7		3			3		1
California.....	6	1	1					4
Delaware.....	1					1		
Florida.....	5		2	1				2
Georgia.....	4					4		
Idaho.....	1							1
Illinois.....	53	1	5	7		21	8	11
Indiana.....	69	1	6	7		33	8	14
Iowa.....	6		3		1	1		1
Kansas.....	5			2		1		2
Louisiana.....	3		1	1			1	
Maryland.....	1							1
Massachusetts.....	1							1
Michigan.....	15		1	1		9	2	2
Minnesota.....	5					4		1
Mississippi.....	7					4	1	2
Missouri.....	19	1	1	6		3	6	2
Montana.....	7					1	5	1
Nebraska.....	2				1	1		
New Hampshire.....	1		1					1
New Jersey.....	4		1			2		
New York.....	11	1	3			4	1	2
North Carolina.....	5					4		1
North Dakota.....	1						1	
Ohio.....	54	4	5	1		30	5	9
Oklahoma.....	5	1				1	2	1
Pennsylvania.....	8	1	1	1		4	1	1
Rhode Island.....	1		1					
South Carolina.....	4							2
Tennessee.....	60		8	5	2	21	9	15
Texas.....	13			2		9	1	1
Utah.....	2							2
Virginia.....	8		1			2	3	2
Washington.....	2			1				1
West Virginia.....	10		2	1		3		4
Wisconsin.....	4		1			1	2	
Washington, D. C.....	2		1					1

CHART I. WORKERS EMIGRATING FROM OTHER STATES TO LOUISVILLE, KY.

[One dot equals one person]

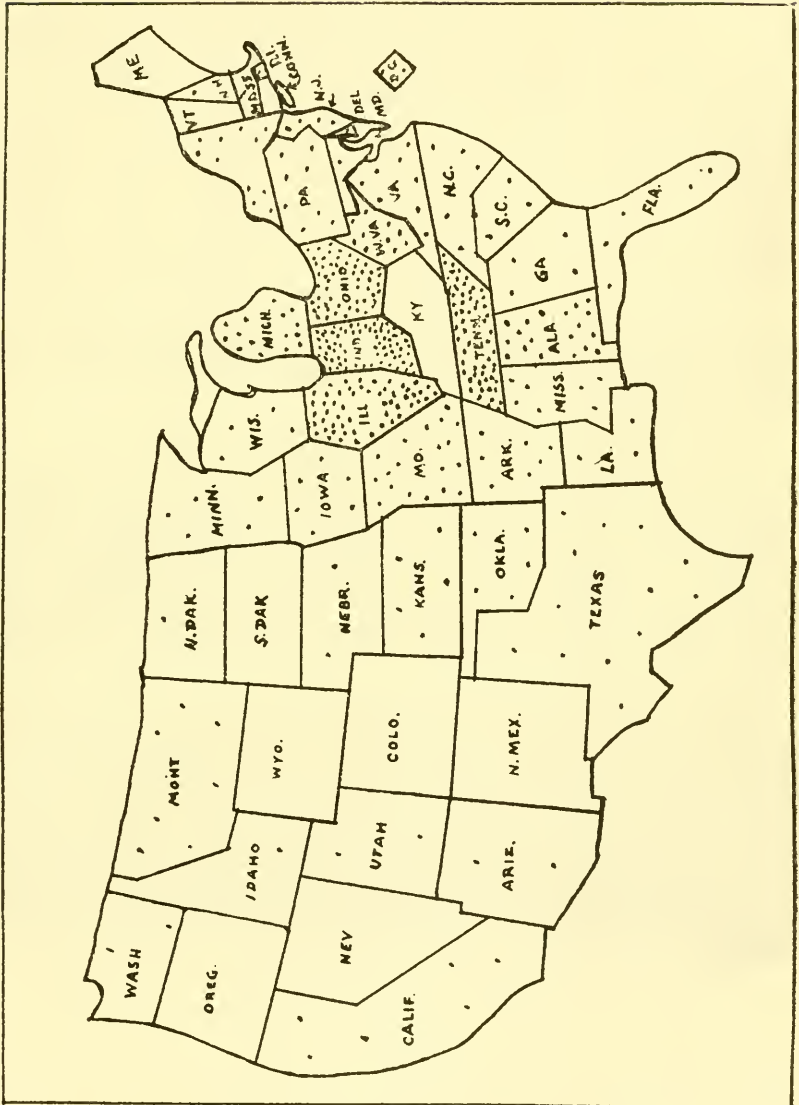


TABLE IV.—*Migrants classified by age groups, by sex and color—Sample of active file as of May 1941 and of referrals, July 1940 to April 1941, Louisville local office*

Age groups	Sex and color					
	Total	Percent	Men		Women	
			White	Colored	White	Colored
Total.....	1,028	100	854	26	142	6
Under 20.....	33	3	22	3	8	-----
20 to 24.....	171	17	115	5	51	-----
25 to 29.....	236	22	198	5	31	2
30 to 34.....	163	16	137	3	21	2
35 to 39.....	147	14	128	5	13	1
40 to 44.....	119	12	107	2	9	1
45 to 49.....	86	8	79	3	4	-----
50 to 54.....	51	5	49	-----	2	-----
55 to 59.....	16	2	13	-----	3	-----
60 and over.....	6	1	6	-----	-----	-----

Only three of the workers in the migrant group were found who are naturalized citizens and one who is an alien. This in all probability results from hiring specifications imposed by employers which restricts the employment to American-born citizens.

V. CHARACTERISTICS OF MIGRANTS PLACED BY THE PUBLIC EMPLOYMENT OFFICES

Another consideration in studying the migratory movement is the extent to which migrants secured employment. As stated earlier in this report from a sample selected of the referrals in response to employer order, 807, or 13 percent, of the 6,392 referrals were workers who had migrated to Louisville. Of the 807 migrants referred, 567, or 70 percent, secured employment.

Sex and age of migrants who secured employment.—Approximately 92 percent of the migrants who secured employment by referral of the public employment office were men and 8 percent were women (table V). About 91 percent of those employed were 20 to 49 years of age, with 25 percent of the total group from 25 to 29. There were 13 workers between the ages of 55 and 59 who secured employment.

Major occupational groups and industry groups of employment.—Placement of migrant workers by the Louisville employment office in the skilled occupational group is predominant, no doubt due to the shortages existing in certain skilled occupations. The evidence in table VI confirms the expected result that employment would be greater in this group of workers. About 50 percent of the placements were in the skilled occupational group with the next highest ratio, 30 percent, in the unskilled occupational group. It should be noted that of the 280 placed in skilled occupations, 178 were carpenters, 23 were millwrights, 20 were painters, 13 were construction foremen, and 14 were riggers. In the semiskilled occupations 21 of the 41 placements were in construction occupations; 146 of the 169 placements in the unskilled occupational group were construction laborers.

TABLE V.—Migrants who became employed distributed by sex and age groups—
Sample of referrals, July 1940 to April 1941, Louisville local office

Age groups	Number of migrants			
	Total	Percent	Men	Women
Total.....	567	-----	520	47
Percent.....	-----	100	92	8
Under 20.....	11	2	6	5
20 to 24.....	75	13	60	15
25 to 29.....	142	25	130	12
30 to 34.....	97	17	90	7
35 to 39.....	86	15	83	3
40 to 44.....	67	12	64	3
45 to 49.....	49	9	49	-----
50 to 54.....	27	5	26	1
55 to 59.....	13	2	12	1
60 and over.....	0	0	-----	-----

TABLE VI.—Placement of migrants by major occupational group and by industry group—
Sample of referrals July 1940 to April 1941, Louisville local office

Major occupational group	Industry group							
	All industries	Percent	Mining and quarrying	Construction	Manufacturing	Retail trade	Real estate	Service industries
Total.....	567	-----	1	27	472	28	1	38
Percent.....	-----	100	(¹)	5	83	5	(¹)	7
Professional and managerial.....	12	2	-----	-----	8	-----	-----	4
Clerical and sales.....	28	5	-----	-----	7	15	-----	6
Service.....	36	6	-----	-----	1	11	-----	24
Agricultural, fishery, and forestry.....	1	(¹)	-----	-----	-----	-----	1	-----
Skilled.....	280	50	-----	11	268	1	-----	-----
Semiskilled.....	41	7	1	9	27	-----	-----	4
Unskilled.....	169	30	-----	7	161	1	-----	-----

¹ Less than 1 percent.

The industrial distribution of placements shows that 83 percent were placed in the manufacturing industries; however, these placements were practically all to the Du Pont Co. in construction work which would make a total of 88 percent placed in the construction industry. Approximately 85 percent of the total number employed were in industrial defense activities. Almost all referrals and placements of these workers have been made since October 1940. The sample selected was taken from referrals and placements made from July 1940 to May 1941. The following is a distribution of the number employed each month: July, 0; August, 1; September, 1; October, 65; November, 69; December, 68; January, 160; February, 50; March, 58; April, 90; and May, 5. The decrease in number for May does not indicate that employment dropped off as the 5 reported were workers who had been referred during the month of April. Referrals during the month of May were not included in this report.

VI. MIGRATION FROM THE LOUISVILLE AREA

Although data were not available for a complete study of migration from the Louisville area, the interstate claim file of the Unemployment Compensation Commission yielded a total of 525 claimants during the period under consideration who listed their last employment in this city (table VII). Of these claimants there were 97 who filed a claim in Indiana, 68 in Ohio, 60 in Tennessee, and 33 in Illinois. This gives a total of 258 or 49 percent of those immigrating who have gone to these neighboring States. One hundred and twenty-nine or approximately one-fourth of the claimants filed a claim in 5 other States as follows: Alabama, 23; California, 23; Florida, 29; Michigan, 35; and New York, 19. The remaining one-fourth of the workers migrated to 27 other States. Chart II (p. 6779), gives the distribution of workers by States who have migrated from Louisville.

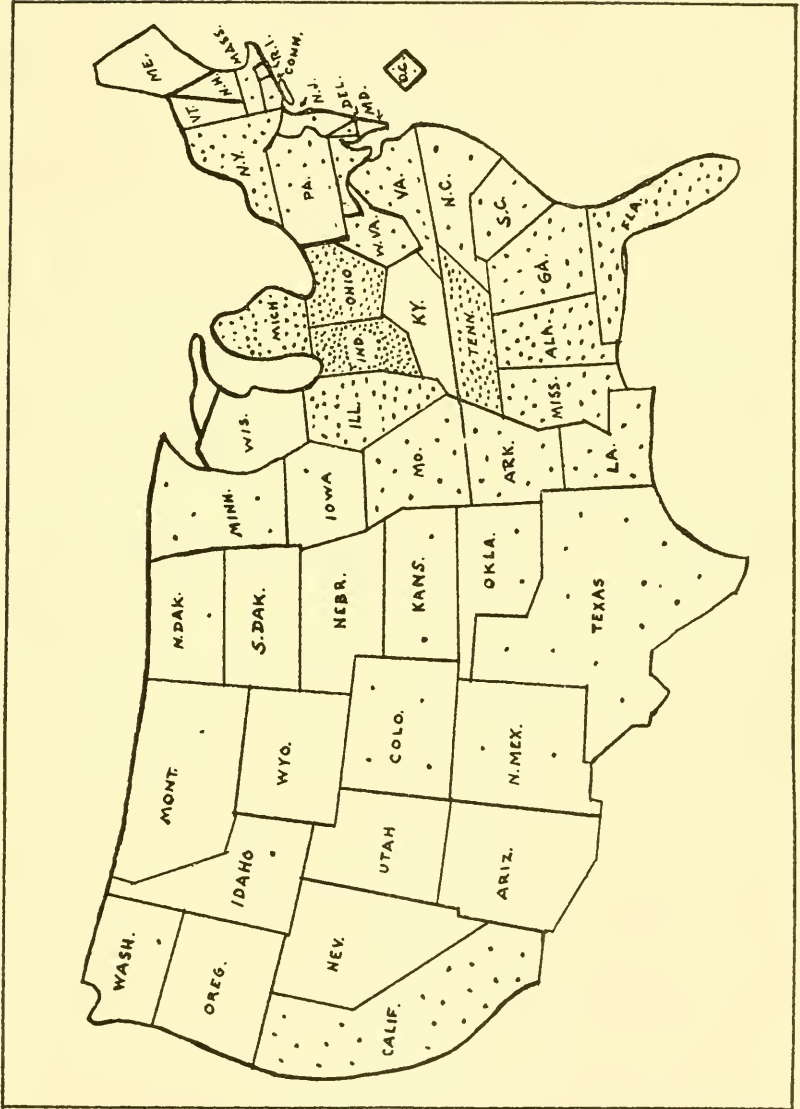
The industry of last employment of these claimants reveals that 34 percent were employed in manufacturing, 28 percent in wholesale and retail trade; 11 percent in construction; 11 percent in service; 5 percent in transportation, communication, and utilities; and the remaining 16 percent scattered among other industries.

TABLE VII.—*Migrants from Louisville classified by industry of last employment and by State of immigration—Interstate claim file of Kentucky unemployment Compensation Commission, July 1940 to May 1941*

State	Industry of last employment						
	Total	Construction	Manufacturing	Utilities	Retail and wholesale trade	Service	Other
Alabama	23	1	9	4	5	2	2
Arkansas	8		4	1	1	1	1
California	23		7	2	5	5	4
Colorado	4		2		1	1	
Connecticut	1						1
Delaware	1					1	
Florida	29	3	8		9	6	3
Georgia	17		5		7	1	4
Idaho	1						
Illinois	33	2	10	1	13	2	5
Indiana	97	6	33	6	31	10	11
Iowa	1				1		
Kansas	2				1	1	
Louisiana	8	1	3		1	1	2
Maryland	4		1		1	1	1
Massachusetts	2				1	1	
Michigan	35	5	14	3	6	3	4
Minnesota	5	4	1				
Mississippi	13	1	7		3	1	1
Missouri	11	1	3		5	2	
Montana	1				1		
New Jersey	1		1				
New Mexico	2				1		1
New York	19	1	8	2	6	2	
North Carolina	4		2		1	1	
North Dakota	1						1
Ohio	68	11	20	3	21	9	4
Oklahoma	2					1	1
Pennsylvania	12	1	8		1	1	1
South Carolina	4		2	1	1		
Tennessee	60	18	19	3	16		4
Texas	13	2	4	1	3		3
Virginia	12	1	2	1	4	2	2
Washington	1		1				
West Virginia	4		2		1	1	
Washington, D. C.	3		2				1
Total	525	58	178	28	147	56	58
Percent	100	11	34	5	28	11	11

CHART II. WORKERS EMIGRATING FROM LOUISVILLE, KENTUCKY, TO OTHER STATES

[1 dot = 1 person]



VII. SUMMARY

A few definite conclusions as to the extent and characteristics of the migrant situation in Louisville, Ky., may be derived from the previous sections of this report. These conclusions are summarized briefly in the following paragraphs.

Workers began migrating to the Louisville area in noticeable numbers during September 1940, the month in which the Du Pont Co. began construction of their powder plant. Construction activities on this project and other defense projects in the vicinity of Louisville have been responsible for increased employment opportunities which attracted the migrant workers. It is estimated that there were approximately 15,000 migrant workers in the area in May 1941. According to the data from records of applications with the employment service 83 percent of the migrants were men and 17 percent were women. Of those workers who secured employment 92 percent were men and 8 percent were women. The workers were distributed between the ages of 17 and 64 with approximately 89 percent from 20 to 49 years of age. About 22 percent of all migrants included in the study were between the ages of 25 and 29, and 25 percent of those migrants who secured employment were between these ages. Only 3 percent of the 1,028 migrant workers studied were Negroes and the percent in the group that were foreign-born was insignificant. Seventy-three percent of the men in the group were married and of the women who are seeking employment 50 percent were married.

The workers coming into Louisville were distributed among all the occupational groups with a concentration of 42 percent in skilled labor. One-half of the migrants who obtained employment were those having skilled occupations, principally carpenters, millwrights, painters, mechanics, and construction foremen. It appears that employer specifications with regard to occupational skills and experience have been lessened since one-half of the total workers and approximately 21 percent of the skilled group had less than 5 years of experience. However, no relaxation of employer restrictions with regard to race and nationality can be noted previous to May 1941.

It appears to be reasonable that the movement to the area was a response to increased employment opportunities due to construction activities in the national-defense program, and that it was stimulated primarily in response to rumor, advertising and labor scouting, although workers were recruited by the union locals and the public employment service. It may be noted that 30 percent of the migrants who were placed by the Employment Service were in the unskilled occupational group. Since there was no recruitment of workers through clearance procedures by the Employment Service of this type of workers, this fact substantiates our conclusion that the number was stimulated by rumor and advertising.

Approximately 88 percent of the employing of migrant workers who were placed by the Employment Service was in construction work. This may be attributed to the decided preference shown by local employers for residents and there has been no shortage of industrial workers locally except in a few occupations such as tool and die makers, journeymen machinists and certain types of machine operators. Of the estimated 15,000 migrant workers in the area in May 1941, approximately 13,000 were currently employed, 95 percent of them in the construction industry. Not more than 5 percent of the 2,000 unemployed migrants could be considered to be stranded without funds.

Work created by the national-defense program has attracted these workers from all sections of Kentucky as well as from all States of the Nation. About 42 percent of the migrant workers came from other States with 55 percent from the neighboring States of Indiana, Ohio, Tennessee, and Illinois. The majority of the workers migrating to Louisville from other sections of Kentucky were from areas of practically no industrial activity.

A check of the claims file of the Kentucky Unemployment Compensation Commission gave a total of 525 claimants who listed their last employment in Louisville. These workers migrated to 36 States with approximately one-half to the neighboring States of Indiana, Ohio, Tennessee, and Illinois. About one-third of the claimants had been employed in manufacturing industries and slightly more than one-fourth in wholesale and retail trades.

TESTIMONY OF ARTHUR J. ALTMAYER—Resumed

The CHAIRMAN. We have analyzed your statement, Mr. Altmeyer, and we think it is a very valuable contribution. In conducting these hearings we break our information down into questions because otherwise we get a great deal of repetition. We have, therefore, prepared some questions which I think will bring out the things we desire to have brought out. Then, if there is anything you want to add afterward, you will be given permission to do so.

Mr. ARNOLD. Mr. Altmeyer, you might start by briefly describing the national picture of defense migration—could you do that?

Mr. ALTMAYER. The general picture, I think, has been covered to some extent by Mr. Hillman, and I think Mr. Taft touched on it.

The CHAIRMAN. Have you anything to add to that?

Mr. ALTMAYER. I haven't anything to add to it except what is contained in my manuscript.

Mr. ARNOLD. Well, you covered that very thoroughly in your manuscript.

Mr. ALTMAYER. Yes, sir.

INDUSTRIAL PLACEMENTS MADE THROUGH THE EMPLOYMENT SERVICE

Mr. ARNOLD. What percentage of total industrial placements in the past year were made through the Employment Service?

Mr. ALTMAYER. We don't have the exact figure because we would have to know the new hires in all industry throughout the country in order to determine what percentage of new hires was made through the public employment office.

My judgment is that it is now running about 15 or perhaps 20 percent of the total.

Mr. ARNOLD. What have been the main difficulties in the functioning of the State employment service? I will just say that the committee was frequently told in New Jersey and in Maryland that many employers were not using the employment service in hiring most of their workers; by contrast the committee was told in Connecticut that one-third of the placements in defense industries have been made through the employment service. In what States is cooperation with employers least developed?

Mr. ALTMAYER. Well, it is very spotty. Now, there is a neighboring State that I would prefer not to name, a State neighboring to Connecticut, where the placements have been very, very small in proportion to the new hires. I think that was due partly to a lack of understanding on the part of employers of the advantages of using the employment office and partly because of the inability of employment offices in that State to do a 100-percent effective job of placement.

Fortunately, in that particular State they have made rapid progress over the last 2 months, and I think the situation will be much different in the future. But it takes a long time for employers, and workers, too, for that matter, to realize that the employment service is an effective instrument for bringing the man and the job together.

The statistics show that there has been a great deal of progress made in the last 6 years, since the advent of the social-security program, because automatically social security, in the field of unemployment compensation, brings the jobless man to the employment office, where he must register as a condition for receiving benefits.

CHANGED ATTITUDE TOWARD THE PUBLIC EMPLOYMENT OFFICE

This automatically brings the employers into contact with the employment office because they have to make certain reports in connection with unemployment compensation. In this manner they come to realize that the employment office isn't just a place where inefficient, down-and-out workers register, but is now a place where workers come who just left a job, thereby demonstrating their ability to hold a job. This has had a very stimulating effect on the use of the public employment-office system.

The CHAIRMAN. I know, Mr. Altmeyer, that we have received many letters relating to employment, and we tell the writers to register with the employment office. Then we receive letters back stating that they don't get any action at all, although some of them we personally know are qualified.

I have often wondered if there is any check made on unemployed lists to keep them moving, or if they just lie there dormant.

Mr. ALTMAYER. No. There is a procedure whereby the worker is asked to renew his registration periodically and there is an additional procedure whereby the active file is carefully combed and cross-indexed so that a worker has not only a chance at one particular kind of a job but any other kind for which he may have developed an experience or a skill.

5,000,000 STILL REGISTERED AT PUBLIC EMPLOYMENT OFFICES

Now, of course, with 5,000,000 people still registered for work at the public employment offices, there are going to be a great many who are not placed and who are therefore disappointed.

It is all a matter of relative skill and availability for a particular job and the employment office necessarily tries to refer the best trained with the best experience, which, of course, means that there will be a number who will be disappointed. In fact, there will be more disappointed than there are satisfied until our unemployed population decreases to a much lower level.

NATIONAL SYSTEM OF EMPLOYMENT AGENCIES

Mr. ARNOLD. In your paper you speak of a national system of employment agencies. Obviously the present system, completely decentralized on a State basis, has many difficulties.

For example, the attorney general of South Carolina recently advised the South Carolina State Employment Service that it could not make referrals outside the State. Has the Bureau of Employment Security run into any widespread resistance by State employment services to referring workers to out-of-State jobs?

Mr. ALTMAYER. I wouldn't say it is widespread, but we have run into difficulties. I think that as the national-defense program has

seeped into the consciousness of the people and the State officials of the employment service, the tendency to take a restricted view of the labor market is declining and, in some States, has completely disappeared.

However, there are still some States and localities—in fact, I think a considerable number—which may prefer, or feel it is their obligation to their community and State, to comb their own territory for applicants, even though it means going two or three hundred miles, rather than go across the State line, which may be only 5 miles, to get men to fill job openings.

The reverse is also true: When they have a surplus of skilled workers that they think they will need at some time in the future, they are reluctant many times to fill requests coming from other States or other communities in the State for that type of worker. But the figures show that our clearance mechanism is being stepped up in its operation and its results, and my recollection is that the last figures show that 10 times as many persons have been placed through the clearance during the recent months as compared with a year ago. By clearance I mean the arrangement between the offices in the States for the transfer of workers from one community to another.

But I think that even if you had a nationally operated system there would be still a tendency on the part of the local office managers to do their best to find local labor, and that is of real advantage because we don't want migration. If we have to have migration, we want it kept to a minimum and we want it in an orderly and planned fashion.

INCREASED NATIONAL COOPERATION AND ASSISTANCE TO THE STATES

Mr. ARNOLD. Does the Bureau of Employment Security propose to exercise more control in the future over the functioning of State services? I believe you have appointed regional directors.

Mr. ALTMAYER. Yes. We have implemented the clearance system that I have mentioned more effectively in the last year or year and a half. Just recently, in cooperation with the O. P. M., we worked out an arrangement whereby there will be regional labor-supply officers, who will cooperate with the other agencies engaged in training and that sort of thing, to facilitate the placement of workers in defense industries.

I wouldn't necessarily call that control. I would say increased cooperation and assistance to the States.

Mr. ARNOLD. Do you think it is desirable to abolish the present State agencies and reorganize the entire employment-service set-up on a completely Federal basis?

Mr. ALTMAYER. I think that is a question which will require an answer partly on the basis of what the future of the unemployment insurance system is, and as far as that is concerned what the future of the whole social-insurance program is.

As long as unemployment compensation is on a State basis there are difficulties in placing the Employment Service on a national basis, because, as you know, the claims for benefits under the State employment-compensation laws must be made through these public employment offices.

Now, if these offices were under the auspices and management of Federal officials, it would be necessary to work out a plan of collaboration so that the Federal officials acted as the agents for the States. I think it is a pretty large question to answer categorically at this time.

DISCRIMINATION

Mr. ARNOLD. Has your office observed any discrimination with the State employment services themselves in referring Negroes, Jews, or aliens to jobs?

Mr. ALTMAYER. I think there is no widespread discrimination by the employment offices themselves. In fact, I couldn't state offhand that there is a single employment office now which could be accused of discrimination.

There is, as you have learned through testimony in other cities, reluctance on the part of employers to use these workers and employment offices many times, either because of specific requests by the employer or because they know from past contact with the employer that they won't take persons of particular classes. This raises a very difficult question of public policy. Should you refuse to send any workers to an employer who doesn't want to use persons in these categories? I don't think that question of public policy has been thoroughly explored and decided at this particular moment.

If you don't refer workers to a defense employer and production is held up, then you have hurt the defense program. On the other hand, if you do refer these or other persons whom employers will not take—these persons in the discriminated class—you are not carrying out the policy expressed by the President and the Office of Production Management.

It places the local offices, in other words, in a very difficult position as to what to do.

Mr. ARNOLD. Do some State employment services indicate religion on their application forms or in their referrals, and, if so, why do they do so?

Mr. ALTMAYER. I think some do.

Mr. ARNOLD. Do you know how many States do that?

Mr. ALTMAYER. I can't recall offhand the number of States, but I imagine you would find a half-dozen or a dozen which did.¹ I think it grew up pretty largely when the employment offices were furnishing casual workers and domestics as a large part of their placements. In the case of domestics, oftentimes the prospective employer wants a person of a particular religion, because he will be working in the home, and naturally there is a desire for someone of the same faith.

I don't think religion is used as an instrument of discrimination, though, in the referrals.

Mr. ARNOLD. That doesn't apply to industry?

Mr. ALTMAYER. No; in some cases there is a request by employers that persons of a certain faith be sent them or persons of a certain faith not be sent them, but that is not as widespread as the other classes of discrimination that you have mentioned.

¹ See "Exhibit 33—Religion as a Factor in Employment," Baltimore hearings, p. 6279.

ON LABOR SHORTAGE

Mr. ARNOLD. The word "shortage" appears and is used much in these hearings. When you or any other expert in the labor market uses the term "shortage," what is meant?

Mr. ALTMAYER. Well, it means that at a particular time and at a particular place it is difficult if not impossible to find workers meeting the specifications of employers.

Now, these shortages are not absolute shortages. They can be relieved in a great many ways. They can be relieved by the employer's relaxing his specifications, as there has been a tendency to do over the last year or year and a half—that is, insofar as age and previous experience are concerned—and the employer can relax his specifications if he reorganizes his production processes so that he makes more effective use of the all-round skilled workers and places the semiskilled workers in positions previously occupied by the all-round skilled workers. "Shortage" is a relative term.

It is going to become a more and more absolute term as the demand for skilled workers in particular lines increases. We have, I think, very serious shortages in a great many of the skilled occupations necessary for national defense at the present time.

Mr. ARNOLD. What new sources of labor supply did the registration campaign of the Spring of 1941 uncover?

Mr. ALTMAYER. Well, I don't know just what the break-down would be. I doubt whether the characteristics of the people who registered as a result of the campaign are very much different from the characteristics of the persons already registered so far as previous experience is concerned. But I couldn't answer that correctly without a detailed analysis of the complete registration. One result of the campaign was the removal from the registers of workers who had not been keeping their applications alive by reregistration. Taking into account the placements that were made in the interval, we had, at the end of that campaign for new registrations, about the same number registered as we had at the beginning.

Mr. ARNOLD. Can you estimate what percentage of the available labor reserves is registered with the employment services?

Mr. ALTMAYER. Well, it depends upon what is meant by reserves. If you included in reserves people not now in the labor market and those not having been in the labor market for some time, such as women and part of the family help on farms, that would be one thing. I think we have large potential resources in these two classes. If you take only those persons who have been active in the labor market during the last 2 or 3 years I think the registrations at the public employment offices represent a very large proportion. I couldn't give you any exact percentage of unemployed persons at the present time, however.

The registrations run about 5,000,000. Some of those registrations are by persons who have physical handicaps and are really not employable persons. On the other hand, there are some employable persons who have not registered. My belief is that the total number registered at the Public Employment Offices is close to the total number of unemployed persons actively a part of the labor market at the present time.

FARM-LABOR SHORTAGES

Mr. ARNOLD. Now, with reference to farm-labor shortages: The constant rumors and news stories of acute farm-labor shortages have been of considerable concern to the Committee in its current series of hearings. To your knowledge have there been any real farm-labor shortages?

Mr. ALTMAYER. Yes; I think there have been, and I think we have been able to meet the shortages by pushing the farm placement end of our service, but I think that the farmers have had difficulties in a great many sections in getting help.

STATE FARM PLACEMENT SERVICE

Mr. ARNOLD. Would you outline for us the new area organization of the State Farm Placement Services for the committee?

Mr. ALTMAYER. Well, I would have to call Mr. Hollenbeck on that, Mr. Congressman. I think he is here, and maybe you would want him to answer that question at this point.

TESTIMONY OF OSCAR D. HOLLENBECK, CHIEF, FARM PLACEMENT SERVICE SECTION, BUREAU OF EMPLOYMENT SECURITY, UNITED STATES EMPLOYMENT SERVICE DIVISION, SOCIAL SECURITY BOARD, FEDERAL SECURITY AGENCY, WASHINGTON, D. C.

Mr. HOLLENBECK. On the Farm Service we tie all of the Farm Services by States in through the regional representatives, so that it is all tied in with the regular employment-service work, and then we have available Federal farm supervisors who cover areas or regions to assist the States, not only in setting up their planning within the State, but to help them in clearance over State lines of shortages of farm workers.

For example, within the last 2 months we cleared 1,000 farm workers from California to Oregon for berry picking. Those workers will be continued in use in farm work by the Oregon State Employment Service over a period of probably seven or eight months.

Does that answer your question?

Mr. ARNOLD. Yes; that answers it very well.

I have another question along that line. When the labor subcommittee of the State Land-Use Planning Committees reports that a shortage exists, does the Farm Placement Service make any independent check on the asserted shortage?

Mr. HOLLENBECK. Yes. Usually, of course, in the Land-Use Planning Committee the subcommittee on farm labor always has a representative of the State Employment Service on that same committee and the same thing is true in the county committee. The manager of the local employment office is also a representative on that farm committee, and farmers are usually on that committee too, so that we have a fairly accurate check of the labor shortage within a local community. Then, in addition, the Employment Service has its own sources of information for checking on farm labor, and sometimes one of the things we have to watch for is that the farmer doesn't over-

emphasize his need for labor. He likes to have a little surplus on hand, as you know, so he can take care of his requirements. The Employment Service has to check on his actual needs.

Now, where we have developed that to the greatest extent, the employment offices actually know how many acres of cotton a particular farmer has and therefore know how many workers he needs to pick it within a certain length of time, so that in this way there is a check by the Employment Service on requests from farmers.

But that Land-Use Planning Committee and the labor subcommittee will do a lot to bring all of the groups together so that they will have a full knowledge of the needs of the farmer with regard to labor, and, where labor is available, whether it must be moved over State lines in order to fill the labor requirements.

I think the farm-labor shortage will be more acute next year.

TESTIMONY OF ARTHUR J. ALTMAYER—Resumed

STATE UNEMPLOYMENT COMPENSATION LAWS

Mr. ARNOLD. Now, Mr. Altmeyer, can you tell me what are the present difficulties with the various State unemployment-compensation laws and what basic changes in the Federal law your Board cares to recommend?

Mr. ALTMAYER. Well, the Board believes that the present unemployment-compensation laws are not fulfilling their basic purpose of providing adequate unemployment compensation for persons who become unemployed through no fault of their own.

As you know, unemployment compensation is payable only if a person becomes involuntarily unemployed. The trouble with a great many of the State unemployment-compensation laws is that there is too long a waiting period—usually 2 weeks and in some cases 3 weeks—before a person can draw any benefits. Then it takes a week or so to process his claim after that waiting period is up, so it may be a month after he first becomes unemployed before he draws any money whatsoever by way of unemployment compensation.

Then, too, some of the formulas for calculating the weekly benefit amounts are such that they do not result in compensation for a reasonable proportion of his wage-loss. Thirdly, and this is rather general, the States do not provide unemployment compensation for a sufficient length of time, so that the beneficiary's unemployment period between jobs is compensated.

ONLY 50 PERCENT OF UNEMPLOYED TIME COVERED BY COMPENSATION BENEFITS

Our figures show that, on the average, about 50 percent of the claimants exhaust their unemployment-compensation benefit rights before they find another job.

In some States this number has run as high as 80 percent. That last defect is the major defect in unemployment-compensation laws.

Mr. ARNOLD. Then the last part of the question: What basic change in the Federal law does your Board care to recommend?

Mr. ALTMAYER. Well, we are just in the process of getting our recommendations into shape. They must be cleared by the Bureau of the Budget, and I prefer to defer answering that question until a later time.

PROPOSES FOURTH CATEGORY FOR GRANTS-IN-AID FOR RELIEF

Mr. ARNOLD. Would you describe for the committee the Board's proposal for a fourth category for grants-in-aid for general relief?

Mr. ALTMAYER. Well, that is very simple so far as the drafting of the law is concerned, and I think relatively simple so far as the administration of the law at the Federal level is concerned. It would be merely a fourth category written along the same lines as the present three categories. That is, it would be a grant-in-aid program and the grants would be made to the States upon the same conditions, essentially, as the grants for old-age assistance, blind assistance, and aid to dependent children.

Of course, in connection with a fourth category, as well as in connection with the present three categories, the Board recommends that larger Federal grants be made to States with low per-capita incomes than to States with a high per-capita income.

The CHAIRMAN. It would be variable?

Mr. ALTMAYER. That is right; yes, sir.

The CHAIRMAN. Because some States simply can't do the matching?

Mr. ALTMAYER. That is right.

Mr. ARNOLD. What would be the settlement requirements, or would all settlement requirements be eliminated?

Mr. ALTMAYER. Well, that is a difficult question. My personal opinion is that there probably ought to be some settlement law as regards these categories—such as old-age assistance, blind assistance, and aid to dependent children—but probably not for more than a year.

But in connection with general relief, it seems to me you would defeat a great deal of the purpose of general relief, particularly in this period when we have such great migrations as a result of the defense program, if we had settlement laws that would interfere with the quick and adequate granting of relief to these people when they reach a strange community.

Therefore, I believe that as a condition of grants-in-aid for general relief the States should probably be required to eliminate settlement laws, or if they retain settlement laws, to make some special provision so that while the localities might not have to bear the burden, if the person didn't have legal settlement, the State would undertake to do so.

PROBLEM OF THE NONSETTLED WORKER

Mr. ARNOLD. Millions of workers are now losing settlement in migrating to defense jobs. When defense is over they may not have gained settlement in their present state of employment. May we not reasonably expect that the problem of the nonsettled person will be one of our primary post-defense problems?

Mr. ALTMAYER. I believe that is true.

Mr. ARNOLD. If the defense worker, although working in another State, still does not lose his previous settlement, is it fair to ask the State which did not receive the benefit of his defense employment to

care for him in the period of unemployment which will accompany the shift from our wartime to a peacetime economy?

Mr. ALTMAYER. Well, I think it is fair. I think if the Federal Government comes into the picture by way of sizable grants-in-aid to the States because it is considered a national problem, then this question of which State is going to bear the burden in particular instances will be a secondary one and should be disregarded. Otherwise, you will get into all sorts of complications.

Mr. ARNOLD. That is all I have, Mr. Chairman.

The CHAIRMAN. Dr. Lamb.

Dr. LAMB. That is, assuming that your proposal for the fourth category goes through?

Mr. ALTMAYER. Yes; of course.

Dr. LAMB. And if it does not?

Mr. ALTMAYER. Then I can see the objection on the part of the State, which has a great deal of validity—that they should insist that the State enjoying the use of this man's services during defense production ought to help out when he becomes unemployed. But as a practical matter, you would never get that State to do it if the man had retained his legal residence in the original State.

Dr. LAMB. In other words, the large scale of migration of workers from certain States where defense activities are limited to States of high defense activity, with the prospect that they will not gain settlement in the State of high defense activity but must return home when it is over, is an argument for the fourth category in your estimation?

Mr. ALTMAYER. Yes, indeed.

Dr. LAMB. That is all.

The CHAIRMAN. Mr. Altmeyer, I have one question to ask you. As you know, this committee during the last session of Congress travelled throughout the United States investigating the migration of destitute citizens. The Congress continued the committee because of the increased migration resulting from the national-defense program. Of course, what we are concerned with now is national-defense migration. We have been to California, Connecticut, New Jersey, Maryland, and now here in Washington; and we are going out again to see how these migrants are getting along—their health, education, and so on. But what we are, of course, deeply interested in is what is going to happen after this emergency is over.

There may be at that time millions of people unemployed who have gone into other States. Disregarding the settlement question for the moment, what cushion could you recommend or think of that would help out? I think you will agree with me, that if this condition comes about, it may be just as dangerous to our country as any attack from the outside would be. I think you can readily see that.

Mr. ALTMAYER. Yes.

The CHAIRMAN. If these people who are now employed would save their money as a cushion against the post-emergency depression, that would be an ideal way to solve the problem, but that must be done voluntarily. We can't use the words "compulsory savings" because if we do we get into trouble. Have you given any thought to that?

SOCIAL INSURANCE AND COMPULSORY SAVINGS

Mr. ALTMAYER. My first thought turns to an expanded and all-inclusive social insurance system. I think that would in itself provide a considerable cushion. I think that an all-inclusive social insurance system which would cover unemployment as it is covered now, but more adequately; that would cover old-age retirement as covered now but would cover it more adequately; that would cover survivors—that is widows and orphans in the case of the death of the wage earner—that would cover, in addition, permanent disability, temporary disability, and costs due to sickness; such a system would afford a cushion which would amount, in a depression period following this defense effort, to, let us say, \$5,000,000,000 or more per year.

Now, that added to a well-planned public-works program seems to me to represent two ways that are feasible.

There is a third one that has been suggested in which I think there is a great deal of merit, and you may have had that in mind when you touched on the compulsory approach: That is, compulsory savings.

Now, if a system of compulsory savings were initiated, this all-inclusive insurance system I have mentioned would be a great advantage, because it would prevent the savings of these workers during this period from being spent, so that they would be available if a depression comes upon us.

In other words, under a compulsory savings plan not supplemented by a social-insurance system, one would necessarily want to release the savings to a man who came upon hard circumstances due to sickness in his family or what not, whereas if you had a social-insurance system which insured him against those contingencies, you could keep his savings intact for him until the depression period was over.

The CHAIRMAN. You see, the end of this emergency period will probably find us with greatly reduced foreign markets. I think anybody will agree with that who reads between the lines in the newspapers today. But anyway it is a very serious matter, and to that end the President issued an Executive order for a survey throughout the United States looking toward just what you mentioned—to a public works program. But, of course, the trouble there may lay in lack of funds to be appropriated. In that case, the country is likely to be in a very dangerous situation. I think you realize that as well as anyone in the Federal Government, and I think what you have just said is very important.

We had a witness at San Diego who testified to the fact that there were some plants in Connecticut where saving systems were in operation to take care of the situation. When we got to Connecticut we couldn't find out anything about such a system.¹ Some plants have inaugurated a voluntary savings plan on the part of their employees and deduct a certain amount of money from their pay each week. But I say again, at the end of this emergency period, if the person has something coming to him, that is the real cushion—and after all is said and done that is what we need.

Mr. ALTMAYER. That is right.

The CHAIRMAN. Is there anything else?

Mr. ARNOLD. That is all, Mr. Chairman.

¹ See San Diego hearings, p. 4960, and Hartford hearings, p. 5028.

UNEMPLOYMENT COMPENSATION FOR DEFENSE AND NONDEFENSE WORKERS

Dr. LAMB. Mr. Osmers, who was unable to be here for your testimony today, wanted to have you asked your opinion on an increase in the unemployment-compensation payments of those workers in defense industries, as contrasted to nondefense-industry workers. The reason being that the former find themselves in an industry where they can't expect employment when the defense emergency is over. What would be the feasibility of a proposal for an increased contribution, and ultimately an increased out-payment, to these people, not necessarily in the individual payments but over the period of a longer term?

Mr. ALTMAYER. Well, I confess I haven't been able to figure out any way in which I can single out persons and say, "These are defense workers and they should make an increased contribution and get increased payments."

I think that it is all a defense effort. One kind of defense worker moves into another kind of work and it is hard to draw the line. I think if you are going to have anything like compulsory savings you should apply it generally and not try to isolate it because, you will get plants, for example, where some part of production is devoted to defense, and a worker in that plant may turn up a nut or turn out screws which may be used on nondefense as well as defense production. How to figure out in that case how much of his wages should be assessed for compulsory savings is an administrative problem I haven't been able to solve to my own satisfaction.

SOME ASPECTS OF A HEALTH PROGRAM

Dr. LAMB. I wanted that for the record. There is a second question, which has to do with your own prepared statement. If you have a copy of it there, I would like to call your attention to pages 33 and 34, reading you portions of each page and asking you to comment on them. I am quoting from page 33:¹

I hope the Congress will give concerted and continued attention to the need for a comprehensive program designed to spread more evenly and more equitably the economic burden of ill health, the most important gap in the present framework of social security.

And on page 34:

* * * there is no reason why a plan cannot be evolved which will preserve the patient's right to choose his doctor.

Indeed, I believe it is possible to develop a plan which will make it possible for a great many patients to exercise that right for the first time. The present trouble about free choice of a doctor is that so many people have neither a choice nor a doctor.

Would you care to comment further on that statement with respect to the feasibility of that proposal and any implementation you may have in mind?

Mr. ALTMAYER. Well, I think it is perfectly feasible, as the experience of other countries has demonstrated, to work out a plan for spreading the cost of ill health. Now, the cost of ill health breaks down into two parts: Part of it is the loss of wages due to ill health—

¹ In this volume, p. 6737.

what we call disability compensation—and that is in a different category. At least three-fourths of the cost of ill health, however, is the cost of obtaining adequate medical care and services, and there is where you get into an area involving a great deal more discussion and, shall I say, differences of opinion. I think there is pretty general agreement that it is feasible to compensate for the wages lost due to illness.

When you come to the other aspect of the situation you get into questions of professional standards and professional relations, and there is a great difference of opinion existing at the present time as to what arrangements should be made and what professional standards should be incorporated in any system which would spread the cost of medical services.

My feeling is that it should be possible to work out a plan for compensating the persons who perform those services—doctors, nurses, and hospitals—in such a way that it not only brings to the patient more adequate medical services, but brings to those persons who furnish that service more adequate compensation.

Now, whether that should be on a national basis or on a State basis I think is another question. That question should be thoroughly explored. That, again, to my mind is dependent upon the future shape of the social-insurance system of this country as a whole.

That is, you can make an argument for attaching a plan to provide compensation for wage loss due to disability to Unemployment Compensation, at least in part; or you can make an argument for attaching it to Old Age and Survivors' Insurance. But I think that is a secondary question. I think if we were once agreed that it is possible to work out, say, an arrangement with the professional persons concerned, the administrative arrangement and the governmental agencies which would be utilized could be decided comparatively easily.

THE CASE OF BRITAIN SINCE THE WAR

DR. LAMB. In connection with the developments which you suggest might take place here during this emergency period, can you tell the committee anything about the experience of England since the British went to war?

MR. ALTMAYER. Well, of course, as I indicated in my manuscript, Britain liberalized its unemployment-compensation law—it liberalized its workmen's compensation law; it provided supplementary old-age assistance payments; it provided compensation for injuries due to enemy action and loss of property due to enemy action, whether or not the person suffering the loss was in the employ of the Government at the time. It has extended its social-insurance benefits to include persons in the armed forces, so that they not only do not lose or have their benefit rights reduced, but actually have them increased by reason of service in the armed forces.

We in this country have not yet undertaken to do one fraction of what Britain has done, not as a mean of placating the citizens of Britain but as a means of strengthening the citizens to fight the battle of Britain.

DR. LAMB. In that connection would you advocate that the Federal Government take measures to extend to the armed forces the advantages of the social-insurance arrangements we now have for civilians?

Mr. ALTMAYER. Yes, sir.

Dr. LAMB. What about the health insurance in the British experience? I don't believe you mentioned that.

Mr. ALTMAYER. Well, I think the British Medical Association believes that its national health insurance plan has improved the quality and quantity of medical services rendered the population of Britain. The best evidence that the British Medical Association does believe that this has been the result is that they are actively urging the extension of the health-insurance system to provide greater benefits and to include members of the worker's family.

Dr. LAMB. That is all.

The CHAIRMAN. We thank you very much, Mr. Altmeyer. You have presented a fine statement and it will be quite valuable to us. We appreciate your coming here.

The committee will stand adjourned until 2 o'clock.

(Whereupon, at 12:30 p. m. the committee recessed until 2 p. m.)

AFTERNOON SESSION

The committee met at 2 p. m.

The CHAIRMAN. The committee will please come to order.

Mr. Reporter, this is Mr. Noel Sargent, secretary of the National Association of Manufacturers.

TESTIMONY OF NOEL SARGENT, SECRETARY, NATIONAL ASSOCIATION OF MANUFACTURERS, NEW YORK CITY, N. Y.

The CHAIRMAN. Will you please give the reporter your full name and the capacity in which you appear here today?

Mr. SARGENT. Noel Sargent, secretary of the National Association of Manufacturers.

The CHAIRMAN. Mr. Sargent, the committee is very pleased to have you here today to present a paper on behalf of the National Association of Manufacturers with respect to the problem of defense migration.

I think you will be interested to know that the committee, at its recent hearings at Hartford, Trenton, and Baltimore, formed the opinion that the outstanding testimony on the subject of community problems and labor-supply problems created by national-defense migration was given by representatives of employer groups.

At the Hartford hearing the committee had the benefit of a comprehensive statement from the Manufacturers' Association of Connecticut, and at Baltimore from the Association of Commerce. We are glad to have at our Washington hearings an opportunity to hear from you in your capacity as the representative of the manufacturers as they are organized nationally. Congressman Arnold has a few questions to ask you, Mr. Sargent.

(The paper referred to above is as follows:)

STATEMENT BY NOEL SARGENT, SECRETARY, NATIONAL ASSOCIATION OF MANUFACTURERS, NEW YORK CITY, N. Y.

POSITION AND RECOMMENDATIONS OF NATIONAL ASSOCIATION OF MANUFACTURERS ON PROBLEMS OF DEFENSE MIGRATION

1. The National Association of Manufacturers has undertaken surveys in the months of January, February, April, and May of companies having defense contracts. A different group of companies was covered in each of such surveys. The following percentages of companies surveyed have reported shortages of skilled labor:

	Percent		Percent
January.....	45	April.....	41
February.....	55	May.....	56

Because there has been a great deal of discussion in recent months of the possibility of industry going on a 24-hour, 7-day basis, we also asked these companies whether they would have a shortage of skilled labor if an effort were made to operate on such a 168-hour-week basis. The following per-

centages of companies with defense contracts indicated that they would have a shortage of skilled labor if they attempted to so operate:

	<i>Percent</i>	|		<i>Percent</i>
January-----	73	|	April-----	76
February-----	88	|	May-----	89

2. We have no statistical information as to competition between employers "for workers where the labor supply is inadequate." I wish to advise, however, that the National Association of Manufacturers has through its board of directors taken the following position with reference to this:

(a) Employers should cooperate with each other, and with Government and employees, in endeavoring to encourage workers engaged in defense production in one area to remain in such areas. Such shifting is uneconomical since it may involve unnecessary double training of workers, may encourage spiraling of costs and prices, may create special housing troubles in many communities, and may add to the problems of present defense production and post-defense reconstruction.

(b) The problem of an adequate and efficient labor supply is of primary concern to manufacturers today. Many employers are losing capable employees to other employers, as well as to the Government, and replacements are difficult. Expanding organizations suffer through inability to augment their present forces by capable additions. Under these circumstances, the following suggestions should be helpful toward bringing about an understanding of the present situation and in centering thought on ways and means that may help to solve the difficulties.

While the emergency is a national one, the labor problem is essentially a local problem, and to the extent that manufacturers can work out their problems locally, the national objective will be facilitated.

The prosecution of the defense program is not necessarily helped by the movement of employees from one defense industry to another, because obviously the total employment is not increased. As a matter of fact, operations are slowed down because of the probable lower efficiency of employees in new employment as against their efficiency in their old employment.

Employers in nondefense industries would do well to reconcile themselves to the probability that some of their employees will be taken by defense industries. It seems obvious that the necessities inherent in the defense industries may bring forth financial inducements to employees which employers in nondefense industries will not or cannot meet.

The foregoing consideration will vary in degree in localities. Joint meetings of employers locally are suggested for the purpose of spreading a common appreciation of the situation and exploring the opportunities for cooperation with the objective of prosecuting the defense program most effectively and with the least detriment to all. In such discussions, while emphasis may be placed upon the primary importance of the defense industries, the desirability of facilitating defense production with the least disruption of nondefense industries may properly be considered.

Out of the experience of several communities and those of manufacturers who have for some time faced this problem and, with varying degrees of success solved it, a review of some of the approaches that have been found helpful may be of assistance to others.

We therefore make these recommendations:

(1) In the recruiting of new labor we believe employers should first make use of all available agencies within their community whose primary concern it is to supply employees, including Federal, State, and manufacturers' employment services; and further, that employers should utilize all available local labor resources before resorting to the recruiting of additional labor from outside their local areas.

(2) The use of intensive short-term job training to develop rapidly an adequate and efficient labor force.

(3) The necessity for continuous apprenticeship training during this critical period to build up the nucleus of skilled labor essential to the welfare and progress of the country.

(4) The use of upgrading.

(5) The fullest use of vocational and trade-school facilities in the community.

(6) We believe the use of such recruiting practices as advertising and general

solicitation for currently employed workers does not expand the total available labor force and that these practices often disturb current defense production.

3. With reference to the problem of training programs within industry, I submit herewith as appendix A a memorandum analyzing the nature of training programs now being conducted by several companies with defense contracts. In addition, I wish to advise that our association has taken the following position with reference to the training of workers:

(a) One of the urgent problems in the Nation-wide effort to increase production for national defense is that relating to the rapid training of a sufficient supply of skilled labor.

(b) Employers should endeavor to augment the supply of skilled labor in occupations where shortages now exist or are threatened. This involves an intensive training program to develop an adequate supply of workers able to perform specific operations and tasks to meet the emergency requirements of the national-defense program.

(c) The task of training a labor force adequate to fill defense production requirements can most effectively be accomplished by industry itself, and we believe that the basic principles enumerated below may serve as a guide to management in meeting its individual training problem.

It is recommended that consideration be given to these various factors that enter into a short-term training program:

(1) That each company give some thought to the trade and vocational school facilities available in its community for the purpose of cooperating with such community efforts in a training program.

(2) That the technique known as job training, insofar as it is practicable and feasible, serve as a basis for the training program. This technique, which is predicated on the breaking down of complex jobs into their single component operations, has in many cases proved successful as a means of providing short-term instruction to unskilled and semiskilled workers by teaching them on the machine how to perform efficiently the single task or operation that will be required of them.

(3) That all trainees be instructed on the specific machines they will be required to use on the job.

(4) That all applicants be given ability tests to determine if they should be given the proposed training.

(5) That adequate and competent instruction and supervision be made available to them during the period of their training.

(6) That employers give some consideration to the "vestibule school" technique that was developed during the World War for the purpose of training unskilled workers on the very threshold of the shop to familiarize them with various aspects of machine operation in a very short period of time. This method proved both practical and valuable during the war period in turning out reasonably competent machine operators in a comparatively few days' time.

(7) That each company give some study to the intensive short-period training programs developed during the World War by the United States Committee on Education and Special Training. This committee developed high-speed training techniques based on the theory of teaching on the job through performance, questions, problems, and guided discussions.

(d) In approaching the problem of short-term intensive training, we believe it is desirable to point out the difference between the training problem that exists in mass production industries and in those companies which are engaged in specialty work, by reason of the fact that the job training technique might prove both practical and feasible in building up the required labor supply for mass industries, but would prove unsatisfactory for the specialty plants which require all-around skilled mechanics for the largest part of their production work.

(e) Another phase of the intensive, short-term training problem is the danger inherent in developing a substantial number of semiskilled workers trained in only one or a few of the single repetitive operations required for the national-defense production program, who will be unfitted for any other work when the emergency of the defense program is over. In this connection, we believe it to be desirable for all employers to give serious consideration to the possibility of affording such employees the opportunity of rotating from one job to another in the plant so that they may progress from simple jobs to more complex ones through a wider familiarity of production operations, and, further, that companies should extend what cooperation they can in making it possible for such employees to develop themselves into all-around mechanics. In this way such

employees may be better equipped for peacetime work when the armament period is over.

4. We have no information on subcontracting in its relation to labor supply. Based upon recent conversations on defense problems in about 35 communities, Mr. Fuller estimates that during the last 6 months the extent of industrial subcontracting has doubled.

5. The association has taken no official position with reference to various agencies specifically mentioned in your letter. Based upon contacts with many individuals, the writer is, however, glad to give you his own ideas about the groups you specifically mention:

(a) We believe that the Labor Division of the Office of Production Management is doing constructive and effective work in its training program.

(b) We have no information as to the training work of the Shipbuilding Stabilization Committee.

(c) Such reports as we have, indicate that the effectiveness of the United States Employment Service varies considerably as between the different communities and sections.

TESTIMONY OF NOEL SARGENT—Resumed

Mr. ARNOLD. I presume the best method is to proceed by asking some questions.

Mr. SARGENT. All right, sir.

DEFENSE TRAINING IN INDUSTRY

Mr. ARNOLD. And then you can bring out anything further you wish.

As we understand it, the National Association of Manufacturers feels that intensive training of labor within industry is the key to relieving labor shortages. Can you tell us what the National Manufacturers Association has done to stimulate such training within industry?

Mr. SARGENT. We have held a series of regional meetings—I think some 40 so far this year—in various communities and sections throughout the United States, in which we have urged upon employers the necessity, among other things, of such training.

In addition to that, in our bulletins, which go to our 8,000 members and to several hundred cooperating associations, we have also called attention to this necessity. In addition, we have undertaken a survey of companies with defense contracts to ascertain the extent of such training. That survey was made available to the Labor Division of the O. P. M.

Mr. ARNOLD. Do you know how many workers are actually being trained within industry as the present time?

Mr. SARGENT. No, sir; I know that a large majority of the companies with defense contracts are engaged in such training, but we have not questioned them on the numbers being trained.

Mr. ARNOLD. We had testimony all through the East from manufacturers who said that they were conducting such a program, but there is no way of getting at the figures on how many are actually being trained within industry?

Mr. SARGENT. No. Mr. Hillman made a statement the other day—I don't know whether it was in his testimony before this committee or not—in which he said, as I recall, that approximately 1,200,000 had been trained. Whether or not that estimate was made as the result of a survey of his own division, Mr. Dooley's branch, I don't know.

PROSPECT OF A THREE-SHIFT 7-DAY WORKWEEK

Mr. ARNOLD. How immediate is the prospect of a three-shift 7-day week production schedule for defense industries?

Mr. SARGENT. I think that it is difficult to give any general answer to that for this reason: I don't believe it is possible to have such a schedule for all industry whether it be defense industry or other industry. And that there has been a good deal of misconception as to the possibilities in that respect, there is no doubt. In the first place there are, of course, serious limitations of labor supply, as you have indicated. Secondly, there are other limitations, such as the difficulty of obtaining supervisory forces, the difficulties of tooling, of making repairs, of scheduling throughout the plant; and all of these are practical difficulties, which in the minds of many engineers make it impossible for a large number of plants, at least, to conduct three-shift operations.

Mr. ARNOLD. In many plants production could not be increased materially with a three-shift day, could it?

Mr. SARGENT. I think that where it is feasible to have three shifts and where labor and supervision can be obtained it would tend to increase the production.

Mr. ARNOLD. Well, I meant because of those limitations.

Mr. SARGENT. Because of those limitations it certainly isn't, upon a statistical basis, capable of increasing threefold over normal or anything like that.

LABOR PIRATING

Mr. ARNOLD. Has your association observed much labor pirating?

Mr. SARGENT. Most of the information and statistics on that would of course be more within the field of survey and knowledge of the local associations in communities such as you have been in, rather than in our own association.

We don't, ourselves, deal with problems of labor supply to particular companies and therefore don't come in as close contact with things of that sort.

I have, however, participated in meetings where there have been discussions of that subject, and I would say offhand that there is not at the present time as much labor pirating as existed during the World War.

Mr. ARNOLD. I was going to ask you what your association is doing to prevent such practices.

Mr. SARGENT. We have taken the position that it is largely a matter to be dealt with in local communities.

I know that in some communities they have taken action against advertising in papers, for example, and things of that sort. All we have done is to urge our members to utilize all available local sources of labor before going outside, including contacts with the State and local employment services.

SHIPBUILDING STABILIZATION COMMITTEE

Mr. ARNOLD. The committee has heard much testimony on the Shipbuilding Stabilization Committee. What is your opinion of such stabilization agreements?

Mr. SARGENT. I think if such stabilization agreements are made on a realistic basis they can work satisfactorily, but the danger, of course, is that an agreement will cover such a wide area that it will create a wage-scale situation in some communities not necessarily characteristic of the average and general situation in the community. This would tend to attract labor from other industries and disrupt the labor market.

If they can be and are made on a realistic basis, I think they can be very advantageous in preventing a flow of labor from one industry to another. They can meet that situation very nicely.

I know of one example in a shipyard down South where a representative of other shipyards stood at their gates and enticed their workers as they came off shift. That sort of situation can be corrected by such an agreement. If, however, you have a situation where the representatives of nonshipbuilding industries are attracting workers from a shipyard or vice versa, you don't meet that sort of situation with a stabilizing agreement.

Mr. ARNOLD. Of course the field is broken down into areas—I believe there are four of them—is that correct?

UNEMPLOYMENT AND PRIORITIES

Mr. ARNOLD. The committee is very much concerned about the unemployment created by priorities. Does the National Association of Manufacturers have any proposals on how workers should be shifted from nondefense to defense industries?

Mr. SARGENT. No, sir. We have endeavored to meet the situation to some extent, however. We have suggested in this connected that industry committees should be established—and they may be set up in any governmental division—we understand there are several divisions which contemplate the establishment of such industry committees—and that there should be, in connection with the priority end of it, anyway, a coordinating committee within these various industry committees to consider the effects of regulations and rules proposed in particular industries upon the different industries. In addition to that, we have suggested to representatives of the Office of Production Management and the Office of Price Administration and Civilian Supply, that consideration be given to the effect upon employment of priorities rulings, particularly in communities where there may be only one or two large employers of labor who, if affected detrimentally by the result of priorities, would obviously contribute toward a situation in this community far different from that in larger communities having a number of widely different industries.

Mr. ARNOLD. Do you know how much unemployment has been created to date by priorities in the aluminum industry?

Mr. SARGENT. We have made no survey of that. I have seen references to the fact that from a fourth to a fifth of the workers in civilian aluminum industries have been detrimentally affected, but I couldn't vouch for it, personally.

Mr. ARNOLD. Do you have figures on any other industries?

Mr. SARGENT. No, sir.

PROPOSED CUTS IN AUTOMOBILE PRODUCTION

Mr. ARNOLD. The newspapers every day are discussing the proposed cuts in the automobile industry. How drastic do you expect these cuts in car production will be and when do you expect them to be made?

Mr. SARGENT. Well, of course, I am not a representative of the automobile-manufacturing industry and I am not technically familiar with that industry.

Generally speaking, however, it seems to me that if we engage in a large-scale defense-production program, the cut in that industry and other civilian industries must become much greater than we have yet contemplated or planned.

Mr. ARNOLD. Do you expect these cuts to be as much as 40 or 50 percent?

Mr. SARGENT. In some industries; yes.

Mr. ARNOLD. Probably in the automobile industry?

Mr. SARGENT. Well, I shouldn't think it would be as likely in that industry as it would in some other consumer-goods industries.

DISCRIMINATION IN DEFENSE INDUSTRIES

Mr. ARNOLD. Has your association recommended to its members that they absorb local Negro labor before bringing in outside labor?

Mr. SARGENT. We have recommended to our members that they utilize all available sources of labor without discrimination of any kind.

If you will permit, I have a statement with reference to this problem of Negro labor, which I should like to read and have inserted in the record, because of the fact that there has been some public discussion and comment concerning that. I thought it would be advisable to prepare a statement in anticipation of the event that I might be asked a question on that very subject.

Mr. ARNOLD. Very well, will you proceed with it?

Mr. SARGENT. Much has been written and more said, recently, by Government spokesmen decrying discrimination against some of our citizens because of their race, color, or religion, and so forth. On June 25 the President of the United States said [reading]:

It is the policy of the United States to encourage full participation in the national-defense program by all citizens of the United States, regardless of race, creed, color, or national origin, in the firm belief that the democratic way of life within the Nation can be defended successfully only with the help and support of all groups within its borders.

and the President said further:

I do hereby reaffirm the policy of the United States that there shall be no discrimination in the employment of workers in defense industries or Government because of race, creed, color, or national origin, and I do hereby declare that it is the duty of employers and of labor organizations, in furtherance of said policy, and of this order, to provide for the full and equitable participation of all workers in defense industries, without discrimination because of race, creed, color, or national origin.

On April 23 Sidney Hillman, the Codirector of the O. P. M. and chairman of one of the country's most highly organized and tightly knit labor unions, said:

Discrimination against any workers because of race, creed, or color must be eliminated. Any such practice would be especially unfortunate at the present time when we are seeking both to extend and energize the practical working of democracy as a means to quicken our all-out defense effort.

Now, of course, the implication to be drawn from these statements is that the only discrimination prevailing exists in industry and that it is particularly shocking because it is found principally in defense-producing industries.

SHORTAGE OF SKILLED LABOR BOTTLENECK IN DEFENSE PROGRAM

It is evident that the shortage of skilled and semiskilled workers is rapidly becoming one of the bottlenecks in the national-defense program, and it is probable that this shortage will increase in coming months, as I believe Mr. Nelson testified before this committee yesterday.

In this defense work, and in the work of supplying the needs of the civilian population, there is great opportunity to employ those who are now out of work, who have skill and capacity, or who can secure skill and capacity, perhaps by training methods such as we were discussing.

It is true also that some of the unemployed hesitate to offer their services, believing that there are prejudices on the part of employers against age, sex, race, color, or creed.

MANUFACTURERS SHOULD USE EVERY AVAILABLE SOURCE OF LABOR SUPPLY

The National Association of Manufacturers has advised its members that there should be no arbitrary prejudices in employment. The association has also adopted a policy that manufacturers should use every available source of labor supply.

The foregoing is no mere paper policy. During the last few months, in the course of a series of regional meetings of manufacturers over the country, officers of the association advocated that manufacturers should employ Negroes wherever and whenever possible, in keeping with the abilities of the Negroes and their acceptability to fellow white workers, particularly organized workers. Manufacturers generally agree with these policies. Therefore, wherever employees themselves have not directly or indirectly put up bars against the hiring of persons because of race, color, or creed, those now unemployed can expect to be accepted for jobs as rapidly as openings for which they are qualified develop.

The association shares, with every right-thinking American, regret that any loyal American is denied for any reason, including membership or nonmembership in some labor union, the right and privilege of sharing in the effort to prepare his country's defenses.

We assume that the President meant that his strictures against discrimination be applied to the fundamental right of all free Americans to work without molestation on the part of others. Denial of the right to work because of nonaffiliation with some union is as un-American in fact and principle as a denial because of nonaffiliation with a particular religious sect.

There is confusion, however, on the subject of management's position in regard to the problem of discrimination against some citizens on the grounds of race, religion, creed, sex, and so forth.

Any objective study of the problem discloses that prejudices against employment on these grounds originates in an overwhelming proportion of cases with fellow workers, and not with management. It must be self-evident that management must respect the wishes of those who are already employed within the plant if it is to preserve efficiency of production and satisfactory working conditions.

But the situation is frequently complicated by a factor which a witness before this committee on July 17, Dr. Robert C. Weaver, touched on briefly, according to press dispatches. Dr. Weaver indicated that union regulations are often highly discriminatory as to age, color, race, or sex in addition to the other handicaps such union rules impose on would-be workers in defense industries, as well as in nondefense occupations.¹

Dr. Weaver mentioned casually, according to the press, that "scores of small labor unions" denied membership to Negroes, went on to emphasize that many employers holding defense contracts had refused to employ Negro workers. A member is reported to have asked for, and Dr. Weaver agreed to submit to the committee, a list of such manufacturers.

Mr. A. Philip Randolph, president of the Brotherhood of Sleeping Car Porters, introduced at the 1940 American Federation of Labor convention a resolution which requested the American Federation of Labor to "go on record as condemning the color bar in constitutions and rituals of all trade unions, and all forms of prejudices in the labor movement based on race, color, religion, sex, or nationality."

This resolution was not adopted by the American Federation of Labor, thus continuing its record of many years in refusing to condemn racial bars in its constituent labor unions.

In speaking for his defeated resolution, Mr. Randolph said:

Here you have trade unions that are beneficiaries of this National Labor Relations Act denying the Negro workers membership in their unions and thereby preventing the Negro workers from receiving and securing employment.

He added:

In addition to specific color bars in constitutions or rituals, there are other devices and subtle ways by which some of these unions that do not have their color clauses discriminate against union workers.

Speaking specifically with reference to this question as it affects defense industries—an aspect which has been brought to the attention of this committee by Dr. Weaver and others—Mr. Randolph said at the 1940 American Federation of Labor convention:

"NO UNION CARD, NO JOB—NO JOB, NO UNION CARD"

Under the national defense set-up thousands of Negro workers apply to the various industries for jobs. They are citizens, they pay taxes, and yet they are turned away. The employers tell the Negro that the unions control the job, and they ask him if he has a union card. If the Negro worker says no, they tell him he can't work there. If the worker does not have a union card he cannot have a job, and if he does not have a job, he cannot have a union card. We are only asking for the right to join the union, that is all.

¹ See Washington hearings, pt. 16, July 15, 16, and 17, p. 6532.

Now, Mr. Randolph also referred specifically to a shipyard at Tampa, Fla., where Negro workers were working. He said the union obtained a closed-shop contract, with the result that the employer to throw the Negro workers out of employment.

MORE DATA WANTED ON UNIONS BARRING NEGROES

I respectfully submit that the committee, entitled to and obligated as it is to consider all available facts, should ask Dr. Weaver to submit the following additional data together with the names of the manufacturers of whom he complains:

1. A list of all unions, international, national, and local, of which he has knowledge, which refuse membership in their organizations to Negroes;

2. An analysis showing the proportion, in unions which do admit Negroes to membership, of such Negro membership to that of white workers;

3. A statement presented in his official capacity as chief of the branch of Negro employment and training of the O. P. M., showing what studies have been made of the actual or probable effect on Negro employment of closed-shop contracts recommended or ordered by the Defense Mediation Board, or the National Labor Relations Board, and negotiated by unions barring Negro workers.

The Government has sought to concentrate the heat engendered in this issue on industry. The fact is that both the Government and organized labor might well put their houses in order.

PAMPHLET BY COUNCIL FOR DEMOCRACY

For example, on June 11, the Council for Democracy—well known to this committee, I am sure, as a group of prominent Americans—issued a report on this subject.

The council's pamphlet said, among other things—

exclusion and humiliation of the Negro are complete in the Navy and Marine Corps.

The attitude of the Navy and Marine Corps, the council's pamphlet continued—

led to their being characterized by the Hampton Institute Conference on the Negro in national defense as representing the most undemocratic and un-American aspect of our Government.

Is it not fair to ask the Government if consideration is being given to the existence of official discrimination in the Army policy of enrolling and training Negroes in segregated units? Or to ask why Negroes have consistently been denied opportunity for Army aviation training, and why the first modification of this latter policy was announcement of a segregated training field to be established at Tuskegee Institute?

Dr. LAMB. Mr. Sargent, in accordance with your suggestion, the committee will request that information from Dr. Weaver's office. We will submit these questions to him.¹

Mr. SARGENT. I think that would be very helpful, sir.

The CHAIRMAN. We would also like to have your answer to it.

Mr. SARGENT. I would be very glad to supply that.

¹ See correspondence, Washington hearings, pt. 16, July 15, 16, and 17, pp. 6533-6535.

I am under the impression that Mr. Green advocated something of that sort in his testimony before this committee.

Those are possibilities in that connection. I think, however, that as regards the total situation, there is a misconception in the minds of many manufacturers, as well as others; namely, that the effects of the cessation of an armament program would be immediate, whereas there is generally a slight period for readjustment, which can be taken advantage of. You will recall that after the World War, which ended in 1918, the depression did not really start in either this country or in England until 1920; that there was a substantial expansion of business and employment for a year and a half or slightly over in both countries.

TWO-YEAR CARRY-OVER OF WARTIME MOMENTUM

In other words, there is, generally speaking—and I think this has been proved in economic history—a period of boom and encouragement and expansion immediately following an armament period. Then, after a year and a half or 2 years, you have this period to which you refer, and which is apt to be extremely serious.

So you will have a period during which adjustments can be made, in which possibility the opportunities for employment as measured by our employment indices are even greater. Hence if you can find the means to put that interval to use, intelligently and without soaring to the heights of a boom, you may be able to alleviate the situation.

You are aware, of course, that you don't very often have a severe depression unless you have had a severe boom ahead of it; and it is there that your answer must largely lie, I think. Controlling both boom and decline is difficult because it involves not only purely economic policies, both within and without the field of legislation, but also human psychology, which is not subject to the same control, either by industry or government or anyone else.

We have not completed our analysis of that subject. As I explained to Mr. Arnold, we have made some recommendations. If you desire, I should be very glad to send, for the benefit of this committee, the report of our committee on the study of depressions, made last December, which had some suggestions. I do not have that with me.

The CHAIRMAN. We should like a copy, Mr. Sargent.

(The report referred to above was received subsequent to the hearing and placed in the committee files for use of the staff.)

Mr. SARGENT. Also, if you would desire it, I can offer you this analysis of the views of some 500 members of the American Economic Association. It is rather lengthy.

The CHAIRMAN. If you will leave that with us, we will greatly appreciate it.

(The analysis referred to above was placed in the committee files for use of the staff.)

CAN AMERICA AFFORD A WORKS PROGRAM AFTERWARD?

The CHAIRMAN. I understand the English hope to solve their economic problem by levying extremely high taxes both on labor and management, and are promising at the end of the war that they will

return the excess amount collected. But the trouble with that, Mr. Sargent, is that England may be broke after the war is over.

This country is making a survey with the thought of inaugurating public-works programs to take up the slack after the war, but we, too, may have to retrench at that time. So what gives us deep concern now is the future status of the worker. If he is getting these good wages, we want to ascertain whether some system can be introduced by which he would have six or seven hundred or a thousand dollars after this emergency, as a sort of a cushion for him to fall upon until the Nation can get back on its feet.

Mr. SARGENT. I wouldn't have you get the impression that because I referred to it as one possibility I was endorsing the English plan. I have doubts about it, as you do—doubts of various kinds. The British may be broke, or it may be necessary for them to resort to a capital levy to pay for the war, or they may never pay off. They may be just kidding the people with the idea they are going to be paid off. All those factors are involved.

WOULD CONSERVE WORKS PROGRAMS FOR LATER

The CHAIRMAN. I did not assume you were advocating the British scheme. I was just bringing out what appears to me to be the weakness of it.

Mr. SARGENT. I agree with you. It is one of the weaknesses, of course. In planning public-works programs, at least during the defense period—and I have heard to some extent in nondefense periods—many governments do not seem to worry about fiscal situations, or to pause to ask themselves whether they are theoretically "broke"; they feel able to go ahead and spend money on projects of various kinds.

I do think, with reference to the public-works program, it certainly in theory represents great possibilities, particularly if, during a period like the present, you have conserved all nondefense public works so they can be used later.

If you go ahead with your nondefense public works in a period such as the present, then you are reducing the possibility of utilizing public works subsequently to any great advantage, in my opinion.

Now, the difficulty, of course, comes from attitudes of the local communities—people who want public work done—the difficulty of resisting the pressure, and so forth.

PROBLEM OF THE NONDEFENSE INDUSTRIES

The CHAIRMAN. I understand the production of automobiles has been reduced some 20 percent, hasn't it?

Mr. SARGENT. Yes, sir.

The CHAIRMAN. And probably will be reduced further. Now, to explore the problem, as I see it, let us accept hypothetically the general statement that automobiles are all made of steel. Now, they are scraping the bottom of the barrel for steel. Under the national-defense program, automobile production would have to be decreased greatly, wouldn't it?

Mr. SARGENT. Yes, sir.

The CHAIRMAN. They take the steel for ships and for airplanes, and such, and that is indicative of the fact, Mr. Sargent, that as sure as

we are here in this room today, the non-defense-industrial problem probably is going to come at us head-on. Don't you think so?

FRictional UNEMPLOYMENT IN ENGLAND AND GERMANY

Mr. SARGENT. I think so. I made a study of the manner in which Germany and England and France had conducted their operations a year ago, and circulated it among some people who were particularly interested in the subject, and pointed out at that time that both Germany and England, when the war broke out, had had several months during which unemployment had actually increased, because of that very situation. In other words, if you wish to avoid that, you must have the most careful planning and the most careful adjustment between both defense and nondefense industries, and among the several nondefense industries. I question whether we have yet engaged in that kind of planning here, on a sufficient scale to overcome and prevent the situation you describe.

The CHAIRMAN. Do you have any questions, Dr. Lamb?

Dr. LAMB. In that connection, Mr. Sargent, would you agree that delay in coming to a conclusion about those transfers can have serious effects, both for the industry which may be asked to shift from one type of activity to another and the communities in which those industries are located?

Mr. SARGENT. Yes, sir.

TIME A FACTOR IN MAKING ADJUSTMENTS

Dr. LAMB. For example, at the present time we understand that projects for defense housing are being held up in Detroit because of uncertainty as to the effect that curtailment of the automobile industry is going to have on activity on civilian production. That is the type of uncertainty that you would envisage?

Mr. SARGENT. Yes.

Dr. LAMB. So that you would favor an early decision as to these shift-overs, and a recognition on the part of the country that such sacrifices are necessary?

Mr. SARGENT. I would favor an early decision provided consideration is given to all the factors and elements and inter-relationships involved. As you indicate, an early decision does not necessarily mean that things will have to be done early, but rather gives an opportunity for orderly adjustment over a subsequent period.

Dr. LAMB. Yes; but it abates the uncertainties you have mentioned?

Mr. SARGENT. That is correct.

Dr. LAMB. Which in themselves set up new complications?

Mr. SARGENT. Yes.

NATIONAL ASSOCIATION OF MANUFACTURERS SURVEY OF SUBCONTRACTING

Dr. LAMB. I would like to ask you whether you have anything further to say with respect to subcontracting. Is it not true that the National Association of Manufacturers has been corresponding with its membership and with the affiliated associations on this subject?

Mr. SARGENT. Yes, sir; we undertook a survey of the available productive facilities throughout the United States and gave the in-

formation to the O. P. M. We found that several million man-hours or machine-hours which were available for defense work were not being used, and gave that information to the O. P. M. We also made our findings available in one or more places in every State in the United States. In addition to that, we have endeavored to obtain information from our members as to the extent of subcontracting and the extent to which it has increased.

MORE DEFENSE BUSINESS NOW IN SUBCONTRACTS

We are now undertaking a survey of companies with defense contracts, which has not been completed. The preliminary results indicate a substantial increase in the proportion of total output which is being subcontracted now as compared with the period before July 1940.

Dr. LAMB. Is that subcontracting of the sort which goes into plants already having prime contracts, or is it the kind that is spreading to a larger number of firms?

Mr. SARGENT. I don't know that there would be any way of determining that, because when we ask a manufacturer whether he is subletting his work, he knows that, but he doesn't know whether the people to whom he sublets also may have prime contracts of their own. I don't know of any way you could find that out unless you made a very complicated survey.

Dr. LAMB. That is all.

GEOGRAPHICAL SCOPE OF THE NATIONAL ASSOCIATION OF MANUFACTURERS

The CHAIRMAN. Mr. Sargent, does your association reach into every State in the Union?

Mr. SARGENT. No. I suppose we have memberships in perhaps 40 States. There are a few States in which there are almost no manufacturers, and where we have no members.

The CHAIRMAN. What is the total membership of your association?

Mr. SARGENT. About 8,000.

The CHAIRMAN. We thank you very much and appreciate your coming here, Mr. Sargent.

Mr. SARGENT. And I am very glad to have had the privilege of appearing before the committee.

The CHAIRMAN. If you will send the other data to us, we will appreciate it very much.

Our next witness is Mr. Carey.

TESTIMONY OF JAMES CAREY, SECRETARY, CONGRESS OF INDUSTRIAL ORGANIZATIONS

The CHAIRMAN. Mr. Carey, will you give your full name and state the capacity in which you are appearing before the committee today?

Mr. CAREY. My name is James Carey. I am national secretary of the C. I. O. and president of the United Electrical, Radio and Machine Workers of America.

The CHAIRMAN. Do you have a statement that you want to read?

Mr. CAREY. I have just a brief summary. I shall not read the entire statement. [Reading.]

NO GENERAL LABOR SHORTAGE

The general view of the C. I. O. relating to labor market conditions and migration is as follows:

There is no general shortage of labor. Actually there is a real and continuing problem of unemployment. The present defense program will not wipe out unemployment. There are no shortages of a special nature which cannot be met over a reasonable period of time by a sound program, particularly on the part of Government and industry.

There is absolutely no need for labor priorities or any coercive measures for the shifting of labor.

All necessary shifts of labor can be accomplished through the co-operation of organized labor and through providing proper wage rates, housing, transportation, and so forth. The failure to make adequate use of the labor supply will result in freezing the national income and production far below its maximum, and greatly impairing the defense effort. So far there has been failure.

CONGRESS OF INDUSTRIAL ORGANIZATIONS OPPOSED TO FORCED SAVINGS

The C. I. O. is fundamentally opposed to forced savings for wage earners or wage taxation as long as there is continued unemployment. In the face of an ever-increasing defense program, such measures mean freezing unemployment and intensifying the attack on the standard of living.

Only by thorough-going planning of industry in the defense effort can the real labor needs be determined and met. This, in labor's view, can best be accomplished through the immediate institution of the industry council plan.

The greatest economic problem in the Nation's history will be faced when the post-war period of slump and unemployment sets in. Only by adequate planning of the defense effort now and by preparation for the peace-time future, can a national economic catastrophe be avoided. (Reading ends.)

The CHAIRMAN. Then you feel, Mr. Carey, that at the present time there is still considerable unemployment.

Mr. CAREY. Yes, sir.

The CHAIRMAN. The testimony presented here indicates that there are several million people registered with the various employment agencies, Federal and State, at this particular time.

Mr. CAREY. Yes, sir; and we find that their rolls are not complete.

The CHAIRMAN. You have a written statement to file with the committee, haven't you?

Mr. CAREY. Yes, sir.

The CHAIRMAN. That will be inserted in the record.

(The statement referred to above is as follows:)

STATEMENT BY PHILIP MURRAY, PRESIDENT, CONGRESS OF INDUSTRIAL ORGANIZATIONS

NO LABOR SHORTAGE

During the past 3 years there have been continuous loud outcries that there was a shortage of labor either at hand or immediately impending. All during this period the Congress of Industrial Organizations has continuously taken the position that in no case was a shortage of labor impending and that now

there is no foreseeable shortage in the labor supply which would in any way interfere with production.

At times during the past 3 years our voice has almost been a lone one. Now most of the experts on employment have come to agree with us. There are still a few who, either through ignorance of the real situation or for other purposes, continue to cry aloud about labor shortage.

Too often the cry of labor shortage is used to lay the blame upon labor for the lack of a more effective production job. The blame does not rest upon labor. Or it is used to advocate the establishment of some kind of compulsion in the labor market, compulsion unjustified either by the need or by sound public policy.

The fact is there is a serious and continuing problem of unemployment facing the country. The cry of labor shortage has been one of the excuses for a growing refusal to face that problem.

According to the Congress of Industrial Organizations' last estimate there were, in May, 7,184,000 unemployed. Additional employment during the coming year at best can provide only two and one-half million jobs. If the total Army is increased another million this will make a possible gross increase in employment of three and one-half million. This would be strongly offset by an unusual growth in the available labor force coming in particularly from farms, from women not heretofore actively seeking jobs, and from many self-employed.

If, for example, the same percentage of workers in the working age group were employed now as were employed in 1918 we would have an actual working population at least 15,000,000 larger than it is now. I submit that a very substantial portion of this 15,000,000 is available for work under proper conditions.

Furthermore, the productivity of individual workers is growing apace, so that employment is increasing much less rapidly than production. For example, industry production in the first 6 months of 1941 was 34 percent higher than industry production in 1929. Manufacturing employment, however, in 1941 was only 12 percent above 1929 and total employment barely 1 percent.

USE OF THE LABOR SUPPLY

Thus, we submit that there is no warrant whatever for fears about general labor shortage. The country does, however, face the necessity for making the fullest possible use of the great reserve labor force.

It is true, of course, that the United States Employment Service in particular has reported specific shortages of labor in a number of particular skilled occupations. I think, however, that such figures should be treated with great wariness.

In the first place they represent only a partial survey of the labor market since the coverage of the public employment offices is still incomplete. In the second place, they represent the general attitude on the part of employers that, if they need a skilled worker of a certain occupation, they can expect to get him immediately available in the labor market.

This last practice is exceedingly important in the evaluation of the situation in the labor market. It might be called "depression-minded hiring." The great majority of employers still think in terms of depression-hiring conditions. This means that they expect to be able to open the doors of their employment offices at any time and get any kind of qualified labor they expect. This kind of hiring practice has grown up, of course, during the past 10 years of enormous unemployment. It contains a large number of operating methods wholly unsuitable to a period of increasing or full employment. Many industries which still spend months or even years laying out their floor space, preparing equipment and buying supplies, still expect to get the most important part of their manufacturing process, that is the workers, simply by whistling at the factory gate. They still also cling to discriminations on the basis of age, color, birth place, and qualifications which strain out a large majority of available competent labor.

It is here submitted that the effective use of our labor supply can be made by American industry only if they adopt the attitude and practice of a full employment economy. Such an attitude involves the understanding that no longer can skilled and experienced workers be found available on the market at any time. Such workers must be trained within the plant through apprentice and upgrading systems. Most of the new labor must be employed at the bottom, unskilled and inexperienced. When new plant expansions are laid out, it must be expected to plan for the procurement and training of labor

well in advance. Employers must, that is, expect to plan and conserve the use of labor as the precious national resource it really is.

On the part of the Government, the effective use of the labor supply essentially involves sound planning of all measures to improve and facilitate the desirable mobility of labor. Mobility is here used in the broadest sense. Among other things this means:

1. An effective public-training program to supplement within-industry training.
2. A most efficient public-employment office system.
3. Careful allocation of plants and defense work in relation to available labor supply.
4. Provision and protection of working and living conditions for workers to improve desirable mobility.

Most important, however, in adjusting the labor supply is the enlistment of effective cooperation of organized labor. The labor movement has patriotically offered its fullest cooperation to the national-defense effort. As yet that offer of cooperation has not been met by enlisting labor in representative and responsible capacity in the defense effort.

NO LABOR PRIORITIES

For a long time now under the European dictatorships, labor coercion has been established in one form or another. That coercion has been set up in the name of effective utilization of the labor supply.

There are persons and agencies in this country who are playing with the idea of labor priorities or coercion of one kind or another. The Congress of Industrial Organizations is fundamentally opposed to such measures as both unnecessary and repugnant to the American way of doing things.

The public-employment office system and the social-security system have been used abroad for pushing labor around. I know that in certain public-employment office circles in the country, these devices have been discussed. We in the Congress of Industrial Organizations urge most emphatically that our social-security system and our public employment offices shun with continued determination any proposal to use these systems for coercive measures to be inflicted upon labor.

The enlistment of labor's patriotism by giving organized labor a responsible capacity in the defense effort would make unnecessary any other devices for seeing that the labor supply was efficiently utilized.

THE FULL USE OF LABOR SUPPLY

Among the steps that should be taken to guarantee full use of available labor supply are:

1. Integrated planning of defense production which would be the basis for accurate information about labor needs in the future. There is now no such information and can, therefore, be no training program really related to the needs. The establishment of industry councils as proposed by the Congress of Industrial Organizations could be the base for an effective job in this respect.
2. The location of plants should be made in such a way as to tap the reservoirs of labor supply.
3. Proper housing should be provided, particularly in places where additional labor supply is needed. So-called shortages could easily arise at defense plants if workers are not provided with decent housing conditions.

The present defense-housing program is only a miserably small bite at the real job which should be done in housing defense workers. In many places, therefore, what may be branded as labor shortages will really be housing shortages.

4. Wage rates in industries should be up to union standards. Workers can hardly be expected to move to lower wage rates.

The worst possible method of getting workers where they are needed is to shut down an industry such as the automobile industry and then expect nature to bring unemployed workers where they are supposed to be needed. This is the crudest and most inefficient method that possibly could be devised.

5. Seniority rights should be protected for workers who are asked to shift to defense jobs from their regular employment.

6. Collective bargaining should be vigorously extended to all industries. Already there is clear evidence that the existence of collective bargaining has greatly improved the orderly adjustment of wage rates, preventing unhealthy competitive bidding.

Furthermore, as has been pointed out by business publications, the best organized areas, such as Michigan, are ones in which the turn-over of labor has been

council shall be known as an industry council; for example, the steel industry council, etc.

Each council shall promulgate the aims and scope of the national-defense program in its respective industry from time to time in consultation with the National Defense Board (hereinafter outlined), and shall be charged with the responsibility of expediting the defense program, and assuring the adequate production of domestic, or nonmilitary, goods, subject to the review of the National Defense Board.

DUTIES OF COUNCILS

To these ends the duties of the councils shall be to—

1. Ascertain the domestic and armament requirements of each respective industry, coordinate the production facilities of each industry to meet these requirements speedily and accurately, and expand production facilities where they are inadequate to fulfill these requirements.

2. Reemploy unemployed workers in each respective industry and in the communities and regions in which the industry operates as quickly as the accelerated pace of the industry permits, fill the labor requirements of the industry from the available supply, and train workers for those occupations in which the council finds a shortage.

3. Achieve the greatest possible output as quickly as possible by bringing into full use all the production facilities in each respective industry. This covers the granting and reallocating of armament contracts, fulfilling in advance known domestic requirements so as to clear the way for the peak in armament production, and eliminating bottlenecks created by one concern having a disproportionate amount of armament contracts that it cannot complete within the necessary limit of time, and other bottlenecks caused either by contractual or technical factors.

4. Promote industrial peace through the perfection and extension of sound collective-bargaining relations between management and organized labor, and the adherence to all laws affecting the rights and welfare of labor, such as the social-security law, the Wages and Hours Act, the National Labor Relations Act, the Walsh-Healey Act, and others. In this field of endeavor the statement of labor policy of the National Defense Advisory Commission shall be a guiding principle.

Each industry council shall be adequately staffed, all necessary Government information shall be made available to it, and each member of an industry covered by a council shall make available to his respective council all information necessary for its work.

NATIONAL DEFENSE BOARD

The President of the United States shall establish a National Defense Board consisting of equal numbers of representatives for industry and organized labor of which the President shall be the chairman.

The Board shall assist the industry councils in the collection of pertinent data on the aims and scope of the defense program, and the granting and reallocating of armament contracts, facilitate the program's successful execution by acting as an appeals agency for the several industry councils, and coordinate the work of the councils by serving as a clearing house for inter-industry matters.

The authority and jurisdiction of the industry councils, subject to the review of the National Defense Board, to promulgate national policies relating to national defense and to execute same for their respective industries shall be subject to all outstanding Federal laws.

OBJECTIVES

The objectives of this plan of reorganization are:

1. To guarantee the production of armaments in needed quantities and on time, by achieving the highest possible productive efficiency of American industry, through the full and complete cooperation of industry, organized labor, and government.

2. To guarantee the production of domestic, or nonmilitary, goods in adequate quantities so as to further improve and extend the American standard of living through a more equitable distribution of the national income, thereby improving the morale of the American people, and preventing a chaotic breakdown of our domestic economy when the national-defense program is completed.

3. To preserve the basic democratic rights of the American people; namely, the freedom of speech, assembly, and worship, and the free right to organize into independent associations for lawful purposes, such as the right of labor to organize into unions of its own choosing for collective bargaining and other mutual protection.

AUTHORITY FOR PLAN

The President of the United States is already in possession of the legal powers, through the National Defense Act of 1916 and other legislation, necessary to create the administrative machinery for the defense program proposed in this memorandum, to provide it with the necessary operating funds, and to keep it in operation.

TESTIMONY OF JAMES CAREY—Resumed

The CHAIRMAN. Now, what is the part, if any, that the C. I. O. is playing in the training program?

Mr. CAREY. The C. I. O. is making a sound contribution in that program. Not only do they have within their ranks the people who understand the job that has to be done by the employed worker, but they also understand the job that has to be done with the unemployed—that is the job of training itself. They are mechanics themselves, the producers, and they are the logical ones to assist in carrying forward this training program.

They can secure through their own organizations the rolls of unemployed. They know how many mechanics are members of their unions, and how many are now unemployed or only partially employed. They also have the figures in respect to the number of people who are now working below their skills—people who can do jobs that require greater skill than the jobs they are now performing.

With that knowledge and with the knowledge of the organization itself, the C. I. O. can make a far better contribution than they are making now, provided, of course, labor is given proper recognition and real participation.

BAD HOUSING OFTEN AT BOTTOM OF LABOR SHORTAGE

The CHAIRMAN. What does your organization feel about the housing phase of the national-defense program? Do you think housing is adequate?

Mr. CAREY. We think it is far below what is required at the present time. We know that is one reason that we find in certain sections a so-called shortage of labor—really a result of inadequate housing. People just can't live in those areas. The plants are built without a proper realization of the need for housing.

The CHAIRMAN. In other words, our industries pitch in and make guns and bullets, but don't think about how the workers are living, is that the idea?

Mr. CAREY. Yes. They will think in terms of the requirements of a plant; they will consider for months the problem of getting the necessary materials, and so forth; and they will also study for a long period of time the facilities that are necessary, and then after the building is completed they will open the gates and say: "We need 1,000 employees." They will put an advertisement in the paper. And then they will cry at the shortage of labor, when they find there are not a thousand of the type of employees with the required skills applying that day.

There is no real planning and coordination of the needs of industry with the supply of labor in the community.

SIX HUNDRED MILLION DOLLARS NOT ENOUGH FOR HOUSING AND COMMUNITY FACILITIES

The CHAIRMAN. I think you know, Mr. Carey, that the Congress appropriated \$300,000,000 for housing and community facilities, and the President has recommended \$300,000,000 more. Do you think that is adequate?

Mr. CAREY. No, sir; not for the present need.

The CHAIRMAN. Dr. Parran, the Surgeon General of the United States, testified this morning that he thought we shall need \$1,500,000,000 before we get through.

Mr. CAREY. We need it for several reasons. It would be a contribution toward meeting the present unemployment problem and putting the people to work as well as the need for housing.

The CHAIRMAN. Have you any other recommendations in regard to housing?

Mr. CAREY. We have in the brief. There is a section devoted to that.

HOUSING FOR LARGE FAMILIES NEGLECTED

The CHAIRMAN. I was convinced in going about the country, starting at San Diego and then visiting Connecticut and New Jersey and Maryland, that the provisions for adequate housing for men with families of five or six children are totally inadequate.

We had one witness who testified that he and his wife and six children were living in a one-room apartment—a total of eight in the family—and he paid \$18 a week for his room. Despite that, the houses that are being built there now contain only two or three or four rooms, and are built for families of only three or four members. In olden times a large family brought prestige, but apparently now it is a handicap. Do you find that to be true?

Mr. CAREY. I might put it this way. We appear, on the surface, to be engaged in a 50-yard dash. This is just a temporary boom, and unless it is given a better base in real production, it will be just that, and we will face a chaotic condition later. But actually below the surface, this question that we face is something of a 5-mile run. It is not as temporary as most people think.

We have to provide housing suitable for the people over a long period of time, and I think we should do some planning to provide that, and avoid thinking that this is just temporary.

CONGRESS OF INDUSTRIAL ORGANIZATIONS PROGRAM FOR BETTER HOUSING

The CHAIRMAN. What, specifically, has the C. I. O. done to work for a more adequate defense housing program?

Mr. CAREY. The C. I. O. has given that matter thorough consideration. We have a committee on housing. We have drawn up certain minimum requirements for proper housing facilities for the average American family, and our recommendations are available.

The CHAIRMAN. What about rent increases? Have you made an investigation of the trend?

Mr. CAREY. We hear reports from our organizations from time to time. We know that increases in rents are just another—well, a form of a wage cut; they reduce the standard of living, particularly in the industrial centers. Our reports indicate there that the increase in rents is widespread at the present time.

The CHAIRMAN. We are very much concerned, Mr. Carey, with the removal of people from State to State. We are interested in how they are getting along, in their housing and in their health. Those matters are directly within the scope of this committee. We are also much concerned about what is going to happen afterward, don't you see, because the consequences of migration in times of industrial slump are far more serious than what we are witnessing today. We are spending money now, and we do not know what our condition will be at the end of this. Then what is going to become of these people? Have you any thoughts on what could be done now, regarding savings, compulsory or otherwise, to take up that shock after the war is over?

OPPOSED TO COMPULSORY SAVINGS PLAN

Mr. CAREY. We don't think the way to approach that is to adopt a compulsory savings plan, because that would result in freezing the high unemployment rolls.

We believe that we should expand civilian-goods industries, and continue to produce and produce in larger quantities. If saving is possible, and people have the money, they will voluntarily engage in a program of savings: but a forced-saving program at this time would tend to intensify our after-the-emergency problem.

We don't agree that that would be a solution of the present problem at all.

PRIORITIES AS BRAKE ON EMPLOYMENT

The CHAIRMAN. What do you think about the curtailment of employment on account of priorities?

Mr. CAREY. That is one of the most serious problems that we face today. It is going to have a great bearing on the question whether we are able to meet the problem that will confront us after the emergency period is over. We think the very establishment of a priority is an admission that a mistake has been made. We think resorting to a program of priorities is in itself a very serious mistake. We think there are no real substitutes in our economy for steel or aluminum. The lack of planning in the whole defense program is resulting in what we term priorities unemployment. People are being laid off and people are being told that we should engage in a program of training labor when we are working short time on account of a lack of materials. All these things are just creating a situation that is going to break down; and the break, in our opinion, will come in the very near future.

The CHAIRMAN. Steel is the principle material in manufacture of an automobile; but at the same time steel is needed for ships and guns and airplanes. What are we going to do about that situation?

MUST INCREASE OUTPUT OF NEEDED MATERIALS

Mr. CAREY. We are going to increase our capacity to produce steel, if we approach it in the proper way, because if we have a cut in the

automobile industry, it will result in considerable unemployment. It will result in a saving of steel, perhaps; but then you go into the question of how are you going to ration automobiles; and the C. I. O. is anxiously waiting to be informed how you are going to ration two-thirds of an automobile as a result of the cut. Is the automobile that is for sale going to the highest bidder or to the person with the best contacts? In what manner will that be done? As you reduce the number of units made, you are going to increase the cost of producing those units. You are going to create a condition of rising prices. Dealers wouldn't be able to pass through their offices sufficient cars to keep the dealers themselves operating, and there will be unemployment there as well as in the plants.

We are told a cut in automobile production will result in saving managerial ability and skilled labor—make it available for defense production—so as to release facilities for defense production and all of that.

In our opinion, that will not be the result. The facilities that are not used in the manufacture of automobiles will just remain idle. It will not result in any effective saving of labor, because it would be much easier to convert labor engaged in the production of peacetime goods, like automobiles, into the manufacture of defense goods without destroying the production unit.

CONVERT PRODUCTION CAPACITY—DON'T DESTROY IT

It will merely throw the people out of jobs, and they will have to wait until nature takes its course. They will go through the difficult process of finding a job at some later date in some defense work. Instead of changing over from a production unit of civilian goods—automobiles, for instance—to the production of some necessary defense material, say, aviation—it would be much easier to convert these production units, rather than destroy them as they are doing now with these cuts in production.

The CHAIRMAN. As I understand you, Mr. Carey, you, as a representative of the C. I. O., are not worried about a shortage of labor at all; you are worried about the increase of unemployment at this particular time?

Mr. CAREY. Yes, sir; and the great losses that will result from a lack of planning.

The CHAIRMAN. You can see that coming, on account of priorities, and because boys are becoming of age and going into industry, and you can see women coming in, so you feel there won't be any scarcity of labor?

TECHNOLOGICAL DISPLACEMENT OF MANPOWER

Mr. CAREY. And also there is the important factor of increased productivity.

The CHAIRMAN. By that you mean mechanization and technological changes, new methods and so forth.

Mr. CAREY. That is a very important factor.

The CHAIRMAN. Have you any idea about effects of the reduction of output in the automobile industry on such other industries as rubber, glass, parts, and auto bodies?

Mr. CAREY. Yes; When you talk about the automobile industry you cut across practically all of American industry. Take glass, for

instance. A very high percentage of the output of glass goes into automobiles, and the same thing is true of rubber and a great many other products. This means that some industries will be completely wiped out.

SAYS UNIONS LACK VOICE IN SETTING PRODUCTION POLICY

The CHAIRMAN. Has the C. I. O. felt that union representation in decisions on production policy has been adequate

Mr. CAREY. No, sir; We thought we had a start in having a Knudsen-Hillman set-up as a cooperative framework for this production effort of management and labor equally represented, but we find that it stopped there; it did not go down to the operating end, down where it is very necessary right within industry itself.

You should have management and labor getting together and sharing the responsibility for solving these problems. In that way they would be solved by the people who actually have to do the job, taking industry as a production unit rather than taking companies as individual groups.

THE CONGRESS OF INDUSTRIAL ORGANIZATIONS' DEFENSE PLAN

The CHAIRMAN. Will you describe in some detail the Murray Industrial Council plan and tell us whether in your estimation the O. P. M. has given the council plan thorough consideration?

Mr. CAREY. The Murray plan takes the best practices of a modern corporation and puts them in operation. Instead of taking the plant as an individual production unit, we take the industry itself—we treat, for example, the steel industry or the automotive industry as a production unit. Then we establish in that production unit those practices that will result in maximum production.

The Murray plan would bring into our industrial set-up labor and management on equal terms, having a Government chairman; they would be given the problems and requirements of the defense and civilian needs of that industry which they could carry out in a democratic way.

We would have an over-all planning board, which is absolutely essential at the present time. The lack of such a board is one reason we have the problems of priorities and so forth. There hasn't been sufficient and proper planning which is necessary in order to do the job that has to be done today. With this over-all planning board, we would be able to secure the needs of the Army, the Navy, and the Maritime Commission, as well as civilian demands.

The planning board would allocate to the industry councils the requirements of the Government in that particular industry and then labor and management with a Government chairman in that industry would do the job.

They would carry the load. They would have a voice in the allocation of Government orders; they would have a voice in prices; they would have a voice in the actual responsibility of carrying out production schedules.

In other words, the job would be done right where it should be done and can only be done—right in the industry itself.

That, in brief, is the Murray plan of industry councils that was submitted to the O. P. M. some time ago. It has not been given serious

consideration as yet, but there is a growing feeling that this is the only way this job is going to be done.

There is considerably more interest in such a plan today than ever before. We find that a great number of employers are considering it now and we feel that with their recognition of the needs of putting a plan of this type into effect the Government will eventually do something about it.

The CHAIRMAN. In regard to plant expansion, we understand that the C. I. O. some time ago proposed expansion of aluminum capacity. That expansion is now taking place. To what extent do you attribute the delay in getting the expansion program started and is it following along the lines recommended by the C. I. O.?

Mr. CAREY. We attribute delays very definitely, and correctly, to the monopoly set-up in that industry. We find that the practice is still carried out of ascertaining their capacity and then saying that the capacity needed just happens to be the capacity that they have on hand. The capacity to produce aluminum is still not enough to meet the civilian and defense needs. In fact, there is not enough capacity in aluminum to meet defense needs alone even if no aluminum went into civilian needs, and that also increases the present problem. Take, as an example, the manufacture of fractional horsepower motors, where a small amount of aluminum is used in the process. It was necessary to substitute for the aluminum a copper process. That required new tooling, bringing out old obsolete machines and tooling them up in order to use this copper process. It required a training of new people. The net result is an inferior product requiring a lot of copper to replace a small amount of aluminum. All the tool work that had to go into the new machinery burdened the already overburdened tool industry. As a result a substitute for copper will have to be found because copper is a critical material. All this leads us to believe that if this job is going to be done properly some planning must be done.

The CHAIRMAN. Do you believe the O. P. M. has moved sufficiently rapidly in expanding plant facilities in other industries such as steel?

Mr. CAREY. No, sir. There is an inadequate supply of steel and there will continue to be, and the needs will be greater, of course. This is partly due to the fact that our requirements have increased. We shoot too low. We think that if we expand it will intensify our problems later, so with this in the back of our minds we underestimate our requirements of steel.

FEAR OF THE FUTURE

All employers have in mind that if they expand their present set-ups it will jeopardize their price controls in the future after the defense problem is over. That, I would say, is the biggest obstacle in the way of the defense effort; namely, fear of the future: If we expand we will intensify our problems later.

Actually, if they don't plan an expansion program the result will be a construction drunk. That is, they will just go ahead and expand to meet the needs as they come along, instead of working the problem out in a proper way. We must make certain that we are utilizing all our present capacity. We must then determine our

further needs and find what expansion is necessary, then plan that expansion according to those needs.

DISCRIMINATION AGAINST NEGROES IN THE DEFENSE PROGRAM

The CHAIRMAN. Mr. Carey, does the C. I. O. organization find discrimination—that is, racial, religious, and so forth—against the workers in the defense program?

Mr. CAREY. We find there have been a great number of practices in industry that have prevented full use of our resources in manpower.

There is, of course, the race question. Negroes haven't been given sufficient opportunity to perform at jobs other than janitor work. There we have an almost untouched area that we can move into and see that Negroes are given opportunity for training. We can't list all the cases where Negroes were discriminated against but it is true that many such cases exist.

We would not be painting a proper picture if we said:

"Well, there have only been a thousand or so cases where Negroes were denied machinists' jobs."

When we look into this we see how many times Negroes are discriminated against by being denied an opportunity to train for these skilled jobs. It will take a long time to break down the barriers that have been created. Employers often use as an excuse the fact that workers won't work with Negroes. When we get into the plants in industry we find this to have no basis in fact. Our members express no recognition of race or religious lines and work in complete harmony in industry today. I think employers are just using this as an excuse for not hiring Negroes—saying that they would hire Negroes if their workers would work with them.

This is something that has to be worked out through collective bargaining, and it is being worked out, but certainly not rapidly enough.

The CHAIRMAN. I understand that the C. I. O. in its constitution and otherwise, does not advocate discrimination of this kind?

C. I. O. DOES NOT BAR NEGROES FROM UNION MEMBERSHIP

Mr. CAREY. No, sir; and there is no reason why we should; in fact, it would injure our own program.

If we set up barriers against Negroes—wouldn't take them into our unions, they would be a labor supply that would be willing to work for lower wages than other people. We find there is no reason to set up race barriers. In fact we are extremely anxious to break these barriers down.

There have been practices in unions, however, where Negroes were kept out and there are practices in existence today where union constitutions contain discrimination clauses, but there are no cases of race discrimination in the C. I. O.—not one case like that.

The CHAIRMAN. In other words, not only on the grounds of humanity but of self-defense, it is a good program to follow?

Mr. CAREY. And also from a patriotic standpoint. Negroes can make a contribution to the Nation and every additional pair of hands

working at a higher skill is a contribution to our Nation and everyone benefits as a result.

The CHAIRMAN. Congressman Arnold?

Mr. ARNOLD. No questions.

The CHAIRMAN. Dr. Lamb?

LABOR'S REPRESENTATION ON NATIONAL DEFENSE ORGANIZATIONS

Dr. LAMB. Mr. Carey, you complain, I think, in your statement, on the lack of representation of unions on some of the national defense organizations. For example, priority committees and the like. Hasn't there been a recent organization in Mr. Hillman's division set up specifically to benefit labor and the labor movement?

Mr. CAREY. Yes; we are having a reorganization day which will be some indication that we have not obtained perfection over the period of a year. The change that is taking place is to establish additional advisory committees, but we have some question as to whether or not advisory committees will satisfy the present needs—whether labor can make a contribution through an advisory committee, especially when one has difficulty finding people who are willing to take the advice.

These advisory committees that are now set up in industry are not in any sense actual and equal participation of labor.

Where labor desires participation is where the policies are formulated and carried out, and that is not done in the advisory committees that are set up under the new programs established by Sidney Hillman. The most that one could say is that they are a step in the right direction.

Dr. LAMB. You think that is a step in the right direction?

Mr. CAREY. A very small step in the right direction, I would say.

Dr. LAMB. You speak as if there was opposition to union representation in the defense effort. Who is responsible for the opposition that you say exists?

Mr. CAREY. I suppose naturally there would be a lot of opposition in industry—that is, management, which has had the feeling that it is their divine right to operate the production forces of the Nation. They desire to continue exercising this right.

To question this authority you find the same opposition that you have in attempting to gain recognition of a union to deal with management in collective bargaining.

Dr. LAMB. You are making a rather general and sweeping statement as to what you imagine it is. Have you any specific examples to bear out your statement?

Mr. CAREY. Yes; I will refer to the aluminum situation that this Nation faces today as a result of labor's being denied a voice in determining whether the capacity would be sufficient to meet the requirements.

Representatives of corporations come to Washington and negotiate contracts with their own associates of the same corporation. The figures taken to determine the capacity requirements in aluminum are given by people who formerly were or are at present officials of the Aluminum Corporation of America, and naturally represent the corporation's point of view.

We find that the dollar question was involved to a greater extent than the question of proper national defense.

There is no question at all that labor is not properly represented in the present defense set-up. All the operating divisions, including priority committees are dominated completely by representatives of management.

Dr. LAMB. You also made some rather sweeping criticisms with respect to the failure to expand. Do you know of any published statements by manufacturers or groups of manufacturers opposing expansion?

Mr. CAREY. Well, of course, it wouldn't be necessary for them to oppose expansion in a public statement, but it was done and you have the statement of the Gano Dunn report—the original report and the revised report. It stated that we had sufficient steel to meet our requirements and then a couple of weeks later we found that we didn't. We also have the report made by Ed Stettinius which stated that we had sufficient aluminum, but two weeks following that statement he declared that we would have to put in operation a voluntary priorities system; two weeks later a mandatory priorities was put into effect.

SAYS INDUSTRY PROTECTS MONOPOLY

We have any number of statements. The last statement I can recall is the statement of Mr. Fuller. Mr. Fuller said we had adequate steel. I think in a couple of months' time we will discover that we had an actual shortage. I believe he said the same thing with respect to aluminum. But the whole position of industry is to protect monopoly. There is a fear that any expansion may jeopardize that; therefore they don't expand.

PRIORITIES IN THE FIELD OF CONSTRUCTION

Dr. LAMB. The C. I. O. has recently gone into the field of organizing construction workers. What is the situation with respect to priorities in this field? Have you any information on that subject? Have priorities been invoked in the field of construction?

Mr. CAREY. Of course, if a priority is invoked in steel or in metals that are used in building construction, the housing program will be seriously affected. The whole living standards of the citizens of the country will be affected.

A priority in any one of those fields will tend to affect refrigerators, the type of refrigerators you can buy—the materials that are in them. The same thing is true of radios, automobiles and everything else. Everything connected with the building of a house, particularly a large apartment house will be affected also by steel priorities.

Dr. LAMB. But you have no knowledge of the direct invocation of priorities in the field of building?

Mr. CAREY. No; I am not particularly familiar with that.

Dr. LAMB. Getting back to the question of the reorganization of Mr. Hillman's division; how do you secure representation on those committees? Are your members given the right to nominate members on those committees?

Mr. CAREY. In the present set-up of the new advisory committees we are called upon to nominate people qualified to represent labor, and then they are appointed by the O. P. M.

Dr. LAMB. But you do nominate them?

Mr. CAREY. Yes, sir.

Dr. LAMB. Your own representatives?

Mr. CAREY. Yes, sir.

Dr. LAMB. You are satisfied, then, with the right to nominate those people, are you not?

LABOR WANTS VOICE IN POLICY FORMULATION

Mr. CAREY. Yes, sir; but we are not satisfied with their position being solely advisory. We think they should be in the operating end and formulating the policies. Because labor's representation is solely on an advisory basis, it merely represents policies of the O. P. M. in the ranks of labor, instead of taking the views of labor and representing those views in carrying out the program of the defense effort.

We have a good example of how labor is represented in the case of the steel priorities committee. You have a chairman of the priorities committee. The representative of labor is someone from the Department of Labor. He is the labor consultant on that committee. There is a consumer consultant who is the president of the Continental Can Co., not a representative of the ultimate consumer at all. So you have one consultant from labor or representing labor, a consumer consultant and all the others.

According to the organizational plan, the chairman of the committee listens to the views of the consultants but he is not bound in any way by their decisions. Nor are there any votes taken. This type of representation is inadequate and unsatisfactory.

DEFENSE TRAINING

Dr. LAMB. You understand that this committee is interested in such matters as the operation of the Office of Production Management, running only insofar as it is concerned with the interest of workers moving from State to State in search of jobs or insofar as it runs in terms of substitute labor supplies which will prevent such migration.

That is the reason the committee investigates and questions with respect to these matters, and particularly interests itself in total community problems or in problems of training.

In the training sphere you are very critical of the present procedure because you feel that the workers are not given an adequate opportunity, according to what you said.

The principal training within industry is carried out by workers, under supervision, to be sure, but nevertheless by workers. It seems to me that the workers have adequate representation there.

Mr. CAREY. Most of the representatives of the O. P. M. in the present in-plant training and in-industry training are representatives of industry.

Dr. LAMB. I wasn't referring to the national organization within industry training, I was referring specifically to the operations where

the training takes place. Those are workers engaged in training workers, aren't they?

Mr. CAREY. Yes, sir; and that is where the training should be placed. That is where it has to be done.

Our chief criticism of the present set-up is that there is tremendous waste as a result of priorities, as a result of a lack of coordination of a number of governmental agencies engaged in the training program.

The governmental agencies are working more in cooperation today than ever before. That is just of recent date, however. Our criticism of the training program is in part a criticism of the whole thing—of the lack of proper planning, a lack in coordinating the requirements in skills and manpower with the training program.

The problem is to supply people with the proper skills at the proper time. There is very little coordination between the job and the people required and the jobs that we have available.

HOUSING

Dr. LAMB. One last question. The committee, in its field hearings, has heard from representatives of labor organizations with respect to their activities locally, on housing—committees of one sort or another that have been set up in an attempt to secure adequate local housing. Has the national organization accumulated the record of the efforts of those groups in a form which might be transmitted to this committee?

Mr. CAREY. Yes; we can have that transmitted this afternoon. They will send over a copy of the housing plan.

Dr. LAMB. We will be glad to have it. Your earlier testimony was quite inadequate and vague with respect to that.

Mr. CAREY. That is because we have treated that in a brief.

(The material referred to above is as follows:)

MEMORANDUM ON DEFENSE HOUSING SUBMITTED TO THE OFFICE OF PRODUCTION MANAGEMENT BY THE CONGRESS OF INDUSTRIAL ORGANIZATIONS HOUSING COMMITTEE, JANUARY 23, 1941

Enough has been said already concerning the importance of adequate housing for workers as a factor in the current defense program to make unnecessary any restatement or reemphasis of this subject.

Congressional recognition that housing deserves prominent consideration along with plant expansion in the gearing of the industrial machinery of the Nation to the defense program, is indicated in the passage of legislation some months ago appropriating funds to provide for nearly \$300,000,000 worth of housing. As in other phases of the defense program, the problem now is not one of authorization or appropriation, but one of production.

Under the terms of the legislation and the program which has been formulated in accordance with it, the two principal Federal agencies undertaking direct construction are the Navy Department and the Public Buildings Administration of the Federal Works Agency. As between these two, about four-fifths of the direct construction has been assigned to the Public Buildings Administration.

The record of this agency to date deserves serious consideration. The Lanham bill, which appropriated \$150,000,000 to build an estimated 50,000 houses, was submitted to Congress in August of last year and was passed before the middle of October. It was indicated with its submission that Public Buildings Administration would be the operating agency under it. As of December 31, 1940, it is

officially reported that Public Buildings Administration has under contract only 6,800 dwelling units involving 21 separate projects, of which 1 project in San Diego alone comprises nearly half of this total. Thus, in 4 months after the introduction of this legislation, and two and a half months after its final passage, contracts have actually been let for less than one-seventh of the total number of dwelling units to be constructed under but one of the two authorizations to Public Buildings Administration.

It should, furthermore, be noted that there is a substantial time lapse between contract award and completion date. On the contracts let thus far, completion times are specified but not guaranteed for from 125 to 300 days from the date of award. This means May 1 to October 1, 1941, before even this small portion of the total job is ready for use in the national-defense effort.

BAD HOUSING A RETARDING INFLUENCE ON THE DEFENSE PROGRAM

While housing may not yet be a real retarding influence in the defense program, from the record there is clear indication that it is potentially one, and will become such as soon as plants now under construction are ready to go into production. Now, however, is the time to do something about the situation, not later when the retarding influence appears. Strange as it may seem, housing is a more extended task from the point of view of time than the construction of the plants which it is intended to serve. It should, therefore, have been started in advance of plant extension. It is now obviously lagging far behind plant extension.

Housing from a production standpoint is a peculiar and specialized part of the construction industry. While it may be indicated that Public Buildings Administration, for all of its record in heavy construction, is almost wholly inexperienced in the production of small single-family houses, a similar charge of inexperience in actual building could be made against almost every other governmental agency. This fact merely aggravates the gravity of the situation.

It can be stated that conditions have been harmed rather than helped by placing a tremendously big job in the hands of one agency. Leaving aside for the moment the nearly \$50,000,000 worth of housing which Public Buildings Administration has been assigned to do for the Army, that agency has a task of 50,000 houses in approximately 300 separate projects. Each project involves hundreds of individual decisions concerning site, plans, labor problems, material sources, etc. To place under contract 1 project per day, a rate not yet attained, would mean that the last houses would not be started until late 1941 and could not be expected to be ready for occupancy until 1942. This does not mean that all of the housing needed for national defense will be ready by 1942. It means that only the first 50,000 of the 700,000 units which the Housing Coordinator estimates may be needed for a full defense effort can be expected by 1942. Statements by defense-housing officials give a false impression of progress by claiming credit for all normal building, as well as the limited defense program.

COORDINATION

Coordination does not mean loading one agency beyond its physical capacity to produce. To get the presently authorized housing planned and under contract in a reasonable time calls for a division of the effort along some logical lines, so that decisions can be made. There are other agencies as well equipped and other personnel equally or better equipped to handle housing, to whom portions of the task could be assigned. The legislation involved makes this clearly possible.

But the problem goes beyond that of merely getting the job under contract. Actual production will not necessarily follow smoothly and automatically. The construction industry is for the most part local in its characteristics, and as such has definite limitations to its local capacity and to its local powers of expansion. In the problems of Army encampment construction already encountered, this fact has been apparent to those who understand the construction industry.

The difficulties which were faced in this Army encampment work will be multiplied many times when the construction of defense housing is undertaken. The problem, to begin with, is not as simple as in the case of the Army encampments. It is the assumption of all concerned that private construction is expected to shoulder a fair share of the defense housing load. These private operations must continue. It is not necessary to cite an illustration of what may occur. A

specific case may be cited where it will occur. In San Diego, Calif., it is reported that Public Buildings Administration has recently let a contract for 3,000 dwelling units for aircraft workers. The time specified for completion is 300 days. Records indicate a local private building program going at the rate of 2,400 houses per year, and these were undoubtedly assumed as potential for the coming year in determining the number of units to be built by direct Government effort. The construction workers will come from the San Diego area. Their importation from other sources is an almost impossible task. While there is a national supply of building trades workers adequate to meet the demand of even the extensive construction program now under way, it does not follow, from a practical standpoint, that at a particular spot, any given program can be met. Such being the case, it may be assumed that adequate local labor will not be available for both the 2,400 units expected from private sources and the 3,000 expected from the Government. Housing needed for defense must fall short in either one category or the other.

Another illustration is supplied by the problem in Charleston, S. C., where rapid expansion of shipyards is under way. There, 1,600 dwelling units have been allocated for direct Federal construction. Yet statistics indicate an annual rate of residential construction for the past 15 years of not to exceed 300 houses per year. A 500-percent expansion of the local construction industry is possible but not probable. It becomes less probable in the face of additional construction work at the navy yard itself.

PREFABRICATION URGED

Thus, by doing defense housing entirely under conventional patterns, the local building industry and labor supply are entirely absorbed on these projects while normal building operations are suspended. On the other hand, if the shell of the house and its parts are prefabricated in factories away from the site of erection, it spreads the work and lessens the disruption of building now in progress or planned.

These are but a few of the problems involved in the defense housing program. The implications of potential failures sufficient to seriously handicap the general defense effort are extremely serious. If any of these problems are receiving serious consideration by the agency charged with the task of producing defense housing, it has not thus far been indicated. With a job big enough to call for the best effort of all groups concerned, defense housing seems to be thus far regarded more as a plum to be handed out to a select group of contractors with the understanding that it be used for the profit of a select group of craft labor organizations.

As thus far administered the defense construction program has operated to entrench vested interests of industry and labor with little or no regard for maximum efficiency or fair play for the workers. This program would seem to offer an opportunity for mass production methods in construction that would serve to bring this industry abreast of twentieth century industrial methods. Yet so far it has operated only to promote conventional building technics and narrow craft procedures that have long been held responsible for excessive costs, time-consuming delays, and exploitation of both the public and labor.

A maximum constructive purpose cannot be served, however, by a purely critical approach. It has already been indicated that the bottleneck in making decisions must be broken in order to get needed defense housing under contract within the immediate future. A logically severable portion of the task must be assigned to another agency capable of independent decisions.

A second great bottleneck, that of production after decisions are made, calls for ingenuity in many cases which must go beyond orthodox procedures.

Under date of October 14, 1940, the Congress of Industrial Organizations addressed a letter to the National Defense Advisory Commission urging that due consideration be given to the possibilities of prefabrication in meeting defense housing needs.

Since that time, it has come within our province to make a considerable study of the potentialities of the so-called prefabricated-houses industry. For the most part, they are pioneers in a new field. Their current efforts, however, are not the efforts of the moment, but represent more than a score of years of research and study. Their record on production may not appear to be tremendously extensive, but the handicaps to date have been in the field of marketing, rather than in any technical field. Any honest appraisal of the industry will show conclu-

sively that from a technical standpoint they are today out of the experimental stage.

We feel that this industry has something of great value to offer to the national-defense program. We make no claims that all defense housing could be cheaper, better, and more quickly produced by prefabrication. The industry is not big enough to do the whole job. We are sure, however, that in a number of situations the industry has a more perfect answer to the problem than anything else available.

HOUSING IN SPECIAL AREAS

We would point to those areas where the isolated nature of the defense work being done makes it inconceivable that the housing needed for defense workers could for a long time in the future be absorbed in a normal market. To proceed in these areas by conventional methods must mean at some later time a long period of real-estate inactivity. The cost of housing is thus increased by the real-estate financial losses which must inevitably follow, plus the unemployment and stagnation of the building industry. To areas such as these, prefabrication can offer housing which may be used for the duration of the defense emergency, and which may later be easily removed to other areas where housing is vitally needed. Reference is made to the rural housing needs of the South; to the needs of the Bureau of Indian Affairs; and to the needs of many other governmental agencies where good, low-cost housing is a real part of worth-while social programs.

Prefabrication, likewise, can make a distinct contribution in those areas where current private building is going at full capacity and where to try to add to the housing supply by conventional means can only mean a shift of the available labor from privately sponsored projects to public sponsored projects with little, if any, net increase in the number of housing units to be made available. Here prefabrication would make it possible to get a substantial portion of the work done elsewhere in areas where defense work is not going on, thus adding to the housing of the defense area with a minimum disturbance of the local building industry.

Thirdly, the prefabricated-house industry can make a distinct contribution in those areas where building by conventional means involves the expensive importation of labor not locally available. Most dramatic of these cases are the numerous island bases. In these areas prefabrication not only offers the fastest and cheapest answer, but fabrication in continental United States will preserve much of the labor for American workmen.

The logic of its use to meet a portion of the defense housing needs parallels the current problem of airplane production. In that case not only was the organized aircraft industry expanded to capacity, but resort is being had to the automobile industry to augment production. The construction industry is now operating close to efficient capacity in building plants as well as needed housing. Prefabrication can augment this production without subtracting from what is being done.

These situations where prefabrication offers the most logical solution to a defense housing problem have been already indicated in the need analysis work of the Defense Housing Coordinator. These cases can present a clearly severable portion of the defense housing program, which can and should be taken from Public Buildings Administration to lighten their presently almost impossible task. The character of the problems involved is so distinct that there can be no charge of another and duplicating agency. Perfect coordination in this case is served best not by overconcentration, but by the decentralization which this change would involve. Prefabrication is not a field in which Public Buildings Administration can boast of a particular knowledge. Just as a matter of fact, there are no existing agencies in the Federal Government who can show an extensive experience in the large-scale construction of small single-family dwellings, likewise, there are no agencies with an extensive experience in the prefabrication field. In several, however, there have been successful experiments on a small scale and the personnel knowledge and imagination is certainly in existence to do the job.

An idea such as has been here presented may be called visionary or impractical. Such charges often come too easily from a decadent civilization. If we are going to continue progress, it must be with bold minds. The ingenuity of this country has always been its outstanding characteristic.

PREFABRICATION NOT A CHANGE IN METHOD, MERELY A STEP IN DEVELOPMENT

In a wider sense, the proposal here made may be revealed by comparison to be most conservative and practical. Prefabrication as the term is commonly understood and here used, is not a complete change in method but a mere step in a line of development. The first step in that line came when the first piece of lumber was sawed to a standard size at a sawmill instead of being hewn to shape at the construction site, or when the first bricks were made. Today, prefabrication of all equipment, of kitchen cabinets, windows, and doors, is an accepted procedure. The additional step here under discussion relates only to an addition refinement in the construction of the shell.

Furthermore, these are extraordinary times calling for extraordinary measures. The "prefabrication" of cargo-carrying vessels would not have been considered a dozen months ago. Today it is a specific proposal and program.

As far as doing something which hasn't been done before, that is now more often the usual than the unusual thing. Typewriter manufacturers make machine-gun parts without past experience; tugboat builders contract to produce destroyers, and tanks go into production in automobile plants. Each of these is a far greater deviation from normal fields than for segments of the construction industry to carry the processing of building materials one step further, or for larger building units to be assembled away from, rather than actually on the final site.

In fact, it may be insisted that it is no more experimental or impractical to attempt to handle a portion of the defense housing need by processes of prefabrication, than it is to put into large-scale production at the site either a contractor who has previously operated only on a few houses at a time where trial and error and cut and fit were adequate, or a contractor who has done large buildings but has never attempted a multitude of small houses involving radically different construction procedures from those involved in limestone and steel skyscrapers.

ADHERENCE TO ORTHODOX METHODS RESULTS IN BOTTLENECKS

Labor recognizes that the methods by which things are done measure importantly the amount of accomplishment. The program here urged may not bulk large in terms of the dollar costs of the entire defense effort. Housing itself is but a small part of the tremendous industrial expansion upon which the country is embarking. That portion of defense housing which will most satisfactorily yield to the changed procedure here urged is again limited. However, in these cases where it is needed, it is of controlling importance. A review of defense housing needs, area by area, will show that in almost every case where adherence to orthodox methods must inevitably result in bottlenecks in housing, lack of housing will, likewise, result in immediate bottlenecks in defense production. The suggestions here made have an importance, therefore, which transcends the dollar value of the field which is involved. We may not be talking about a majority of the housing needed for defense, but we are talking about the most important housing needed for defense.

The proposals herein advanced will make possible the prosecution of this program of defense housing with a minimum of disturbance to the normal homebuilding of the Nation which should not and need not be sacrificed under cover of the emergency.

TESTIMONY OF JAMES CAREY—Resumed

Mr. CAREY. We will send over a copy of the housing plan with some additional information secured from the committees coming to Washington to appeal for better housing.

Dr. LAMB. To appeal to whom?

Mr. CAREY. Through the Housing Authorities here in Washington with Mr. Palmer's office.

Dr. LAMB. You have had such meetings with them?

Mr. CAREY. Yes, sir.

Dr. LAMB. And you got satisfaction from them?

Mr. CAREY. We received some clarification on what has to be done in order to secure proper housing in Toledo and other similar places.

Those committees will come here and meet with the authorities to see whether or not something can be worked out to meet the individual problem locally.

We are very hopeful that something can be done. We think that it is long overdue.

Dr. LAMB. That is all, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Carey. We appreciate your coming here.

The committee will stand adjourned until 10 o'clock tomorrow morning.

(Whereupon, at 3:45 o'clock p. m., the committee adjourned until 10 o'clock a. m. Saturday, July 19, 1941.)

NATIONAL DEFENSE MIGRATION

SATURDAY, JULY 19, 1941

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE INVESTIGATING
NATIONAL DEFENSE MIGRATION,
Washington, D. C.

The committee met at 10 a. m., July 19, 1941, in room 1015 of the New House Office Building, Washington, D. C., Hon. John H. Tolan (chairman) presiding.

Present were: Representatives John H. Tolan, of California (chairman), and Laurence F. Arnold, of Illinois.

Also present were: Robert K. Lamb, staff director; Mary Dublin, coordinator of hearings; Creekmore Fath, acting counsel; F. Palmer Weber, economist; and John W. Abbott, chief field investigator.

The CHAIRMAN. The committee will please come to order.

The first witness, Mr. Reporter, is Mr. C. B. Baldwin, Administrator, Farm Security Administration.

TESTIMONY OF C. B. BALDWIN, ADMINISTRATOR, FARM SECURITY ADMINISTRATION, WASHINGTON, D. C.

The CHAIRMAN. Mr. Baldwin, we want to say to you we appreciate your coming here this morning. We have been holding hearings all this week here in Washington. We have heard the heads of the various departments and I think you are very familiar with the work of this committee and we will not repeat it.

We followed up our hearings of last year by going to San Diego, Calif.; Hartford, Conn.; Trenton, N. J.; and Baltimore, Md., and then back to Washington, focusing the investigation on the subject of migration resulting from the national-defense program. That is the reason that the Congress continued our committee.

At this point we shall introduce your statement into the record and then Congressman Arnold has some questions that are based upon your statement, which, incidentally, I think is very fine.

STATEMENT BY C. B. BALDWIN, ADMINISTRATOR, FARM SECURITY ADMINISTRATION, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

This brief statement is intended to summarize the more complete statement which I have submitted to the committee. The longer statement consists of four separate papers, prepared at the committee's request, which outline the effects of the present emergency on the work of the Farm Security Administration and on the supply of farm labor. I want to make it plain that the conclusions

drawn in these papers are based on necessarily hurried and incomplete studies by our field staff, and therefore should be regarded as tentative. We are hopeful that the work of this committee eventually will give us a much better-rounded picture of the impact of the defense program on the problems with which Farm Security is dealing.

RURAL POVERTY THE ROOT OF MIGRATION

The last decade has seen migrations of great numbers of people within our country. A multitude of causes are responsible for this movement. More than any other single factor, however, rural poverty has been at the root of recent migrations.

No part of the Nation's economy was so stricken by depression as agriculture; and no one has known poverty any worse than that suffered by the poor farmer. Several million poor farmers were caught in the vise of collapsing foreign and domestic markets on the one hand and foreclosures, mechanization, and drought on the other.

Thousands of these families were pushed off their land because they could not make it pay, because tractors took their place, or because they were ruined by drought and erosion. Most of these displaced farm families became migrants. They joined the army of workers who follow the crops from State to State, looking for seasonal jobs on big commercial farms.

The Farm Security Administration has tried to do something to relieve the worst aspects of migration, and to halt unnecessary migration at its source, by striking at the basic causes of rural poverty. I believe the committee already is familiar with this work as a result of earlier hearings.

EFFECTS OF THE DEFENSE PROGRAM

More and more of our entire economy is being thrown into the effort of national defense. The effects of that effort go far beyond the production of planes and tanks and guns. Under the impact of the defense program, great changes in patterns of production are taking place. To determine the impact of defense on interstate migration, we must look first at such underlying factors as rural poverty to see how they have been affected by the defense program.

We in Farm Security can best gauge what is happening to the neediest group of farmers through the operations of our rural rehabilitation loan program. Borrowers served by this program are typical of great numbers of farm people. What defense does to them and for them is important, since we can infer that it affects from two to three million other low-income farmers in about the same way.

So far, only one inference has been possible: The defense boom has not yet made any substantial inroads into rural poverty.

There has been no let-up in the demand for Farm Security Administration assistance. Standard rural rehabilitation loans made by the Farm Security Administration total about the same this year as last.

DEFENSE HAS NOT ELIMINATED RURAL POVERTY

There are several reasons why defense activity has not cured the economic and social problems which made necessary the Farm Security Administration program. It is natural that the most direct stimulus of defense has been felt in industry. Agriculture as a whole has felt the effects more slowly and indirectly, through expansion of the domestic market. To speak of effects on agriculture as a whole, however, is misleading. Our agriculture consists of many sections, and all of them have not been affected equally.

Greatest effects of defense activity have been seen in areas where the most defense work is concentrated. Unfortunately, there has been least defense activity in those very regions where there has been most need for Farm Security Administration assistance. About 44 percent of all Farm Security borrowers are concentrated in the South, but only 10 percent of all defense contracts have been placed there. On the other hand, less than 3 percent of Farm Security Administration borrowers are in the northeastern section of the country, which has received 45 percent of all defense contracts.

Secondly, even when they live near defense projects, Farm Security Administration borrowers are at a disadvantage in the competition for new jobs. They are, in general, older than the average industrial worker. More than half of all clients served by Farm Security Administration this April were at least 45 years old. Most of them are inadequately trained. Few of them have the mechanical skills for which defense industry is calling.

The CHAIRMAN. When we report back to Congress we would like to have both sides of the story.

Mr. ARNOLD. The association you represent has never polled its membership on the question of the employment of Negroes, has it?

Mr. SARGENT. No, sir.

NATIONAL ASSOCIATION OF MANUFACTURERS' VIEW ON HOUSING PROBLEMS

Mr. ARNOLD. In its recent hearings, the committee has heard several panels of prominent defense industrialists. Almost without exception they have expressed concern over the shortage of housing for their defense workers. What does the National Association of Manufacturers think of the work of the Division of Defense Housing Coordination?

Mr. SARGENT. We have made no study of that. We believe that the housing problem is one which must be settled in each locality according to its needs. I may have some supplemental observations to make in view of the obvious and well-known shortage of housing which exists in many communities where new or additional defense plants are being created.

It would seem entirely logical that the Federal Government should concentrate its own housing activities in the defense field and eliminate for the time being any emphasis upon the insistence of housing construction in nondefense areas.

EFFECT OF POOR HOUSING ON LABOR TURN-OVER

Mr. ARNOLD. Has the National Association of Manufacturers made any studies of the effect of poor housing on labor turn-over?

Mr. SARGENT. Not for many years. We were interested in that subject rather actively, immediately during and following the World War; but in recent years we have had the feeling that that was largely a question which had to be settled in the light of local conditions, and that they varied so widely from one section of the country to another that it would be inadvisable for us to adopt any general national policy or recommendation.

Mr. ARNOLD. Do you know of any specific industries which have had difficulty in holding their workers because of housing shortages?

Mr. SARGENT. I have heard of none which has had difficulty in holding workers. I have heard of several, where new plants are being constructed which will go into operation in 1941 and 1942, which are seriously concerned over the housing situation in the areas of those plants, as affecting their ability to secure workers when the plants are supposed to come into operation.

POST-EMERGENCY PROBLEMS

Mr. ARNOLD. What recommendations has the National Association of Manufacturers for meeting the post-defense problems which may be expected to emerge?

Mr. SARGENT. We are engaged in a comprehensive study of that particular problem.

We organized in 1936 a committee on the study of depressions, which was supposed to examine the causes of both booms and depres-

sions and to make recommendations for their alleviation, if not their elimination.

Subsequently, beginning this year, that committee has been expanded and is now our committee on economic policy, which is studying this very problem.

In the report last December of the then committee on the study of depressions, we did make some specific recommendations as to governmental labor and planning policies which would tend to relieve the situation which might otherwise confront the country at the end of this defense period. We are still studying that problem. As you realize, it is a broad and comprehensive problem, a very complicated one; but we expect to amplify our previous recommendations with subsequent recommendations.

CANVASS OF ECONOMIC ASSOCIATION MEMBERSHIP

We have also made a survey very recently of views of all the members of the American Economic Association, as to whether they thought there was likely to be a post-armament depression, and if so, why, and what measures might be taken either now or at the end of the armament period in order to alleviate the situation.

In addition to that, I had the pleasure of appearing a week or so ago before a subcommittee of the House Labor Committee, which is studying a bill sponsored by Representative Voorhis, of California, for the establishment of a commission on which governmental and nongovernmental groups would be represented, to study these problems. I testified in favor of the measure, recommending some modifications that we thought would improve it.

Mr. ARNOLD. That is all, Mr. Chairman.

The CHAIRMAN. What recommendations have you to make with reference to the post-war period? Have you anything in mind now, Mr. Sargent?

Mr. SARGENT. Well, we believe post-war conditions will depend to a large extent upon such things as, for example, the tax policy to be adopted by Congress, the labor policy of the Government on the one hand and of management and labor on the other; and to a considerable extent upon whether we have some such coordinated study of the effects of priorities as I indicated, rather than scattered applications.

Those are fields in which we believe real study and real success could be achieved.

ENFORCED SAVINGS AS "CUSHION"

The CHAIRMAN. Well, suppose all that were accomplished, and yet at the end of this emergency we have, say, 5,000,000 people, who have left their states of legal residence and are broke and unemployed. What can we do now in anticipation of such a condition? Can we do anything?

Mr. SARGENT. Various suggestions have been made. Of course, Mr. Keynes over in England has proposed—and I believe some people in this country have concurred—a form of enforced savings under which money would be collected from workers in the defense industries in a compulsory manner and returned to them after the period is over.

Mr. Lubin, I think, advocated a special social-security tax as a supplement to the present taxes for that purpose.

Thirdly, it must be recognized that rural poverty in recent years was not simply a result of the depression. There are major, long-time trends working against the small farmer. For example, increased mechanization and commercialization in agriculture have been responsible for much of the distress of the poorer farm families.

Both mechanization and commercialization continue unabated. In fact, recent rumors about the danger of farm-labor shortages have led to greatly increased purchases of farm machinery in some places.

Some of the farm population will doubtless be drawn into defense industry. But that movement will be offset at least in part by the constant decrease in the number needed to carry on agricultural operations.

In summary, we may conclude that while agriculture is undoubtedly sharing in some of the benefits of increased industrial production, there remain wide areas in which the effects have been slight, and in which the basic trends continue to make great hardships for the more handicapped part of the farm population.

PROBLEMS OF FARM-LABOR SHORTAGES

It may seem contradictory to speak of farm-labor shortages, and at the same time say that there is still a substantial number of impoverished farmers. However, this very contradiction points to one of the keys to the problem. It is entirely possible to have the greatest poverty in one farm area and a shortage of farm labor in another. Dislocation of agriculture has produced maldistributions of labor supply. In fact, much of recent agricultural migration was simply a peculiarly painful method of overcoming that maldistribution.

It has been predicted that labor shortages will be one of the major problems to be faced by agriculture in the coming months. The Farm Security Administration has not attempted to make forecasts of the farm-labor situation. However, reports submitted by our field people do give a partial picture of the farm-labor situation as it is developing this year.

These reports cover 36 States. In almost every one of these States some farm labor shortages have been rumored. Nevertheless, the actual shortages so far have been local in character, and confined to a relatively few areas. It seems probable that in many places fears of labor shortages have been exaggerated. There can be little doubt that the total supply of farm labor is being reduced; but the general surplus still is so great that in most areas the problem seems to be less one of actual shortage, than of proper use of the existing supply of labor.

In some places, it appears that enough workers are available, but that higher wages will be required to bring them into the labor market. Farm wages have risen during the past year, but they remain far below industrial wages. With rising industrial activity throughout the country, low wages in agriculture are less attractive than ever.

Here is a brief summary of the reports on farm labor we have received from our field people:

In 5 of the 36 States, it was reported that farm labor shortages of some magnitude were developing this year. These States are New Jersey, Maryland, Connecticut, Virginia, and North Carolina. In all 5 cases, wage levels were mentioned as a main factor producing shortages. In 14 of the 36 States it was reported that slight or highly localized shortages existed, while in the remaining 17 States reports of shortages were inconclusive.

Further details of the Farm Security Administration reports on farm labor shortages are contained in our more complete report.

EXTENSION OF THE FARM SECURITY ADMINISTRATION CAMP PROGRAM

A special type of Farm Security Administration activity, which is of importance in any discussion of migration, is our program of farm family labor camps. Defense activity so far has not eliminated the need for any of the already established camps. It has, however, created a different type of need for camps in new areas.

The first camps were built by the Farm Security Administration in California in 1936. They were designed to meet needs felt most sharply in California, but occurring also in other parts of the country. On the one hand, large numbers of low-income farmers, driven from their farms by drought, mechanization, and the generally depressed condition of agriculture, were forced to look for work as farm laborers. On the other hand, in many places there was a demand for plentiful supplies of wage labor during the harvest seasons. As a result,

hundreds of thousands of landless farmers moved to areas where they hoped to find seasonal work, no matter how low the wages.

Housing facilities for these families usually were inadequate. They slept in tents and makeshift shelters on the roadsides and ditchbanks. Constantly undernourished, they were subject to all sorts of sickness. Since they continually moved from spot to spot, they constituted a general public-health menace.

Housing and sanitation were the two primary needs which the Farm Security Administration camps were designed to meet. However, as the program grew, other uses for the camps developed. Occupants of camps were given every possible assistance in finding work. Also, local farm operators found that the camp residents constituted convenient pools of available labor to draw upon for peak needs.

Recent requests for establishment of new Farm Security Administration camps have come from areas where farm labor shortages are feared. The Farm Security Administration is willing to do all in its power to assist in such situations. Clearly it is essential to national defense and to the general welfare of the people of this country that agricultural production shall not be hampered; and there undoubtedly are situations in which the Farm Security Administration camps can be most useful in relieving labor shortages. For example, one factor causing farm labor shortages in some areas is the inefficient use of available labor supplies. Farm Security Administration camps in such places are already beginning to be used as central points from which to recruit farm labor for jobs on nearby farms.

Furthermore, lack of adequate housing often keeps farm workers from entering some areas where they are needed. In such cases, Farm Security Administration camps might be of great service to local growers.

However, there are certain limitations under which the Farm Security Administration camp program must operate. In the first place, the camps cannot be built overnight, particularly since defense demands have made it difficult to get equipment and material for camp construction. If we plan an extension of the Farm Security Administration camp program into new areas, we cannot expect the new camps to assist in relieving farm labor shortages before the crop season of 1942. Secondly, a Farm Security Administration camp can only help to relieve a shortage where poor housing is largely responsible. Naturally, this is not always the case. Third, with a very genuine need for more Farm Security Administration camps in many areas, it would be wasteful to build camps in places where the need for them is essentially temporary.

Within these limitations, the Farm Security Administration program can contribute much to better organization of the farm labor market, and to help relieve those farm labor shortages which are primarily the result of inadequate housing.

FARM SECURITY ADMINISTRATION RELOCATION ACTIVITIES

One new type of Farm Security Administration activity may be of interest to the committee. Millions of acres of land have been taken over by the Army for construction of factory sites, munitions dumps, cantonments, and maneuver fields.

As a result of the purchase of these great tracts, thousands of farm families had already been displaced by July 1 of this year. The Farm Security Administration has assisted in the relocation of nearly 9,000 of these families.

As the defense effort grows, more lands will be needed, more families will be displaced, and in the process of relocation, assistance from the Farm Security Administration will continue to be necessary. Details of this major job of relocation are contained in the attached statement. A few examples may be cited here.

Of 413 families displaced at Milan, Tenn., 125 required Farm Security Administration assistance.

At the Fort Jackson project in Columbia, S. C., 205 families were displaced. More than half received help from the Farm Security Administration in moving and finding new homes.

In the area around Fort McClellan, Ala., 329 families had to move. Of these, 242 needed assistance.

It should also be noted that the problem of relocation spreads far beyond the area actually evacuated. Farm families relocated in new areas have sometimes created problems there. The Farm Security Administration is having to give assistance in cases of secondary displacement—that is, to farmers, especially tenants, displaced by the influx of families who had to leave the defense areas.

In conclusion, I want to emphasize the fact that poverty in farm areas has not been wiped out by defense activity. It still exists, and it requires continued assistance of the kind provided by the Farm Security program.

Migration resulting from rural poverty has been augmented by new types of migration resulting from the defense program. We are attempting to modify and develop the Farm Security Administration program to meet these new needs. In this attempt, I am hopeful that we will receive considerable assistance from the findings of this committee.

(The four-part statement to which reference is made at the beginning of Mr. Baldwin's paper, with a section marked "Appendix A," is as follows:)

EFFECTS OF NATIONAL DEFENSE ACTIVITIES ON THE FARM SECURITY ADMINISTRATION PROGRAM

PART I. DEFENSE IN THE FARM SECURITY ADMINISTRATION STANDARD LOAN PROGRAM

Despite the general impact of the defense program upon the Nation, there has been no appreciable slackening of the demand for assistance from the Farm Security Administration. In May of this year new standard rural rehabilitation loans totaled 10,449; a year ago the figure was 10,882. A comparable demand for loans has been evident month by month (see table I).

TABLE I.—Number of new loan agreements to individuals for operating goods approved each month, July 1937 to May 1941

Month	New loans approved				Month	New loans approved			
	Fiscal year 1937-38	Fiscal year 1938-39	Fiscal year 1939-40	Fiscal year 1940-41		Fiscal year 1937-38	Fiscal year 1938-39	Fiscal year 1939-40	Fiscal year 1940-41
July	483	2,321	2,117	2,795	January	5,229	18,425	5,888	6,905
August	1,163	2,417	3,267	2,811	February	8,643	20,948	7,797	11,005
September	876	2,959	3,051	2,138	March	11,952	27,285	14,489	18,561
October	1,646	3,605	3,723	3,330	April	12,569	24,887	14,954	14,319
November	1,723	9,166	3,917	4,106	May	10,163	13,069	10,882	10,449
December	2,562	21,537	3,676	4,052	June	8,508	7,943	7,968	.....

Source: Finance Division, F. S. A.

This does not mean that Farm Security Administration borrowers have not felt the effect of defense activity. At a later date we shall be able to furnish the committee statistical data that will indicate the extent of the movement of low-income farmers from rural areas. At the present time, we are able to offer only a qualitative analysis since presenting the data we have started to gather in its present incomplete form would be misleading.

In general, it can be said that the influence of direct defense activities is confined to the immediate areas in which they take place. In California, for example, it has been found that borrowers located near defense industries or defense-construction activities are managing to supplement the family income through part-time or full-time employment of family members. Beyond a radius of approximately 50 miles this influence is negligible. In our seventh region, which includes the States of Kansas, Nebraska, and North and South Dakota, defense activity is fairly heavy in Kansas and virtually nonexistent in the other States. A report on 200 borrowers in the entire region who left their farms this spring, showed that in Kansas 50 percent took direct defense employment, in Nebraska only 20 percent, whereas in North and South Dakota the movement that did occur was unrelated to defense. All reports from the field produce this same general impression.

For those borrowers who have been affected by defense activities the chief benefit has been, as noted above, the securing of supplemental employment by the borrower or by members of his family. In terms of the operation of our

program, this means that in many cases borrowers have abandoned the managed farm plan worked out with them and for them, but have not abandoned the farms. In some cases, it is felt that borrowers or members of their families, in taking such employment, have jeopardized the success of their farming enterprises. In others, the temporary earnings at industrial rates have increased their security on the farm and even lessened the pressure for additional financing.¹

Regardless of proximity to defense activities, our present conclusion is that where Farm Security Administration clients are located on sound farms, they do not tend to drop farming, their normal occupation, for industrial employment. Some indication of this absence of movement is afforded by a sample study covering the 6-month period ending December 1, 1940 (see table II). The number of standard rehabilitation borrowers who moved to villages, towns, and cities was 15,979 or 3.8 percent of the 426,000 active borrowers at that time.

TABLE II.—Proportion of standard borrower families who moved to village, town, or city during the period July through December 1940

Region and State	Estimated number of active standard borrowers	Number moved to village, town, or city	Percent who moved	Region and State	Estimated number of active standard borrowers	Number moved to village, town, or city	Percent who moved
United States	426,090	15,979	3.8	Region VII	32,999	1,186	3.6
Region I	14,265	716	5.0	Kansas ¹	8,804	352	4.0
Connecticut	262	12	4.6	Nebraska	10,224	389	3.8
Delaware	172	5	2.9	North Dakota	5,637	203	3.6
Maine	2,764	141	5.1	South Dakota	8,334	242	2.9
Maryland	1,037	25	2.4	Region VIII	48,519	2,463	5.1
Massachusetts	502	8	1.6	Oklahoma ²	20,717	767	3.7
New Hampshire	823	18	2.2	Texas ²	27,802	1,696	6.1
New Jersey	879	149	17.0	Region IX	11,011	726	6.6
New York	3,425	206	6.0	Arizona	1,484	108	7.3
Pennsylvania	3,300	102	3.1	California	4,184	343	8.2
Rhode Island	148	9	6.1	Southern California	(5)	(5)	(5)
Vermont	953	41	4.3	Rest of California	(5)	(5)	(5)
Region II	26,998	851	3.2	Nevada	487	56	11.5
Michigan	8,380	285	3.4	Utah	4,856	219	4.5
Minnesota	9,950	289	2.9	Region X	10,453	722	6.9
Wisconsin	8,668	277	3.2	Colorado ³	4,101	324	7.9
Region III	66,336	2,260	3.4	Montana	2,859	112	3.9
Illinois	9,114	201	2.2	Wyoming	3,493	286	8.2
Indiana	10,342	486	4.7	Region XI	12,795	569	4.4
Iowa	10,341	279	2.7	Idaho	5,085	270	5.3
Missouri	23,617	661	2.8	Oregon	3,756	184	4.9
Ohio	12,922	633	4.9	Washington	3,954	115	2.9
Region IV	59,007	1,655	2.8	Region XII	11,462	497	4.3
Kentucky	14,170	340	2.4	Colorado (south-east)	1,583	79	5.0
North Carolina	15,743	538	3.4	Kansas (south-west)	1,803	25	1.4
Tennessee	10,369	290	2.8	New Mexico	3,796	235	6.2
Virginia	10,098	263	2.6	Oklahoma ⁴	442	8	1.8
West Virginia	8,627	224	2.6	Texas ⁴	3,838	150	3.9
Region V	79,880	2,679	3.4	Region VI	52,365	1,655	3.2
Alabama	29,058	1,027	3.5	Arkansas	19,483	760	3.9
Florida	11,718	680	5.8	Louisiana	13,238	384	2.9
Georgia	25,778	825	3.2	Mississippi	19,644	511	2.6
South Carolina	13,326	147	1.1				

¹ Except southwest.

² Except Panhandle.

³ Except southeast.

⁴ Panhandle.

⁵ Not available.

¹ Appendix A presents in detail a qualitative estimate of the effects of defense on the Farm Security Administration program and on low-income farmers in region IV of the Farm Security Administration. It is included to furnish a basis for a more intimate understanding of some of the generalized statements in the report proper.

Apart from defense industry and construction, it is anticipated that the Selective Service Act will influence the status of Farm Security Administration borrowers and low-income farmers in general. Field reports, thus far, do not indicate any appreciable effect upon the Farm Security Administration program. It is calculated, however, that of a total of 2,350,000 men who will have been inducted by June 1942, approximately 1,000,000 will come from farm areas.

INFLUENCE ON PRICES AND MARKETS DOES NOT REACH LOW-INCOME FARMERS

The general effect of defense on agriculture is conditioned by the limited nature of the outlet for farm products and the uncertainty of the demand. At the same time, in the current agricultural expansion, there are factors present which threaten to intensify the problems of small-income farmers.

The increasing demand for farm products is based primarily on developments in the domestic rather than in the export market. Although forecasts indicate substantial increases in exports, due largely to shipments under the lend-lease program, this development will have a limited effect on our total agricultural situation. For a limited number of crops our major concern will be with the possibility of a shortage rather than relieving the burden of a surplus; but cotton, tobacco, and wheat with their extensive carry-overs are virtually untouched. Nor is there any immediate prospect for improvement in this situation.

The current pick-up is based almost exclusively upon improvement in the domestic market; and the domestic market is being stimulated by an emergency situation in which substantial gains are being made in industrial workers' purchasing power. This increase in consumer purchasing power is, of course, making itself felt in agriculture, and it follows that agricultural income as a whole is approaching closer to parity.

Despite this stimulus, pressure for assistance from the Farm Security Administration has not abated. This is because these benefits have not reached that vast submerged group of which, to date, only a fraction have been assisted by the Farm Security Administration. Many of these people are remote from the regions of increased consumption requirements for dairy products, truck crops, and fruits. They are engaged in the production of cotton, cereals, and other staples. Moreover, their production of cash crops is limited, so that their proportionate benefit from rising prices is far less significant to their scale of living than to that of full commercial farmers. Even these small gains—in fact, the very foothold of these people on the land—may be jeopardized by increasing rents through which landlords might seek to capitalize on improved farm prices. The defense program generally has benefited the more prosperous levels of American agriculture, and these are outside the province of the Farm Security Administration.

FARM SECURITY ADMINISTRATION BORROWERS AND LOW-INCOME FARMERS UNABLE TO TAKE ADVANTAGE OF DEFENSE OPPORTUNITIES

At first glance, one is apt to be misled into thinking that perhaps Farm Security Administration borrowers have not taken full advantage of defense opportunities. This is not the case. Aside from the patriotic desire to serve the defense program which Farm Security Administration families share with all other Americans, the higher pay in industrial employment offers every inducement to the agricultural worker and the small farmer to leave the farm, especially when his income is at the lowest end of the scale (table III).

TABLE III.—Median average net incomes of active standard borrowers, 1940, by State¹

	Average net income of active standard borrowers for 1940		Average net income of active standard borrowers for 1940
United States.....	\$650	Region VI.....	\$500
Region I.....	967	Arkansas.....	596
Connecticut.....	1,714	Louisiana.....	465
Delaware.....	893	Mississippi.....	428
Maine.....	713	Region VII.....	680
Maryland.....	920	Kansas.....	605
Massachusetts.....	1,319	Nebraska.....	593
New Hampshire.....	1,154	North Dakota.....	939
New Jersey.....	974	South Dakota.....	707
New York.....	920	Region VIII.....	669
Pennsylvania.....	960	Oklahoma.....	692
Rhode Island.....	1,485	Texas.....	648
Vermont.....	1,271	Region IX.....	1,102
Region II.....	820	Arizona.....	1,162
Michigan.....	808	California.....	1,100
Minnesota.....	823	Nevada.....	1,156
Wisconsin.....	828	Utah.....	1,084
Region III.....	731	Region X.....	978
Illinois.....	797	Colorado.....	622
Indiana.....	743	Montana.....	1,204
Iowa.....	826	Wyoming.....	1,175
Missouri.....	625	Region XI.....	1,038
Ohio.....	784	Idaho.....	1,054
Region IV.....	768	Oregon.....	1,117
Kentucky.....	787	Washington.....	940
North Carolina.....	778	Region XII.....	726
Tennessee.....	710	Colorado.....	634
Virginia.....	705	Kansas.....	686
West Virginia.....	845	New Mexico.....	706
Region V.....	394	Oklahoma.....	668
Alabama.....	249	Texas.....	826
Georgia.....	443		
Florida.....	476		
South Carolina.....	537		

¹ Figures furnished by Planning and Analysis Section, Rural Rehabilitation Division, Farm Security Administration, July 2, 1941.

Industry's higher wages have not resulted, however, in any wholesale migration of Farm Security Administration borrowers to the cities. A description of the people served by the Farm Security Administration will make clear why this is the case. Of the 474,548 clients of all types served by the agency in April 1941, approximately 50 percent were 45 years or older. Some familiarity with machinery may safely be presumed to be part of a farm background, but specific defense skills are not common. Inadequate education characterized the majority of Farm Security Administration clients, even if so low a standard as the completion of the fourth grade is adopted.

Defense industry is calling mainly for skilled and semiskilled workers. The survey of some 115 industrial areas recently completed by the Bureau of Employment Security indicated that employment in these areas will expand by more than 1,500,000 workers, during the next 12-month period. About 500,000 of these jobs will be filled by skilled and semiskilled persons migrating into the industrial areas, but practically no outside unskilled labor will be necessary.

Defense contracts, furthermore, have not been awarded in relation to the geographic distribution of Farm Security Administration borrowers. This is made strikingly clear in the following table:

TABLE IV.—*Defense contracts in relation to geographic distribution of Farm Security Administration borrowers*

[April 1941]

	Defense contracts	Farm Security Administration clients
	Percent	Percent
South.....	9.3	44.3
Northeast.....	45.4	2.5
Pacific coast.....	19.4	1.9

These data on the employability of Farm Security Administration clients and the availability of defense work should make it abundantly clear why no very large numbers of Farm Security Administration families have left the farm for defense employment.

EFFECT OF DEFENSE ON CERTAIN AGRICULTURAL TRENDS

It is of course possible that the expanded defense effort may modify the basic situation which made the Farm Security Administration necessary. How much can the defense program be expected to relieve the economic and social conditions which created the need for the Farm Security program?

Out of a total agricultural labor force of some 12,000,000 including operators and family workers, approximately 2,000,000 are unemployed and 3,000,000 are underemployed. In 1929 more than 1,600,000 farms produced an average income of less than \$600; 900,000 farms, an average income of less than \$400; and some 400,000 farms, an income of less than \$250. Seven years later, in 1936, investigators reported that about 1,600,000 farm families were receiving less than \$500 annually, and that the income of about half of these families was less than \$250 a year, including everything they produced for home use.

Leaving aside the problem of farm prices and income, three important forces underlay these dangerous signs of agricultural distress. These are technological displacement of labor on farms; increasing commercialization of agriculture; and the absence of urban opportunities for displaced farm workers.

TECHNOLOGY

Normal agricultural requirements, domestic and export, were produced by 1,000,000 fewer farm workers in 1939 than was the case 20 years earlier. It is in this period that mechanization has made its greatest advance.

That over a million workers became "unnecessary" in two decades is an indication of the growing use of modern machinery by American farmers. The following figures may make this vast increase in machinery more striking:

Tractors:	
1920.....	343,000
1939.....	1,610,000
Trucks:	
1920.....	140,000
1936.....	1,000,000
Corn pickers:	
1920.....	10,000
1939.....	70,000

This enormous substitution of machines for manpower is one of the factors making Farm Security Administration necessary. What effect will the defense program have upon the trend to mechanization? Will the defense program accelerate or retard the substitution of the machine for men?

The process of agricultural mechanization can hardly be expected to be retarded by the defense program. The prediction was made in 1940 that "within the next decade the number of tractors used in the South will nearly double, and that as a result some 300,000 families living on farms may be displaced * * *. It seems likely that during the next decade at least 350,000, and perhaps as many as 500,000, will be displaced by mechanization over the entire country."²

² See footnote on p. 6842.

This trend is anticipated unless (1) wage rates are lowered so that workers may be retained and unless (2) production is increased sufficiently to permit profitable employment of workers regardless of the extent of mechanization.²

Since farm wage rates have already moved slightly upward and since agricultural production has remained fairly constant, except for some advancement in some areas and in certain crops, the rate of mechanization may be expected to continue. The farm labor subcommittees of various State land-use planning committees are, in fact, advising operators to mechanize at points where they have not done so.³

COMMERCIALIZATION

Another of the trends in agriculture which the Farm Security Administration program must meet is the growing commercialization of farming.

Commercialization in agriculture has tended, in the first place, to concentrate land ownership, displace small owners and tenants, and swell the ranks of the landless. Up to 1935 both small subsistence farms and large commercial farms increased in number. "In the 25 years from 1910 to 1935, high-percentage increases in the number of farms under 20 acres and in those over 500 acres are indicated. Farms in the middle sizes barely held their own in number, while those from 100 to 174 acres declined about 8 percent."⁴

But whereas the 839,166 farms of less than 20 acres contained only 1.2 percent of all farm land in 1935, the proportion of all land in farms of 500 acres and over increased from 19 percent in 1910 to over 29.4 percent in 1935.⁵ Although acreage is not a precise economic measure of farm size and income, the above figures suggest a concentration of farm ownership in the very large and the very small tracts, and an increasing pressure of underprivileged farm groups upon the land.

The extent of displacement of established farm families accompanying shifts in land ownership during the early 1930's is not clearly revealed by the above data. Because of general inability to compete with larger commercialized farms, many small operators became tenants during this period. Of the 6,812,350 farm families in the United States in 1935, 2,865,155, or 42 percent, were tenants. Between 1930 and 1935 the percentage of tenancy remained unchanged but the absolute number of tenants had been increasing by nearly 40,000 each year.⁶ Included among the tenants were more than 700,000 sharecroppers who, in general having no livestock or equipment, had not much more security than seasonal farm workers.

The 1940 census clearly shows growing instability among small farmers and tenants. Consolidation of farm units continues. According to data contained in the agricultural State bulletins (first series) on 12 Southern States, the total number of farms under 50 acres in size decreased by 17 percent since 1935, while the number of farms 500 acres or more in size increased by 5.4 percent.⁷ The number of sharecroppers in these States decreased by 218,171 during the past decade. The latter fact points to a relegation of sharecroppers to the still less secure status of day worker. "The traditional plantation and sharecropper system of farm organization in parts of the South is passing even without the mechanical cotton picker. Prices of cotton and wages of labor have given income advantage to operators using hired rather than share labor. The result has been an increase in the proportion of cotton grown with wage labor. This has been particularly true where additional economies could be achieved by the use of wage labor and power machinery."⁸

As commercialization has continued, therefore, small farmers and tenants have been forced down to the bottom of the agricultural ladder; again they become landless people competing for day labor. The rehabilitation of these families has been one of the grave tasks assigned to the Farm Security Administration.

The effects of defense on commercialization in agriculture are most difficult to gauge. In a negative sense, there are no apparent reasons why increased agricultural prosperity should reverse the trend of the past decade. On the positive

² Technology on the Farm. August 1940, p. 65, Bureau of Agricultural Economics, U. S. Department of Agriculture.

³ See Report on the Farm Labor Situation in Maryland, by the subcommittee on farm labor, State land-use planning committee, April 1941, p. 16.

⁴ Pacific Coast Regional Committee, Social Science Research Council, subcommittee on labor in agriculture, Agricultural Labor Research, Stanford University, 1940, pp. 21-23.

⁵ Source: Census of Agriculture, 1935.

⁶ Special Committee on Farm Tenancy, Report of the President's Committee, Washington, 1937.

⁷ U. S. Census, 1940. Reports on Agriculture, first series.

⁸ Technology on the Farm, p. 63, Bureau of Agricultural Economics, U. S. Department of Agriculture.

side, it is apparent that benefits from such immediate improvement in the agricultural situation as may occur will go to those who are most actively and expansively engaged in the production of commercial crops.

There is also some possibility that improvement in agricultural prices will be reflected in increasing land prices, perhaps even of a speculative nature, and in increasing land rents. This, too, would promote commercialized farming. Thus, it can be anticipated that the trend toward commercialization can scarcely be retarded, much less reversed.

The consequences of displacement and dislocation in agriculture were intensified by contraction in nonagricultural employment opportunities during the 1930's. Prior to 1929, industrial expansion tended to absorb a substantial portion of the agricultural labor force displaced by technological advances. The depression dammed up this flow of excess population from rural to urban areas. By 1940 the farm population was estimated to number 32,345,000, the highest on record since 1917, representing an increase of some 2,000,000 since 1930, as contrasted with a decrease of 1½ million during the previous decade. This expansion of rural population was less a result of a back-to-the-land movement than of a reduced rate of rural-urban migration and of the relative high rural rate of natural increase.⁹

Another way of recording this situation is to point out that as against a net farm-to-town migration of 6,000,000 during the 1920's, only slightly over 2,000,000 left the farms during the 1930's. Since a considerable portion of those who remained on the farms were young persons, the increased competition for jobs depressed farm wages. Underemployment and unemployment in rural areas reached an all-time high, with at least 3,500,000 rural families reported as having received public assistance at some time during the depression.

To what extent, then, will industrial expansion in urban areas draw workers from the farms and place them in nonagricultural employment? Available data and estimates cast some light upon the probabilities for the next year or so.

As has been indicated, of the 12,000,000 workers attached to agriculture, approximately 5,000,000 are unemployed or underemployed. Total unemployment in the United States at the present time is estimated at between 4,000,000¹⁰ and 7,500,000¹¹ workers. It has been stated that during the next 12 months employment will increase by 2,500,000 to 3,000,000 workers.¹² This indicates that, if an allowance is made for a 600,000 annual increase in the total labor force, there will be from 1,600,000 to 5,600,000 persons unemployed in July 1942. The American Federation of Labor estimates that unemployment in June of 1942 will be approximately 5,000,000.

The increase in employment will occur primarily in areas of intense defense activity. Surveys by the Federal Security Agency, covering 115 defense areas, indicate that employment in these areas alone will increase by about 1,500,000 workers. Most of the increase will occur in the skilled and semiskilled occupations and about 500,000 of these will come from areas other than those surveyed. It is unlikely that a large part of the agricultural unemployed and underemployed will benefit directly by this increase. The surveys indicate that only skilled workers are not available in sufficient quantities. Only if up-grading or dilution of skills tends to make for vacancies in unskilled occupations, would the unemployed with agricultural backgrounds, many of whom undoubtedly will migrate into these areas, be able to fill the available jobs.

On June 27 the Secretary of Labor asserted that:

"There will still be a reservoir of unused labor power available in July 1942. There will still be unemployment, especially among unskilled and older workers, and we shall hardly have begun to draw upon the huge reservoir of underemployed workers on farms and of women not in the labor market."

It appears, therefore, that although farm-to-city migration may increase as the unemployed move for work into regions of defense production, failure to obtain such employment may result in a return migration to rural areas with depleted funds and a need for still greater assistance than at the present time.

Despite the cityward flow of migrants and reported farm labor shortages in several specialized crop areas at the present time, the number of people on farms is believed to be greater than it has been for many years. Although many of these people are not considered essential to the production of an adequate supply of food and fiber to meet the Nation's normal and emergency needs, each of these

⁹ U. S. Department of Agriculture, Farm Population Estimates, January 1, 1940.

¹⁰ National Industrial Conference Board.

¹¹ Congress of Industrial Organizations.

¹² Bureau of Labor Statistics, Department of Labor.

families is an essential part of the country's population and must continue to have hope of access to the rehabilitative assistance which the Government can lend in the vital effort to maintain them decently upon the land. This assistance must in part be rendered through the continued work of the Farm Security Administration since employment opportunities in the defense program appear to be relatively narrow as far as farm families are concerned.

The prospects that the defense program will favorably modify the basic situation out of which the need for a Farm Security Administration grew do not seem to be too favorable.

PART II. FARM SECURITY ADMINISTRATION, FARM FAMILY CAMPS, AND THE DEFENSE PROGRAM

Another side of the Farm Security Administration program hinges on the provision of farm-labor camps for wandering American families uprooted from the soil. The defense program, general opinion has it, has heavily tapped the rural labor surplus.¹ The apparent inference follows that since a scarcity² may have supplanted the characteristic glut there is no longer any need for farm-labor camps. Yet the somewhat contradictory opinion must be considered that just because of this reputed labor shortage, labor camps are needed to insure an efficient concentration of rural labor at the right place and at the right time.

With this in mind, a brief résumé of the development of Farm Security Administration camps will be helpful in defining their potential use and limitations in easing the dislocations of the farm-labor market caused by defense.

The first Farm Security Administration camps were built in California in 1936. They were designed to provide rough shelter where it was desperately needed. An army of migrants, numbering tens and even hundreds of thousands, searched the valleys of California, looking for work and finding it only part of the time. Housing which they could afford to rent was substandard and hard to find. Some of them slept on ditch banks and in makeshift shelters.

In this familiar situation the Farm Security Administration demonstrated that there was an economical and efficient way of providing camp housing. At the same time the health of the entire communities through which the migrants moved was protected. In the beginning the immediate needs of sanitation were in the foreground. Later, as the camp program expanded, other problems were considered.

Today the Farm Security Administration operates 53 camps of various types throughout the country. Some of the camps are more or less permanent. These "standard" camps accommodate from 200 to 350 families. For some families, platforms on which tents can be erected are provided. For others, 1 room shelters of frame or metal have been built. Each camp has sanitary buildings, generally in the ratio of 1 to 40 or 50 families. Here are provided toilets, showers, and laundry tubs. Most of the camps have a children's clinic and nursery served by a registered nurse and visited by physicians. There is sometimes a small repair shop where migrants can repair their cars. Finally, the camps are provided with community buildings in which religious services are held and around which a healthy community life within the camp can be developed.

In addition to the standard camps, mobile units have been built. The standard camp is located along a route of fairly constant and heavy migration. There are other areas in which need for emergency housing is great but only for short periods of time. The mobile type camp was developed to meet this need. All equipment in a mobile unit can be loaded in trucks, moved, and reassembled. The only housing provided consists of tents and tent platforms. Trailers are used for first-aid stations and children's clinics and for showers and laundry tubs. A large community tent is also transported.

Whereas the Farm Security Administration camps were built first to provide badly needed emergency shelter and to counteract the menace to public health of a large body of people moving from one community to another without adequate sanitary facilities, in good time other uses quickly developed. Occupants of camps were encouraged to register with local employment offices, and in other ways were given whatever aid possible in finding work. Similarly, from the point of view of local farm operators, the camp populations became pools of available labor to be drawn on for peak labor needs.

¹ Cf. In pt. I for general estimate of this situation.

² A digest of farm labor shortages in the light of experiences of Farm Security Administration field men appears in a separate report.

NATURE OF RURAL MIGRATION

During the past decade far-reaching changes in our agricultural techniques, the depletion of soil resources, mechanization, urban unemployment, and a surplus population on the farms have been accompanied by vast migrations of people to the Western States particularly to California.

As a result of the steady advance of technology, labor requirements on the farms of this country have been cut, and displacement of large sections of the farm population has become the rule. Technology in addition to displacing labor, "has widened the gap in general well-being between farmers who are able to embrace it and those who are unable," to the point where the 3,000,000 poorer farmers in this country are sinking to lower levels of poverty each year.

As a result of these forces factory farms have developed alongside of the dispossessed millions in agriculture. During peak seasons, and generally for not more than a few months of the year, large numbers of these dispossessed are employed on the large farms. Because mechanization itself has not been uniform in the different branches of crop production—its progress has been relatively slight in harvesting fruits, berries, truck, and a number of specialty crops—sharp peaks in demand have created large valleys of unemployment, and the surplus labor forces thus released augment the migratory stream. The net migration into California during the 1930's totaled more than 1,100,000 persons, and represents about two-fifths of the net relocation across State lines of all migrants in the United States.

The vast stream of farm families from the Great Plains areas to California throughout the past decade thrust itself forcibly upon American attention, and tended to remove our attention from other important agricultural migrations, mainly of a seasonal character. Fruits, vegetables, and cotton in California, cotton in Texas and the Mississippi Delta, fruits and berries in the Mississippi Valley and North Central States, sugar beets in the Mountain States, and vegetables along the Atlantic seaboard and in Florida all require large numbers of farm workers during peak seasons. Because of the overlapping of seasons, there is always a large demand for seasonal workers.

DEFENSE AND THE SEASONAL MIGRATION OF FARM WORKERS

There have been many estimates of the numbers involved in seasonal agricultural migration, most of which, to be sure, are inconclusive. A year ago a figure in the neighborhood of 1,000,000 was the one on which there would have been fairly general agreement. Migration involved innumerable hardships and frequent destitution. The disorganization of the labor market often resulted in the curious situation that workers remained unemployed in the very areas where farmers needed them.

One result of increasing defense activity to be hoped for is that the rise in industrial employment will remove some of the inequities in the rural labor markets and especially those affecting receipt of relief by migratory workers. A measure of the need for such relief is found in studies of earnings of migratory workers conducted by the Labor Division of this Administration. These are recapitulated in table V and show median annual earnings, by surveyed areas, ranging from \$166 to \$659.

TABLE V.—Median yearly total incomes of migratory agricultural wage-workers and their families reported in various surveys conducted by the labor division of Farm Security

Place of survey	Year of survey	Number of incomes reported	Median yearly income	Place of survey	Year of survey	Number of incomes reported	Median yearly income
Sanford, Fla.	1939	69	313	White County, Ark. . .	1939	50	468
Lakeland, Fla.	1939	109	627	Chadburn, N. C.	1940	94	166
Belle Glade, Fla.	1939	358	417	Elizabeth City, N. C. . .	1940	156	498
Manatee, Fla.	1939	74	355	Northampton, Va.	1940	149	380
Hastings, Fla.	1940	172	226	Hightstown, N. J.	1940	307	413
Hammond, La.	1939	190	212	Burlington, N. J.	1940	214	659
Copiah County, Miss. . .	1939	48	234	Western Kentucky . . .	1940	178	298
Benton and Washing- ton Counties, Ark. . .	1939	88	328	Western Tennessee. . . .	1940	50	258
				Meggett, S. C.	1940	110	265

The availability of these farm migrants for industrial employment is measured in part by their characteristic age and in part by their occupational backgrounds. These are shown in tables VI and VII. With the exception of the Burlington, N. J., area, 75 percent of the heads of migrant families surveyed were under 45 years of age and hence in an employable age group. A surprisingly high percentage also show experience in nonagricultural jobs with 30.5 percent having experience in specified nonagricultural trades.

TABLE VI.—Percentage of all migrant agricultural workers 45 years old, or older, chief agricultural breadwinners and unattached workers, by survey areas

Florida:	Percent	North Carolina:	Percent
Sanford.....	6.9	Chadbourn.....	20.2
Lakeland.....	6.4	Elizabeth City.....	11.3
Belle Glade.....	20.4	South Carolina: Meggett.....	22.9
Manatee.....	9.3	Western Kentucky.....	19.5
Hastings.....	11.3	Western Tennessee.....	14.5
Louisiana: Hammond.....	24.1	New Jersey:	
Mississippi: Copiah County.....	9.1	Hightstown.....	9.6
		Burlington.....	65.5

TABLE VII.—Real work 2,841 migratory agricultural workers surveyed by Labor Division of Farm Security Administration 1939-40

Type of employment for which worker considered himself primarily qualified:	Percent
Agriculture and animal husbandry.....	37.0
Nonagricultural, specified trades.....	30.5
Nonagricultural, odd jobs.....	10.5
No real work.....	22.0
Total.....	100.0

There is an even gloomier side to the picture, for it will be some time before all the slack in unemployment is absorbed. As yet, there are no indexes available from which we can derive the rate at which reemployment will affect rural as compared with urban unemployed or underemployed. In addition, most of the migrants are drawn from areas where there is little or no opportunity for industrial work; Mexicans from the border States of the Southwest, Negroes from the Southeastern States, and native whites from the Ozark-Appalachian region. Moreover, the long-term forces at work in agriculture are adding even increasing numbers to the agricultural labor supply, acting as a further irritant. The expansion of industry actually may be no more than sufficient to take care of new additions to the rural labor market as they occur yearly, let alone encroaching on existing surpluses.

Though defense may not draw heavily and directly on distressed rural families in many parts of the country it is clear that there will be some stimulation of the movement of seasonal agricultural workers to urban centers. This will not create shortages of catastrophic proportions for agriculture unless the defense program speeds up. Table VIII compares camp population, by States, for camps that were in operation during the first 5 months of 1940 and 1941. These indicate that, insofar as camp population is acceptable as a general measure of migration to an area, defense has not made heavy inroads into this mobile group. A fuller report on the general problem of shortages is offered elsewhere.

TABLE VIII.—Comparative average number of families in Farm Security Administration standard camps for first 5 months of 1940 and 1941

State in which camps are located	Average number of families during month of—									
	January		February		March		April		May	
	1940	1941	1940	1941	1940	1941	1940	1941	1940	1941
Idaho.....							27	51	73	89
Washington.....							45	12	51	16
Oregon.....							17	5	36	72
California.....	1,430	1,252	1,432	1,203	1,491	1,234	1,485	1,285	1,343	1,165
Arizona.....	211	255	242	262	292	469	359	346	381	282
Florida.....							100	152	203	362
Total.....	1,641	1,507	1,674	1,465	1,783	1,703	2,033	1,851	2,087	1,986

ESTIMATE OF THE NEED FOR STANDARD CAMPS UNDER DEFENSE CONDITIONS

From the above analysis it is apparent that no visible slackening in the need for standard camps has been felt as yet. Reduced supply of labor may still mean that there are plenty of workers left in the locality to do all the required work. It is to be remembered also that even should the number of workers diminish in an area where camps are located this does not indicate a corresponding decrease in that area's requirements for migratory labor. In general, it is true that even where demand and supply of migratory workers are closely adjusted to each other the camp will perform an urgently needed function as a sanitary and housing unit.

FARM FAMILY CAMPS AND FARM LABOR SHORTAGES

From the above picture of the Farm Security Administration camp program it may be seen that there are two primary ways in which the camps can be of help where farm labor shortages develop or where other dislocations result from defense activity:

1. In some instances migratory farm workers may be deterred by lack of adequate housing from entering areas where their work is needed. Under such circumstances, a Farm Security Administration camp might encourage necessary movements of workers into the area and so assist in relieving farm labor shortages.

2. Farm Security Administration camps may be considered pools of reserve labor supply and be used as central points for recruiting and dispatching labor.

Implied in the effective use of Farm Security Administration camps as central points for recruiting and dispatching of farm workers is the assumption that use of such farm labor will be more highly rationalized than has been commonly the case in the recent past. All available information points to the unpleasant fact that rather less than half of the working time of the average migratory worker has been used in the past. In this sense, supplies of farm labor customarily considered normal actually included large surpluses. If these surpluses are being reduced today by the attraction of employment in other fields, it should still be possible to avoid farm labor shortages but only by reasonable use of the remaining labor supply.

It has always been desirable from the point of view of farm labor to attempt to decasualize seasonal farm work; it may now become necessary to do so from the point of view of farm production. In this process the Farm Security Administration camps can be most useful. If farm operators in a given area attempt to dovetail their labor requirements, and if there is a large-scale clearance of farm labor through the State employment services, the Farm Security Administration camps may be used readily both as central points for recruitment of labor and to provide shelter for migrants who may be waiting for work to start.

Recent experience in California and Oregon illustrates this use of the Farm Security Administration camp program. As Oregon strawberries ripened this

spring, it was feared that there would not be sufficient labor on hand for picking. On the other hand, it was reported that there were surpluses of farm labor in California. The employment services of Oregon and California and the Farm Security Administration took joint action. Labor was recruited in California, in considerable part from the residents of Farm Security Administration camps. Transportation was arranged by the employment services through the medium of gasoline credit slips financed by Oregon processors to be used at key service stations along the way. Newly arriving workers were given Farm Security Administration camp shelter in Oregon, and until work began were carried over by Farm Security Administration emergency grants.

The entire operation was carried out successfully to the expressed satisfaction of all parties involved. There was, nevertheless, one flaw in the picture. Workers came into the Gresham camp in Oregon from California as early as May 7. Three weeks later it was reported that for the week ending May 28, 126 pickers had been sent out from the camp but it was also reported that their earnings for the week had averaged only \$1.32 per picker or \$3.33 per family unit. In explanation it was stated that full scale picking had been delayed. Whatever the explanation, the fact remains that after much activity on the part of several agencies not only was there no longer a shortage but actually a surplus had been created, at least temporarily.

The recent experience on the west coast described above is instructive. It illustrates first of all that the Farm Security Administration camp program can be used in conjunction with activities of State employment services to handle effectively some kinds of labor shortage situations. But it also illustrates the relative and sometimes ephemeral nature of shortages, and points to the danger that action aimed to relieve farm labor shortages may turn out to have been merely shadowboxing.

The Farm Security Administration camps have gained wide acceptance as a means of providing emergency housing for migrant farm workers quickly and efficiently. In States where the program was once opposed bitterly, it is now welcomed. Requests for further extension of the program continue to come in, particularly from areas where the pressure of farm labor shortages is being felt or is feared.

In considering these requests we must be guided by the factors outlined above even though it has never been felt that the camp program at its present level does more than scratch the surface of the problem of rural housing. Nevertheless, the very fact that there is real need for new camps for migrant farm workers, coupled with the fact that funds are scarce, makes it imperative that locations for new camps be chosen with the greatest care.

Some of the requests for immediate extension of the camp program in 1941 have lost sight of the limitations under which the Farm Security Administration must operate. In the interests of public service, certain conditions must be satisfied before the Farm Security Administration can wisely allot funds for construction of a camp.

First of all, it must be recognized that camps are not built overnight. Mobile units can readily be moved, but in starting from scratch with a standard camp a year must be allowed if there is to be adequate planning and preparation. There have been requests for immediate extension of the Farm Security Administration camp program into new areas. For such places it is only practicable to think of the aid that might be received from the Farm Security Administration camps for the crop season of 1942.

Secondly, it must be remembered that the Farm Security Administration camps were not built in the first instances to relieve labor shortages. A farm worker's camp can only assist in relieving a shortage insofar as housing is a factor contributing to the shortage. The factor of bad housing is not necessarily always present, and certainly there are always other factors.

Third, some shortages are temporary and may not recur for years. A Farm Security Administration camp built under such conditions might stand idle after a brief period of use. Similarly, peak demands for labor and therefore for housing in some localities may be recurrent but for only brief periods each year. Here, too, construction of a Farm Security Administration camp would be largely a waste.

In spite of these limitations, the Farm Security Administration camp program can play a significant part in organizing the farm-labor market and in smoothing the path of defense activity in other ways. So far, emphasis has been on camps that might ease pressure on agricultural production. It is perfectly true that throughout the American economy problems of production must be considered

first. But it is also true that a program for the defense of democracy will be self-defeating unless it is planned to protect the rights and standards of living of low-income groups as well as to turn our bombers, tanks, and ships. And in this sense Farm Security Administration camps have a great contribution to make to the defense of an American democracy. The entire program of the Farm Security Administration has demonstrated ways of attacking the problem of rural poverty. Insofar as that program is succeeding in loosening the grip of poverty, it is also reinforcing the foundations of democracy and strengthening the national will to defense.

In summary, the following points may be made concerning the use and possible modification of the Farm Security Administration camp program to meet current needs in the field of farm labor:

1. Expansion of the Farm Security Administration camp program will help relieve labor shortages, particularly in 1942, where inadequate housing is a main factor keeping farm workers out of an area and where there is fair expectation of efficient use of the newly built camps.

2. It will probably be most useful to place greater emphasis on construction of Farm Security Administration camps of the mobile rather than standard type, where emergency housing needs exist and customary routes of migration are not clearly established.

3. It will be profitable, from the points of view of both agricultural production and farm labor, to use Farm Security Administration camps as central points for better organization of the farm-labor supply, pointing toward decasualization of farm work.

PART III. RELOCATION PROBLEMS IN RURAL AREAS CREATED BY ACQUISITION OF FARM LANDS FOR DEFENSE ACTIVITIES¹

Great tracts of farm lands throughout the United States are being taken over by the Army to make room for the construction of factory sites, munitions dumps, cantonments, maneuver fields, etc.

Of a total of 4½ million acres, the purchase of which was authorized by Congress for the fiscal year ending June 30, 1941, 3.8 million acres had already been acquired by June 1, 1941. By July 1, 1941, the acquisition of 1½ million acres had brought about the displacement of 8,811 families. Part of the remaining two-million-odd acres already taken over, on which the Farm Security Administration does not have information, was also farm land. The rest of the acquired acreage was timberland, cut-over, desert, and range land. It is estimated that farm land constitutes about half of the land taken over for military purposes.

This number is undoubtedly a minimum figure for those families who have been forced to give up their homes to make way for military and industrial defense projects. These 8,811 families are those of whom the Farm Security Administration has knowledge because it has aided in their relocation. It is felt that there may be many more families already affected by this program who have not come to the attention of the Farm Security Administration.

It is impossible to estimate accurately the total number of families who will have to give up their homes and farms in the future. However, with a possible doubling of the number of men under arms and the acquisition of equipment for an Army of 3,000,000 men, probably twice as much space as has already been taken over will be needed. If this program is carried out, probably another 9,000 families will be displaced by July 1, 1942.

Because the need for relocation aid exists in varying degrees and manners in many parts of the Nation and because Farm Security came into the picture after the problem had arisen, it has usually been a difficult task to determine the exact degree of need. It is difficult enough with existing records to find out the approximate number of farm families living within the defense areas at the time of purchase.

This number is estimated to be 8,811. The need of these families can be indicated roughly by quoting figures on the number of Farm Security Administration

¹ A full statement of the problem was outlined to the committee in a report from the Farm Security Administration made at the end of March 1941. This can be found in pt. 11, Washington hearings, pt. 11, March 24, 25, and 26, as exhibit 37, pp. 4735-4742.

This report differs from that previously made, in that it selects particular problems, and on the basis of field reports in the files of the Farm Security Administration, attempts to show the extent of the need facing the displaced farmers.

Below (p. 6853) is a table, by region and State, of all defense projects involving the acquisition of land, in which the Farm Security Administration is helping to relocate displaced families.

Also appended are several spot studies of defense areas, outlining the problems facing the Farm Security Administration.

borrowers among the displaced families and by the number which needed financial aid in moving, relocating, and operating after relocation.

FARM SECURITY ADMINISTRATION CLIENTS AMONG DISPLACED FAMILIES

Among the 600 families displaced at the Jefferson proving grounds in Indiana were 50 to 60 Farm Security borrowers. The Du Pont powder plant at Childersburg, Ala., pushed 321 families off the land, and of these, 76 were operating under rural rehabilitation loans. At Spartanburg, S. C., 15 of 228 families forced to move because of the erection of Camp Croft, were rural rehabilitation borrowers. At Portage County, Ohio, Burlington, Iowa, Milan, Tenn., Wilmington, Ill., and Columbia, S. C., from 5 to 8 of the displaced families in each area were borrowers under the Farm Security Administration program.

EXTENT OF NEED AMONG DISPLACED FAMILIES

In Portage, Ohio, 11 out of a total of 95 families displaced who were surveyed were in need of aid. Of 41 secondary displacements caused by the relocation of the Portage families, 6 needed aid. Three families out of this total of 17 needed financial aid and 3 needed work. At Rolla, Mo., displaced families were recipients of 21 grants and 7 nonstandard loans.

At Milan, Tenn., 413 families were directly displaced by defense land acquisitions. Of these, 125 needed Farm Security Administration assistance and 203 received assistance from other sources. It was estimated that 125 additional families would be displaced and require Farm Security Administration assistance by the process of relocation of the families immediately moved from the defense area. It is extremely difficult to control and measure this secondary displacement. However, primary assistance in the several categories available through Farm Security Administration was furnished in the Milan area to families in the following numbers:

Number needing Farm Security Administration aid to June 30, 1941:

Loans-----	5
Grants for moving-----	120
Grants for subsistence-----	75
Grants for other purposes-----	120
Number of families needing Farm Security Administration aid to continue farming-----	75
Estimated number of families needing Farm Security Administration aid July 1 to Dec. 31, 1941:	
Grants for subsistence-----	75
Grants for other purposes-----	25

The vast majority of 586 families displaced at Hinesville, Ga., were unable to pay their own moving expenses. Subsistence grants were also necessary for most of these families, since they lacked the cash on which to live. In all, 204 families from Hinesville were given either moving or subsistence grants, or both, by February 11, 1941. The families occupying the defense area taken over were ordered to leave by March 1. In all likelihood many more than 204 had to be aided by the time all the families were moved out of the area.

At the Fort Jackson project in Columbia, S. C., 134 families out of 205 displaced received grant checks from Farm Security Administration. These grants were small—averaging \$29 each—just enough to cover moving expenses and bare subsistence. These 134 grants had been made by February 13, and all the families were due to vacate by March 15.

At Childersburg, Ala., 24 families had moved out of the defense area by February 15, and 19 Farm Security Administration grants had been made. Cash grants had to be given to 132 of 263 displaced families at Spartanburg, S. C., before they could afford to move.

Only 87 of 329 families moving off the expansion area around Fort McClellan, Ala., were able to move on their own resources. All the others had to be helped with grants and loans, and given advice in seeking new homes.

At the defense project in Bowling Green, Va., 238 of the 350-odd families to be moved by September 1, 1941, need Farm Security Administration assistance.

SECONDARY DISPLACEMENT, A FARM SECURITY ADMINISTRATION PROBLEM

The secondary displacement of farmers raises as many problems for the Farm Security Administration as the original displacement around a defense area. Reports from the regions reveal the extent of the problem.

Will County, Ill.—The farmers who have moved out of this project area to other farms are causing secondary and subsequent displacements, with effects that can be felt as far as a hundred miles away.

Portage County, Ohio.—The displacement which has already occurred illustrates the secondary and subsequent displacement problem which the Farm Security Administration faces. One farmer rented a farm 200 miles away, displacing a tenant. The dispersal of these farmers from a comparatively small area into a large area where they are lost to sight has led some officials to feel that the problem is settled. The Farm Security Administration, however, is feeling widespread repercussion.

A survey was conducted at an early stage of the relocation activities and a considerable amount of secondary displacement was disclosed. Of 95 displaced families surveyed, 50 had caused secondary displacements.

Anniston, Ala.—The displacement problem among the tenants in Calhoun County has been aggravated by the fact that some of the displaced farm owners are able to buy farms, thereby displacing other renters in the vicinity.

Childersburg, Ala.—The problem is aggravated by secondary displacement, when the wealthier farmers buy farms and displace poorer tenants in the vicinity.

DISPLACEMENT OF FARM FAMILIES BY INDUSTRIAL WORKERS

In addition to the secondary displacement caused by the purchase or renting of farms occupied by other farmers, there is displacement of farm families by industrial workers on the defense projects. These workers are able to pay higher rents for occupying farmhouses than tenant farmers are able to pay for house and land. This condition is common to all defense industrial areas.

Jackson County, Mo.—While some of the displaced farmers are finding temporary employment in the construction area, other tenant farmers in the surrounding area are being forced to move because workers are offering to pay higher rent for farmhouses within commuting distance of the plant than owners formerly received for the entire farm.

Clark County, Ind.—The displacement of farmers living in the surrounding territory is far in excess of those displaced in the immediate defense area. Industrial workers are willing to pay more for a house than the rental value of the entire farm.

RELOCATION DIFFICULTIES

The problem of displacement, primary or secondary, is acutely aggravated in those instances where industrial workers crowd the surrounding neighborhood, thus preventing displaced farmers from renting or buying the all-too-few available farms. This is particularly true in the already overcrowded South. Field reports emphasize this problem; they often point to the number of farmers who are forced to move long distances away from their homes, the number of instances in which the Farm Security Administration found few available farms even far removed from the area vacated, and to the number of farmers who were not satisfactorily relocated even where there was no influx of industrial workers.

At Ravenna, Ohio, of 95 families displaced, 15 were not satisfactorily relocated. Ten of these 15 families had relocated on farms and 5 in towns. Of 41 families displaced by the Ravenna families, 7 were unsatisfactorily relocated, 4 on farms and 3 in towns.

A survey of 500 families displaced at the Jefferson proving grounds in Indiana disclosed that 20 percent were unable to find land to farm at the time the survey was made. The 191 families pushed off the land in Des Moines County, Iowa, included, at the time the survey was made, 28 who moved in with relatives. These families, it was felt, were only temporarily located and would need aid in relocating.

HOUSING CONDITIONS FACING DISPLAYED FAMILIES REMAINING IN AREAS

One of the immediate effects of the defense construction in rural areas is the acute housing shortage. Report after report emphasizes miserable living conditions. A serious situation has arisen in these areas as a result of the fact that thousands of workers have moved there while, at the same time, displaced families finding employment on construction work and in plants have remained.

Ravenna, Ohio.—Crowded conditions in the area have made housing and health serious problems for local governmental units, and the situation is get-

ting worse all the time. There was one Negro settlement located in a low undrained area. Although the location is most unhealthy and the housing inadequate, more than 600 Negro families, most of them working on the plant construction, live in this settlement. The State health department is concerned about the situation and now has made a rule that owners must provide garbage disposal, sewerage system, etc., for the land. If they fail to do so, the county will provide these facilities and assess the landowners concerned in special taxes.

Rolla, Mo.—The tremendous influx of labor into this area has made housing conditions as bad as anywhere in the country. The town of Waynesville, starting with a population of 390, now has thousands of people living in every conceivable form of shelter. It is almost impossible to rent a room in the area—the best you can do is rent a bed. In one instance, 53 people were found sleeping in a single 6-room house. Thousands live in unregulated trailer camps and slab shacks; and tenants have trucks strung along the highway for miles around. Under these circumstances, it is naturally difficult to find housing for those families which have to move out of the area. A local Farm Security Administration supervisor describes living conditions around Fort Wood as follows:

"The living conditions continue to grow more serious as tents are going up every day and the whole county is beginning to look like a circus. The difference is that instead of the signs saying 'wild animals', the signs say 'bunk houses.' Some of the workmen say they have not had their clothes off for a week and I personally saw one man sitting on the edge of the road changing his socks.

"One house in Waynesville is rooming 53 people. There is only one outdoor toilet for this house and the water is being hauled 30 miles. There are no facilities for heating the water and no plans have been made to make any other modern facilities available."

Burlington, Iowa.—At the latest report, 4,500 people were employed in construction and the housing situation was acute. The Iowa Legislature, however, turned down a housing bill.

La Porte, Ind.—Housing is already a serious problem and will become more so when a new plant goes into actual operation. It is expected that the plant will employ 6,000 workers, one-half of them women, at its peak.

Clark County, Ind.—Housing conditions in the area are extremely acute.

Milan, Tenn.—Sixty-five families were interviewed, and it was found that each of five houses was occupied by three families, and each of three houses by two families. In one case, 12 persons were living in a 4-room house, and in three cases, 7 persons were living in a 3-room house.

TEMPORARY POSTPONEMENT OF RELOCATION PROBLEM WHERE DISPLACED FAMILIES OBTAIN EMPLOYMENT ON DEFENSE PROJECTS

The effect of displacement is often postponed. This is true for those farmers who have obtained jobs at construction work or in the defense industry plants erected in rural areas. This is indicated by Farm Security Administration reports.

Rolla, Mo.—A large part of the relocation problem has been postponed until June 1, 1941, or after, because of the availability of construction employment on the project. At least one member of most families in the area—indeed of most families within a radius of 10 or 15 miles—is employed on construction. The families hope that their employment will last a year and this makes them less worried about getting relocated than perhaps they should be. However, the employment peak was reached at about 35,000 men, and the construction was expected to be finished in June. Farm Security Administration may have to extend more help to the families at that time.

Burlington, Iowa.—Very little Farm Security Administration aid has been needed so far, but when construction employment is ended more aid will probably be needed.

La Porte County, Ind.—Eighteen hundred men are employed on construction and it is anticipated that this employment will last at least 6 months. The industrial activity is attracting many workers from agriculture. This will, however, relieve the tenancy problem only as long as industrial activity lasts.

Defense projects involving acquisition of land, in which the Farm Security Administration is helping to relocate displaced families, classified by Geographical Division, July 1, 1941

State	Name of project	Purpose of project	Acreage authorized	Number of families displaced
EAST				
New Jersey	Fort Dix	Army training camp expansion for target range.	16,346	179
Massachusetts	Fort Devens	Expansion of facilities	6,448	80
Maryland	Meade: Fort George	do	6,100	110
New York	Pine Camp	Army camp	75,000	900
SOUTH				
Tennessee	Milan: Wolf Creek Ordnance Plant.	Bag-loading plant	32,000	490
Virginia	Caroline County	Maneuver area, First Army	70,000	548
North Carolina	Onslow County	Marine training base	106,000	151
Alabama	Anniston: Fort McClellan	Expansion of facilities	26,500	403
Do.	Anniston	Ammunition depot	10,640	
Do.	Childersburg: Alabama Ordnance Works.	Smokeless powder plant (Dupont).	28,800	228
Georgia	Hinesville: Camp Stewart	Antiaircraft training	360,000	860
South Carolina	Spartanburg: Camp Croft	Infantry replacement center	17,100	295
Do.	Columbia: Fort Jackson	Expansion of facilities	32,000	205
Do.	Santee-Cooper (Moneke Corner).	Dam project (South Carolina Public Service Authority).	196,000	841
Mississippi	Hattiesburg: Camp Shelby 1	National Guard Camp: Expansion of facilities. ³	297,000	40
Arkansas	Little Rock: Camp Robinson.	National Guard: Military maneuvers, camping, service practice, etc. ³	39,078	364
Louisiana	Alexandria: Camps Beauregard, Livingston and Claiborne: near Leesville, Camp Polk.	National Guard camps ³	141,200	248
Oklahoma	Fort Sill	Additional artillery firing range.	19,405	31
MIDDLE WEST				
Kansas	Fort Riley	Army camp	32,000	200
Ohio	Ravenna Ordnance Works	Shell-loading plant	20,506	294
Do.	Sandusky: Plum Brook Ordnance Plant.	TNT plant	7,200	222
Indiana	Charlestown: Indiana Ordnance Works.	Smokeless powder plant (Dupont).	3,400	440
Do.	Charlestown: Hoosier Ordnance Plant.	Bag-loading plant	5,500	431
Do.	Madison: Jefferson Proving Grounds.	Ordnance proving grounds	60,000	600
Do.	Union Center: Kingsbury Ordnance Plant (near La Porte).	Shell-loading plant	13,000	150
Do.	Burns City	Ammunition depot	17,000	4150
Illinois	Wilmington: Kankakee Ordnance Plant.	TNT plant	41,000	300
Do.	Wilmington: Ellwood Ordnance Plant.	Shell-and-bag-loading plant		
Iowa	Burlington: Iowa Ordnance Works.	TNT plant	20,800	191
Missouri	Rolla: Fort Leonard Wood	Training area	74,000	320
Do.	Independence: Lake City Ordnance Plant.	Small-arms plant	3,200	
Do.	Weldon Spring (St. Charles County).	TNT plant	17,231	255
WEST				
Utah	Ogden	Ordnance and general depot	1,658	35
Washington	Tacoma: Fort Lewis	Expansion of facilities	7,891	50
			1,557,003	8,811

¹ Part of Camp Shelby is being leased by the Army from the State of Mississippi, which, in turn, is buying the land from the owners.

² Of this, only 8,843 acres were private land. The rest was part of the DeSoto National Forest.

³ Under Army regulations, sites for National Guard camps are leased rather than purchased.

⁴ Plus.

PART IV. ANALYSIS AND DIGEST OF FARM LABOR SHORTAGE REPORTS

The Farm Security Administration has received reports concerning the farm labor situation from its representatives in 36 States.

These reports were not intended to be forecasts. They were based on all available information which could be gathered by the Farm Security Administration's regional labor relations specialists, and so give a picture of the farm labor situation as it has developed so far this year.

SHORTAGES EXAGGERATED

A few main facts emerge from this material. Starting with last winter and growing in volume as the harvest seasons approached, there has been a fear that a shortage of labor was threatening agricultural production. Few of the States covered failed to report some shortages. However, the closer one comes to the situation and the more the available facts are sifted, the more it appears that the asserted shortages have been exaggerated.

This is not to say that there have not been localities in which farm labor supply may be inadequate. It certainly is true that the huge surpluses of farm labor which existed in recent years have been reduced. And it is entirely possible that by next year or the year after, if the defense effort continues to swell industrial employment, labor shortages may be general throughout agriculture.

There are several explanations for the fear of immediate labor shortages. First of all, a farm labor shortage appears to mean different things to different people. In this connection it might be illuminating to quote from a report of the farm labor subcommittee set up by the Wisconsin State Land Use Planning Committee. In a report dated May 28, of this year, the Wisconsin subcommittee stated its belief that a county subcommittee should attempt to "determine to what extent any prospective shortage is—

"(a) An apparent shortage that may be remedied by reasonable adjustments in living and working conditions and in wage rates;

"(b) A seasonal shortage that may be adjusted by appropriate organization of local labor supplies;

"(c) A shortage of such extent and kind as to require the movement of labor from areas where there is a surplus."

It would appear that many of the shortages reported thus far this year have belonged to the first two categories mentioned by the Wisconsin subcommittee.

Some fears of shortages seem to have been based on exaggerated notions of the rate at which industrial expansion and selective service would draw manpower from farm areas. In some cases it may be suspected that the cry of shortage has been used to make sure that the supply of farm labor would remain sufficiently above actual needs to keep a firm rein on wage increases. At its worst, this position has led to violent attacks on all effective relief programs at a time when reemployment is admittedly incomplete and poverty, both rural and urban, continues.

IMPORTANCE OF WAGE RATES

The importance of wage rates in the farm labor situation is another main factor. It appears that thus far shortages of farm labor resulting from defense activity have been reflected mainly in somewhat higher wage rates. Industrial wages have advanced markedly, with correspondingly increased wage demands by farm workers. With accelerating industrial activity throughout the country, low wages in agriculture are less attractive than ever. The possibility of shortage emerges where the farmer cannot or will not advance wages sufficiently.

In 5 of the 36 States covered by reports from Farm Security Administration labor relations specialists it appeared that farm-labor shortages of some magnitude were developing this year. In all five States—New Jersey, Connecticut, Maryland, Virginia, and North Carolina—the level of wages was mentioned as a key factor producing the shortages. In Connecticut (in shade grown tobacco) and in Maryland (in the Eastern Shore strawberry harvest) there were marked increases in wages, beyond the general Nation-wide advance in farm-wage rates, as efforts were made to meet the situation.

In 14 of the 36 States from which analyses of the farm-labor situation were received, it was reported that slight or spotty shortages existed. In each of

these States—Pennsylvania and Delaware in the East; Ohio, Indiana, Illinois, Michigan, Minnesota, and North Dakota in the Middle West; Mississippi, Louisiana, and Arkansas in the South; and Montana, Oregon, and Arizona in the West—wages were mentioned as being at least one of the main factors. Naturally, others factors were also mentioned. Reports from the Middle Western States emphasized the fact that in many instances alleged shortages were found to be not shortages of all farm labor, but shortages of particular kinds of farm laborers, that is, farmers were unable to hire men of the same ages and backgrounds as in the past years. Questionnaires received from all county agents in Mississippi indicated a feeling that where shortages were anticipated a major cause would be maintenance of Work Projects Administration projects at security-wage rates.

In the remaining 17 of the 36 States surveyed, there was no conclusive evidence of farm labor shortages. Statements that shortages might occur were flatly contradicted by at least equally authoritative statements that they would not. In some of the reports on these 17 States the relation of wages to farm-labor supply was mentioned anyway. It was stated that in West Virginia, Nebraska, South Dakota, Kansas, New Mexico, and Wyoming there was a sufficient supply of farm labor but it might require a fair wage to bring it into the market. The New Mexico Agricultural Planning Committee, for example, recommended that, to insure proper distribution of what appeared to be an adequate labor supply, several steps be taken, including standardization of wage rates as well as provision of proper transportation and housing facilities and use of the State employment service to the fullest degree.

ADJUSTMENT OF THE FARM-INDUSTRY WAGE DIFFERENTIAL

Bridging the gap between farm and industrial wages is no easy matter, of course. Neither can it be dismissed as completely impossible. For purposes of stabilizing the farm-labor supply it would not be necessary to bring the average of farm wages all the way into line with the average of industrial wages. The farm worker who goes into industry generally is unskilled and stands to receive only the lowest industrial wages. Therefore, the problem is essentially one of bringing farm wages only up to the lowest level of the industrial wage scale.

It is sometimes argued that farm wages are chained to farm prices and income. Raise wages and you raise prices, because the farmer-employer cannot afford to pay more. Raise farm prices and the danger of inflation is increased. There is no simple answer to this problem. To find the answer it would be necessary to study the costs of operation on both large scale and small farms. It is quite likely that such a study may be necessary if the farm-labor situation becomes critical. However, there are some already known facts about farm wages which should be carefully noted. In testimony presented before the Senate Committee on Education and Labor in May 1940, Louis H. Bean made the following statement:

"Farm-wage rates since 1932 have not borne the same relation to farm and nonfarm income as they did throughout the period 1910-32. They seem to be at present at least 15 percent lower than the past relationship would suggest * * *. This discrepancy is apparently related to the prevalence of surplus labor in agriculture, to unemployment in other industries, a lessened demand for farm labor due to a reduction in the size of the total farm enterprise, and to an increased number of acres and livestock that can be handled per worker."

To supplement this statement it might be pointed out that during the past year farm wages have indeed increased, perhaps by as much as 11 percent, but farm prices and income have risen at least as fast or faster.

It is possible that we may soon have to go much deeper into the problem of adjusting farm wages where shortages arise. In England, under the stress of a wartime economy, the problem of insuring an adequate labor supply for every vital field of production, including agriculture, has necessitated measures which to us would still seem extreme. On the subject of adjustment of farm wages, an English economic journal *The Economist's* "Commercial History of 1940" contains the following:

"For the future agricultural historian, the two outstanding events of the year 1940 may well be the rise in minimum wage rates in June by about one-third to 48 shillings a week, and the survey of individual farms carried out by the county war agricultural committees. The first measure removed at one stroke most of the ancient disparity between rural and urban wage rates. * * *"

DIGEST OF REPORTS OF THE FARM LABOR SITUATION

The following is a summary of the findings of the Farm Security Administration's regional labor relations specialists:

STATES IN WHICH DEFINITE SHORTAGES WERE REPORTED

Connecticut.—A field investigation revealed that the most serious prospects of farm-labor shortages were faced by growers in shade tobacco. These growers are for the most part operators on a large scale and have had past experience in out-of-State recruitment of labor. The great concentration of defense activity in Connecticut is cited as a main cause of possible shortages. Wages are reported considerably increased. Effort is being made to tap new sources of labor, notably school boys on vacation.

New Jersey.—Fears of shortages in New Jersey appear to be based on the expectation that the number of migratory farm workers entering crop areas will be reduced this summer, partly as a result of a child-labor law passed by the New Jersey legislature last year. A report of the New Jersey State Land Use Planning Committee indicated that wages were an important factor, but maintained that prices were too low to permit sufficient raises.

Maryland and Virginia.—Reports of shortages have come mainly from Eastern Shore truck crop producing areas. Original estimates of shortages were higher than those made now. As in other States, greatest difficulty in getting enough labor is anticipated later in the summer when seasonal needs reach the peak.

North Carolina.—Reports from North Carolina have been somewhat conflicting, although there are frequent assertions that labor will be short. It was reported during the spring that strawberries in the Chadbourn and Wallace areas were left unpicked because of labor shortage. However, it was also reported that wages for strawberry pickers were decreased while the harvest was in progress and that market conditions also affected decisions not to bring in the whole crop.

Pennsylvania and Delaware.—Reports from Delaware are contradictory. Field investigation in Kent and Sussex Counties indicated no difficulties in sight, but there are some indications of shortages in predominantly industrial areas. Information from Pennsylvania is scanty, with shortages only vaguely indicated.

Indiana, Illinois, and Ohio.—It is indicated that the total supply of farm labor has been reduced, but it is reported that shortages are not a great threat for 1941. It is also said that migration into industrial areas in these States has been artificially stimulated by the failure to utilize Negroes already in the industrial labor market because of discriminatory hiring practices.

Mississippi, Louisiana, and Arkansas.—Shortages are reported in limited areas. Low wages are definitely mentioned as a factor. In some instances it is reported that men with previous industrial experience are attempting to return to industry on defense jobs.

Michigan.—Shortages appear to be in prospect in areas near defense production centers where the attraction of higher industrial wages is greatest. Unfilled orders placed with the State employment service are reported.

Minnesota and North Dakota.—Reports of shortages are accompanied by statements that wages are a factor of great importance and that in some instances the shortage is mainly of the most highly employable farm workers—younger men skilled in handling machinery. Heavy sales of farm equipment are reported in Minnesota, indicating an attempt to meet possible shortages with increased mechanization.

Montana.—Only localized shortages are reported. Wage increases in an effort to prevent shortages are reported.

Arizona.—Reports of shortages are concerned primarily with cotton picking. Fear is expressed that migrants who usually work in Arizona en route to the west coast may not stop off this year because of the attraction of possible employment in southern California aircraft plants.

Oregon.—Reduction in the supply of farm labor is apparently being met by more efficient use of the available supply. The situation in Oregon appears somewhat more stringent than in Washington or Idaho. During the spring berry season, cooperation between the employment services of Oregon and California and the Farm Security Administration effected transfer of pickers from California to Oregon. However, this action does not necessarily imply an acute shortage since there are indications that the shifted labor force may not have been fully employed.

STATES IN WHICH NO PARTICULAR SHORTAGES WERE REPORTED

Texas, California, Colorado, Washington, Idaho, and Wisconsin.—In the States in this group there was no strong evidence of shortages impending. For the Western States in particular it is indicated that the problem is essentially one of proper use of available supplies of labor.

Wyoming, New Mexico, South Dakota, Nebraska, Kansas, West Virginia, and Missouri.—Reports from these States indicate quite consistently that the problem of farm labor supply is not serious, although too low wage rates might not draw farm labor into the market.

South Carolina, Georgia, Alabama, and Florida.—Reports for these States indicate that any shortages would be likely to result only from local conditions, not from the total available supply of farm workers, which is considered ample. As evidence that shortages are not probable, it is stated that farm wage rates remain at low levels.

APPENDIX A. EFFECT OF THE NATIONAL-DEFENSE PROGRAM ON THE PROGRAM OF THE FARM SECURITY ADMINISTRATION IN REGION IV, STATES OF VIRGINIA, WEST VIRGINIA, TENNESSEE, NORTH CAROLINA, AND KENTUCKY

The national-defense effort has been a mixed blessing for the low-income farm families in the five States of Farm Security Administration's region IV, comprising the States of Kentucky, North Carolina, Tennessee, Virginia, and West Virginia.

A substantial number of low-income families who are borrowers under the rural rehabilitation program have been helped materially by the defense work, especially those families who could continue their farming operations while one or more members of the family normally unemployed or underemployed in farm work, could take defense jobs.

The availability of jobs at good wages in the defense program is, however, a serious threat to the security of a great many families who are in danger of losing their hold on the land and their opportunities for making a living on farms as a result of having given up their farming operations to enable the heads of the families to take defense jobs.

The problem of preserving opportunities for farm people to return to farms after the emergency employment demands have been met is one of national importance. In general, the effect of the defense effort has been to aggravate and stimulate certain trends in American agriculture that have been obvious for a number of years. The trend to larger farm units, increased mechanization, change from tenant system to day-labor system, are being encouraged by the withdrawal of low-income farm families from farming to defense jobs.

For instance, a tenant leaves his farm for a defense job, although usually the high-cost of housing and food in the defense areas leaves him little better off in the end. The owner, however, in fear of being unable to keep tenants, decides to change his operation and thenceforth farms the former tenant's acreage by tractor. When, or if, the tenant seeks to return to his place on the farm, the door of his opportunity will be closed.

The much-talked-of shortage of farm labor, while not materializing to anywhere near the extent feared, has also had the effect of encouraging mechanization and any other operating methods which reduce labor requirements on the farm.

As an example of this effect, the comment of Eugene W. Smith, secretary-treasurer of the Dunn Production Credit Corporation at Dunn, N. C., is of interest: "We have noted one outstanding fact since the opening of the defense work, more applications for loans to buy tractors and other power equipment have come in than ever before, which to me indicates an anticipation of a manpower shortage." Such substitution for labor is permanent and the one-time farm laborers, returning from defense jobs after the emergency has passed, will find no place in their former occupations.

As far as the program of Farm Security Administration is concerned, however, there has not been serious abandonment of farms, although there is some indication of abandonment of farm plans.

The rural rehabilitation loans are based on a carefully planned, over-all operation of the farm and home, a plan of operation which provides the maximum amount of food and feed for consumption in the home and on the farm, as well as conservation of soil and water resources.

The abandonment of these plans means that the family simply employs its available manpower in a different way. Certain parts of the farm operation are abandoned to allow the workers in the family to take defense jobs instead.

Of course, abandonment of farm plans may be of any degree. Some families may make very little change in their planned operation, some may only give up those crops which require the greatest amount of labor, while others may abandon the entire operation. Wherever the defense job is near the farm home, the farm workers may continue with their gardens and subsistence livestock which they can care for before and after working hours.

A policy has been established in region IV whereby farm family heads who want to give up their farming operations to take defense jobs, but who expect to return to farming, may leave their chattels in care of another farmer, usually relatives, without being dropped from the Farm Security Administration program. Such cases are then classed as "collection only" cases and the borrower remains fully responsible for the debt. In each case, the county supervisor must satisfy himself that the mortgaged chattels will be properly cared for. Very few borrowers, however, have availed themselves of this opportunity.

Most of the borrowers who are abandoning either their farms or their plans are paying up their loans in full, as is evidenced by a comparison of the number of loans paid up in full during the first 6 months of 1940, before the defense program started, with the first 6 months of 1941.

For the first 5 States of region IV, there were 82 loans paid up in full in the first 6 months of 1940. During the same period of 1941 a total of 2,620 loans were paid up in full. It should be pointed out, however, that the general increase in farm income may account for the increase in loans paid up during the latter period. In many cases, of course, this increase in farm income is directly attributable to the defense program, the demand for food for defense, etc. In addition, we expect to have a continually increasing number of loans paid up each year as the program progresses. Most of our rehabilitation loans are for 5-year periods, and the first 6 months of 1940 saw the wind-up of 5 years on the program for our oldest standard rural rehabilitation borrowers.

At the same time the number of paid-up cases were increasing the number of cases dropped from the program decreased. For the region, the first half of 1940 saw 1,652 borrowers dropped, while for the same period a year later only 1,086 cases were listed as "dropped." In this connection, the term "dropped" cases includes all the ways in which families may separate from the program, save complete payment of the loan.

The following table shows the number of loans paid up in full, and the number of cases dropped for the first 6 months of 1940, compared with the first 6 months of 1941, by States:

TABLE I.—*Paid-up and dropped cases, Farm Security Administration, region IV, January to June 1940 and January to June 1941, by States*

State	1940		1941	
	Paid up	Dropped	Paid up	Dropped
Region IV.....	82	1,652	2,620	1,086
Kentucky.....	50	153	698	69
North Carolina.....	11	598	602	500
Tennessee.....	8	285	807	170
Virginia.....	7	519	286	98
West Virginia.....	6	97	227	249

The general increase in farm income, resulting from the national agricultural program, results of 5 years of soil building, the increase in prices of agricultural products, and the increased demand for foods, is also reflected in improved collections on loans during the same two periods, the first half of 1940 compared with the first half of 1941.

In the first half of 1941, collections improved by 70 percent over the first half of last year, for the region. In all the 5 States of region IV, collections improved between these two 6-month periods. The following table shows the approximate percentage increase in collections, adjusted for increased maturities on loans:

TABLE II.—*Repayments on rural rehabilitation loans, Farm Security Administration Region IV, January to June 1940 and January to June 1941, by States*

State:	Percent of increase	State—Continued.	Percent of increase
Region.....	70	Tennessee.....	95
Kentucky.....	60	Virginia.....	60
North Carolina.....	100	West Virginia.....	45

These figures indicate the effect of the studied effort of county supervisors to encourage borrower families to take the fullest possible advantage of opportunities resulting from defense activity, whether in the production of foods needed for defense, or in taking off farm employment.

We believe also that a substantial measure of this increase in repayments on loans is due to improved farm and home management practices. Not only has the technique of our own personnel improved, but the families themselves are now "carrying the ball" toward the goal of more production and preservation of foodstuffs on the farm, better health, better soil, and more productive lives.

The table below shows the progress the rural rehabilitation borrowers have made in region IV. The figures are from the progress report letters from the Administrator to Members of Congress:

TABLE III.—*Progress of rural rehabilitation borrowers in Farm Security Administration, region IV, 1940, by progress of average borrower*

Item	Kentucky	North Carolina	Tennessee	Virginia	West Virginia
Increase in net worth 1940 compared with year before borrowing from Farm Security Administration (percent).....	18	22	25	14	7
Increase in net income 1940 compared with year before borrowing from Farm Security Administration (percent).....	29	29	38	31	34
Value of goods produced for home consumption in 1940.....	\$371	\$425	\$416	\$329	\$322
Value year before borrowing.....	\$291	\$310	\$294	\$247	\$262
Gallons of milk produced for home consumption in 1940.....	480	436	512	434	455
Pounds of meat produced for home consumption.....	462	422	445	442	456
Quarts of vegetables and fruits canned for winter.....	317	248	319	305	350

These figures are not the results of 1 year's efforts—under the impetus of the defense program—but they indicate the contribution the rural rehabilitation borrowers have made to the national effort to improve diet and health. This is, of course, the Farm Security Administration's prime responsibility in the defense program, and points the way clearly to the need for even greater efforts in the same direction under the defense program.

Our supervisors not only have advised the families on such matters as giving up farming for the high hourly wage defense work, but also on the use of the extra income. For instance, a borrower came into the Farm Security Administration office in a North Carolina county this spring and said he was going to use the money he was earning at an Army camp construction job to buy a radio.

He said he wanted that radio very much, and since he was current in repayments on his loan and had a "going concern" in his small farm, there was no reason why he should not put the extra money into a "luxury" item. The only advice our supervisor gave him was not to buy the radio on the installment plan. It was fortunate that he did, because his job ended about 3 weeks later.

It seems apparent from the comparatively small proportion of Farm Security Administration borrowers who have left farms that the Farm Security Administration clients have a better hold on the land than thousands of other low income farm families. We feel the determination of Farm Security Administration borrowers to maintain their ties to the land indicates some measure of success in helping these families to attain greater security and a sense of responsibility.

But the influx of the thousands and thousands of farm workers to the defense areas indicates to some extent the numbers of low income farm families—dis-

tressed families—who are not receiving the assistance they need, or who have no ties to the land.

This is borne out by census figures. Although 16 Southern States showed a decline of some 340,000 tenants in the 10 years from 1930 to 1940, the increase in the number of owners took up only 145,000 of these. There was a net loss of about 195,000 families on the land. At the same time there was an increase in rural population in every State. Where did the 195,000 "lost" tenants go? The answer was seen in part at the employment offices around defense projects. These were the people who had lost most of their property stake in democracy, but they were offering their labor in the fight for democracy.

Still another index to the effects of the defense program on the low-income farm group is shown in the number of transfers among the counties in the five States of region IV. The number of transfers is nothing but the movements of families from one county to another.

In the first half of 1939, throughout the region a total of 218 families moved from one county to another, usually but not always in the same State. In 1941, this number jumped to 1,062.

The movements in defense areas were roughly one-third greater in defense areas than in the nondefense areas. The specialists of the Bureau of Agricultural Economics and the members of land use planning committees in the various States determined these areas for us, giving us a list of the counties most affected by defense activity, and those least affected.

Generally speaking, no county in the region is wholly unaffected by the defense program. Some counties, however, including the surrounding counties as well as the actual locale of the defense project, have had their entire economies tremendously affected. In comparison, the counties far removed from the scene of industrial activity and those not in the top flight of agricultural production, have felt very little effect. The effect on these counties might be termed secondary, resulting not directly from the defense program, but from the general improvement in agricultural markets.

The following table shows the number of transfers by States, for defense, and nondefense areas, during the first 6 months of 1939, compared with the first 6 months of 1941.

TABLE IV.—*Transfers reported to regional office, January to June 1940 and 1941, by States, defense areas, and nondefense areas*

State	All counties		Defense areas		Nondefense areas	
	1940	1941	1940	1941	1940	1941
Region	218	1,062	55	308	37	179
Kentucky	53	236	15	69	15	49
North Carolina	75	383	20	131	9	75
Tennessee	35	209	10	78	6	27
Virginia	41	158	6	8	3	8
West Virginia	14	76	4	22	4	20

These figures are all "in" transfers; that is, they reflect the new locations of these farm families. The areas, "defense" and "nondefense" do not include all the counties in the States.

Some studies now being made, but not yet complete, seem to indicate that the "attraction" of the defense jobs is lessening somewhat, probably not because of reductions in the demand for labor but because the families still on the land, unattracted so far by defense jobs, are harder to pull off the land. They are holding on tighter. The basis for this belief is that the number of families moving into defense areas and nondefense areas and those families in the two areas having one or more members going into off-farm employment is beginning to equalize. At first the effects in the defense counties were considerably greater.

We have recently begun to collect reports which show the number of families each month who have one or more members in off-farm employment, but we do not have this information for a long enough period to show the effect of defense activity.

The information received to date, however, indicates that a considerably greater number of our families have one member in off-farm employment than

we have families leaving farms for other employment. There are several factors to be considered here.

For the most part, our borrowers compose a supply of unskilled labor only. This would mean generally that they are eligible for employment at the time of construction of big plants, but that they do not have the necessary skills or temperament for industrial types of employment to qualify them for employment in operation of the plant itself.

Frequently this unskilled employment is for only a short period and in cases in which the family has broken its ties with the land, its home county, and its own farm, a considerable hardship may be worked when the family loses the employment and is forced to look for another farm. Many of these families are not accustomed to handling money by weekly pay checks and find themselves considerably worse off at the end of the period of employment. The money is usually gone, debts may remain unpaid or new ones made, and it may be 6 or 8 months before the customary renting period for farms opens.

The very incomplete inquiries we have made into these conditions and their effects seems to suggest that most defense employment does not offer the average Farm Security Administration family continued security off the farm. It does, apparently, offer temporary high wages and high income, but our experience indicates further that Farm Security Administration families who leave their farms for this employment are within a year or two competing as part of a group of unskilled laborers for the reduced number of jobs remaining, and that ordinarily the farm operator cannot compete successfully with experienced industrial labor. From the standpoint of the maximum benefit for the Farm Security Administration family, it appears that part-time off-farm employment for the head of the family or full-time off-farm employment for a member of the family not needed in the farm operation offers a source of immediate cash income which will benefit the family materially.

Nearly every trend in agriculture in America today is working against the family which leaves the farm for temporary employment. One of the greatest is an actual shortage of farms. We are experiencing considerable difficulty in finding farms already for families displaced from the areas taken over for defense purposes.

We are finding it difficult to find farms for applicants under the Bankhead-Jones tenant purchase plan. In the best agricultural counties, land costs are too high, and in the poor agricultural counties, the Tarver amendment limitations prevent prospective borrowers under the tenant purchase program from borrowing enough to set up a sound farm operation.

These restrictions have in several cases made it impossible to relocate families displaced from the defense areas. In the sections in which large acreages have been taken over for Army camps, proving grounds, munitions plants, etc., the acquisition of land and the displacement of farm families has in every case been accompanied by an increase in the price of farm land. This condition may reach into several counties removed from the county in which the project is located.

Prospects are fearful if the tapering-off of the defense effort and the forced return of additional workers to the farms, similar to the return-to-the-farm movement after the depression, leaves many families in the same situations already faced by many tenants and sharecroppers moving out of defense areas.

Only a few of the families who have moved out of these areas have been Farm Security Administration borrowers, prior to their moving. One of our major responsibilities in the defense program, however, is assisting the low-income families moving from these areas.

In view of the extremely fair price policy of the Government agencies acquiring land, owners of land have been able to provide for themselves. Tenants and sharecroppers, however, have fared in proportion to their status.

There are three military and munitions areas in region IV where the large numbers of families have been displaced. They are:

Onslow County (Jacksonville, N. C.) marine base, 85,000; 505 families displaced.

Caroline County (Bowling Green, Va.) artillery maneuver ground, 70,000 acres; 300 families displaced.

Wolf Creek Ordnance Plant (Milan, Tenn.), shell-loading plant, 23,000 acres; 413 families displaced.

The expansion of several Army posts in region IV, as well as the establishment of new ones, has caused some displacement in each case, but none of the proportions of the three named above.

There have been numerous cases of secondary displacement, that is, tenants moving from the defense areas who own their tools and workstock displacing other tenants less able to bargain. As far as employment is concerned, the immediate shock of the displacement has been cushioned by the availability of jobs constructing the various camps or plants. In the cases of the Army camps, however, all jobs are gone when construction is complete.

Farm Security Administration, working closely with the other agencies of the United States Department of Agriculture, has helped many displaced families find new homes. Field workers of the several agencies are on the lookout for suitable farm land, and sending their information to the Farm Security Administration office at the project. Facilities of nearly all agencies of the Department have been used in the relocation work, including trucks owned by Civilian Conservation Corps.

Farm Security Administration is concerned primarily with those families who do not have sufficient resources to acquire land, move and set up new farming operations. Rural rehabilitation loans are being made to families who can get land, to enable them to bridge the gap made by a forced move at midseason and to establish new and sound farm operations. Special loans are also being made to assist families to move.

A special program has been established to assist those families—usually share renters or day laborers—who are wholly unable financially to move. Land has been purchased by State relocation corporations and subdivided into subsistence units large enough for garden and subsistence livestock, and prefabricated houses erected on each unit.

A total of about 225 houses is being erected under this program, 75 at Milan, Tenn.; 75 at Jacksonville, N. C.; and 75 at Bowling Green, Va. About one-fourth of the houses at Milan are occupied, while the first families have moved in since July 1 at Jacksonville and Bowling Green.

This housing is temporary, and it is planned that the residents will have employment in the construction of whatever building is done on the land acquired. In every case, through agreements worked out between contractors and the State employment services, job preference is given to the families moved out of the area.

Cooperation among the various agencies of the Department of Agriculture, as well as those of the Social Security Board and Federal Works Administration, has been effective through the county land use planning committees. These groups, bringing together all the interests of agriculture in a county, have been uniformly helpful in the job of easing the shock and relocating the displaced families.

A great many of the families displaced from the various defense areas have found temporary employment, in both defense and nondefense industry outside of the project which displaced them, and have made temporary housing arrangements, usually with relatives. These families will, in nearly every case, be looking for farms within the next 2 years.

Because of the speed with which the land acquisition was carried out, many of the families were forced to move before Farm Security Administration was ready to assist them. At Jacksonville, N. C., this resulted in conditions that threaten to be highly grievous. A number of Negro families, acting with initiative and a determination to help themselves, agreed to purchase 100 acres of land. Twenty-three families are now on this land, living in all manner of shelter, principally shacks. There are no water or sanitary facilities of any kind, and the land is poor.

Thirty-five of the 75 prefabricated houses being erected for the evacuees of the Onslow base will be for Negroes. The 23 Negro families who have contracted for land, however, may be in a different situation, and for the sake of health and future security, it is important that special attention be given their problem.

Only 1 of 12 resettlement projects in region IV has been seriously affected by the defense work. A total of 32 families have left Scuppernon project in North Carolina since the defense program started. They have gone to the Norfolk area, to Camp Davis, to Fort Bragg, and to Wilmington. Two of this number, however, have gone into the Army and 11 have taken the places on farms and in mills of others who have gone into defense work. A total of 22 families have left Roanoke farms, in northeastern North Carolina, mostly for defense work in the Norfolk area.

Seven of the projects have not lost a single family to defense jobs, but a total of 240 men living on the projects have obtained defense employment and are

keeping up their farm operations and maintaining their homes on the farms. Of this number, 102 are in the Negro suburban subsistence project, Aberdeen Gardens at Hampton, Va. The men are employed in the shipyards.

The developing pattern of agriculture, which depends on day labor and forces tenants and sharecroppers out ahead of advancing mechanization and expanding farms, developed an unexpected weakness along the Atlantic seaboard this spring. Fear of a labor shortage for the harvesting of berries, truck crops, and potatoes swept the entire section.

There appeared to be good reason to expect such a shortage, because construction jobs at several large defense projects had absorbed workers otherwise available for the harvests. The growers of the berries and truck crops, most of whom are small farmers, began analyzing their own situation and their labor problems.

Uniformly, from the South Carolina border to the eastern shore of Virginia, the growers realized that better housing for migrant agricultural workers was imperative if they ever expected to compete with the defense jobs for labor.

Local health authorities, in every area of production of these crops, eagerly encouraged interest in better housing because of the obvious threat to health in the conditions in which most of the migrants lived during their visits to the various crop areas. As a result of both interests, requests were made to Farm Security Administration for the establishment of migratory labor camps in six producing areas. Preparation is now being made for the operation of five mobile camps next year. They will operate from the Chadborn and Wallace strawberry areas of southern North Carolina to the potato and truck section of Virginia's eastern shore.

In connection with the improvement of housing conditions in these areas, the work of the North Carolina State Employment Service and the Virginia State Employment Service, as well as the county agents, deserves special mention. Representatives of the employment services and the county agents worked closely with Farm Security Administration and assisted farmers in organizing committees to take some action looking toward improved housing conditions for the migrants.

In both Virginia and North Carolina the labor subcommittees of the State land-use planning committees worked closely with both Farm Security Administration and the employment services. State directors of Farm Security Administration in both Virginia and North Carolina are members of the labor subcommittee and in both States plans are being prepared for relief of the problem.

The sudden absorption of available labor by the defense projects brought a realization of the changes that have been occurring in agriculture. Mr. C. W. E. Pittman, farm placement supervisor, of the North Carolina State Employment Service, has prepared a statement on "Some Aspects of Agricultural Employment in North Carolina." His paper was turned over to Farm Security Administration for submission to the committee and is attached.

The threatened shortage of labor in the berry, truck crop, and potato areas was not as serious as feared by the farmers nor as serious as indicated in the press. In general, there were about 25 percent fewer workers available along the seaboard than in past years, but short crops and unfavorable market conditions, in berries especially, reduced the demand for labor.

The labor shortage, however, was keenly felt by growers in areas near large defense projects.

The labor subcommittees of the land use planning committee has been effective in West Virginia, with Farm Security Administration working in close cooperation. The pattern of agriculture is slightly different in this mountainous State and industrial workers habitually return to small subsistence farming operations during periods of unemployment. There was a decided increase in the numbers of small farm operators, both tenants and owners, from 1930 to 1940, and many of these workers are now returning to industrial employment.

The defense program, and the national emphasis on improved diet, has given a tremendous impetus to the program Farm Security Administration has been carrying out for 5 years. The effect has been noticeable, not only in the renewed vigor and determination on the part of the personnel of Farm Security Administration to aid and encourage low income farm families to provide better food for themselves, but also in the public support of this phase of our program.

This work is more important in the South than in any other section of America. During the same week that President Roosevelt proclaimed our youth the keystone of defense, the Census Bureau reported that the number of youth was declining in every section of America except in the South.

For this and other reasons, the problems of southern agriculture are the problems of America. Its real meaning was dramatically expressed by Mr.

Jonathan Daniels, editor of the Raleigh (N. C.) News and Observer in a speech before the Progressive Education Association at Ann Arbor, Mich., on July 8, and reported in the Christian Science Monitor the following day.

"In terms of the people it supports, southern agriculture is declining," said Mr. Daniels. "To save the land itself, it should support fewer still. It should give the agricultural South which had half the farmers but only a fifth of the farm implements, a chance at successful farming. But people displaced are not people disappeared. And in terms of defense spending, the South's industrial development when it is most needed and the most money is available beside national necessity, has until recently been denied. And too much denied where the greatest labor resource in America exists.

"Even in this mechanized age, men are the first resources of war.

"Even in this battle for democracy abroad, the meaning of democracy at home is important—more important probably than ever before. Democracy is not only ballots, but bread and a chance to earn it by sweat and not to take it in charity—charity begrudged sometimes by those who deny its recipients the chance to work.

"Increasingly, the powers in this conflict are not merely the powers of planes, tanks, ships—essential as they are. The issue has been raised beyond the battlefields—indeed sometimes the battlefields seem to be disappearing—the war is fought where people are—and the war will be won where the courage and faith of the people stand."

Speaking of the need for permanent industrial employment in the South instead of temporary construction jobs, Mr. Daniels said the South still had unemployment while cries of shortage were heard:

"They stand in line waiting while America talks of a boom," said Mr. Daniels. "We have a right in national defense to urge a defense which is national and which considers the strength, the welfare, and the will to participate, of all the regions and people of this country."

Farm Security Administration program in the South thus becomes a first line of defense, defense against hunger and waning opportunities. The effect of the defense program has been to readjust sights, to focus more clearly on the basic problems of people and land, to strengthen democracy at its roots, by an aggressive and progressive effort to relieve poverty on the land and relieve the poverty of those forced off the land.

"Conservation of human, soil, and water resources" means strengthening the foundations of democracy, preserving opportunities as well as institutions, replacing and renewing the stake in democracy and society for millions who are losing not their will to democracy but their share of it.

RALEIGH, N. C., July 12, 1941.

SOME ASPECTS OF AGRICULTURAL EMPLOYMENT IN NORTH CAROLINA

BY C. W. E. PITMAN, FARM PLACEMENT SUPERVISOR

A large tobacco grower recently requested the employment service to secure 100 harvest hands for him, stating that he had enough empty tenant houses on his place to quarter them for the 4 weeks' harvest period. The workers were secured from four towns within a radius of 50 miles of his farm. Some referred were his own displaced tenants.

Here is pictured a change in agricultural pattern that is spreading widely and rapidly in North Carolina. First, there is the increased use of machines for the planting and cultivation of crops that makes it possible for the farmer to greatly reduce his working force for 9 or 10 months of the year. It is no longer necessary, nor is it good business, for him to maintain on his farm for 12 months the relatively much larger force needed for harvest. A second element in the picture presents the emptying of tenant houses and the concentration of displaced tenants in nearby towns and villages where they seek casual or Work Projects Administration jobs until crops which they have not planted or cultivated are ready for harvest. The picture is completed when the farmer at harvest time recalls his displaced workers for a few weeks' temporary employment.

OLD PATTERNS BREAKING DOWN

The traditional pattern of agricultural employment in this State has been that of the landlord and a large or small group of tenant families living and working on the farm for 12 months of the year. The number of tenants maintained de-

pended on the amount of work to be done. Since the preparation of soil and cultivation of crops was done with simple types of equipment, there were no very great differences in the labor demands of the seasons. It was possible, and good business, for the farmer to maintain on his farm all year approximately all the labor he needed to harvest his crop. The pattern was characterized by the closeness and the relative stability of the bond between farm workers and farm jobs, a bond that was expected to hold for a minimum of 12 months. The pattern was further characterized by the absence of any marked unbalance in seasonal labor demand. While the system left much to be desired with respect to both social and economic considerations, it presented few difficult recruitment, transportation, and living-quarter problems.

Certain factors have operated for the last decade or so to seriously disrupt this traditional, simple, relatively stable employment pattern and to substitute for it a pattern characterized by the looseness of the bond that connects farm workers and farm jobs. The increased use of machines in nonharvest operations and the difficulty of adapting machinery to harvest operations have produced a marked unbalance in the amount of labor needed throughout the seasons. It is no longer necessary, or good business, to maintain on the farm for 12 months all the workers needed during the 2 or 3 harvest months. Machinery has made it possible to dispense with many workers for most of the year; the general status of farming as a not very profitable industry has made it desirable to do so.

Farming for many farm folk has become temporary, short-period employment in the harvest of crops which they did not plant or cultivate and for which they must leave their new town or village homes in the morning, ride 30 or 40 miles in a truck, work all day, and return home at night. Still others find it necessary to leave their homes for weeks or months at a time and travel hundreds of miles in order to maintain contact with farm jobs that are no longer stable either as to space or time. As this is being written, trucks are being loaded with workers at three of our offices for employment in Delaware. Several hundred have in the last month been sent to Virginia, Maryland, Delaware, and New Jersey.

Other factors than technological change are operating to undermine the old patterns. General economic conditions, affecting adversely the prosperity of our farmers, have given rise to crop curtailment programs which have, at times, reduced the plantings of important crops by almost one-third. This has correspondingly decreased the number of farm jobs available. The device of effecting curtailment of production through compensatory benefit checks has tended to increase the number of wage workers and decreased the number of sharecroppers and renters since wage hands do not share in benefit payments. Increased industrialization and commercialization, especially in fruits, berries, and vegetables, have substituted newer patterns which cause tremendous influxes of seasonal harvest workers.

Under the older system, sharecropping was the most important pattern of farm employment. Although it is still deeply embedded in the agricultural system of the State, it now shows unmistakable signs of breaking up under changed conditions of the present day. By nature, sharecropping charges the farm with a fixed labor force for the whole 12 months of the year. As we have seen above, this is no longer necessary and, from the standpoint of management, it is most often undesirable. Benefit payments for compliance with agricultural adjustment programs influence farmers to produce more crops with wage labor and less with tenants and sharecroppers who would participate in benefit payments. Sharecroppers have decreased 13 percent in number since 1930. All types of tenants decreased more than 10 percent during this period.

SOME ASPECTS OF THE NEW PATTERN

More wage labor used.—With the decline of sharecropping there has come a compensating increase in wage labor. The wage worker does not call for the splitting of benefit checks. Neither is he a charge on farm resources during dull periods. In many important respects he fits the newer conditions better than the sharecropper or the renter. Field observation of employment service workers indicate a large and a rapid increase in wage workers.

Space separates workers and jobs.—When sharecroppers and renters move off the farm they most often go to the nearby towns and villages, where they subsist on casual and Work Projects Administration employment during the 9 or 10 months when the farms offer no jobs for them. These concentrations

of erstwhile rural workers form reservoirs of unemployed or underemployed workers from which farmers draw their casual and seasonal workers. During harvest seasons, trucks ply back and forth between these labor concentrations and the farms, hauling workers from their homes in the morning and back in the evening. One hour's travel for a truck is usually considered a reasonable distance to transport these workers, although when labor is scarce much longer hauls are made. One farmer hauled his bean pickers 76 miles twice a day last year.

Fruits, berries, potatoes, and vegetables in several areas create such heavy demands that enough labor can not be found within an hour's driving radius to harvest them. This gives rise to a differing pattern characterized by the necessity for quartering workers for weeks at a time. Operations are not large enough or profitable enough to enable all farmers to provide adequate quarters. Makeshifts are quite common. Tobacco pack houses, barns, and other out-buildings are often pressed into service. These are not always in good repair.

A map is attached which shows the area of labor supply for the Chadbourne strawberry area. The lines on that map show the various labor concentrations that contributed to the labor force for the 1941 season. (See exhibit A.)

RECRUITING PATTERNS

With so much needed labor separated by such distances from farm jobs, methods of recruitment are necessary.

There are two important recruiting patterns commonly used. One is the "labor runner." This person is just what the name implies. He accepts orders from employers and does the almost incredible amount of foot work necessary to recruit this type of worker. The runner charges an agreed amount for each worker recruited. These charges range from 10 cents to \$2 per worker delivered. The most usual price is 50 cents per head.

The group leader is another most important recruiting agent. These farm workers tend to cohere in groups of from 5 to 50 around some individual worker who acts as leader. The group leader usually gets his remuneration in the form of an increase in wage over that of the average worker. In return he keeps the group together and renders the farmer simple supervisory services and personnel services while the workers are on the premises of the employer. The essential differences between the runner and the group leader are that the runner "sells" his workers at so much per head and ordinarily does not remain with them on the job. The group leader does not "sell" his workers and does remain in charge of them on the job.

Much of the work of the employment service has been visiting potential labor concentrations, locating cohesive groups, and establishing working relationships with their leaders. Over 200 such groups have been located in eastern Carolina this spring.

The employment service is doing more and more each year to bridge the gap between the farm worker and the farm job. It has filled about 15,000 such jobs this spring.

STAGE SET FOR MIGRATIONS

While mechanization and changing economic forces have subjected farm workers to severe pressure in their rural area homes, the increased production of vegetables in widely scattered and relatively small areas of highly concentrated production creates a vacuum that sucks workers into a succession of short-time employments as crop maturities follow each other in the various areas. These two forces, a push from diminishing job opportunities at home and a pull from increasing worker needs in distant production areas, set the stage for extensive and wide migrations synchronized with crop maturities. These migrations are becoming more and more important in this State in that they both augment the available labor supply at certain times by bringing into the State thousands of workers, and decrease it at other times by taking workers out of the State.

EFFECT OF DEFENSE PROGRAM ON AGRICULTURAL EMPLOYMENT

There have been two large defense projects in progress in the State during the winter and spring. Both are now practically complete but, during the spring and early summer, both drew heavily on farm labor reservoirs.

Construction was under way at both Fort Bragg and Camp Davis during the strawberry harvest. Most strawberry pickers are women and children.

Therefore, construction work does not directly affect them as a potential labor supply for the berry harvest. The indirect effect, however, is great. When the head of a family is making good wages, as the men employed on defense work did, the economic pressure on the family is eased, and the women and children do not go to low-wage jobs a long way from home. Since economic pressure is a most important force in recruiting strawberry pickers, the relief of this pressure by defense employment greatly curtailed the number of workers available. Employment-service employees, while recruiting workers for spring and summer crops, found that the number of cohesive groups of workers were materially decreased and that the number of individuals in the groups was also greatly reduced. The best estimate is that these reductions indicate at least a 25-percent decrease in labor availability, due almost entirely to defense activity.

The employment service made a survey of Harnett County in January in order to estimate the problem being created there for farmer employers. The survey revealed that at that time very many farm workers were employed at Fort Bragg, and that there was a definite shortage of wage hands, that sharecroppers and tenants were quite generally taking time off their defense employment to start crops in anticipation of a return to the farm in March or April. Most farmers were glad for their tenants to get this winter employment and confidently believed they would return to their crops in the spring. There is some, not very conclusive, evidence that this anticipated return to the farm was not as prompt or as general as was anticipated. The agricultural agent for the county wrote me in March:

"It was the thought, generally speaking, of our people that a number of this type of laborers would return to the farm on or about March 1. However, this apparently has not materialized as I have heard more discussion in the past few days than before of the shortage of this type of labor. There seems to be a tendency on the part of our farm owners here to feel that they will not need as many tenants as in former years; however, there is a very definite shortage in this county in this connection. We have had no requests for help along this line; however, this may develop a little later on." (C. R. Ammons.)

In order to give a fuller picture of the effect of a defense project on farm employment in a nearby rural county, I quote below statements made by representative residents of Harnett County, which is near Fort Bragg. These statements were made in January of this year.

Mr. C. T. Lattimer, secretary-treasurer, National Farm Loan Association, Dunn, N. C.: "I do not believe that any of these farms will lose their allotments because several of these owners have told me they will just run their rows and stick the seed or plants in the ground. Many have told me that by February 1 they will have made more clear money than they have cleared in the last 2 years."

Eugene W. Smith, secretary-treasurer, Dunn Production & Credit Corporation, Dunn, N. C.: "We have noted one outstanding fact since the opening of the defense work, more applications for loans to buy tractors, and other power equipment have come in than ever before, which to me indicates an anticipation of a manpower shortage."

A farmer: "No shortage at all. Only difference is, before work began at the fort I had two applications for every farm where I only have one now. All my farms are rented except one I just took over this week."

A farmer: "Day labor is mighty hard to get. If the farmers don't return to their homes by March 1, there will be plenty of farms laying out. Only man I know needing a tenant is J. R. Sorrell."

A farmer: "The Fort Bragg work has helped the farmer, both tenant and landlord, more than anything else. They are making enough to pay out on last year and the landlords are not having to furnish them now. Excepting day labor, everything looks better to me than it has in a long time. I'm in favor of letting them eat good and eat long while they can. They'll all come home when the time comes. No shortage at all."

A farmer: "No shortage except wage hands. Big land owners who have been cultivating their crops with day labor are the only ones hollering."

A farmer: "No; there is no shortage. If it hadn't been for the work at Fort Bragg there would have been a panic in this section. We have all the tenants we need. You will be able to tell more about idle farms about the middle of March. Most of our farmers quit Fort Bragg long enough to sow their plant beds and then went back."

A farmer: "Fort Bragg work is fine stuff. But if them soldiers come in running over our land we are going to fight them, and there's plenty others like me. If they stay in the roads, all right, but don't let none of them run over my tobacco patch. No shortage."

TESTIMONY OF C. B. BALDWIN—Resumed

Mr. ARNOLD. Mr. Baldwin your statement has been made a part of the record, and with your permission I shall ask you some questions based on your statement.

Mr. BALDWIN. Yes.

Mr. ARNOLD. Will you describe for the committee the effect of the defense program thus far upon your rural rehabilitation loan program?

Mr. BALDWIN. Mr. Arnold, the need for these loans in the rural areas of the country among low-income farm people does not seem to have been diminished greatly as a result of the defense program.

We have thought it advisable to make some adjustments in the work we were doing, and we have had some additional loads thrown upon us as a result of certain defense activities.

The number of people involved in some of these defense activities have been relatively small, but the additional work that is thrown on our agency has been out of proportion to the families involved.

For instance, there have been about 14,000 families displaced because of the location of defense plants and military establishments, and so on, and these families, many of them, have had no place to go and no means by which they could relocate themselves, so we have tried to do what we could to take care of them. Farm Security has helped nearly 9,000 of these families to get relocated.

We have been, at the request of the President and the Coordinator of Housing, using our facilities for small-house construction and for the building of some dormitory facilities for defense workers. We have handled that. We have also set up some trailer camps to take care of families who recently migrated to defense areas and who have employment, but for whom there were no decent living accommodations. We were asked to do that, I guess, largely because of our experience in handling or managing the migratory labor camps over the country, and that has been proceeding fairly smoothly, I think.

Perhaps the most important thing, though, that we are doing at the present time that is related to the defense program, is our part in the development of agricultural products—food products for defense activities—increasing the production of certain foods that are needed both in this country and by the democracies.

We have, through our county supervisors and our whole Federal organization, been advancing funds and giving whatever encouragement we could to low-income farm families to engage in that great effort.

I think that is a rather brief but a general statement about the changes that have taken place as a result of the defense effort.

PURPOSE OF REHABILITATION LOANS

The CHAIRMAN. These rehabilitation loans are for the purpose of keeping farmers at home and, of course, that is one of the solutions of this migration problem, isn't it?

Mr. BALDWIN. Yes.

The CHAIRMAN. In other words the Farm Security Administration goes in and makes loans to these farmers for feed, for livestock and so on so that they can remain on the land?

Mr. BALDWIN. Yes, sir; that is correct. But, Mr. Chairman, in some few instances it might be possible that we have kept some families on the land who didn't belong there, but our feeling has been—and this has been particularly true in recent years in the northern Great Plains section where they have had recurrent droughts over a number of years—that if they left home that their suffering would be greater than if they remained there. It has been true that in some areas we have helped people where there was very little opportunity at home for them.

Something more substantial should be done for them. However, we don't look on our job as merely to do something to stabilize a community. We want to stabilize them in a community in which they have an opportunity.

STATISTICS ON F. S. A. LOANS AND REPAYMENTS

The CHAIRMAN. How many families have you helped, Mr. Baldwin?

Mr. BALDWIN. Over 1,000,000 families since this program started about 6 years ago.

The CHAIRMAN. And have you a waiting list?

Mr. BALDWIN. We have a constant waiting list that doesn't seem to diminish very much. We generally have about 400,000 families who have applied to us for help whom we feel could be rehabilitated on the land that they are on now.

We have been increasing the numbers of families we reach about 100,000 each year for the past few years but we cannot complete the rehabilitation of 100,000 families each year, so our case load has been continually growing.

We have never been able to expand enough in any one year to take care of the obvious need.

The CHAIRMAN. Well, this whole thing is based upon the idea that they are to pay these loans back. How have these farmers that you have been helping been getting along?

Mr. BALDWIN. Well, Mr. Tolan, I think perhaps the greatest accomplishment of this program is not in terms of the money that they have paid back, although I want to give you those figures because I think it is rather amazing—I think there has been an awfully strong prejudice in this country among many people against poor people. Some folks have felt that poor people were poor just because they were, to use the common expression, "no account" and they were "unwilling to work."

I think our greatest accomplishment has been that we have blasted that idea as far as low-income farm people are concerned. It simply isn't true.

We do not measure rehabilitation in the terms of collections; we measure it in the terms of the things that are happening to those families—the things that are happening to the children and the new opportunities that are open to them because of whatever additional

income they can get and the feeling of the rest of the community about them—the increased respect that they get from the community because of the economic progress they have made. But on the collections, we have collected approximately \$200,000,000 from these families and that is out of advances—I will have to correct these figures for the record—of about \$550,000,000.

Now, these loans are for 5 years so most of the money isn't due yet. Approximately 75 percent of the loans that have matured have been paid. We thought we were optimistic a few years ago when we said we thought our ultimate recovery from these families who couldn't get credit from any other source would be about 80 percent.

I think that we will soon be able to revise those figures and say that these families that other credit institutions have not reached will repay substantially more than 80 percent.

EFFECT OF DEFENSE PROGRAM ON LOANS

The CHAIRMAN. Mr. Baldwin, coming down to the question that Congressman Arnold asked you, what effect has the defense program on these rehabilitation loans?

Mr. BALDWIN. Well, Mr. Chairman—

The CHAIRMAN. Of course, there is a feeling in the United States that this national-defense program of spending has relieved unemployment but, as a matter of fact, we had testimony here yesterday and the day before that there were over 5,000,000 unemployed who have made application through employment agencies and are still unemployed.

Now, the question I want to get at is simply this: These rehabilitation loans have been made in every State of the Nation, I presume.

Mr. BALDWIN. We have made rehabilitation loans in every State in the Union. That brings on this question: 44 percent of our loans have been made in the South. That takes in, I guess, Oklahoma and Texas and all the way to the eastern seaboard and through Virginia—from Virginia south. Forty-four percent of our loans have been made in those areas; 10 percent of the defense contracts have been awarded in those same areas. But even that wouldn't give you an entirely accurate picture because even the 10 percent which has gone to the South and Southwest is concentrated in areas where it doesn't reach these rural families and where it is difficult for them to get out and get the work that might be available.

Less than 3 percent of our borrowers are in the northeastern States, and those States have received about 45 percent of all the defense contracts. As you see, defense contracts have not had an appreciable effect on our program or on our families.

Mr. ARNOLD. Did I understand you to say 14,000 families to whom you have made loans have been affected by defense industries?

Mr. BALDWIN. Approximately 14,000 families, and that number is growing each day, have actually been uprooted because a defense plant or a military establishment has been placed on the land on which they were living.

Now, of those families we have helped about 9,000. The rest of them had sufficient equity or have been able to relocate themselves without Government help.

We have had to help more than half of them but, however, with regard to the others who have relocated themselves without Federal assistance, they create a secondary displacement problem which does affect us because they may go out and rent or buy a farm and some other family will move off and then that family becomes a problem for our organization.

SHIFT FROM FARMING INTO DEFENSE

Mr. ARNOLD. Do you know how many of your clients have left their farms in search of defense employment?

Mr. BALDWIN. No; I do not, sir. That is a rather difficult figure for us to get at. We have a figure based on reports that our county supervisors have submitted, indicating that approximately 1 percent or somewhat less than 1 percent of our clients left their farms for industrial employment during the month of May.

That figure by itself I don't think means very much because there is always some movement of that sort even in normal times. The only statement that I would venture would be it hasn't been a very important factor yet in our operations.

Mr. ARNOLD. If they still owe the Government money, would they have to get permission from your county agent to move?

Mr. BALDWIN. No; they are free to move whenever they want to. Of course, they have a responsibility for the chattels or the goods on which we have a mortgage. We have very few cases where they walk off and leave property without taking it up with the supervisor and giving the supervisor an opportunity to help them work out of the situation.

We like for them to do that, of course, and expect them to do it. Of course, we have had a considerable movement from time to time in areas where cantonments are being built.

For instance, families would go in and get some temporary work and then move back to the farm when the work was completed, which helps them to a certain extent.

Mr. ARNOLD. Is there any way a check of your rehabilitation supervisors could furnish an estimate of how many of your clients or members of their families have obtained defense employment?

Mr. BALDWIN. I think it would be almost impossible to get the figures of those who have gotten defense employment per se. We are working on it, however, and we hope to develop some better method than we now have for getting statistical information about the movement from farm to industrial centers, but I don't think that any figures we could submit right now would be very accurate.

EFFECT OF DRAFT ON F. S. A. PROGRAM

Mr. ARNOLD. Have you any figures as to how the selective service has affected your program?

Mr. BALDWIN. No, sir; we have not. The average age of the rehabilitation clients is 45. Of course, there will be a good many cases in which the sons of clients have probably been drafted, but we have no method of getting at that in any accurate way.

Mr. ARNOLD. Is the geographical location of your clients such that they can take advantage of the defense employment?

Mr. BALDWIN. Well, as I mentioned just a few minutes ago, nearly half of our clients are in the South and only 10 percent of the defense contracts have been placed there.

Only 3 percent of our borrowers are located in the North, and 45 percent of the contracts have been placed there.

Mr. ARNOLD. Of course, there will be a great deal of defense effort in the South by these plants that are being built now.

Mr. BALDWIN. Yes. Of course, there is a good deal—there is going to be a large, a very large proportion of the Army trainees who will be in the South and we hope that that is going to afford some better outlet for farm products that we haven't had a southern market for heretofore.

We are working on that phase of it.

Mr. ARNOLD. From the point of view of occupational skills could Farm Security clients obtain much defense employment?

Mr. BALDWIN. Well, again, the matter of age enters into it. The average age is about 45. I think the best opportunities would be for the children. These children, if they are afforded proper opportunities—which unfortunately have not been open to them in the way that they have been among other economic groups—for training I think they would develop skills as quickly and as satisfactorily as any other group.

HOW DEFENSE AFFECTS INDIVIDUAL FARM PLANNING

Mr. ARNOLD. How has the obtaining of defense or industrial employment affected the carrying out of the farm plan of your clients? Have the farm plans been reorganized? For instance, in the southeastern sections of the country where agricultural defense activities have been changing the type of farming, have the farm plans been reorganized?

Mr. BALDWIN. The farm plans have been reorganized on the basis of the program that the Secretary of Agriculture announced in April, urging increased production of certain products—dairy products, poultry products, and some fruits and vegetables.

We have made an effort, a strong effort, particularly in the South, to reorganize farm plans to comply with the "food for defense" program and we are getting reports on it now that are really very encouraging—very heartening.

Mr. ARNOLD. I don't know whether I understood whether you have as many applicants on your waiting list as you have had since the program was initiated. I was wondering if the improved farm situation has improved to the point where the need for the F. S. A. has diminished?

Mr. BALDWIN. Of course, the only basis that I have for reply to that question is the results through this past fiscal year. We had as many requests in the last fiscal year for assistance—that is the year ending July 1—as we had in the previous fiscal year, and the previous fiscal year we had more applications than we had had in the whole 6 years in which this program has been operating.

There are, perhaps, areas where there have been and will be a diminution of requests, but in the country generally, no—there is no indication of any falling off.

BETTERMENT OF THE FARMER'S POSITION

Mr. ARNOLD. Wouldn't you think that the improved industrial employment with consequent improvement in the price and demand for farm products would cut down rural poverty?

Mr. BALDWIN. To a certain extent; yes. But I think the thing that has to be borne in mind about the farm situation and the problem of rural poverty and low-income groups in agriculture is that 50 percent of our farm families, and these are the so-called farm-operator groups—that is the owners, tenants, sharecroppers—50 percent of these families only get 12 percent of the farm income. The top 50 percent get approximately 88 percent of the farm income.

So, just from those figures alone it seems to me to be pretty obvious that you cannot cure this situation by price measures alone. You have got to get at so much more fundamental difficulties if you are going to help these people, because, of course, it is helpful to a low-income farm family to get a better price for their produce, but their share in the market is so small that any assistance that they are going to get purely through price increases and increased consumer demand is not going to give them a standard of living that we would like to call an American standard of living.

Mr. ARNOLD. In other words, they don't raise so much for the market. They operate small farms. I think I understand that thoroughly. I have one of your tenants on a farm that I own and they raise more of what they need and feed on the farm and don't have a very big cash income.

Mr. BALDWIN. That is right.

Mr. ARNOLD. It is more of subsistence farming.

Mr. BALDWIN. The first thing that is a very important part of rehabilitation is to encourage the raising of more food that will be consumed at home and give them a better balanced diet; but the bottom 50 percent of the farmers in this country haven't been an important factor in commercial farm production.

PERSISTENCE OF "AGRICULTURAL UNDEREMPLOYMENT"

Mr. ARNOLD. Has not the increased demand for farm produce increased the need for more farm workers, thus relieving agricultural unemployment considerably?

Mr. BALDWIN. I think the defense effort will have to go a lot further than it has yet to relieve what we have called "agricultural unemployment," or I think a better term might be "agricultural underemployment."

Undoubtedly agriculture could operate with many families less than are now on the land. Those figures vary. I think there are at least a million and a half or a million eight hundred thousand surplus farm workers now on the farms that are not essential to our agricultural production.

Mr. ARNOLD. Do you have any way of knowing how many farm families in and out of your program have been forced off of the land because of the Army's land purchases?

Mr. BALDWIN. Approximately we have helped about 9,000. There have been about 14,000 families that have been forced off because of

defense activities. About 9,000 of those have been helped in some way by Farm Security through loans or grants or through, in some cases, the purchase of land which will subsequently be sold to them or in other ways.

The CHAIRMAN. Of course, there will be many forced off of the land whom you will not help and because of that you would have no way of knowing how many have been affected by the Army purchases of land.

Mr. BALDWIN. In many cases we wouldn't have that information. Of course, in certain areas we were advised soon enough and we were able to make a rather complete survey of the number of families in the area and then we know the number that we have had to help, but there have been a good many who relocated themselves of whom we would have no record of, I am sure.

CRITICAL FARM LABOR SHORTAGES

Mr. ARNOLD. Could you tell me, in view of the movement of many farm workers to the industrial centers, of any critical farm-labor shortages and, if so, in what areas do you have knowledge of that?

Mr. BALDWIN. We have had reports from five States in which farm-labor shortages of some magnitude seem to be developing. They are New Jersey, Maryland, Connecticut, Virginia, and North Carolina. In all five cases the wage levels were mentioned, however, as a main factor in producing the shortage.

In 14 of the 36 States we have had reports of slight or highly localized shortages and in the remaining 17 States there were apparently no shortages of any magnitude.

In one of our reports, which I am submitting for the record, we have gone into that in greater detail.

Mr. ARNOLD. Do you have any figures showing the wages paid to farm laborers in those five States?

Mr. BALDWIN. I don't think we have. I don't think that has been submitted for the record.

Mr. ARNOLD. Do you have any areas where there has been an actual failure to get the crops harvested because of a labor shortage?

Mr. BALDWIN. I know of but one area in which that has probably occurred. In the harvesting of the strawberry crop in North Carolina this last spring and early summer there were some reports that the shortage of farm labor there had resulted in all of the crop not being harvested.

I think perhaps the marketing situation had something to do with that. As I understand, strawberry prices were very low at that time and it is rather difficult to get at the real cause of the failure to harvest the crop, but there was a shortage of farm labor there in that area.

That is the only area that we have knowledge of where it became so critical that crops were not harvested.

F. S. A. ROLE IN LAND-USE PLANNING

Mr. ARNOLD. Does the F. S. A. play a large part in the subcommittees on labor of the State land-use planning committees?

Mr. BALDWIN. We have 12 regional offices throughout the country. In each of those regional offices we have a labor-relations representative who has worked with these farm-labor subcommittees to the extent that it was possible to do so.

Mr. ARNOLD. Is any check made here in Washington on the shortages estimated by these committees before they are given publicity locally?

Mr. BALDWIN. You mean on the land-use planning committees?

Mr. ARNOLD. Yes.

Mr. BALDWIN. I don't think so. I think up to this time, anyway, they have issued their reports independently without reference to Washington.

Mr. ARNOLD. How can Farm Security help out where there is a critical farm-labor shortage?

Mr. BALDWIN. In areas where we have mobile labor camp equipment we can probably help out if the problem is a problem of housing shortage or facilities for workers.

We have also, of course, worked with the Farm Placement Service in a good many of the States in reporting situations and also in helping them direct the flow of migrant workers into areas where employment opportunities were best.

Mr. ARNOLD. Can you give me those States?

Mr. BALDWIN. I think the best illustration of that was the situation in Oregon recently where both of our regional offices, one located in San Francisco and the other in Portland, Oreg., cooperated with the Farm Placement Service in assisting to get additional labor into the State of Oregon, which I think worked out fairly well.

Mr. ARNOLD. I thank you, Mr. Baldwin. That is all the questions I have.

I just want to say that this committee is interested in what is going to happen after this defense effort is over with respect to workers who have migrated to take positions in defense areas. It is my opinion that the Farm Security Administration will have an even greater work to do in relocating these families.

I know from my own personal knowledge of the great work that has been done—in fact it has been my opinion since the depression started that many of our citizens had to be satisfied on a small farm without much cash income, but able to make a living and go along and become good, useful, self-respecting citizens such as you have outlined in the case of your farmers—the citizens who are poor but who have gained their self-respect and the respect of the community and I think that has happened very largely in the case of the families your organization has assisted.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. Baldwin, I want to say to you that the Farm Security Administration has been of great assistance to this committee all during our existence and we appreciate that very much.

We may call upon you through the committee's staff from time to time for further figures. We intend to make another report to Congress within a few weeks, dealing with the testimony that we have obtained regarding this defense migration and you probably have many figures and statistics that will be helpful to us.

I repeat again the committee is very grateful to the Farm Security Administration and to yourself for coming here this morning.

Mr. BALDWIN. I appreciate the privilege of appearing before the committee, and we are glad, of course, to cooperate with the committee in any way we can.

The work already done by this committee has furnished us one of the best possible guides in properly administering our program, and we want to reciprocate by helping in any way we can.

The CHAIRMAN. Of course, we heard about you through our different hearings, especially in Nebraska and Oklahoma, and I guess the committee was of some assistance to you in holding back about \$20,000,000 or \$25,000,000 worth of loans.

Mr. BALDWIN. Yes, sir.

The CHAIRMAN. Thank you very much, Mr. Baldwin.

Our next witness is Mr. Palmer.

The CHAIRMAN. Mr. Reporter, this is Mr. Charles F. Palmer, Coordinator, Division of Defense Housing Coordination, Office for Emergency Management.

TESTIMONY OF CHARLES F. PALMER, COORDINATOR, DIVISION OF DEFENSE HOUSING COORDINATION, OFFICE FOR EMERGENCY MANAGEMENT, WASHINGTON, D. C.

The CHAIRMAN. Mr. Palmer, I want to say to you that the committee appreciates very much the manner in which you and your office have cooperated with us by making available the records of your office.

We are glad to have you here again so that we may hear an account of your work in the interval since last March.

As you know, we have just returned from a series of field hearings held in San Diego, Calif.; Hartford, Conn.; Trenton, N. J.; and Baltimore, Md., where we heard a great deal of testimony with respect to regional or local needs. In other words, Mr. Palmer, during the last session of Congress we traveled throughout the United States investigating the migration of destitute citizens and reported back to Congress. Now, of course, we are concerned with the problem of migration resulting from the national-defense program.

We have visited different places, as I say, to see just how housing, for instance, is getting along. Dr. Lamb has some questions based on your statement, Mr. Palmer, that he would like to ask you.

Mr. PALMER. Mr. Chairman, the Division of Housing Coordination shares very definitely the feeling that it is an opportunity which we welcome to confer with you in order to get your views and to make available to you all the information we have.

The hearing last March developed angles that were helpful to us.

The various investigations you have conducted in different parts of the country—as Dr. Lamb knows, and as you do, sir, and the members of your committee know—we have kept actively in touch with and have profited by them, so if you care to have me, Mr. Chairman, I would like to read this statement which touches upon the many questions you very thoughtfully gave us in advance. We will stick to those and at the end of the statement it will be a pleasure to try to answer any other questions that you or any member of the committee may care to ask, if you would care to proceed in that manner.

The CHAIRMAN. Mr. Palmer, we have tried that out in a good many instances and we find that there is a lot of duplication. In other words your entire statement will be incorporated in the record. As you know, we have some prepared questions based on your statement and we would like to proceed that way unless you would rather read it.

Mr. PALMER. I should like to do this—I should like to read, if you concur, just the first two pages of my statement which will give us a foundation on which to proceed.

The CHAIRMAN. All right, you may go ahead.

Mr. PALMER. Then we have some charts that touch upon different developments that possibly could be included in the record.

The CHAIRMAN. You may proceed.

Mr. PALMER. I should like to read the first two pages, if I may.

Mr. Chairman and gentlemen of the committee, your primary interest concerns migration. Well, we certainly have something in common there, because if it weren't for the migration of workers the problem of defense housing would be much simpler. As the hundreds of thousands trek across the country, each to do his job for Uncle Sam, we have to provide housing and so because of this great common interest between the constructive hearing your committee is having and the job we are required to do, you will probably want to hear first from me what our duties are. [Reading from statement referred to above.]

On January 11, 1941, the President established by Executive order the Division of Defense Housing Coordination as a part of the Office for Emergency Management of his Executive offices.

He delegated to the Coordinator the following duties and responsibilities quoted from the order:

To facilitate proper coordination of, and economy and efficiency in, the provision of housing facilities essential to the national defense: anticipate the need for housing in localities in which persons are engaged, or are to be engaged, in national-defense activities; facilitate the full use of existing housing accommodations; formulate and recommend to the President coordinated defense housing programs, and advise each Federal housing agency of its part in each proposed program; facilitate the execution of approved housing programs through private industry or through appropriate governmental agencies and take appropriate steps to eliminate obstacles which impede the expeditious provision of defense housing.

Copies of that Executive order, which I should like to place in the record, were transmitted to all the agencies concerned, together with a letter from the President, dated January 17, 1941, which further emphasized the duties and responsibilities delegated to me.

I should like to read that letter:

THE WHITE HOUSE,
Washington, D. C., January 17, 1941.

In order to provide for the more effective coordination of the Government's defense housing program, I have recently established, by Executive order, a Division of Defense Housing Coordination within my own Executive offices. At the head of this Division I have appointed Mr. Charles E. Palmer and have delegated to him responsibility for assuring that the delays and shortages involved in providing adequate defense housing facilities are quickly eliminated.

I am requesting Mr. Palmer to prepare for me a statement covering the immediate status of the defense housing program and to submit to me thereafter a weekly consolidated report describing the progress being made by the several housing agencies, in meeting established housing needs, and indicating the points at which the program is lagging.

The coordinated and expeditious development of housing in strategic defense areas will require the unstinting cooperation of the numerous Federal agencies

concerned with this vital feature of our defense effort. I am, therefore, requesting the several agencies of the Government and the Advisory Commission to give every assistance to the new Coordinator, to the end that our defense housing activities may progress in an orderly and expeditious fashion.

Sincerely yours—

And signed: "Franklin D. Roosevelt."

(After reading the above introductory portion Mr. Palmer submitted his prepared statement, the body of which follows, together with the Executive order to which reference is made above. These documents are as follows:)

STATEMENT OF C. F. PALMER, COORDINATOR, DIVISION OF DEFENSE HOUSING COORDINATION, OFFICE FOR EMERGENCY MANAGEMENT, EXECUTIVE OFFICE OF THE PRESIDENT

* * * * *

You have requested "a general statement with regard to defense housing needs, indicating how estimates of need are made, and the steps being taken to meet them." A booklet recently issued so fully describes this procedure, that I ask permission to have pages 10 through 20 which cover this point made a part of the record.¹ Of course, we shall be glad to furnish additional copies of this booklet.

In accordance with your request for information concerning the "effect of title VI of the National Housing Act on private building in defense centers," I am furnishing a graph which tells more than many words.² Note that this chart shows that construction under title IV is clearly in addition to the total volume of other construction under the Federal Housing Administration plan. Prior to title VI, activity under title II during the early months of 1941 was running substantially ahead of last year. After title VI began to function, business under title II maintained just about the same margin over last year as it had done before, and the large volume of operations under title VI was added to the great activity under title II, producing in 14 weeks of operation applications for mortgage insurance on over 22,000 buildings, which will accommodate slightly more than that number of families, since some of them are multiple dwellings. Actual construction during this 14 weeks' period was started on over 5,400 homes and the rate is rapidly climbing. Last week, 992 were placed under construction. There is one other aspect of the operations under title VI which I should like to bring out: namely, that the major part of this business has been concentrated in a relatively small number of the defense areas in which title VI operates.

In reference to your request for information concerning homes registration bureaus in defense centers, summarizing the number of applications made and the rooms and homes registered, classified according to rent range, I am submitting the attached tabulation. This statement shows that up to the present time homes registration offices have been organized and are now operating in 86 cities and that they are in process of organization or under consideration in 164 additional cities. For 30 of these cities we have already received reports of operations which indicate that up to about the end of May the offices had registered a total of over 8,000 family dwelling units and about 20,000 rooms. They have received applications from about 6,500 home seekers and over 2,500 single persons looking for furnished rooms. Of the applicants, over 2,100 have been placed in family accommodations and over 1,800 in rooms. These figures represent only the beginning of the operations of the homes registration offices. Most of the offices have been organized for so short a time that the reports do not represent the volume of activity to be expected when the organization is completed. In many cases, the period of operation has been so short that no report at all is yet available. The record to date, however, is sufficiently impressive to show that the homes registration offices can easily become one of our most important instrumentalities in finding accommodations for defense workers and in facilitating the full use of existing residential accommodations.

You have also asked for a statement about private construction and our programs for private enterprise. The available statistics on private construction leave many important areas inadequately canvassed, but it can be very approximately estimated that during the fiscal year just ended private builders started

¹ See p. 6885.

² See p. 6906.

work on some 515,000 homes in the nonfarm sections of the United States. Of these, perhaps three-fifths or two-thirds were in defense areas. The total represents an increase of about 21 percent over volume turned out in the 1939-40 fiscal period. While these homes ranged in cost all the way from less than \$2,000 to more than \$25,000, the average value is believed to have been slightly more than \$5,000. In point of view of units, however, well over half, and perhaps as many as three-quarters, cost less than \$5,000. Most of these houses were for sale, but, even so, they have resulted in a substantial addition to the rental market. In one recent test that we have had made (covering Washington, D. C.), it was found that nearly 6 out of every 10 people building or buying houses come from rented houses. Thus the builders of homes for sale or for owner occupancy contribute materially to the supply of homes available for rent. Under title VI of the National Housing Act, the proportion of direct rental properties has been higher than in private building generally, and it now appears that at least a quarter of the units currently being built under that title are rental properties.

Because of the vast number of communities in which there is some defense activity, it has been neither possible nor practical to set up specific programs for private building in every one of these places. This does not mean, however, that private builders are not being counted upon in every defense area. On the contrary, if private building fails to do the lion's share of the necessary home construction in most defense centers, the task which will be left to public housing will be many times that presently envisaged. Thus far the performance of private builders in supplying local needs has been too mixed to permit any generalizations. In communities like Boston, Canton, Jacksonville, Washington, San Francisco, Oakland, and Alameda private construction appears to be providing its full share of the housing needs. On the other hand, a pick-up in the rate of private building is needed in Buffalo, Bridgeport, Philadelphia, Pittsburgh, and South Bend, if the needs of the defense program are to be met.

You have expressed an interest in priorities; we tried to be foresighted in this matter and have worked out between the Priorities Board and our Division general principles of an agreement, details of which are being developed and which it is hoped will be announced in a few days. This arrangement will facilitate granting priorities assistance for public-defense housing projects and such private housing as serves defense needs. For the record I submit a statement of the general agreement between Mr. Stettinius and myself.

With reference to your request for "a summary of the arrangements made for regional and State coordination of Federal housing agencies," it is important to note that we have tried, in our work of coordination, to disturb as little as possible the normal program of some 13 housing agencies and to assist all of them in fulfilling their maximum capabilities in meeting the need. In doing this, we have considered that coordination at the Federal level was adequate since we operate with each agency through its own field organization. In this connection, we have used the facilities of the State and local defense councils, a part of which is a housing committee composed of local citizens. When appropriate, we have urged the use of the splendid facilities of State housing boards and commissions and local housing authorities as we do in our phase of housing. The local housing committee conducts the homes registration offices, stimulated by the Division of Defense Housing.

In order properly to coordinate housing with other defense agencies, there are now written statements of relations between offices of the Coordinator of Health and Welfare, Price Administration and Civilian Supply, and Civilian Defense. The splendid machinery which has been developed, will begin presently to show the benefits of mutual understanding of the functional areas of operations of the various agencies concerned with the problem confronting us.

Mr. Chairman, it has been a pleasure to appear before your committee. I am pleased to report such progress to you. The loyal and energetic leadership in the various housing agencies bespeaks the ability of our Nation to meet the need for housing in terms of defense, a preparation for the real job in the post-emergency.

EXHIBIT A.—EXECUTIVE ORDER

COORDINATION OF NATIONAL DEFENSE HOUSING

JANUARY 11, 1941.

By virtue of the authority vested in me as President of the United States by the Constitution and the statutes, in order to define further the functions

and duties of the Office for Emergency Management of the Executive Office of the President with respect to the national emergency as declared by the President to exist on September 8, 1939, and for the purpose of providing for the effective discharge of responsibilities imposed upon me by the statutes mentioned in paragraph 1, and for assuring proper coordination of all defense housing activities, it is hereby ordered as follows:

1. The term "defense housing" as used in this order shall include all housing authorized by—

(a) United States Housing Act of 1937, approved September 1, 1937 (50 Stat. 888), as amended, so far as projects developed under the authority of this Act relate to national-defense activities.

(b) Title II of the Act of June 28, 1940, 54 Stat. 676, 681.

(c) Second Supplemental National Defense Appropriation Act, 1941, approved September 9, 1940 (Public, No. 781, 76th Cong.).

(d) Act of June 11, 1940, 54 Stat. 265 (including housing authorized by allocations from emergency funds available under such Act).

(e) Act of June 13, 1940, 54 Stat. 350 (including housing authorized by allocations from emergency funds available under such Act).

(f) Act of October 14, 1940, Public, No. 849, 76th Congress.

2. The term "Federal housing agency" as used in this order shall include all executive departments and independent agencies, including corporations in which the United States owns all or a majority of the stock, either directly or indirectly, which—

(a) Plan, construct, or operate defense-housing facilities.

(b) Grant loans or subsidies for public-housing purposes.

(c) Encourage or assist the financing or construction of private housing.

(d) Conduct surveys or analyses of housing conditions and housing markets.

3. There is hereby established within the Office for Emergency Management of the Executive Office of the President, a Division of Defense Housing Coordination at the head of which there shall be a Coordinator of Defense Housing appointed by the President. The Coordinator of Defense Housing, hereinafter referred to as the Coordinator, shall perform his duties and functions under the direction and supervision of the President and shall report to the President through the Liaison Officer for Emergency Management. The Coordinator shall receive compensation at such rate as the President shall approve and in addition shall be entitled to actual and necessary transportation, subsistence, and other expenses incidental to the performance of his duties.

4. Subject to such policies, directions, and regulations as the President may from time to time prescribe, the Coordinator, in cooperation with all departments and agencies which have responsibilities for defense activities, and utilizing the services and operating facilities of Federal housing agencies to the maximum, shall perform the following duties and responsibilities:

(a) Establish and maintain liaison between the several departments and establishments of the Government and such other agencies, public or private, as the Coordinator may deem necessary or desirable, to facilitate proper coordination of, and economy and efficiency in, the provision of housing facilities essential to the national defense.

(b) Anticipate the need for housing in localities in which persons are engaged, or are to be engaged in national-defense activities; analyze reported defense-housing needs; coordinate studies and surveys of Federal housing agencies in areas of national-defense activity; and facilitate the full use of existing housing accommodations.

(c) Formulate and recommend to the President coordinated defense-housing programs with the objective of avoiding shortages, delays, duplication, and overlapping in defense housing; and advise each Federal housing agency of its part in each proposed program.

(d) Facilitate the execution of approved housing programs through private industry or through appropriate governmental agencies and take appropriate steps to eliminate obstacles which impede the expeditious provision of defense housing.

(e) Advise with private and Federal agencies in the formulation of plans, terms, rental, and management policies, and other factors involved in developing and operating approved defense-housing projects.

(f) Keep continuously informed of the progress of the defense housing program, and report regularly thereon to the President and to the several interested departments and agencies.

(g) Review proposed or existing legislation relating to or affecting defense housing activities and recommend such additional legislation as may be necessary or desirable to assure the effective and expeditious provision of adequate housing facilities for persons engaged, or to be engaged, in national-defense activities.

(h) Perform such other duties relating to the coordination of defense housing as the President may from time to time delegate.

5. Within the limits of such funds as may be appropriated to the Division of Defense Housing Coordination, or as may be allocated to it by the President through the Bureau of the Budget, the Coordinator may employ necessary personnel and make provision for the necessary supplies, facilities, and services. However, the Division of Defense Housing Coordination shall use insofar as practicable such statistical, informational, fiscal, personnel, and other general business services and facilities as may be made available through the Office for Emergency Management or other agencies of the Government.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE.

REGULATIONS GOVERNING DEFENSE HOUSING COORDINATION

JANUARY 11, 1941.

Pursuant to the Executive Order of January 11, 1941, entitled "Coordination of National Defense Housing," the following regulations are prescribed in the interest of effective coordination of national-defense housing:

1. The definition and use of the terms "defense housing," "Federal housing agency," and "Coordinator" contained in the above-mentioned Executive Order of January 11, 1941, shall also apply to these terms as used in these regulations.

2. All defense housing programs or projects requiring certification, approval, allocation of funds, a finding, or other action by the President as prescribed by any of the statutes mentioned in paragraph 1 of the Executive Order of January 11, 1941, mentioned above, or in any statute now or hereafter enacted relating to the provision of housing for persons engaged in national-defense activities, shall, prior to presentation to the President, be submitted by the Federal housing agency concerned to the Coordinator for his review and recommendation. The recommendations of the Coordinator shall cover all items to be determined by the President under the legislation pursuant to which such defense housing is being provided and shall further cover the relationship of such housing to the defense housing program of the Government, method of financing, agency to be utilized, character of the project, development, operation, and management plans, and such other considerations relating to the coordination of the defense housing program as may be pertinent. All submittals to the President as required by the above-mentioned statutes shall be accompanied by the recommendations of the Coordinator. Any revisions in such defense housing projects effected subsequent to review and clearance by the Coordinator substantially changing the scope and character of the original project shall be reported to the Coordinator, who shall advise the agency concerned of the effect of such changes upon the coordinated defense housing program.

3. Each Federal housing agency shall promptly furnish to the Coordinator for his review and recommendation the standards which it has established, or which it proposes to establish or revise, for the development, operation, and management of defense housing projects with respect to—

(a) Physical characteristics, including standards of design, construction, site selection, amenities, and community facilities.

(b) Labor standards.

(c) Standards of occupancy, operation, and management, including rent levels and policies.

Any Federal housing agency submitting a proposed defense housing project to the Coordinator for his review and recommendation, as set forth in paragraph 2, shall certify that the standards established for such agency have been or will be complied with, except as the project proposal may indicate.

4. In order to coordinate site acquisition for defense housing purposes, all proposed site locations under consideration for defense housing projects shall be

reported to the Coordinator by the Federal housing agency concerned. The Coordinator shall advise such agency of the relationship of its proposed sites to other actual or proposed defense housing sites in the same locality.

5. Each Federal housing agency shall furnish to the Coordinator copies of such available housing surveys and reports and such other available information and data relating to housing needs and housing markets as he may request; and shall cooperate with the Coordinator in obtaining and developing additional information necessary to a determination of the amount and character of defense housing needs.

6. Each Federal housing agency shall keep the Coordinator advised reasonably in advance of all proposed housing surveys and investigations relating to housing conditions and the housing market in any locality where the defense program has or is expected to have a significant effect on the need for housing. The Coordinator shall advise each agency of the correlation of its proposed survey and investigation activities with other surveys and analyses completed or in progress in the same locality.

7. Each Federal housing agency shall promptly furnish to the Coordinator, at his request, such reports with respect to its activities and the progress of its program as may be necessary in coordinating and expediting the financing, construction, and operation of public and private housing facilities.

8. The Coordinator shall furnish to the Director of the Bureau of the Budget such information and reports with respect to the planning, development, and progress of the Government's defense housing program, in such form and at such times, as the Director may require.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE.

TESTIMONY OF CHARLES F. PALMER—Resumed

Mr. PALMER. I think it is of vital importance, as we get into the matter, to understand what our responsibilities are, and to see that they are clarified for the information of the committee.

I shall be very happy for you to proceed informally, Mr. Chairman, if that is the way you would like to do.

The CHAIRMAN. Yes. Dr. Lamb has some questions he would like to ask.

Dr. LAMB. Mr. Palmer, does your organization maintain its own field force for an independent check on the housing needs in a given area?

Mr. PALMER. We use all the Federal agencies who themselves are in a position to reflect any light at all upon the needs, frequently checking their information by our own representative after the consolidated reports have come in to us from F. H. A., from the Home Owners' Loan Corporation, from W. P. A., and others who have made exhaustive surveys in the areas, plus the home rooms registration department; and then we sometimes have local hearings.

Probably the best example of the way a determination is made would be that which happened in Pittsburgh. In round numbers last year, I think about 3,000 houses were built in Pittsburgh. The expansion of the defense industries there has been so great that it was determined, on the best available information, that probably 15,000 houses should be produced there during the next year.

There was no opportunity to curtail production of steel. Automobiles were being curtailed in Detroit—to help in the solution of furnishing housing for employees. Unlike that city, Pittsburgh saw no curtailment. Consequently it was decided that probably 5,000 houses should be built with public funds—houses which could be integrated after the emergency into the slum clearance, low-rent-housing program of Pittsburgh and Allegheny County; and 10,000 houses were to be produced by private industry through title VI and otherwise.

That was such a startling statement, particularly among the people of private enterprise. It was immediately questioned whether 5,000 houses should be built with public funds in the Pittsburgh area.

Consequently, Dr. Lamb, we got them all to come down to Washington. They spent the entire day here. We had the representatives of the private enterprises, the chamber of commerce, as well as the representatives of the local housing authorities, the labor organizations and others.

At the end of that day they came out with a joint statement, which they all had signed, saying that 5,000 houses built by public funds and 10,000 houses by private interests were what we should aim at.

That, in general, gives you the way we go about making a determination of need.

DR. LAMB. You cited certain governmental agencies which were relied upon to assist you in these estimates, and you mentioned the Federal Housing and the Home Owners' Loan Corporation. Which agency or agencies do you most frequently call upon?

MR. PALMER. Probably the Bureau of Employment Security. They are doing a great many surveys for us and then we reimburse them. The Bureau of Labor Statistics also gives us a great deal of help and we also work with Mr. Hillman's office.

We will be very glad, Dr. Lamb, if you would care for it, to put in a complete list of the agencies.

DR. LAMB. Yes.

(The document referred to above is as follows:)

EXHIBIT B.—PROGRAM OF SURVEYS RELATING TO DEFENSE HOUSING NEEDS

REPORT OF DIVISION OF DEFENSE HOUSING COORDINATION, OFFICE FOR EMERGENCY MANAGEMENT, EXECUTIVE OFFICE OF THE PRESIDENT, WASHINGTON, D. C.

The Division of Defense Housing Coordination has the responsibility of coordinating the special defense activities of the various Federal agencies engaged in the defense-housing program, and subject to Presidential approval recommends allocation of the funds provided by Congress for public defense housing construction. In order to discharge its responsibilities, the office of the Coordinator must have full and accurate information on all aspects of the housing situation in defense areas.

The important factors considered by the Coordinator of Defense Housing in determining whether or not a need exists for additional housing facilities in a given defense area include—

- (1) The amount and type of prospective additions to the labor force.
- (2) The supply of suitable labor already resident in the area.
- (3) The supply of suitable housing currently vacant.
- (4) The current tempo of private building activity.
- (5) The real-estate market conditions in the locality, and prospects for future private building.

The Coordinator relies mainly upon four existing Federal agencies to secure information on these points. The Bureau of Employment Security, in collaboration with State employment agencies, is equipped to make surveys of labor demand and supply throughout the country. The Work Projects Administration has facilities for making accurate, detailed vacancy surveys on a uniform basis promptly in all sections. The Bureau of Labor Statistics is the official source for information on the volume of private residential construction. The Federal Housing Administration has an extensive housing market analysis organization which for years has guided Federal Housing Administration insuring operations.

The office of the Coordinator submits to one or more of these agencies requests for surveys of the four specialized types noted above for areas in which data on defense contract awards, or on military or industrial plant

expansions, indicate defense housing may be needed. The number and type of surveys requested for any particular area depend upon the size and type of the area and the nature of the defense activity therein. In many cases the local situation can be covered adequately by the report of the Bureau of Employment Security or the Federal Housing Administration alone. Where two or more surveys are made in a given area, each agency restricts itself to its own specialized field, so as to avoid duplicate requests for the same information and to minimize overlapping interviews with the same persons.

Ordinarily the Bureau of Employment Security's labor survey is the first to be made in a locality, securing primarily data on the extent of the need for importation of workers. In the employment survey brief data on housing as it affects the labor supply are secured from employers and others from whom labor information is obtained, but no effort is made to secure housing data from other sources. The Work Projects Administration similarly restricts its activity to the making of the house-to-house vacancy survey, after making preliminary inquiries as to the existence of recent complete vacancy surveys by local agencies. The Federal Housing Administration ordinarily does not begin its survey until a labor report is available for use by Federal Housing Administration field men in the preparation of estimates of housing demand which are incorporated in their reports on the current housing situation. The Bureau of Labor Standards prepares monthly reports on the number of houses started based on building-permit information supplemented, where necessary, by other sources.

Other surveys than those of the types described above are made by State and local organizations, and by Federal agencies concerned with other aspects of defense housing needs. Those made specifically for the use of the Coordinator's office include surveys of labor and housing in rural areas by the Farm Security Administration in cooperation with the Bureau of Agricultural Economics. Surveys of rental change are made at the joint request of the Office of Price Administration and Civilian Supply and the Coordinator of Defense Housing, by the Bureau of Labor Statistics in the larger cities and metropolitan areas, and by the Work Projects Administration in smaller cities. A vacancy count is usually made by the Work Projects Administration in connection with each of its rental surveys.

Other surveys, not made at the direct request of the Coordinator's office frequently are of great assistance. Among the additional surveys made by Federal organizations are the surveys of the need for additional community facilities made by the Work Projects Administration, in cooperation with other Federal agencies, and surveys of migration into defense areas made by the same agency.

The local homes registration offices which operate in cooperation with the Coordinator's office also supply useful information to the Coordinator, through the periodic reports on their operations and through making available reports prepared by local organizations which come to their attention.

It is the policy of the Coordinator's office to utilize the above surveys and not make surveys itself. However, the regional coordinators are in the field with great frequency and thus observe first-hand local conditions.

TESTIMONY OF C. F. PALMER—Resumed

Dr. LAMB. This committee is interested in the procedure by which your office resolves differences of opinion on the part of various interested groups in a community, as to estimates of needed housing, and in that connection I would like to read a couple of excerpts from the Hartford hearing of this committee, in order to indicate to you what I mean by the "difference of opinion which might arise."

For example, Governor Hurley, of Connecticut, a witness at the Hartford hearing, said [reading]:

"I would not be overstating the fact if I should tell you that in every community in our State where there is production for defense, there is a great housing shortage and, moreover, that housing shortage will not be met despite the sporadic housing construction that is in progress here and there. On the contrary it will probably occur in a more grave housing situation."

On the other hand, Donald Sammis, works manager for the Underwood-Elliott-Fisher Co., who has been connected with the State Defense Council in a committee on housing of that council, testified [reading]:

"The tendency has been for us to have more of the roomer type of new employees, so I think that even though our estimate of 12,000 has gone to 15,000 and then to 19,000 new employees in the area, we are apparently going to be adequately covered."

Now, those are the two poles. The Governor's statement, of course, as quoted here does not refer to any individual community in Connecticut, other than by suggesting that the communities where production for defense was taking place were so affected. Mr. Sammis does refer, apparently, to Bridgeport specifically.

Would you indicate how your office proceeds in resolving such differences in order to get action?

Mr. PALMER. The objective is to house defense workers. That means workers, of course. Consequently, the employment schedules of the industries we are trying to serve are of vital importance to us.

Sometimes schedules will be set up, Dr. Lamb, that they expect to meet, and we go in and program accordingly. There may be a lag in getting their employees or they may speed up; consequently, our one barometer is that which is factual and can frequently dispel rumors that come from the opposite poles, just as you said. However, our sources must primarily be labor sources. Then we have, of course, building permits and construction agencies and all on the type of housing supply as against the type of influx of labor supply.

Now, Dr. Lamb, if the committee will take what is called our locality-program report on every one of several hundred areas, you will find all of the details of those programs, the sources, the people consulted, and the reasons for the final determination. Those are called locality-program reports and they have been given to you before.

Dr. LAMB. Yes; I appreciate that.

Mr. PALMER. Now, there is in this booklet, which I should like to offer to the committee members individually, and parts of it for the record, in connection with this statement—

Dr. LAMB. The reporter will make that an exhibit at this point.

(The exhibit referred to is as follows:)

EXHIBIT C.—FINDING HOUSING NEEDS¹

To carry out the duties under the Executive order, the Division of Defense Housing Coordination must, first of all, gather facts. An Analysis Division, therefore, is charged with the duty of accumulating the information necessary to ascertain housing needs and to program projects to satisfy them. In accomplishing this purpose, defense housing relies on a wide assortment of Government and private agencies, each of which can supply information either of a special or general nature.

SOURCES OF INFORMATION

Homes registration offices report the status of vacancies and available housing in their areas, where such offices exist.

Reports of plant expansions and, in this connection, notice of placement of large Government contracts which might result in such expansions are received directly.

¹ Excerpt from booklet, Homes for Defense, a statement of function, Division of Defense Housing Coordination, Office for Emergency Management, Executive Office of the President, Washington, 1941.

The Army and Navy submit statements of need for housing in the areas affected by their activities.

State and local defense councils and their housing committees cooperate in supplying information for their districts.

Field studies are made for the Division by the Bureau of Employment Security, the Work Projects Administration, the Bureau of Labor Statistics, and the Federal Housing Administration.

The Analysis Division also reviews periodic survey information from any Government agencies which may be in possession of pertinent facts, and the regional coordinators of the Division of Defense Housing Coordination report any information they may receive directly in the course of their trips in the field.

All these contribute to the fund of knowledge of housing needs which is necessary for the successful operation of a programming and coordinating agency, such as the Division of Defense Housing Coordination.

METHOD OF OPERATION

Before formulating a specific program for a defense area several preliminary steps are necessary, of which the foremost is a thoughtful and thorough examination of the community problem. Such examination aids materially in preventing dislocation of the normal life of the community, which is a vitally necessary consideration.

The Division gathers all available information on the amount of housing available, proposed establishment or expansion of military or industrial plants, and the amount of additional labor which must be brought in—both that which is directly concerned with such establishments or expansions and that which is necessary to service the increased population.

In the case of military establishments, the Army or Navy provides information with the addition of other data from Federal and local sources. The Office for Emergency Management, Government housing and fact-finding agencies, and local groups supply information on problems which arise in connection with defense industry. Studies of housing conditions in general, construction activity prior to and during the period of defense emergency, and available vacancies are made in the field. On the basis of material so gathered, an estimate can be made of the amount and type of defense housing which is or will be necessary to accommodate the workers.

TRANSPORTATION, MODERNIZATION, AND CONVERSION HELP

The Division also considers with great care such questions as the availability of transportation facilities. Meeting the need for housing in any locality necessarily means taking into account the convenience of transportation by electric lines, railroads, and highways. It is often possible to use houses in nearby towns and cities if commutation is feasible. The Division of Transportation of the National Defense Advisory Commission reviews programs recommended by the Coordinator for possible use of dwellings made available in this manner.

Investigations are also made in each locality to determine the number of large buildings and homes which may be converted and modernized in order to increase the number of net dwelling units in the area. Modernization may be recommended, in some localities, in lieu of, or in addition to, new construction. The Federal Home Loan Bank Board and the Federal Housing Administration are actively interested in modernization, both in relation to meeting defense housing needs and in rendering the usual benefits of such remodeling to the neighborhood and community.

Vacancy surveys, preliminary to setting up registration of houses, apartments, and rooms available, are made at the request of the Defense Housing Coordinator. The resulting figures are used in estimating need for new constructions.

DETERMINATION OF CONSTRUCTION NEED

After all possible alternatives have been studied and analyzed, the net need for new construction is ascertained. It must be determined in relation to present and future use of the houses, based on Army, Navy, and industrial expectation, and the present and future local real-estate markets. As the location of housing in relation to plants and also to the local and regional plan are of particular importance, recommendations taking this factor into

account are made to the constructing agencies. Plans for locating new plants by the Army and Navy are submitted to the Coordinator for possible cooperation in producing new houses or using existing houses.

The function of determining whether or not a need can be met by private enterprise is specifically assigned to the Coordinator. The answer to this question is based on the local real-estate market, present and expected development, availability of construction materials and labor, and direct advice from the Federal Housing Administration and the Federal Home Loan Bank Board. The urgency of many situations to date has caused the Coordinator to recommend immediate construction by Federal agencies with public funds, leaving a proportion of the need for private enterprise to care for. If, after a reasonable time, the private builders have not made progress in solving the problem, the program is again studied with the view of proceeding with the provision of housing with the assistance of the Federal Works Agency and the Defense Homes Corporation.

SIXTEEN HUNDRED HOMES FOR DEFENSE

For purposes of illustration let us suppose that in a given community the coordinator finds there is an immediate need for 1,600 dwelling units.

It is determined that 1,500 of these units will be needed for the shelter of families of workers in defense industries. The remaining 100 units will be necessary for the families of enlisted personnel.

When a description of need has been agreed upon, a program is laid out based on the legislative and Executive authority of the respective cooperating agencies. The over-all determination of the program for a specific locality is then submitted to review and comment to those offices within the Office for Emergency Management which are concerned, and to the various housing agencies. These include the service initially reporting the need, the agency which is requested to execute the construction, and the agencies which can best gauge the feasibility of private capital's participation.

After these steps, the Coordinator issues the approval locality program report, presenting the current recommendation for the handling of defense housing need in the community.

The report is sent to the President for his approval. Funds are made available, in the case of Government building, and the specific agencies concerned take over the task of carrying out the construction.

DEFENSE TOWN, U. S. A.

Defense Town, U. S. A., a community whose suddenly expanding industry has called in thousands of workers from outside its commuting area to man the defense machines. This sudden bulge in population has created critical housing shortages. To find out the extent of such shortages, the Division of Defense Housing Coordination swings into action and prepares the locality program report.¹

THE LOCALITY PROGRAM REPORT

Locality Program Report, Defense Town, U. S. A.: This locality program report supplants the special locality program report approved by the Coordinator, January 30, 1941.

1. Summary

1. Report of need: It appears that due to the construction of the new airplane factory of the Defense Aircraft Corporation, a new industry in Defense Town will result in the need for at least 1,245 family dwelling units.

2. Housing situation: It is reported that on January 27, 1941, Defense Town had a 0.7 percent vacancy ratio not including substandard dwellings, but 0.4 percent of the units for rent were under \$50 per month.

¹The following locality program report has been taken from the files of the Division of Defense Housing Coordination and reports actual programming of defense-housing needs. Only the name of the city has been omitted and the names of the companies whose expanded activities created the housing shortage. This report graphically portrays how various agencies of the Government, along with private enterprise, were marshalled to alleviate these defense-housing needs.

II. Detailed discussion

1. Report of need: The total report of need of 2,245 family dwelling units has been arrived at after several conferences with the personnel director of the Defense Aircraft Corporation. This is a new industry requiring almost entirely new personnel.

2. Defense activity: The Defense Aircraft Corporation purchased the Defense Town plant of the Benson Aviation Manufacturing Co. and a large expansion program is now under way. As the additional plant facilities are now completed, the labor requirements for the operation of the plant are large.

Recommendation for locality program

A. PROJECTS HERETOFORE APPROVED

Project No.	Defense activities	Number of family units	E or C	P, Q, T, or U	On or off	When needed	Approximate monthly shelter rent	Allocation or assignment	Construction agency
	Aircraft workers.	300	C	Q	Off.	July 1, 1941	\$20-30	PA 849 ¹	FWA.
	-----do-----	200	C	Q	Off.	Aug. 1, 1941	35-40	DH Corp.	DH Corp.
	Total.....	500							

B. TEMPORARY SHELTER HERETOFORE APPROVED

40012 (T)	Aircraft workers.	50 Tr.	C	T	Off.	Mar. 10, 1941.	-----	PA 9 ²	FSA.
40012 (T)	-----do-----	200 Tr.	C	T	Off.	Apr. 10, 1941.	-----	PA 9 ²	FSA.
40012 (T)	-----do-----	200 Tr.	C	T	Off.	May 10, 1941.	-----	PA 9 ²	FSA.
40012 (T)	-----do-----	200 TD.	C	-----	Off.	Immediately.	-----	PA 9 ²	FSA.
	Total.....	650							

C. RECOMMENDATIONS FOR OTHER PROJECTS

14	Aircraft workers.	300	C	Q	Off.	Aug. 15, 1941	\$20-30	PA 849 ³	FWA.
	-----do-----	250	C	Q	Off.	Oct. 1, 1941	20-30	Private.	Private. ⁴
	-----do-----	195	C	Q	Off.	-----do-----	30-40	-----do-----	Do. ⁴
	Total.....	745							

¹ Presidential finding Feb. 3, 1941.

² Presidential finding Mar. 18, 1941.

³ Finding of need by the President May 2, 1941.

⁴ By virtue of the Presidential finding dated Apr. 9, 1941, the financing provisions of title VI of the National Housing Act are available in this area.

⁵ Subject to the availability of funds.

These recommendations are subject to the conditions stated in pt. IV.

NOTE.—Explanation of symbols:

D.—Dormitory units. For workers who arrive before their families.

Fam.—Family dwelling units.

C.—Civilian employees of Army, Navy, or defense industries.

T.—Temporary shelter: These units are to remain no longer than until an equivalent number of family units in permanent housing is provided.

Q.—Considered desirable as permanent additions to the locality's housing supply, though period of use in connection with defense activity is uncertain. Projects designated as "Q" but built under PA 781 or PA 849 will probably be used for low-rental housing purposes after the emergency is over.

Off.—Construction off present military reservation.

Tr.—Trailers.

PA—Public Act—PA 849 enacted by 76th Cong.; PA 9 enacted by 77th Cong.

FWA—Federal Works Agency.

DH Corp.—Defense Homes Corporation.

FSA—Farm Security Administration.

3. Labor requirements and supply: The Defense Aircraft Corporation reported on March 1, 1941, that a peak employment of from 7,000 to 7,500 workers will be reached by the latter part of September 1941. This will represent an increase of from 6,000 to 6,500 workers since September 1940, at which time approximately 1,000 aircraft workers were employed.

It is estimated that about 2,300 of the new workers will be imported from outside the commuting area. It is estimated that at least 50 percent of these

importees will be married and require housing. It appears that the minimum wage will be 50 cents an hour for a 40-hour week for nonproductive employees, of whom there will be a small number.

Productive employees will start in at 50 cents an hour for a 40-hour week for the first 2 months of service, then receive 55 cents per hour for the next 4 months; 60 cents per hour for the following 2 months; and 62.5 cents per hour per month thereafter. This classification will probably total about 75 percent of the workers. Skilled workers will receive \$1.10 and \$1.25 per hour for a 40-hour week.

4. Housing situation.

General description.—The Bureau of the Census reports that Defense Town had a population of 167,402 people on April 1, 1940, an increase of 8.8 percent during the last decade, and the county had increased 15.4 percent during the same period, having a total population of 257,267 people.

Defense Town combines the advantage of ready access to many raw materials, plus its position as the commercial capital of the South, which makes it the logical distribution center for a wide area. Located in the center of the richest agricultural section, it has become the natural market for grain, garden products, fruits, meat, and dairy products. Industrial development of the city has been well diversified, but cellophane and rayon are of primary importance among the products of the metropolitan area.

Vacancies.—According to the April 1, 1940, housing census, there were 1,635 vacant family dwelling units for sale or for rent in Defense Town, a 3.4-percent vacancy ratio. In the county there were 2,520 family dwelling units for sale or rent—a 3.6-percent vacancy ratio.

On November 4, 1940, the Defense Town Housing Authority reported that its survey of 25,711 dwelling units in the predominantly substandard housing areas of Defense Town revealed that 19,198 units were substandard in character. Out of 13,159 of these dwellings for which the tabulations and data were available, 890 units were vacant and 808 of these were definitely substandard.

The Defense Aircraft Corporation reported on March 4 that the latest information derived by the Defense Town Housing Authority survey, the Defense Aircraft Housing Department survey, and the real-estate board shows that on January 27, 1941, there was a 0.7-percent vacancy in Defense Town not including substandard dwellings. Only 0.4 percent of the units for rent were under the rate of \$50 per month. It must be remembered that approximately one-third of the population of Defense Town is colored, and in all probability a large part of the vacancies are in the colored sections and not available or acceptable as housing for the white workers to be imported into the area.

Public housing.—There are two public-housing projects in Defense Town which are being constructed under loan agreements between the United States Housing Authority and the Defense Town Housing Authority. One of the projects consists of 386 units and the other consists of 480 units. Neither of the projects is to be used for defense housing purposes.

New construction.—The Bureau of Labor Statistics reports that building permits for 1,032 dwelling units, including 689 United States Housing Authority-aided housing project units were issued in Defense Town during the first 11 months of 1940, and building permits for 1,325 units were issued in all of the county during the first 9 months of 1940.

It is reported that large-scale construction is limited to 4 operative builders who can handle about 100 houses each per year. During 1940, when it was estimated that the construction industry was operating at a maximum efficiency, one of these builders constructed 107 homes and the others built far less than that number.

During the period 1922 to 1929 an average of about 600 homes were constructed in Defense Town, but during the last decade private construction fell well below that average. This would seem to indicate that private enterprise does not have the capacity or cannot be expected to supply all of the housing needed for defense workers, and at the same time meet normal housing requirements.

III. Determination of net need

The number of units as programmed in locality program reports 1 and 2, their tentative rental schedules, and their allocation are as follows:

(a) Three hundred family dwelling units for families of civilian aircraft workers, proposed for construction by the Federal Works Agency under Public Act 849, for which tentative and approximate rentals are as follows: 300 units at \$20-\$30 monthly shelter rent.

(b) Two hundred family dwelling units for families of civilian aircraft workers, proposed for construction by the Defense Homes Corporation, for which tentative and approximate rentals are as follows: 200 units at \$35-\$40 monthly shelter rent.

(c) Two hundred demountable dormitory units for civilian aircraft workers.² These are to remain no longer than until an equivalent number of family units in permanent housing is provided. (See locality program report No. 2 (TS-1; temporary shelter) dated March 11, 1941, and approved by the President March 18, 1941.)

(d) Four hundred and fifty trailers to accommodate 450 families of civilian aircraft workers. These are to remain no longer than until an equivalent number of family units in permanent housing is provided. (See locality program report No. 2 (TS-1; temporary shelter) dated March 11, 1941, and approved by the President March 18, 1941.)

(e) In consideration of the report cited above and the housing presently available, it appears that a program of at least 745 family dwelling units in addition to those programmed in locality program reports Nos. 1 and 2 should now be provided in Defense Town for aircraft workers.

The number of units, their tentative rental schedules, and their allocation in the same order as tabulated in C of part II are as follows: 300 family dwelling units for families of civilian aircraft workers proposed for construction by the Federal Works Agency under Public Act 849 for which tentative rentals are approximately as follows: 300 units at \$20-\$30 monthly shelter rent.

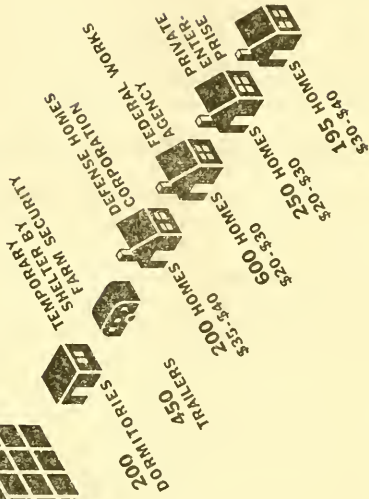
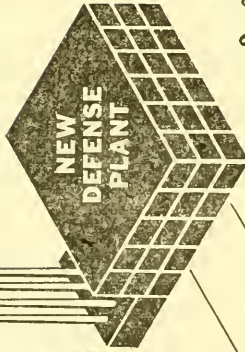
These units considered desirable as permanent additions to the locality's housing supply, though period of use in connection with defense activity is uncertain. These units designated as Q but built under Public Act 781 or Public Act 849 will probably be used for low-rental housing purposes after the emergency is over.

(f) Two hundred and fifty family dwelling units for families of civilian aircraft workers, proposed for construction by October 1, 1941, by private enterprise, for which tentative rentals are approximately as follows: 250 units at \$20-\$30 monthly shelter rent.

(g) One hundred and ninety-five family dwelling units for families of civilian aircraft workers, proposed for construction by October 1, 1941, by private enterprise, for which tentative rentals are approximately as follows: 195 units at \$30-\$40 monthly shelter rent.

² For workers who arrive before their families.

“DEFENSE TOWN” ITS HOUSING PROBLEM



**NEEDED:
ADDITIONAL HOMES FOR
1,445 WORKERS**

**1,245 FAMILIES AND
200 SINGLE MEN**

THE COORDINATED PROGRAM

IV. Management plans

The recommendations for the Government housing projects contained in this locality-program report necessarily cannot include, in the present stage of these projects, plans for management, except tentatively with respect to rental range and intended type of occupants. Therefore, this report contemplates that the agency to which management of a Government project is assigned will transmit to the Coordinator for clearance, at least 60 days prior to initial occupancy, specific proposals for the management thereof.

TESTIMONY OF C. F. PALMER—Resumed

Mr. PALMER. As I say in this booklet there is a typical locality-program report. In other words, we take what we call a defense town and we go right through the whole matter of need determination and the way the need is supplied.

Dr. LAMB. So that we can gradually build for the committee a picture of your procedures, I want at this point to inquire further into the difficulty of determining locations for new housing. In connection with what you said about the difficulty of determining locations, we understand that on occasions estimates by industries have not been correct as to the rate of expansion.

The committee held hearings in San Diego in the middle of June, and knows that the Consolidated Aircraft estimated at that time an addition to its pay roll of about 8,000 men by the end of this year, bringing the total to around 25,000. But at the rate at which they are now hiring they will probably not reach that figure and their failure to do so has resulted in reducing the pressure in San Diego accordingly.

Mr. PALMER. That is very true. Just to substantiate that, Dr. Lamb, we have a letter we gave to the Public Buildings and Grounds Committee in hearings this week on the expansion of the Lanham bill, which came in from Lieutenant Black, heading the housing group of citizens in San Diego, substantiating just what you said—that adequate housing had been provided in advance and that it was not over-programmed at all and that they were all delighted with the situation. The letter includes an enclosure which we would like to give for the record here.

Dr. LAMB. We would like to have that for the record.

(The letter and enclosure referred to above are as follows:)

EXHIBIT D.—LETTER FROM LT. MAX I. BLACK, CHAIRMAN, SAN DIEGO DEFENSE HOUSING COMMITTEE

COMMANDANT'S OFFICE,
ELEVENTH NAVAL DISTRICT,
SAN DIEGO, CALIF., *San Diego, Calif., July 7, 1941.*

MR. CHARLES F. PALMER,

Coordinator of Defense Housing,

Executive Office of the President, Washington, D. C.

MY DEAR MR. PALMER: In reply to your letter of June 20, 1941, I wish to thank you for your efforts in helping us solve the problem of the housing of trainees in this area. The telegram authorizing the use of five dormitories to house National Youth Administration enrollees was received on Friday, June 27, and the entire National Youth Administration resident project was moved by June 30.

It would appear at the present time that more dormitories for trainees may be needed. I am working out the details with Farm Security Administration and National Youth Administration officials, and if sufficient funds are allocated to

National Youth Administration for enlarging the project, we will inform you as to our needs and as to the availability of the dormitories for this use.

I wish at this time to thank you and your staff for your expression of appreciation for the job we are trying to do, and I wish also to tell you that we feel that you and your staff are doing an excellent job.

In brief, the situation in this area has been greatly relieved, and we feel that we now have the situation well in hand. The very fact that we now know where we stand is a great comfort to everyone here. There is no comparison between the situation now and the chaotic condition of 6 months ago. We know that the present condition is due solely to your efforts.

In regard to the third paragraph of your letter, please accept my apologies for the mistake in the dates. I only had a few hours to write that report to the Toland committee, and in the rush to have some 60 copies printed I did not check it as carefully as I should have.

With kindest personal regards,

Sincerely yours,

MAX I. BLACK,

*Lieutenant, United States Navy (retired),
Chairman, San Diego Defense Housing Committee.*

(Accompanying the above letter was the following newspaper story clipped from the San Diego Union:)

DEFENSE HOUSING OVERBUILT HERE, CARMODY SAYS—CONGRESSMEN TOLD OF GREAT PRESSURE CAUSING CONDITION¹

WASHINGTON, July 11 (A. P.).—John M. Carmody, Federal Works Administrator, said today he was terribly disappointed in a defense-housing situation at San Diego. Carmody said that at that city great pressure had caused overbuilding for housing. He did not go into further detail. His remarks were made before the House Committee on Public Buildings and Grounds in behalf of a proposed additional \$300,000,000 authorization for defense housing.

JOB 96 PERCENT FINISHED

Carmody testified the national-defense housing program was 96 percent on schedule and that projects completed or under way had cost all but \$16,000,000 of the \$300,000,000 Congress appropriated for housing last October.

Questioned by Chairman Lanham (Democrat, Texas) concerning reports of numerous vacancies in dwelling units already completed, Carmody said the instances were scattered and resulted from "undue pressure on Government agencies by communities seeking defense funds." Lack of cooperation and buck-passing among Government agencies had resulted in some inadvisable housing construction, he declared.

SURPRISE EXPRESSED HERE

Statements by John M. Carmody, Federal Works Administrator, in Washington that San Diego had overbuilt defense workers' homes brought expressions of surprise from two members of the San Diego Defense Housing Commission. "I presume that Carmody's statements refer to the building of dormitories for unmarried defense workers," commented Lt. Max I. Black, commission chairman, "for that is certainly not the case in regard to homes for married defense workers."

PEAK YET TO COME

"Even though we may at this time have more dormitory space than is needed, the large number of unmarried defense workers it will be necessary to bring in when the peak of employment is reached in various defense industries probably will more than fill these dormitories."

John N. D. Griffith, member of the commission and realty board executive secretary, said he could see no basis for Carmody's remarks. "We do not consider San Diego to be overbuilt," he said. "The last check I had on vacancies in the city showed them to be about 2 percent. The housing situation as it now stands seems stable to us."

¹ See telegram from Mr. Carmody to Lieutenant Black, pp. 6948-6949.

EXHIBIT D-1¹

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE FOR EMERGENCY MANAGEMENT,
DIVISION OF DEFENSE HOUSING COORDINATION,
Washington, D. C., July 25, 1941.

Hon. JOHN H. TOLAN,
House of Representatives.

MY DEAR MR. TOLAN: We have just had the opportunity to review the text of the hearings held in San Diego on June 12-13, 1941. The information in these hearings constitutes an extremely valuable study of the whole San Diego situation.

There is one fact which I believe might appropriately be added to the record. Prior to the hearings, this Office was requested to consider the possibility of making dormitory accommodations available to National Youth Administration trainees. I note that this need is one which is referred to on several occasions throughout the testimony.

At the request of this Office, the Farm Security Administration made available for National Youth Administration trainees 5 buildings of 70 units each, or a total of 350 units. The National Youth Administration pays \$12 per month per person. All services are furnished by the Farm Security Administration except room service, which is furnished by National Youth Administration trainees in hotel work. One building of 70 units is for the use of Work Projects Administration trainees.

It is felt that these arrangements will assist in meeting what appeared to be an urgent need, and I am glad to offer this information for the record.

Sincerely yours,

C. F. PALMER, *Coordinator.*

TESTIMONY OF C. F. PALMER—Resumed

DR. LAMB. The committee feels, with respect to San Diego, that had the Consolidated Aircraft maintained its hiring schedule as projected in June, the amount of housing might not have been adequate, but that, because the schedule as estimated by the Consolidated Aircraft was not kept, the housing has approximated needs, although there were certain cases which Mr. Tolan knows about, such as the one which was brought out by the newspapers, in which hardships were worked because of the size of the family. But I don't want to dwell on that at this point.

Have your estimates of needs for defense housing, on which you based your original recommendations for funds for defense housing last year, turned out to be substantially correct or were they too low or too high?

MR. PALMER. They turned out to be miraculously accurate. We were surprised ourselves because they had to be nebulous at the time, but they almost hit the thing right on the nose. For example, in the Hampton Roads area, which was probably the worst situation, a total of about 7,000 houses were programmed, and they are now all practically complete.

A group of citizens came in from the Hampton Roads area 3 weeks ago and said, "The problem is now solved except for some more housing that will be needed for some Negroes in the Newport News area. We want you to stop the defense program of housing," which we had already done anyway because it was solved at that point, "unless there is further migration into the area. We consider the whole thing adequately handled."

¹ Reprinted from San Diego hearings.

PART BUILT BY PRIVATE ENTERPRISE

Dr. LAMB. With respect to these estimates and to the actual housing built and made ready for occupancy, what part has been built by private enterprise?

Mr. PALMER. We have a complete statement on that. That is in here categorically—about five-sixths.

Dr. LAMB. About five-sixths of the total housing built and made ready for occupancy has been built to date by private enterprise?

Mr. PALMER. That is right. The available statistics on private construction leave many important areas inadequately canvassed, but it can be very approximately estimated that during the fiscal year just ended private builders started work on some 515,000 homes in the nonfarm sections of the United States. Of these, perhaps three-fifths or two-thirds were in defense areas. The total represents an increase of about 21 percent over the volume turned out in the 1939-40 fiscal period.

While these homes ranged in cost all the way from less than \$2,000 to more than \$25,000, the average value is believed to have been slightly more than \$5,000. But in point of units, well over half and perhaps as many as three-quarters cost less than \$5,000.

Most of these houses were for sale but even so they resulted in a substantial addition to the rental market. In one recent test which we have made, which covered Washington, D. C., it was found that nearly 6 out of every 10 people building or buying houses moved into those homes from rented homes. Thus the building of homes for sale or for owner-occupancy contributes materially to the supply of homes available for rent.

Under title VI of the National Housing Act the proportion of direct rental properties has been higher than in private building generally, and it now appears that at least a quarter of the units currently being built under that title are rental properties.

Dr. LAMB. I would like to ask you whether your over-all figures refer to the volume of houses built in the defense areas as a whole, or the housing built specifically for defense workers?

Mr. PALMER. It is the total volume of housing built as a whole. We can take specifically the public housing because that is built exclusively for defense workers.

On the private industry, I should like to offer a little bit more, Dr. Lamb. Private industry is shown to be lagging in some areas. But because of the vast number of communities in which there is some defense activity, it has been neither possible nor practical to set up specific programs for private building in every one of these places.

This does not mean, however, that private builders are not being counted upon in every defense area. On the contrary, if private building fails to do the lion's share of the necessary home construction in most defense centers, the task which will be left to public housing will be many times that presently envisaged.

Thus far, the performance of private builders in supplying local needs has been too mixed to permit any generalizations. In communities like Boston, Canton, Jacksonville, Washington, San Francisco, Oak-

land, and Alameda private construction appears to be providing its full share of the housing needs.

On the other hand, a pick-up in the rate of private building is needed in Buffalo, Bridgeport, Philadelphia, Pittsburgh, and South Bend if the needs of the defense program are to be met.

Now, we have an exhaustive exhibit that goes into the whole detail which I should like to offer for the record.

(The exhibit referred to above is as follows:)

EXHIBIT E.—ROLE OF PRIVATE CONSTRUCTION IN DEFENSE ARFAS

REPORT BY DIVISION OF DEFENSE HOUSING COORDINATION, OFFICE FOR EMERGENCY MANAGEMENT, EXECUTIVE OFFICE OF THE PRESIDENT, WASHINGTON, D. C.

JULY 18, 1941.

Any attempt to make an accurate accounting of the amount of privately financed construction that is being done in the United States is handicapped at the outset by the fact that available statistical reports fail to cover many of the areas where building has been most active in recent years. Using the best material which is currently available, however, it can be estimated that in the fiscal year ended June 30, 1941, work was started on about 515,000 privately financed homes. This compares with some 425,000 homes started in the previous 12 months, as may be seen in table I.

TABLE I.—*Nonfarm homes provided—Privately financed homes*

	1939-40	1940-41	Percent change
First quarter.....	106,000	133,000	+25
Second quarter.....	98,000	112,000	+14
Third quarter.....	89,000	107,000	+20
Fourth quarter.....	132,000	¹ 163,000	+23
Fiscal year.....	425,000	¹ 515,000	¹ +21

¹ Preliminary.

Of the total units started during the last fiscal year, it is believed that nearly two-thirds were in or around communities in which there was defense activity of some sort.

AVERAGE VALUE OF PRIVATE CONSTRUCTION

Estimates on the average value of privately constructed homes are subject to the same qualifications which hold for the figures on volume. Based upon Federal Housing Administration experience, it is believed that private homes built in 1940 had an average value, including the cost of both the house and the land, slightly in excess of \$5,000. It must be borne in mind, however, that houses were built last year ranging in price all the way from less than \$2,000 to more than \$25,000. There is good reason to believe that in terms of units, between two-thirds and three-quarters of all the houses built in 1940 cost less than \$5,000. Figures for five specific communities in which a joint Bureau of Labor Statistics-Work Projects Administration survey has been made of construction activity clearly show, however, the wide variations in cost distributions in different areas.

TABLE II.—*Distribution of new construction, by cost classes, July 1, 1940, to date indicated*

Permit value	Norfolk, Va., as of Feb. 28		Portsmouth, N. H., as of Mar. 31		Hartford, Conn., as of Jan. 31		Camden, N. J., as of Mar. 31		Quincy, Mass., as of Apr. 30	
	Units	Per- cent of total	Units	Per- cent of total	Units	Per- cent of total	Units	Per- cent of total	Units	Per- cent of total
Cost classes:										
\$5,000 and up.....	123	8	29	10	578	49	169	20	303	29
\$4,000 to \$4,999.....	141	9	63	22	320	27	262	32	320	30
\$3,000 to \$3,999.....	234	14	81	29	217	18	307	37	255	24
\$2,000 to \$2,999.....	924	56	57	20	19	2	44	5	140	13
\$1,000 to \$1,999.....	135	8	27	9	12	1	26	3	43	4
Under \$1,000.....	85	5	29	10	3		28	3	3	
Unclassified.....					41	3				
Total.....	1,642	100	286	100	1,190	100	836	100	1,064	100

Thus, it will be seen that based upon building permit values, houses costing less than \$5,000 ranged all the way from 92 percent of the total in the Norfolk, Va., area to only 51 percent in the Hartford, Conn., region.

CONSTRUCTION FOR SALE OR RENT

In most of the defense areas in which the housing situation is critical, the most urgent need is for rental properties. On this score, Assistant Administrator Draper of the Federal Housing Administration reports:

"On the basis of reports received from the State and District Insuring Office of the Administrator, however, it may safely be said that of the total volume of title VI projects for the country as a whole at least 25 percent of the dwelling units will be rental units."

The percentage of rental properties varies widely among individual places. In areas where the demand for rental housing is very acute, the proportion of rental units tends to run well above the national average. Thus in the District of Columbia, the Federal Housing Administration estimates that at least 75 percent of the title VI projects will be for rent, and in Columbus, Ohio, the ratio is running close to 50 percent.

Building new properties specifically for rent is not, however, the only means of adding to the supply of available houses for rent. A study conducted by the Work Projects Administration in the District of Columbia disclosed that in the 15 months ended March 31, 1941, nearly 6 out of every 10 people who bought new homes moved from rented units. Hence, the construction during that period of 2,675 houses for sale or owner occupancy is estimated to have made available about 1,550 rental units in the District.

PROGRAM FOR PRIVATE BUILDING

In view of the vast number of communities throughout the country in which there is some defense activity, it has been neither possible nor practical to attempt to set programs for private housing in all of them. Rather, it has seemed best to program each locality separately and frequently to program for private only an amount sufficient to complement the public program and provide the housing needed for the defense workers in the area. The programs are in reality only guide posts along the road rather than the ultimate goal itself. The fact, therefore, that in the appended tabulation, which presents the program for private construction as set forth in the locality progress table of the Division of Defense Housing Coordination, there is no program for Los Angeles does not mean that no private building is expected in that area. On the contrary, it merely means that thus far the formality of setting forth a private program for this area has not been carried out. Similarly the programming of only 80 private houses for New Orleans does not mean that that is the goal set for private builders in that city in 1941. It merely represents the number of private homes needed to round out a public project at the Army air base. In fact, in both Los Angeles and New Orleans, as well as in a host of other com-

munities whose names fail to appear in the program for private building, private construction is being counted upon to do the lion's share of the building necessary to meet the housing needs. Without the cooperation of private builders, it would be necessary to have a public program many times the size of that now envisaged.

On the basis of such information as is available for specific areas during the first 4 months of 1941, however, there has been a wide disparity in the performance of private builders around the country. In communities such as Boston, Canton, Jacksonville, Washington, San Francisco, Oakland, and Alameda, private building has been keeping up to the goals set in the locality program. On the other hand, a pick-up in the rate of private building is needed if private enterprise is to fulfill its requirement in Buffalo, Bridgeport, Philadelphia, Pittsburgh, and South Bend.

PROGRAM FOR PRIVATE CONSTRUCTION

(Includes recommendations in approved locality program reports as well as recommendations from the second program list. Second program list recommendations have date October 21, 1940.)

Programs for private construction

State and locality	Purpose	Date locality program report approved	Number of units	Rent scale
Alabama:				
Gadsden.....	Army ordnance plant (Civ. G).	May 2, 1941	100	\$30 to \$35.
Muscle Shoals.....	Private industry (Civ. I)	Jan. 30, 1941	250	\$30 to \$65.
California:				
Alameda-Oakland.....	Naval air station (Civ. G)	Feb. 26, 1941	400	\$30 to \$50.
Richmond.....	Private industry (Civ. I)	June 23, 1941	500	Do.
Vallejo.....	Navy yard (Civ. G)	Apr. 16, 1941	1,800	Do.
Connecticut:				
Bridgeport.....	Private industry (Civ. I)	June 13, 1941	2,400	\$35 to \$60.
Bristol.....	do.....	June 23, 1941	100	\$35 to \$50.
Hartford.....	do.....	Apr. 17, 1941	1,500	\$30 to \$45.
New Britain.....	do.....	May 2, 1941	100	Do.
New London.....	Naval submarine base (Civ. G).	Apr. 16, 1941	100	\$25 to \$50.
District of Columbia:				
Washington.....	Navy yard and air station (Civ. G).	Mar. 15, 1941	200	\$30 to \$45.
Do.....	Government agencies (Civ. G).	June 23, 1941	7,000	\$35 to \$65.
Do.....	Army War College (Civ. G).	Mar. 15, 1941	49	\$25 to \$50.
Florida:				
Jacksonville.....	Naval air station (Civ. G)	Feb. 26, 1941	350	\$20 to \$50.
Key West.....	Naval station (Civ. G)	Apr. 16, 1941	100	\$25 to \$50.
Miami.....	Naval air station (Civ. G)	Feb. 26, 1941	100	\$20 to \$50.
Pensacola.....	do.....	Nov. 19, 1940	300	Do.
Tampa.....	Army air base, McDill Field (Civ. G).	Feb. 26, 1941	100	\$21 to \$45.
Georgia: Macon.....	Private industry (Civ. I)	Apr. 16, 1941	350	\$50 to \$60.
Illinois:				
Joliet.....	Army ordnance plant (Civ. G).	Feb. 26, 1941	200	\$30 to \$50.
Rock Island.....	do.....	Oct. 21, 1940	1,325	
Indiana:				
Connersville.....	Private industry (Civ. I)	June 23, 1941	100	\$35 to \$50.
Fort Wayne.....	Army air base (Comm. Off.)	do.....	50	\$35 to \$75.
Kingsbury-La Porte.....	Army ordnance plant (Civ. G).	Apr. 16, 1941	150	\$35 to \$60.
Madison.....	Army proving ground (Civ. G).	June 23, 1941	50	\$35 to \$50.
South Bend.....	Private industry (Civ. I)	Oct. 21, 1940	750	
Iowa: Burlington.....	Army ordnance plant (Civ. G).	Apr. 16, 1941	450	\$35 to \$60.
Kansas:				
Kansas City.....	Private industry (Civ. I)	May 26, 1941	1,000	\$30 to \$50.
Wichita.....	do.....	June 23, 1941	500	\$30 to \$40.
Louisiana:				
Leesville.....	Army post, Camp Polk (Comm. Off.; Civ. G).	May 26, 1941	490	\$40 to \$120.
New Orleans.....	Army air base (Comm. off.)	June 23, 1941	80	\$35 to \$75.
Maine: Bath.....	Private industries (Civ. I)	May 26, 1941	100	\$30 to \$50.
Maryland: Baltimore.....	do.....	June 23, 1941	9,000	\$35 to \$50.
Massachusetts: Boston.....	do.....	Nov. 19, 1940	1,000	\$30 to \$45.

Programs for private construction—Continued

State and locality	Purpose	Date locality program report approved	Number of units	Rent scale
Michigan:				
Detroit.....	Private industries (Civ. I)	May 26, 1941	10,000	\$30 to \$60.
Muskegon.....	do.	Feb. 26, 1941	550	\$35 to \$60.
Mississippi:				
Biloxi.....	Air Corps school (Comm. Off.)	June 23, 1941	50	\$35 to \$75.
Meridian.....	Army air base (Comm. Off.)	do.	50	Do.
Missouri: Rolla-Waynesville.....	Army post, Fort Wood (Civ. G.)	Apr. 16, 1941	300	\$30 to \$60.
New Hampshire: Portsmouth.....	Navy yard (Civ. G.)	Dec. 21, 1940	600	\$35 to \$50.
New Jersey:				
Dover.....	Army arsenal (Civ. G.)	May 26, 1941	150	Do.
Northern New Jersey.....	Private industry (Civ. I)	June 23, 1941	5,000	\$35 to \$45.
New York:				
Buffalo.....	do.	Apr. 16, 1941	4,000	\$35 to \$50.
Sidney.....	do.	Feb. 26, 1941	50	\$30 to \$35.
North Carolina:				
Charlotte.....	Army air base (Comm. Off.)	June 23, 1941	50	\$35 to \$75.
Fayetteville.....	Army post, Fort Bragg (Civ. G.)	Feb. 26, 1941	110	\$21 to \$45.
Wilmington.....	Army post, Camp Davis (Civ. G.)	May 2, 1941	500	\$20 to \$50.
Ohio:				
Canton.....	Naval ordnance plant (Civ. G.)	Apr. 16, 1941	300	\$35 to \$60.
Cleveland.....	Private industry (Civ. I)	June 23, 1941	1,500	Do.
Dayton.....	do.	May 26, 1941	750	Do.
Ravenna-Warren.....	Army ordnance plant (Civ. G.)	June 13, 1941	500	\$30 to \$60.
Pennsylvania:				
Allentown-Bethlehem.....	Private industry (Civ. I)	May 26, 1941	1,000	\$35 to \$45.
Bucks County.....	do.	do.	500	Do.
Chester.....	do.	do.	1,000	Do.
Corry.....	do.	May 2, 1941	100	\$30 to \$35.
Ellwood City.....	do.	Jan. 30, 1941	50	\$30 to \$40.
Philadelphia.....	do.	May 26, 1941	7,500	\$35 to \$45.
Pittsburgh.....	do.	May 2, 1941	10,000	Do.
Delaware County.....	do.	May 26, 1941	2,000	\$25 to \$45.
South Carolina:				
Charleston.....	Navy yard (Civ. G.)	Dec. 21, 1940	150	\$50.
Columbia.....	Army post, Fort Jackson (Civ. G.)	do.	50	\$21 to \$45.
Tennessee:				
Jackson-Milan-Humboldt.....	Army ordnance plant (Civ. G.)	Apr. 16, 1941	100	\$40 to 65.
Nashville.....	Private industry (Civ. I)	May 2, 1941	445	\$20 to \$30.
Texas:				
Corpus Christi.....	Naval air station (Civ. G.)	Dec. 21, 1940	500	\$30 to \$50.
Dallas-Fort Worth.....	Private industry (Civ. I)	May 2, 1941	850	\$25 to \$75.
Orange.....	Navy shipyards (Civ. G.)	Feb. 26, 1941	150	\$30 to \$50.
San Antonio.....	Army post, Fort Houston (Civ. G.)	Jan. 10, 1941	200	\$21 to \$45.
Victoria.....	Army flying school (Comm. Off.)	June 23, 1941	50	\$35 to \$75.
Wichita Falls.....	Army training school (Comm. Off.)	do.	80	Do.
Do.....	Army training school (Civ. G.)	do.	450	\$30 to \$50.
Utah: Ogden.....	Army industrial establishment (Civ. G.)	Jan. 30, 1941	850	\$25 to \$50.
Virginia:				
Alexandria.....	Naval torpedo station (Civ. G.)	Mar. 15, 1941	300	\$30 to \$45.
Do.....	Army post, Fort Belvoir (Civ. G.)	do.	75	\$36 to \$45.
Norfolk.....	Naval operating base (Civ. G.)	Jan. 10, 1941	2,000	\$20 to \$50.
Portsmouth.....	do.	do.	350	\$30 to \$50.
Washington:				
Bremerton.....	Navy yard (Civ. G.)	Mar. 13, 1941	500	Do.
Seattle.....	Private industry (Civ. I)	June 23, 1941	1,000	\$30 to \$45.
West Virginia:				
Morgantown.....	Army ordnance plant (Civ. G.)	Jan. 30, 1941	150	\$35 to \$50.
Charleston.....	Private industry (Civ. I)	June 23, 1941	400	Do.
South Charleston.....	do.	Oct. 21, 1940	250	
Wisconsin: Manitowoc.....	do.	Jan. 30, 1941	150	\$30 up.

TESTIMONY OF C. F. PALMER—Resumed

Dr. LAMB. In these cities is included Pittsburgh, which you mentioned previously, and for which you said 5,000 public housing units and 10,000 private units were programmed. Can you give the committee a figure at this point on the number of private houses which have been built in Pittsburgh in this interval of time?

Mr. PALMER. The complete program, I think, came out about 2 months before, but that can be given to you for the record. I don't have it now.

Dr. LAMB. You mentioned a lag, and I wanted to establish here what caused that lag in this particular case.

Mr. PALMER. We will be very glad to provide that for you.

Dr. LAMB. It will be made a part of the record when received.¹

Mr. PALMER. Those situations, of course, Dr. Lamb, are watched carefully from day to day, and if there is a bog-down on the part of private production we have to go in with the public houses and anticipate it so we will be there quickly enough.

As Mr. Forest said: "Get there fustest with the mostest men," or something like that.

Dr. LAMB. So, to sum up your answer to a previous question, it isn't possible to say what the relationship is between the number of private houses built and the needs of defense workers, except on a very general basis—that the defense worker who wants a rental is able to get it through the moving out of people into new private housing for sale?

Mr. PALMER. Not necessarily. A great many units are being produced for rent. The generalization would be an inaccuracy for each community. Each defense area is almost a sphere of its own, so we go right into those in detail.

Now, with title VI the production.

Dr. LAMB. If you don't mind, I would like to ask you about title VI in a moment. The committee is concerned with two groups of defense migrants, as you know—the families of the armed forces in and around camps, and workers in defense plants, and I take it your office is similarly concerned.

Mr. PALMER. Yes.

Dr. LAMB. Let us take the families of the armed forces in and around camps first. How many of these families have actually been rehoused in houses built by private enterprise?

Mr. PALMER. I don't know if anybody has any real idea.

Dr. LAMB. And there would be no way of getting that figure?

Mr. PALMER. Oh, I presume it could be secured but it would be a very difficult one.

Dr. LAMB. What proportion of your estimates for new defense housing needed is related to these groups?

Mr. PALMER. We have broken that down on the basis of families of enlisted persons. We can put that in the record.

Dr. LAMB. Will you at this point, Mr. Reporter, save an exhibit number for this exhibit when it comes in?

(The material referred to above is as follows:)

¹ The Committee was subsequently informed by Mr. Palmer's office that building permits for 4,252 residential structures were issued in the Pittsburgh area during the period July 1, 1940–June 30, 1941.

EXHIBIT F.—DEFENSE HOUSING FINANCED BY PUBLIC FUNDS

[Source: Executive Office of the President, Office for Emergency Management, Division of Defense Housing Coordination]

	Allocated ¹		Under construction contract ²		Completed ⁴	
	July 12	July 5	July 12	July 5	July 12	July 5
Number of States and territories	49	49	47	46	30	29
Number of localities	170	170	145	142	70	65
Number of projects ³	410	410	254	248	89	82
Number of family dwelling units (regular)	107,383	107,383	71,311	70,146	20,865	18,947
Civilian industrial workers in private defense industry	47,455	47,455	24,440	24,140	3,795	3,245
Civilian industrial workers in Government plants ⁶	19,201	19,201	13,701	13,026	4,092	3,918
Other civilians, employed by the Army and Navy ⁷	10,642	10,642	8,559	8,509	2,688	2,656
Married enlisted personnel	30,085	30,085	24,611	24,171	10,290	9,128
Number of family dwelling units (trailers)	4,094	4,094	3,234	2,159	1,475	1,170
Civilian industrial workers in private defense industry	3,594	3,594	3,234	2,159	1,475	1,170
Civilian industrial workers in Government plants	500	500				
Number of units for single persons	8,891	8,891	6,876	6,525	3,548	3,076

¹ This summary includes only that portion of the defense housing program which is being financed by public funds. Defense housing financed by private capital, which makes up a substantial part of the total program, is not carried in this report.

² Includes all allocations of public funds authorized by Public Nos. 671 and 781, 76th Cong.; findings under Public No. 849, 76th Cong.; findings under Public No. 9, 77th Cong.; and projects approved by the Board of Directors of the Defense Homes Corporation. Includes projects for which construction contracts have been signed.

³ Includes all projects financed by public funds for which construction contracts have been signed.

⁴ Includes all projects, whether wholly or partially complete, in which family dwelling units are completed and available for occupancy.

⁵ Includes 7 projects for trailers to be used for family dwelling units. These projects are located in localities which already have regular housing projects.

⁶ Arsenals, navy yards, and Government-operated powder plants, ordnance works and ordnance depots.

⁷ The division between civilian and enlisted personnel of the Army and Navy is as yet undetermined in a number of projects; in such cases the ratio of civilian to enlisted personnel in other joint projects in which a specific break-down is available has been used to determine a definite number for each category for use in the tabulation.

TABLE II.—Allocations, construction contracts, and completions (as of July 12, 1941¹)

Legal authorization and construction agency	Family dwelling units			Units for single persons		
	Allo- cated	Under construc- tion con- tract	Com- pleted	Allo- cated	Under construc- tion con- tract	Com- pleted
1. Projects authorized by Public, No. 671, 76th Cong., for construction by—						
Local housing authorities with United States Housing Authority ²	6,344	6,344	4,722	-----	-----	-----
Army.....	325	325	-----	-----	-----	-----
Navy.....	1,400	1,400	600	-----	-----	-----
Total.....	8,069	8,069	5,322	-----	-----	-----
2. Projects authorized by Public, Nos. 781 and 849, 76th Cong.:						
(a) Under Public, 781 for construction by—						
Army.....	825	825	-----	-----	-----	-----
Navy.....	15,352	15,210	7,932	-----	-----	-----
Total.....	16,177	16,035	7,932	-----	-----	-----
(b) Under Public, No. 849, 76th Cong., by transfer of funds from Public, No. 781 for construction by Public Buildings Administration.....	13,055	12,200	3,830	-----	-----	-----
(c) Under Public, No. 849, 76th Cong., for construction by—						
Office of Federal Works Administrator.....	4,800	1,500	499	-----	-----	-----
Public Buildings Administration.....	19,456	11,775	1,159	850	750	750
Local housing authorities with United States Housing Authority ³	23,515	15,764	1,946	-----	-----	-----
Local housing authorities—direct.....	1,200	850	-----	-----	-----	-----
Navy.....	2,400	1,000	-----	1,400	1,400	280
Farm Security Administration.....	1,350	502	-----	-----	-----	-----
Tennessee Valley Authority.....	350	200	43	-----	-----	-----
Division of Defense Housing.....	13,775	400	-----	-----	-----	-----
Army.....	420	200	-----	295	-----	-----
Total.....	67,266	32,191	3,617	2,545	2,150	1,030
3. Projects of Defense Homes Corporation	2,816	2,816	164	-----	-----	-----
Total, regular family dwelling units	107,383	71,311	20,865	2,545	2,150	1,030
4. Projects authorized by Public, No. 9, 77th Cong., for construction by Farm Security Administration ⁴	4,094	3,243	1,475	6,346	4,726	2,518

¹ Includes all allocations of public funds authorized by Public, Nos. 671 and 781, 76th Cong.; findings under Public, No. 849, 76th Cong.; findings under Public, No. 9, 77th Cong., and projects approved by the Board of Directors of the Defense Homes Corporation.

² In addition to the projects included in this table, which are being constructed specifically for defense housing purposes, four projects constructed by local housing authorities as low-rent projects under the regular United States Housing Authority program have been converted in part to defense use. In this way, 433 dwelling units have been reserved for occupancy by families of enlisted men or other defense workers.

³ Includes 1,573 completed units purchased by the United States Housing Authority under Public, No. 849 from United States Housing Authority slum-clearance project.

⁴ Trailers for family dwelling units and dormitories for single persons.

TABLE III.—Purpose (as of July 12, 1941)

I. PROJECTS FOR WHICH FUNDS ARE ALLOCATED

Legal authorization	Number of family dwelling units for				
	Total	Civilian industrial workers		Other civilians: employees of Army and Navy ²	Married enlisted personnel of Army and Navy
		In private industry	In Government plants ¹		
1. Projects authorized by Public, No. 671, 76th Cong.	8,069	1,500	3,096	682	2,791
2. Projects authorized by Public, Nos. 781 and 849, 76th Cong.:					
(a) Under Public, 781	16,177	2,400	1,880	4,582	7,315
(b) Under Public, 849 by transfer of funds from Public, 781	13,055		250	1,917	10,888
(c) Under Public, 849	67,266	42,025	13,095	3,055	9,091
3. Projects of Defense Homes Corporation	2,816	1,530	880	406	
Total, regular family dwelling units ³	107,353	47,455	19,201	10,642	30,055
4. Projects authorized by Public, No. 9, 77th Cong. (trailers)	4,094	3,594	500		

II. PROJECTS UNDER CONSTRUCTION CONTRACT

1. Projects authorized by Public, No. 671, 76th Cong.	8,069	1,500	3,096	682	2,791
2. Projects authorized by Public, Nos. 781 and 849, 76th Cong.:					
(a) Under Public, 781	16,035	2,400	1,880	4,582	7,173
(b) Under Public, 849 by transfer of funds from Public, 781	12,200		250	1,620	10,330
(c) Under Public, 849	32,191	19,010	7,595	1,269	4,317
3. Projects of Defense Homes Corporation	2,816	1,530	880	406	
Total, regular family dwelling units	71,311	24,440	13,701	8,559	24,611
4. Projects authorized by Public, No. 9, 77th Cong. (trailers)	3,234	3,234			

III. UNITS COMPLETED

1. Projects authorized by Public, No. 671, 76th Cong.	5,322	455	2,509	594	1,774
2. Projects authorized by Public, Nos. 781 and 849, 76th Cong.:					
(a) Under Public, 781	7,932		1,510	1,745	4,677
(b) Under Public, 849 by transfer of funds from Public, 781	3,830			185	3,645
(c) Under Public, 849	3,617	3,350	73		194
3. Projects of Defense Homes Corporation	164			164	
Total, regular family dwelling units	20,865	3,795	4,092	2,688	10,290
4. Projects authorized by Public, No. 9, 77th Cong. (trailers)	1,475	1,475			

¹ Arsenal, navy yards, and Government-operated powder plants and ordnance works.

² Civilian employees of the Army and the Navy other than those in Government-operated industrial plants.

³ In addition to family dwelling units allocations have been made for 8,891 units to house single persons. The break-down by purpose is as follows: 4,372 units, single civilian industrial workers in private industry; 3,624 units, single civilian employees in Government plants; 895 units, single civilians of the Army and the Navy other than those in Government-operated industrial plants.

⁴ The division between civilian and enlisted personnel of the Army and Navy is as yet undetermined in a number of projects; in such cases the ratio of civilian to enlisted personnel in other joint projects in which a specific break-down is available has been used to determine a definite number for each category for use in the tabulation.

TESTIMONY OF C. F. PALMER—Resumed

Dr. LAMB. What would you say was the average or normal income of the bulk of these families—that is, noncommissioned officers and enlisted men? What can they afford to pay for rent?

Mr. PALMER. They can afford to pay from \$11 to \$26 per month for rent and the houses are produced for them on that basis and are rented to them on that basis.

Dr. LAMB. Public housing, you mean?

Mr. PALMER. Yes; public housing.

Dr. LAMB. What new housing is provided by private enterprise for an amount these people could afford to pay?

Mr. PALMER. For the families of noncommissioned officers and enlisted personnel?

Dr. LAMB. Yes.

Mr. PALMER. Private enterprise cannot supply them. They cannot get a return on their capital invested in amounts necessary to give them sanitary housing.

WAGES IN DEFENSE PLANTS

Dr. LAMB. Now, turning to the workers in defense plants: An estimate of the incomes of defense workers presented to this committee indicated that 80 percent of these workers have incomes of under \$30 per week at the present time. Would you say that is substantially correct?

Mr. PALMER. Since the wage agreements, as far as we know, were renegotiated in some of these areas and since there has been some overtime work, it is felt that the incomes will run about \$30 or \$35. The average was for a time well under \$30. It went to about \$24 per week. We feel that the income is a little higher now than it was a few months ago.

Dr. LAMB. In that connection the committee heard a good deal of testimony from defense workers and from employers which indicated that the average worker was receiving something in that neighborhood, provided that he was not working much overtime. We also heard a good deal of testimony to the effect that in many of these defense centers a transfer to a three-shift basis was contemplated, in which case overtime would disappear and, consequently, the average weekly wage would recede to this earlier level. In that event, would you agree that these figures are probably the proper base for the longer run?

Mr. PALMER. We would agree substantially with those figures and, of course, we were amazed to find that as many as 80 percent—and that is what our figures show—are in that very low income bracket in the defense industries.

Dr. LAMB. What do you regard as the proper housing expenditure for workers in this group?

Mr. PALMER. About 20 percent of their gross income.

Dr. LAMB. So that if they were getting approximately \$125 a month you would say \$25 a month was the proper rental?

Mr. PALMER. For their shelter rent, yes. We do feel that the number of children in a family and a good many other things like that affect it basically; but for the generalized statement, yes.

HOUSING AT \$25 RENTAL

Dr. LAMB. What housing is being provided by private enterprise for this group?

Mr. PALMER. Private enterprise cannot produce housing which is adequate for families at \$25 per month and less.

Dr. LAMB. To what extent is public housing being provided these income levels?

Mr. PALMER. The figures that we have for you show we have allocated 107,000 houses now for them.

Dr. LAMB. For public housing?

Mr. PALMER. For public housing—public defense housing.

Dr. LAMB. What about the estimates or allotments for private housing by comparison with that—what would that figure be?

Mr. PALMER. The gross allocation for private housing to lay right down beside the public housing just actually cannot be taken off that way because we can tie down to defense workers your public housing in their income groups.

Dr. LAMB. I understand that from your previous testimony. But are you taking the difference, say, between the civilian employees and the enlisted personnel?

Mr. PALMER. I have left the enlisted personnel entirely for the question of civilian defense workers. Well, the ratio there is about 75,000—in round numbers, 75,000 for the civilian workers of the public housing and about 25,000 for the families of enlisted personnel. Now, we can put in the record the actual break-down of these which shows as of July 12 the 107,383 dwelling units allocated and then the amount under construction and so forth and so on.

Dr. LAMB. You said a moment ago that private enterprise could not provide housing for this group at a shelter rent of \$25 a month?

Mr. PALMER. That is right.

HOUSING BY REHABILITATION

Dr. LAMB. I am trying, you see, to get at the number of private houses which might rent anywhere near the \$25 figure in order to get at the approximate number vacated by people moving into the new housing that is made available to that same income bracket.

Mr. PALMER. Dr. Lamb, private enterprise can in this very low income group sometimes produce housing that will be sanitary and adequate by rehabilitation. We are going into the rehabilitation angle now in some detail with the thought that there are probably about 15,000 dwellings in defense areas that could be brought into use as multiple dwellings—old houses that will be reconditioned.

We are not ready to announce the approach to the question yet, but we have programmed in public housing the needs of practically all of those people who have come within that low-income group, feeling that private enterprise cannot serve us.

I think that probably answers the question.

Dr. LAMB. Well, perhaps I should state it another way, then: What proportion of the total number of defense workers do you think this low-income group would be? I have an impression from what you said earlier that that group was preponderant—if the average wage is \$120 or \$125 a month.

Mr. PALMER. Well, of course, you then have the question of individual workers and families which come into it.

Dr. LAMB. We were discussing only the family housing.

Mr. PALMER. Well, the answer to that is that practically all of that has to be done by public funds.

PROGRAM UNDER TITLE VI¹

Dr. LAMB. Now, going to title VI, you said a few moments ago that under title VI of the Federal Housing Act homes were being produced for defense workers. Will you introduce the chart at this point?

(The chart referred to above is as follows:)



Mr. PALMER. Yes. The lower line is solid black and shows the production by F. H. A. in its normal program in 1940, under what is called title II. That is mostly small homes.

¹ The text of title VI appears in this volume as Exhibit 3, p. 6969.

The dotted line right above it is the performance, the normal performance of F. H. A. in 1941 in the same field.

The line which is superimposed above that shows title VI. Title VI comes in with a very substantial production of homes on top of the normal business, which is proceeding as it had in the year past almost exactly, in its peaks and curves.

I should like to interpret that more specifically.

Dr. LAMB. May I interrupt to ask whether you have tabulations as well as the chart?

Mr. PALMER. Yes. Would you like to have me elaborate on the effect of title VI?

I am furnishing a graph which tells more than many words. You will not that this chart shows that construction under title VI is clearly in addition to the total volume of other construction under the F. H. A. plan. Prior to title VI, activity under title II during the early months of 1941 was running substantially ahead of last year.

After title VI began to function, business under title II maintained just about the same margin over last year as it had done before, and the large volume of operations under title VI was added to the great activity under title II, producing in 14 weeks of operation applications for mortgage insurance on over 22,000 people, which will accommodate slightly more than that number of families, since some of them are multiple dwellings. Actual construction during this 14 weeks' period was started on over 5,400 homes and the rate is rapidly climbing. Last week 992 were placed under construction.

There is one other aspect of the operation under title VI which I should like to bring out, namely, that the major part of this business has been concentrated in a relatively small number of defense areas in which title VI operates.

Dr. LAMB. How many areas?

Mr. PALMER. Well, over 100.

Dr. LAMB. Do you find any slackening in the rate of applications?

Mr. PALMER. There has been a little slow-up; the applications have not been slackening but they have not expanded quite as rapidly as the first acceleration would indicate because the \$100,000,000 is practically gone and they don't know whether they are going to get any more.

Dr. LAMB. The increase is continuing but not at the same rate?

Mr. PALMER. That is right.

PRIVATE HOUSING IN BALTIMORE

Dr. LAMB. Mr. Cleveland R. Bealmear, chairman of the Housing Authority of Baltimore, who appeared before the committee recently, was asked to comment on your statement to the committee which was submitted for the Baltimore hearing,¹ and I want to quote from the exchange which occurred and to ask you whether you wish to comment on it.

In questioning Mr. Bealmear, I said:

"He—that is you—was calling for 9,000 units in this restricted price class during 1941 and 1942. I think this presupposes building from the 1st of July 1941 to the 1st of July 1942, and I am concerned with

¹ The statement submitted by Mr. Palmer's office for the committee's Baltimore hearing appears in Baltimore hearing as Exhibit 19, p. 6253.

how much of that stated need is likely to be provided for under the circumstances."

Mr. Bealmear stated:

I don't think there is any chance that private industry is going to be able to build 9,000 houses in the next calendar year in the price range that you mention. My experience with the builders is that they are beginning now to stop, look, and listen on account of the cost of construction. In other words, a lot of these houses that have been sold in that price range have been sold at a small profit and it wouldn't take very much increase in labor and material costs, plus the delay in getting that material, to carry the cost of those houses beyond what they are selling such houses at today.

Do you want to comment on that statement?

Mr. PALMER. I should think that his statement is probably true.

LOW-RENT HOUSING IN NEW JERSEY

Dr. LAMB. And then in the testimony of John E. Sloane, the vice chairman of the New Jersey State Planning Board and State chairman of the National Committee on Housing Emergency, Inc., of Newark, N. J., at the committee hearing in Trenton, the following exchange occurred. The chairman said:

"Can you tell me how many units of low-rent houses have been built by private builders in New Jersey in the past year?"

Mr. Sloan said: "I don't think any low-rental housing has been built other than those by the Government."

That agrees with your earlier testimony with respect to the inability of private builders to build in this class of \$25 rents?

Mr. PALMER. That, I think, is a very sweeping statement. That would have to be examined very carefully.

Dr. LAMB. Mr. Sloane's statement?

Mr. PALMER. Yes.

Dr. LAMB. But you would say that the title VI building was not in this rent class?

Mr. PALMER. Not \$25 and under; no.

Dr. LAMB. What is the range of rental on a title VI house?

Mr. PALMER. The actual rents will probably range around \$37. Some can get down as low as \$30 and some as high as \$40.

Dr. LAMB. But \$37 would be a fair average?

Mr. PALMER. \$37 would be a fair average; yes.

Dr. LAMB. Which would be in excess of the figure that the group roughly classed as "defense workers" could pay?

Mr. PALMER. Well, if you take an average for the group, yes; but many in that group are not limited to the average figure and could be supplied with housing under title VI.

HOME OWNERSHIP NOT AN ALTERNATIVE

Dr. LAMB. Assuming that title VI is serving part of this group within the income level of defense workers, is it your opinion that the encouragement of home ownership, particularly without down payments, is a sound treatment for defense workers whose jobs are migratory and incomes temporary?

Mr. PALMER. I think your question answers itself, Dr. Lamb. The answer is definitely "no." I think that labor should not be encour-

aged to purchase homes if labor knows at the time that it is there only for a transitory period.

Dr. LAMB. Then wouldn't you say that the majority of the workers in a defense industry are in that class—not necessarily migrants from other communities but workers whose source of income cannot be described as steady or permanent, or secure from a long-range viewpoint?

Mr. PALMER. Well, probably no more so than is true of that group throughout their lives and if that group can be encouraged to save by equities at \$5 or \$10 per month out of their increased income that they will have during the defense effort, it would seem to me to be constructive.

EQUITY INSURANCE

Dr. LAMB. Is there any guaranty that the equity which they have there will be maintained if the prices at which this construction is taking place are above the normal peacetime rate? Would their equities be absorbed in the shrinking that might take place later?

Mr. PALMER. No more guaranty to that buyer than any other individual entrepreneur or capitalist; no more than there is to the man who puts down his whole 20 or 30 percent or who bought a house last year.

However, if anyone can devise a scheme of equity insurance, we would like very much to find it out because we have been trying for over a year ourselves to find out some way to insure equities, especially of these people who might be encouraged to save while they have bigger incomes than they normally had before.

Dr. LAMB. Wouldn't the equity of a builder who invests in property for rent be better safeguarded than that of these individuals whose income is unstable?

In other words, is not the landlord in a position to spread his rents over a period of years and consequently equalize them—the relatively high rents of this period against the lower rents of a later period?

Mr. PALMER. That is actually being done. That is what title VI is doing. You see, title VI is really permitting the individual operator to build and rent these houses on a basis that was not possible before, under 207 of the National Housing Act.

Dr. LAMB. What I am getting at is whether the adjustment under title VI is sufficient. Apparently it is not sufficient to induce builders to go into the lower brackets.

“NO MONEY IN HOUSING POOR PEOPLE WELL”

Mr. PALMER. Well, to go way into the lower brackets is impossible on a capitalistic basis because after maintenance and amortization and taxes there isn't enough left to pay a return on the capital itself. That is the justification for the low rent public housing that is done. Basically probably the whole thing can best be stated this way: Maj. Harry Barns, of London, probably one of the greatest housing authorities that we ever knew—he died a short time ago—made a statement:

“There is no money in housing the poorest people well; there is always money in housing them ill.”

That basically is the whole thing. There is no money in housing the poorest people well and yet they must be well housed in order to protect their fellow citizens from the spread of disease and vice that are threatened in bad housing; but there has always been money in housing them ill.

Dr. LAMB. We are discussing the solid bulk of the defense employees rather than the poorest people in this particular discussion. A wage of \$120 or \$125 a month, if it is average for defense workers, is certainly above the national average of income in ordinary times. That is to say, \$125 times 12 is \$1,500 a year which in ordinary peacetimes is certainly well above the national average.

Mr. PALMER. Of course, you are talking about one of the greatest problems that our country confronts and has confronted for many years, namely, the housing for those workers whose incomes are between \$1,200 per annum and \$2,000 per annum.

You remember the old poem by Kipling: "He wasn't good enough to go to Heaven and wasn't bad enough to go to hell."

He couldn't get either place. Now, you have the workers who get \$1,200 a year and less. They must be put in subsidized housing to protect the community. Those who get \$2,000 a year and more and can pay a good return on capital regardless of the number of children. And then you have a great middle class there comprising hundreds of thousands of our citizens with incomes between the \$1,200 per year and \$2,000 per year, which is sort of twilight zone.

Dr. LAMB. But that group forms the backbone of the defense workers.

Mr. PALMER. That is right; and we are caring for them where they cannot be provided for by private capital. Uncle Sam does that and we swing into it fast.

SPEED OF DEFENSE HOUSING

Dr. LAMB. That is what I am getting at.

Now, is the speed record being made on defense housing projects satisfactory?

Mr. PALMER. No.

Dr. LAMB. That is as far as production is concerned once the money is made available?

Mr. PALMER. No; it is not.

Dr. LAMB. Would you compare the speed of building public projects with that in private projects, taking into consideration not only the construction period but the time taken to raise the money and develop the financing?

Mr. PALMER. Indications of title VI probably show that private housing is proceeding much more rapidly than public housing in many instances as far as the actual construction goes after the money is available.

Dr. LAMB. Do you regard it as a part of your responsibility, in making recommendations with regard to defense housing, to appraise the speed of operations of the various agencies engaged in this housing?

Mr. PALMER. To quote specifically, the President has stated that we have the responsibility for assuring that the delays and shortages

in providing adequate defense-housing facilities are quickly eliminated.

Dr. LAMB. On the basis of your records, have you any observations as to which agencies are meeting their schedules most satisfactorily?

Mr. PALMER. Well, that is a matter that naturally we go into in a great many details.

ARRANGEMENTS FOR STATE COORDINATION

Dr. LAMB. Would you indicate for the committee in outline the arrangements made for regional and State coordination of Federal housing agencies?

Mr. PALMER. Yes, sir. With reference to your request for a summary of the arrangements made for regional and State coordination of Federal housing agencies, it is important to note that we have tried, in our work of coordination, to disturb as little as possible the normal program of some 13 housing agencies and to assist all of them in making effective their maximum capabilities in meeting the need.

In doing this we have considered that coordination at the Federal level was adequate since we operate with each agency through its own field organization. In this connection we have used the facilities of the State and local defense councils, a part of which in each locality is a housing committee composed of local citizens. When appropriate we have urged the use of the splendid facilities of State housing boards and commissions and local housing authorities. The local housing committee conducts the home registration offices, stimulated by the Division of Defense Housing, and now also with the Federal agencies that are not directly in defense housing, you might say, such as the Office of Coordination of Health and Welfare and that of Price Administration and Civilian Supply and Civilian Defense. Various procedures have been carefully worked out with them to clarify the operation in the field for all of us.

"COMPETITION AMONG VARIOUS AGENCIES"

Dr. LAMB. At the committee's Hartford hearings Governor Hurley and other witnesses testified on this subject. I would like to quote the statement of Governor Hurley:

"It seems to me that there is a competition in our State among the various agencies. I know that I have talked to the mayors of the municipalities. These mayors have set up housing authorities and also registries where migratory workers can go and find out what the rents are and where available housing facilities are located. But it seems to me that the Agriculture Department and the Work Projects Administration and the United States Housing Authority are in competition with one another as to setting up these housing projects in our various cities. I have heard that one city was waiting because another Federal agency had made an offer that seemed more advantageous to the city. There doesn't seem to be any coordination."

Would you care to comment on that statement of the Governor's?

Mr. PALMER. The statement the Governor made undoubtedly was made merely because of lack of information. The Federal Works Administration, for instance, goes in with certain housing of a particular type. The Farm Security is handling the temporary shelters,

and so forth. Those are all described in detail in this booklet which we have given you for the record.

ESTIMATE OF FUNDS NEEDED FOR HOUSING

Dr. LAMB. Dr. Parran, the Surgeon General, in testifying to this committee yesterday, said that over one and a half billions is needed for housing to meet the emergency situation. Does this approximate your estimates?

Mr. PALMER. He said one and a half billion?

Dr. LAMB. Yes.

Mr. PALMER. Well, our figures now run a little over \$1,000,000,000 on a justifiable basis. At the present time we are using, in round numbers, \$593,000,000 in all of the activities.

There is before the Public Buildings and Grounds Committee of the House a request for an extension of the Lanham Act by \$300,000,000 more, which would bring it up to \$893,000,000.

The request to expand title VI will come up soon and that will carry this above the \$1,000,000,000 mark.

DEFENSE HOUSING QUESTION IN DETROIT

Dr. LAMB. We understand that your office is withholding decision on defense housing in the Detroit area pending further determination of curtailment of automobile production.

Have you received any advice from the O. P. M. in this regard?

Mr. PALMER. We keep in touch with them every day and we have programmed 1,000 houses in there.

Dr. LAMB. And they will go ahead regardless of any curtailment of automobile production?

Mr. PALMER. Yes, sir. We consider they are needed regardless. If 25 percent curtailment is put in effect, 93,000 defense workers will be released, but a worker living in Detroit can produce a tank just as well as he can produce an automobile and still live in the same house.

It is a very difficult problem until we know exactly what the curtailment is, but we keep in touch with Detroit daily on long-distance, and we have men in the area frequently.

Dr. LAMB. Have priorities in materials already affected your program for defense housing expansion?

Mr. PALMER. Yes, sir; but with the splendid cooperation of the O. P. M. we have been able to expedite orders for vital materials to such a degree that I don't think any defense project has really lagged on that account. However, anticipating our responsibilities, a statement was worked out with the Priorities Division under Mr. Edward Stettinius and myself, which I should now like to put in the record.

Dr. LAMB. It will be received.

(The statement referred to above is as follows:)

EXHIBIT H.—PROGRAM PROVIDING PRIORITY AID FOR DEFENSE HOUSING

A broad program providing priority aid for defense-housing projects, designed to assure the completion of such projects as promptly as possible, was announced jointly today by E. R. Stettinius, Jr., Director of Priorities, and Charles F. Palmer, Coordinator of Defense Housing.

This program puts defense housing a head of civilian- and non-defense-housing projects and will assure a steady flow of necessary building materials to the projects deemed essential to the national-defense program.

Under the terms of the agreement, no priority aid will be granted for defense housing, whether publicly or privately financed, until these requests have been cleared through the Coordinator or his field representatives in accordance with the procedures being developed.

The Division of Defense Housing Coordination is to supply the Priorities Division of the Office of Production Management with—

(1) A complete list of all publicly financed defense-housing projects for which priority assistance is recommended.

(2) A list of areas in which an acute shortage of housing either exists or impends, thereby threatening to impede or interfere with national-defense activities, together with figures on each area indicating how much defense housing is needed.

(3) A formal definition of what shall constitute defense housing.

Under this new program, priority assistance may be given either to a publicly financed defense-housing project, or to private defense projects within a designated area.

With the concurrence of the Army and Navy Munitions Board, the Priorities Division will be prepared to give each publicly financed defense-housing project, or any area named by the Defense Housing Coordinator, a preference rating considered appropriate in the light of the national-defense activity to be served.

Plans are being worked out under which these projects or area ratings may be extended to applicants by local representatives of the Government to be designated by the Coordinator with the approval of the Priorities Division.

The ratings to be assigned will aid contractors engaged in defense-housing work to speed up delivery of materials to be specifically named on a defense-housing critical list now being prepared.

The ratings may be used only for orders or contracts for these critical-list items.

This critical list will contain only those items on which, in the opinion of the Priorities Division, preference ratings are necessary to obtain the quantities and delivery dates required. The list will exclude items of a vital defense nature—such as aluminum, copper, nickel, bronze, zinc, etc.—except when the Defense Housing Coordinator demonstrates that these items or products containing these items are absolutely essential and that adequate substitutes cannot be used.

The defense-housing critical list will be subject to revision when necessary. When items needed are not on the list, but priority aid is still considered necessary, applications will be made to the Priorities Division on its Form PD-1 through the designated local representative of the Coordinator.

Representatives who are designated to handle applications for priorities for privately financed defense construction may only extend an area rating when they are satisfied that the housing will be suitable for, and reasonable preference in occupancy will be given to, workers engaged in the designated defense industries; that the intended sales price is \$6,000 or less or the intended shelter rental is \$70 per month or less; and that the housing is, in general, necessary in connection with defense-housing needs.

It was pointed out, however, that exceptions may be made for such other proposed residential construction as may, in particular cases, be necessary to meet defense needs. In such cases the necessity must be demonstrated to the Coordinator through his designated local representatives, and the Coordinator will make appropriate recommendations to the Priorities Division.

It was stated that the procedures being developed will apply to rehabilitation of existing structures, as well as new construction, where a dwelling unit not otherwise habitable would thereby be made available.

The Division of Defense Housing Coordination has for the past few months given aid for defense housing, both publicly and privately financed, and the new agreement has been developed in order to establish regular procedure.

The present agreement will clarify the priorities situation with relation to residential defense construction and, it is hoped, will remove any hesitancy on the part of builders, lenders, and others to undertake this type of construction.

TESTIMONY OF C. F. PALMER—Resumed

Dr. LAMB. You expect, then, priorities will affect the program, whereas previously they have not?

Mr. PALMER. I think priorities will help keep defense housing going and that as conditions get tighter in the United States normal building will fall off.

Dr. LAMB. Who is legally charged with responsibility for decisions as to the need for building-material priorities for defense housing?

Mr. PALMER. The O. P. M.

Dr. LAMB. You have no jurisdiction in that matter?

Mr. PALMER. They requested that we recommend procedures and also the areas and projects that should get priorities. The decision is not ours.

Dr. LAMB. Would you state what your office determines in regard to housing built by each agency coordinated by your office? I would like to go down the list of determinations. For instance, who determines allocation? Who determines the allocation of the project and who determines it in the local community? Who sets the rents and who sets the restrictions as to who may live in the projects?

I will start with the first. Who determines the allocation?

Mr. PALMER. The President, upon our recommendation.

Dr. LAMB. And who determines the location of the project?

Mr. PALMER. The agency which is to construct it, after advising with us regarding its relationship to the coordinated program. Sometimes four or five agencies are building in the same community, and we keep each one informed of the activities of the others so that it will not be competing for the same site and its purchase and so on.

Dr. LAMB. Who is responsible for the location of the project?

Mr. PALMER. The responsibility is with the Federal Government.

Dr. LAMB. What about setting of rents?

Mr. PALMER. The Lanham Act, if we are using or working under that act. It states that the rents shall be reasonable and fair and that those rents should be what defense workers can afford to pay, so the general principle has been established through consultation of all the agencies together in our offices, and then a general principle set up. But the actual determination of the rents right down to the penny is with the construction agencies doing the job.

Dr. LAMB. Who sets the restrictions as to who may live in the projects?

Mr. PALMER. The standards are set up in general by our office and then they are reviewed by the various agencies participating.

COMPARISON WITH LOCAL RENTS

Dr. LAMB. Can you tell the committee how the rentals set by your agency for trailers and dormitories compare with local rents?

Mr. PALMER. There is practically no competition, because there aren't trailers and there aren't dormitories for rent in most communities. But our rents compare very favorably with what would be charged for a room in a private house. However, the trailer rent includes furnishings—you see those go at about \$25 to \$30 per month, including the furnishings. The rents for dormitory rooms run from \$3.50 up to about \$5 per week.

Dr. LAMB. And is there such a thing as a dormitory trailer?

Mr. PALMER. For single men?

Dr. LAMB. Yes.

Mr. PALMER. Not at the present time. We have, by the way, just worked out two sets of utility trailers in which are shower baths, laundry tubs and toilets, in order that they can move into a community much more rapidly and set up trailer camps of a real decent standard than has been true in the past, when it was necessary to set up those utility buildings and build them in the old orthodox way.

There is also now an accommodation for families that have children in these trailer camps which will come in on wheels and will be 8 feet wide only, but can immediately expand to a width of 18 feet, which gives us over 22,000 cubic feet of space in that little building; and yet it can be put on wheels and moved right away again later. Those will be put in the various trailer camps to take care of the larger families more commodiously than before.

DORMITORY AND TRAILER OCCUPANCY

Dr. LAMB. What is the record of occupancy of trailers and dormitories?

Mr. PALMER. In San Diego the occupancy at the present time is lagging because the employment schedule of the Consolidated Aircraft Corporation hasn't been up to scratch. Some of the National Youth Administration trainees are using part of the dormitories there.

Now, in other place they have been completely occupied immediately.

Dr. LAMB. When the committee was in San Diego they understood the rent charged was \$7 a week for a trailer. Is that correct?

Mr. PALMER. That is approximately correct, for a family.

Dr. LAMB. You spoke of the N. Y. A. occupying dormitories in San Diego at the present time. Would the dormitory rents be out of line with the rent for trailers?

Mr. PALMER. They would probably be a little higher than the rents that will be paid in the permanent housing when it is completed on Kearney Mesa because we want to encourage the people to get out of the trailers as fast as they can.

Dr. LAMB. Do you think it is having a discouraging effect, temporarily, on their moving in?

Mr. PALMER. I don't believe so.

Dr. LAMB. Another situation which has been described to the committee is that of Orange, Tex., where I think there are 4 dormitories with 408 units, or something of that kind, at the present time. Do you have those figures?

Mr. PALMER. We will be glad to get those for the record.¹

Dr. LAMB. And we were told that there are very few occupants of that unit at the present time.

Mr. PALMER. I don't know how long it has been opened. I don't know how their employment schedule is. But we can check on any of the individual instances for you.

Dr. LAMB. We would like to have that.

We understand that rents there are as you stated—\$3.50 a week for single and \$5 a week for a double room, but that there are local rents available and that that accounts for the lag in occupancy.

¹ The figures as given above by Dr. Lamb were subsequently found to be correct.

Mr. PALMER. Of course, we are delighted to have some of our projects partially vacant—not that there are many that way, unfortunately—because if every project filled right up as soon as we put it in you wouldn't be able to expand your labor supply, and we have programmed, in many instances, looking into the fall, of course, and have come into the market very quickly.

MEMBERS OF NATIONAL ADVISORY COMMITTEE

Dr. LAMB. Could you give the committee a list of members of your National Advisory Committee?

Mr. PALMER. That is in the booklet.

(This list, as given in the booklet "Homes for Defense," follows:)

Executive staff: C. F. Palmer, Coordinator; Jacob Crane, Assistant Coordinator; Carl Henry Monsees, executive assistant; Herbert S. Colton, counsel; Ferdinand Kramer, program supervisor; Davis W. Snow, information adviser; J. W. Abney, administrative officer; Samuel J. Dennis, Director, Analysis Division; Howard Strong, Director, Homes Registration Division; Carl L. Bradt, Director, Temporary Shelter Program; William V. Reed, Director Standards Division; M. Allan Snyder, management adviser; Frank A. Vanderlip, Jr., Regional Coordinator, Region II; Clarence W. Farrier, Regional Coordinator, Region III; J. W. Cramer, Regional Coordinator, Region IV; Winters Haydock, Regional Coordinator, Region V.

Organization advisers: Morton Bodfish, executive vice president, United States Savings and Loan League, 333 North Michigan Avenue, Chicago, Ill.; Mr. Walter Blucher, executive director, American Society of Planning Officials, 1313 East Sixtieth Street, Chicago, Ill.; Mr. Stanley M. Buckingham, National Association of Building Owners and Managers, 1315 Williamson Building, Cleveland, Ohio; Miles L. Colean, research director, housing survey, the Twentieth Century Fund, 522 Transportation Building, Washington, D. C.; Miss Harlean James, executive secretary, American Planning and Civic Association, 901 Union Trust Building, Washington, D. C.; Herbert U. Nelson, executive vice president, National Association of Real Estate Boards, 22 West Monroe Street, Chicago, Ill.; Mrs. Samuel L. Rosenman, chairman, National Committee on the Housing Emergency, 6 East Forty-fifth Street, New York, N. Y.; Boris Shishkin, American Federation of Labor, Ninth and Massachusetts Avenue NW., Washington, D. C.; Allan A. Twichell, technical secretary, committee on the hygiene of housing, the American Public Health Association, 310 Cedar Street, New Haven, Conn.; Gardner Wales, comptroller of the united construction workers organizing committee, Congress of Industrial Organizations, 1106 Connecticut Avenue NW., Washington, D. C.; Coleman Woodbury, director, National Association of Housing Officials, 1313 East Sixtieth Street, Chicago, Ill.

Advisers: John C. Bowers, John C. Bowers Co., 4628 Broadway, Chicago, Ill.; Harold D. Hynds, 12 Rochambeau Road, Scarsdale, N. Y.

Consultants: Virgil Bankson, consultant, Labor Relations; David Cushman Coyle, Cosmos Club, Washington, D. C.; Ernest M. Fisher, Washington, D. C.; James Ford, Lincoln, Mass.; Joseph A. Fowler, special consultant; Justin Hartzog, special consultant; Robert P. Taylor, consultant, racial relations.

Dr. LAMB. Does that list include representatives of all community groups—is it a comprehensive sort of citizens' committee?

Mr. PALMER. It is a good cross section of all the activities in the United States interested in housing. Would you like to have me read a sample now?

Dr. LAMB. I don't think we need it at this moment. The next witness is waiting, and I shall not keep you any longer. Thank you very much, Mr. Palmer.

The CHAIRMAN. Mr. Palmer, we thank you very much for your valuable contribution to our record.

(Supplemental material on the organization and operations of homes registration offices was submitted by Mr. Palmer, including a mimeographed "Guide" to this subject, which is held in committee files, and the following statement:)

EXHIBIT I.—OPERATIONS OF HOMES REGISTRATION OFFICES

STATEMENT BY DIVISION OF DEFENSE HOUSING, OFFICE FOR EMERGENCY MANAGEMENT,
EXECUTIVE OFFICE OF THE PRESIDENT, JULY 19, 1941

The purpose of the homes registration offices organized with the cooperation of the Division of Defense Housing Coordination is to facilitate the full use of existing residential accommodations by persons engaged in defense activities. These offices aid incoming defense workers and others seeking residential accommodations in defense areas to find suitable dwellings as quickly and as easily as possible. At the same time, they act to fill vacancies as rapidly as they occur and thus return housing to use without delay. They operate to increase the total supply of both family accommodations and rooms available for rent by securing the cooperation of landlords in conversion of existing housing to provide more dwelling units and by appealing to local residents to throw open to the incoming workers rooms that would ordinarily not be found in the rental market.

To achieve this purpose, homes registration offices are being established in the principal defense centers. As of July 15, offices have been established and are in active operation in 86 cities. In addition, offices are in process of organization or under consideration in 164 other cities. A list of the offices now in operation and those in process of organization is attached.

Local homes registration offices under the jurisdiction of the Division of Defense Housing Coordination are agencies of the local governments. In most instances they are established under local defense councils. In some places they may be arms of State, regional, or district defense councils, or may be established under housing committees appointed by the city government. The Division of Defense Housing Coordination is active in working with these local groups in the establishment of the registration offices and in providing advice and suggestions concerning their operation. In a number of cases, the Division of Defense Housing Coordination has been able to arrange for clerical assistance for the local offices through a Work Projects Administration project sponsored by the Division. However, because of the local character of these offices, the Division of Defense Housing Coordination exercises no administrative control over them. The relationship is rather one of coordination and cooperation. In view of this fact, the procedures of the local offices differ from place to place and the quality of the services which these offices render is likewise variable, depending upon the extent of the local support which they receive. Where local groups are thoroughly convinced of the value of the registration service and where adequate provision has been made for capable direction and suitable staff, the local offices are able both to serve landlords and home seekers efficiently and to make extremely valuable reports concerning their operations. In other cases, the service is less effective and the reports less usable.

In the 30 cities for which reports have been received up to date, the local homes registration offices have registered a total of 8,131 family dwelling units and 19,789 rooms. They have also received 6,457 applications from home seekers and 2,559 applications from persons looking for rooms; they have placed 2,129 of the applicants for family accommodations and 1,814 of the applicants for rooms. These operations (which exclude a small amount of work done by the offices in connection with public defense housing projects) are summarized in the attached table. In general, the placing of families has been more difficult than the placing of single people desiring only rooming accommodations. Of the total number of applicants for rental dwelling units, one-third have found accommodations through the homes registration offices, while nearly three-quarters of the applicants for rooms have been placed.

At the end of May the homes registration offices in these 30 cities had in their active files a total of 4,229 rental dwelling units available for occupancy. These rental units were distributed among the various rental groups as follows:

Monthly rent	Rental units of indicated rent	
	Number	Percent ¹
Under \$20.....	249	7.3
\$20 to \$29.....	361	10.5
\$30 to \$39.....	549	16.0
\$40 and over.....	2,262	66.2
Not reported.....	808	-----
Total.....	4,229	100.0

¹ Based on number for which rent is reported.

At the same date, the registration offices reported a total of 3,445 applicants who had not yet found accommodations and whose applications were still active. These applicants desired rental dwelling units of the following rentals:

Monthly rent	Applications desiring rental units of indicated rent	
	Number	Percent ¹
Under \$20.....	255	8.3
\$20 to \$29.....	775	28.6
\$30 to \$39.....	884	32.7
\$40 and over.....	824	30.4
Not reported.....	707	-----
Total.....	3,445	100.0

¹ Based on number for whom desired rental is reported

Comparison of this distribution with the table given above suggests that the greatest difficulty in placing applicants is in the rental ranges from about \$20 a month to about \$40 a month.

The number of rooms listed with the homes registration offices as available amounted to 15,808, while the number of active applicants who had not yet been placed was 604. These figures on the active listings and active applicants as of the end of May are smaller, of course, than the figures cited above for total listings and applications during the period of operations, since numerous family units and rooms have been removed from the lists, either because they have been filled through the homes registration offices or because they have been rented direct by the owners or their agents, and since many applicants have been placed or have withdrawn their applications.

The active listings as of this date represent the numbers of rental dwelling units and rooms registered with the homes registration offices. They do not necessarily represent the total number of vacant family units or vacant rooms in these cities. Vacant family units which are for sale but not for rent are excluded from these data. Furthermore, in many communities the demand has been primarily for certain types of properties within certain rental ranges (usually the lower rental groups), and the homes registration offices have concentrated their activities in securing listings of these types of property without making a specific effort to secure complete listings of types of properties for which there was little immediate demand. In many cities the registration offices are still in process of building up their files and have not yet reached the point where they are able to find and list all of the vacant properties within the area of their operations. Therefore, these listings do not generally represent complete vacancy surveys of the communities covered, though they give exceedingly valuable indications of the extent and nature of the operations of the homes registration offices.

The full extent of the role which the homes registration offices are to play in finding dwelling accommodations for defense workers is not yet apparent from

these early reports. Most of the offices have been organized for so short a time that the reports do not represent the volume of activity which they will reach as their organization is perfected. In many cases the period of operation has been so short that no report at all has yet been submitted. On the basis of these first reports, however, it is clear that the offices are becoming an exceedingly important instrument for assuring full utilization of the existing housing supply. In most of the cities for which information is now available they have developed a large supply of rooms and have had marked success in finding accommodations for single persons. The supply of rooms for single defense workers made available through these offices will undoubtedly far exceed the number of rooms contained in dormitories which it will be necessary to construct from public funds. The development of large supplies of family accommodations appears more difficult, but final experience may very well show that the number of units made available through the homes registration offices will be substantial in comparison even with the large volume of public defense housing in the same areas.

Homes Registration Offices, July 15, 1941

OPERATING	IN PROCESS OF ORGANIZATION OR UNDER CONSIDERATION
Alabama : Florence. Sheffield. Talledega. Montgomery.	Alabama : Mobile. Sylacauga. Anniston. Birmingham.
Arizona. Arkansas : Little Rock.	Arizona. Arkansas.
California : San Diego.	California : Alameda. Berkeley. Burbank-Glendale. Long Beach. Los Angeles. Oakland. Richmond. San Francisco. Sunnyvale. Vallejo.
Colorado.	Colorado : Denver.
Connecticut : Bridgeport. Bristol. East Hartford. Hartford. New Britain. New Haven. Waterbury.	Connecticut : Torrington. Stamford. New London.
Delaware.	Delaware.
District of Columbia : Washington.	
Florida : Pensacola. Tampa. Key West.	Florida : Panama City. Gainesville. Orlando. Miami. Jacksonville. Starke.
Georgia : Albany. Columbus. Macon. Savannah.	Georgia : Valdosta. Atlanta.
Idaho.	Idaho.

OPERATING	IN PROCESS OF ORGANIZATION OR UNDER CONSIDERATION
Illinois : Rock Island. Waukegan. Rockford. Joliet. North Chicago.	Illinois : Alton. Kankakee. Wilmington. East St. Louis.
Indiana.	Indiana : Fort Wayne. South Bend. La Porte. Mishawaki. Indianapolis.
Iowa : Davenport.	Iowa : Council Bluffs. Waterloo. Burlington.
Kansas : Wichita.	Kansas : Hutchinson. Arkansas City. Winfield. Peabody. Kansas City. Newton. Augusta. Wellington. El Dorado.
Kentucky : Louisville.	Kentucky.
Louisiana : Baton Rouge.	Louisiana : Alexandria. Lake Charles. New Orleans. Shreveport. De Ridder.
Maine : Portland.	Maine : Brunswick.
Maryland : Baltimore.	Maryland : Hagerstown.
Massachusetts : Quincy.	Massachusetts : Boston. Worcester. Lynn. Springfield. Greenfield. Pittsfield.
Michigan : Detroit.	Michigan : Jackson. Lansing. Saginaw. Bay City. Muskegon.
Minnesota. Mississippi.	Minnesota. Mississippi : Pascagoula.
Missouri.	Missouri : Kansas City. Independence.
Montana. Nebraska : Omaha.	Montana. Nebraska.
Nevada. New Hampshire : Portsmouth.	Nevada. New Hampshire : Manchester.

OPERATING

New Jersey :
 Camden.
 Newark.
 Dover.

New Mexico.

New York :
 Buffalo.
 Niagara Falls
 Utica.
 Johnstown.

North Carolina :
 New Bern.
 Wilmington.

North Dakota.

Ohio :
 Columbus.
 Dayton.
 Ravenna.
 Sandusky.
 Warren.

Oklahoma.

Oregon :
 Portland.

IN PROCESS OF ORGANIZATION OR UNDER
CONSIDERATION

New Jersey :
 New Brunswick.
 Jersey City.
 Harrison.
 Kearny.
 Bayonne.
 Bound Brook.
 Paterson.
 Clifton.
 Passaic.
 Hackensack.
 Hoboken.
 Caldwell.
 Trenton.

New Mexico.

New York :
 Rochester.
 Binghamton.
 Albany city and county (Cohoes).
 Rome.
 Auburn.
 Massena.
 Ogdensburg.
 Schenectady.
 Syracuse.
 Ithaca.
 Elmira.
 Watertown.
 Troy.
 Ilion.
 Gloversville.
 Corning.
 Jamestown.

North Carolina :
 Jacksonville.
 Raleigh.
 Charlotte.

North Dakota.

Ohio :
 Akron.
 Canton.
 Youngstown.
 Elyria.
 Hamilton.
 Cleveland.
 Lorain.
 Newton Falls.
 Springfield.
 Middletown.

Oklahoma :
 Tulsa.
 Muskogee.

Oregon.

OPERATING

Pennsylvania :
 Beaver County.
 Clairton.
 Philadelphia.
 Bucks County (Hatboro).
 New Kensington.
 Monessen.
 Middletown.

Rhode Island :
 Newport.
 South Carolina :
 Columbia.
 Charleston.

South Dakota.
 Tennessee :
 Jackson.
 Milan.
 Nashville.

Texas :
 Corpus Christi.
 Dallas.
 Orange.
 Victoria.
 Galveston.
 Wichita Falls.
 Beaumont.

Utah :
 Ogden.

Vermont :
 Springfield.

Virginia :
 Alexandria.
 Blacksburg.
 Christiansburg.
 Pulaski.
 Radford.
 Norfolk.
 Portsmouth.

Washington.

West Virginia :
 Charleston.
 Morgantown.

Wisconsin :
 Beloit.
 Kenosha.
 Manitowoc.

Wyoming.

IN PROCESS OF ORGANIZATION OR UNDER
CONSIDERATION

Pennsylvania :
 Allegheny County.
 Carnegie.
 Erie.
 Greensburg.
 Harrisburg.
 Ellwood City.
 Homestead.
 Pittsburgh.
 McKeesport.
 Washington County.
 Westmoreland County.
 Pottstown.
 Delaware County (Chester).
 Montgomery County (Hatboro).
 Bucks County (Bristol).

Rhode Island :
 Providence.
 South Carolina.

South Dakota.
 Tennessee :
 Chattanooga.
 Alcoa-Maryville.
 Knoxville.
 Humboldt.
 Huntingdon.
 Greenfield.
 Bradford.
 Trenton.

Texas :
 Fort Worth.
 San Antonio.
 Houston.
 Port Arthur.
 Brownwood.
 Abilene.
 Mineral Wells.

Utah.

Vermont.

Virginia :
 Fairfax County.
 Arlington County.
 Petersburg.
 Hampton.
 Newport News.
 Virginia Beach.
 Suffolk County.
 Wytheville.
 Montgomery County.

Washington :
 Tacoma.
 Seattle.

West Virginia :
 Huntington.
 Grafton.

Wisconsin :
 Madison.
 West Allis.
 Milwaukee.
 Fond du Lac.
 Oshkosh.

Wyoming.

Reported operations of homes registration offices through May 1941

[Source: Executive Office of the President, Office for Emergency Management, Division of Defense Housing Coordination]

Locality	Listings received, total applicants and applicants placed, during indicated period						Active listings on file at indicated date						
	Period		Rental dwelling units		Individual rooms		Date	Rental dwelling units				Individual rooms	
	Listings received	Total applicants	Applicants placed	Listings received	Total applicants	Applicants placed		Total	Under \$20	\$20 to \$29	\$30 to \$39		\$40 and over	Not reported
Alabama:	May 26 to June 16	81	123	71	220	4	June 16						216
Florence	May 1 to May 30	15	(1)	15	56	(1)	May 30			2	2	6	32
Shelfield	June 17	65	54	54	196	74	June 17	2		3		6	122
Tuladega	April 21 to May 29	2,804	1,308	691	2,048	294	May 29	7	8	41	57		1,760
California: San Diego	March 1 to May 31	164	431	91	1,729	548	May 31						1,191
Bridgeport	April 20 to June 10	65	164		268	(1)	June 10			1	7	36	268
Hartford	May 5 to May 31	191	154	21	191	2	May 31	10	30	25	91	12	189
New Haven	March 25 to May 25	24	88	1	79	12	May 25	1	1	2	2	2	64
Waterbury	March 17 to June 10	1,371	593	50	4,059	685	June 10		46	90	617	6	2,527
District of Columbia: Washington	May 12 to June 9	124	107	70	246	18	June 9						170
Albany	May 1 to May 30	326	34	15	185	7	May 30	23	21	20	139	14	182
Savannah	May 10 to June 10	24			17		June 10						17
Illinois: Waukegan	May 1 to May 30	109	189	17	926	37	May 30	1	1	2	17	3	897
Kentucky: Louisville	May 15 to June 15	305	4		138		June 15						122
Louisiana: Baton Rouge	May 12 to May 31	109	36	11	518	61	May 31	1		5	22	70	481
Maryland: Baltimore	Apr. 12 to June 19	912	247	16	1,078	51	June 19	24	62	88	515	2	1,014
New York: Buffalo	Apr. 12 to May 31	22	14	10	561	48	May 31					12	12
Niagara Falls	Apr. 12 to June 16	1,282			2,020		June 16	142	123	125	165	290	1,975
Utica	May 10 to June 10	63	115	46	167	30	June 10						143
North Carolina: New Bern	Mar. 1 to May 30	668	969	514	1,155	340	May 30	1	5	4	6	131	570
Wilmington	May 16 to June 10	274	21	4	887	6	June 10						881
Columbus	May 19 to June 2	84	270	14	355	39	June 2	3	2	3	53	3	317
Dayton	Apr. 2 to June 1	140	59	37	724	33	June 1	8	15	13	33	5	701
Ravenna	May 1 to June 1	31	16	16	439	55	do						384
Sandusky													

1 Data not available. 2 Direct report not available. Estimated by adding "applicants placed" and "active listings on file."

Reported operations of homes registration offices through May 1941—Continued

Locality	Active listings on file at indicated date																
	Listings received, total applicants and applicants placed, during indicated period					Rental dwelling units					Individual rooms	Date	Rental dwelling units				Individual rooms
	Period		Rental dwelling units		Individual rooms		Rental dwelling units		Individual rooms				Total	Under \$20	\$20 to \$29	\$30 to \$39		$40 and over	Not reported
Listings received	Total applicants	Applicants placed	Listings received	Total applicants	Listings received	Total applicants	Applicants placed	Listings received	Total applicants	Applicants placed	Total	Under \$20	\$20 to \$29	\$30 to \$39	\$40 and over	Not reported	Individual rooms
South Carolina: Charleston	332	518	114	304	25	17					137	4	7	10	107	9	176
Texas: Corpus Christi	200	350	80	400	35		Apr. 1 to June 10				30					30	194
Vermont: Springfield	48	38	16	97	77	55	Apr. 1 to Apr. 30				28					28	42
West Virginia: Morgantown	38	40	15	565	45	30	Apr. 6 to May 6				20			2	18		545
Wisconsin: Beloit	123	395	66	42	6	2	Mar. 20 to May 20				23	3	5	6	9		23
Manitowoc	137	180	74	119	27	27	Apr. 1 to June 5				39	8	11	11	9	1	92
Total	8,131	6,457	2,129	19,789	2,559	1,814	Mar. 21 to June 10				4,229	249	361	549	2,262	808	15,808

NOTE.—This table summarizes reports received by the Division of Defense Housing Coordination covering the period from beginning of operations of the Homes Registration Offices through about the end of May 1941. Reports which have been received from five additional cities for this period have been omitted because they are not comparable with the reports tabulated above. All dates in the table refer to 1941.

The CHAIRMAN (after a short recess). The committee will please come to order. Mr. Reporter, the next witness is John M. Carmody, Administrator of the Federal Works Agency.

TESTIMONY OF JOHN M. CARMODY, ADMINISTRATOR, FEDERAL WORKS AGENCY, WASHINGTON, D. C.

The CHAIRMAN. Mr. Carmody, we appreciate very much your coming up here this morning. I would like to say to you that this committee made a general investigation of the migration of destitute citizens and reported to the Congress last year. Following that report we were continued this session of Congress to investigate the migration resulting from the national-defense program.

I think to start with it would be enlightening for you to tell us just what part the Federal Works Agency is playing in the picture of Federal housing.

Mr. CARMODY. You are speaking now with reference to defense housing?

The CHAIRMAN. Yes.

Mr. CARMODY. Under the Lanham Act the Administrator of the Federal Works Agency is made responsible for carrying out the provisions of that act. There is a provision in the act which says that the need shall be certified by the President, and it has been my understanding that the President set up an organization to find that need.

When the Coordinator of Defense Housing makes his recommendation to the President as to need, and the President signs a letter, he thereby directs us to proceed with construction, and from that point on it is the responsibility of the Federal Works Agency to carry through the construction and under the act to dispose of houses built under that act at the end of the emergency.

I dare say the committee has on file a copy of the Lanham bill.

The CHAIRMAN. Yes; we do have.

Mr. CARMODY. That was Public 849.

The CHAIRMAN. It was the bill appropriating \$150,000,000.

Mr. CARMODY. Yes. The Lanham Act was amended to provide for community facilities for defense purposes. An appropriation of \$150,000,000 was made by the Congress to carry out the purposes of that act. It was really title III of the Lanham Act.¹

The CHAIRMAN. Do you think that is going to be adequate, Mr. Carmody?

Mr. CARMODY. Well, we are now just beginning to shape up projects for final recommendation to the President on the basis of field studies made by other agencies of Government before the act was passed, and on the basis of some checking that our regional and field engineers have done, it appears that that will not be enough to meet all of the present applications. But I am not prepared to say today because we have not analyzed them in detail, and some of those applications will wash out.

I think we shall find that some of them do not have the direct defense connection that is essential in order that we may recommend them for prosecution.

The CHAIRMAN. Mr. Carmody, when the report of your recommendations is in shape and ready for release, if this committee could

¹ See p. 5007, San Diego hearings.

have a copy of it it would be very helpful to us, because we are reporting to Congress in a few weeks with certain recommendations.

Mr. CARMODY. We will be glad to keep this committee informed as projects are actually approved and ready for work, and we shall be glad to let this committee know what we think about projects—projects that we think are worthy of allotment for funds.

The CHAIRMAN. Do you think, Mr. Carmody, that the original estimates of needs for defense housing made by the Housing Coordinator's office last year were substantially correct—too low or too high?

Mr. CARMODY. Mr. Chairman, inasmuch as it is not my responsibility for finding the need, I have set up no machinery to check anybody else's inquiries into the need. I assume that the Coordinator depends largely on those agencies of Government that have already made studies, such as the F. H. A., which has a large staff reporting regularly on needs as they see them, as well as on other agencies that have made similar studies. As a matter of fact, W. P. A. has made some sample inquiries over the country over a long period of time, and all of the data that they have gathered have gone to the Coordinator's office for his information.

AMOUNT OF RENT FOR DEFENSE WORKERS

The CHAIRMAN. Has your agency made any studies at all, Mr. Carmody, of the amount of rent that defense workers should pay, in view of the fact that 80 percent of the defense workers earn approximately \$30 a week?

Mr. CARMODY. In every case we are inquiring into the actual earnings of the tenants and attempting to adjust the rents to their earnings, as directed by the act itself. In other words, we are following the spirit of the act.

I understand that some discussion has been had recently before the Public Buildings and Grounds Committee, which is now considering an additional appropriation. Consideration has been given to the question of setting the rents on a basis of complete economy; in other words, establish the rents on an economic basis. We have not done that.

We understood the act to say that rents should be fair in relation to the worker's earnings. After a good deal of discussion with a good many people—the Coordinator's office and many other people who have had experience in this field—we agreed that approximately 20 percent of the income would be about what people normally pay as rent. That is the maximum. The average is about 17 percent.

The CHAIRMAN. The committee investigated the Kearney Mesa project at San Diego. Have you seen the project, Mr. Carmody?

Mr. CARMODY. I have not seen it, I am sorry. I am practically the only person in Washington who hasn't been out there.

The CHAIRMAN. It is about 5 or 6 miles from San Diego, and I think it is about half completed. I was very much impressed with the thoroughness and the freedom from confusion and the speed with which they are putting up the houses.

They gave me a demonstration there one day as to what they could do. When I saw the building there was nothing but the floor-

ing. They put up the frames and windows and the roof in 12 minutes. Of course, everything was precut and assembled.

I think those three- and four-room houses would rent for approximately \$22 a month, so that would keep them in line with what you say.

One feature that I thought probably might be improved on is the size of the house. A good many witnesses have testified before the committee in reference to that. For instance, one man said he had six children, who, together with himself and wife, made eight in the family. He stated that he looked around for a long time but could not find a house and finally got a one-room apartment with a kitchen for which he paid \$18 a week. That was private property. I was very much interested in that case. I asked him how much he was making and he told me \$135 a month. I suggested to him that he should lay something aside to take care of the family when this thing is over. He asked how he could do it and take care of a family of eight and pay approximately \$80 a month for his room.

What I want to point out is that our Federal housing program does not provide for large families like this man's. The units are uniform in size—three- and four-room houses.

LIMIT ON COST OF HOUSES

MR. CARMODY. You see the Congress set a limit of \$3,000 average for the cost of the houses in the original bill. That has now been amended to raise the limit to \$3,500, but it was the understanding when that limit was raised that it was raised to enable the construction agency to use more masonry and clay products. The change was made wholly and solely, so far as I was able to see—and I attended all of the hearings—upon the representation of the clay and brick people that they had not got a fair share of business out of the new construction program.

With a limit of that kind it hasn't been possible to build many five- and six-room houses. But I think you are quite right. I think in a project of that size perhaps we do need to put in some houses to accommodate families of six, and maybe here and there eight. In our future planning we must take that into account.

Dr. Foreman reminds me we are doing that in Pittsburgh, where we are building 5,000 homes.

THE CHAIRMAN. I call your attention to the migrants who have appeared before our committee. Many of these had large families. They all testified that they had had considerable difficulty in finding places to live. I took the matter up with various officials, and they agreed some provision should be made for them.

Is there an acute shortage of housing right now in defense centers?

MR. CARMODY. Well, again, I am very sorry to say that I haven't made any study of it. I only know whatever one gets from the newspapers. As a matter of fact, Mr. Chairman, whenever a complaint about an acute shortage comes to my office it goes immediately to the office of the Coordinator of Defense Housing.

UNITS BUILT BY F. W. A.

The CHAIRMAN. Do you know how many units, Mr. Carmody, your agency has constructed?

Mr. CARMODY. At the end of June, and actually ready for occupancy, 10,086. They are being completed at the rate of about 240 a day.

The CHAIRMAN. And how many have been contracted for?

Mr. CARMODY. Construction has begun on 42,215.

The CHAIRMAN. And how many units have funds been allotted for?

Mr. CARMODY. Eighty thousand one hundred and forty-four.

The CHAIRMAN. And is the rate at which allocations are being made enabling you to keep production abreast with the need, so far as you know, Mr. Carmody?

Mr. CARMODY. I have suggested to the Coordinator's office that it would be very much better for production if we could be informed the day the decision was made to build houses, to get started rather than to have his office accumulate a list over a period of anywhere from 3 weeks to a month. I was told this morning that as a result of that suggestion the Coordinator now says he will undertake to send through a list each week. That will be an improvement over the past procedure.

The CHAIRMAN. Do you think, Mr. Carmody, that in centers of defense industry like shipbuilding or aircraft, the construction of the plants gets ahead of the housing? Are we a little bit behind with the housing or not?

Mr. CARMODY. Well, we have had varying experiences there, Mr. Chairman. Let me give you a case in point:

PROJECT IN SOUTH BOSTON

We were told on November 20, 1940, to prepare to build 1,050 houses to take care of the shipbuilders at the Fore River Shipyard in Quincy, Mass.—the Bethlehem Steel Corporation.

It developed that at that time a slum-clearance project in Boston, owned by a Boston housing authority, was about ready for occupancy. It contained approximately 823 units. We were urged by the Coordinator to buy it.

I know Quincy a little bit; I know Boston a little bit; I know the Bethlehem Steel Corporation a little bit; and I wondered why we were pressed to buy a property in South Boston, twenty-odd miles away from the shipyard, when there was plenty of land available in the area nearer to the shipyard.

As a matter of fact, representatives of some of the shipyard workers came to me and said that we ought not under any circumstances to try to house those people in South Boston; that we ought to provide homes nearer to the yards.

However, the Coordinator pressed us to buy this property in Boston because it was ready for occupancy. The land cost was very much higher than land could have been purchased for precisely the same purpose near the yards. I resisted the purchase in South Boston. We had some argument about it. We discussed it in my office. The Coordinator was very insistent that we do it.

I finally decided to do it, against my better judgment. We bought that property and paid \$1,000,000 more for it than we ought to have paid for such accommodations.

Thirty days went by and not one single shipyard worker rented a home in that project. Finally I appealed to Joe Larkin, vice presi-

dent of the Bethlehem Steel Corporation and assistant to President Eugene Grace, whom I have known for 25 years. We worked together on employment and management problems for years.

Mr. Larkin undertook to persuade, or to get his company to persuade, people to go there. They didn't go. We had to throw the project open to other defense workers. We started with the workers in the Charlestown Navy Yard in Boston itself, and in spite of a special drive it is not 50 percent occupied now.¹

We did that because the Coordinator flashes his Executive order in front of us every time we question any recommendation made by his office. You know the President is my boss, too, but I've known him too long and have too much respect for him and his defense burden to bother him with small irritations. And then, too, in this case it was one man's judgment against another's and there is always the possibility the other fellow may be right. The Coordinator had had a good deal of experience and he had talked to real estate men in Quincy where the shipyards are located. Both of us learned a lot from that transaction—the difference is that he has never admitted it on the record and I have. I used to think I knew what "coordinator" meant. I thought it was the term for a man whose job was to get people to work together. I didn't know that it was spelled with the letters that we now use for "dictator."

However, we actually bought that property. The property is there. It has done the Bethlehem Steel Corporation no good; it has done the shipyard workers no good, and I understand that it was in their interests that that recommendation was made.

Now, we have not built the 177 units, the difference between what we bought and the 1,000 originally called for. We did buy a property at North Weymouth, within walking distance of the shipyards, and were prepared to build there until we found some difficulty in the local community. The people said that the shipyard workers would be taken care of by private building and so on and so forth. I felt that we ought not to build the 177 until we are dead sure they will be occupied.

Now, it happens in addition to this, that at the time this recommendation was up there was parking space there for about 2,000 cars—around the Bethlehem yards—but because of the increase in the number of ways that they built, that parking space was reduced to a point where it would accommodate about 1,000 cars. That was another reason why it seemed to be better judgment to build the houses for the shipyard workers within walking distance. However, it didn't happen.

DORMITORY IN SAN DIEGO

Now, in San Diego we built a dormitory. We were under terrific pressure from the Coordinator's office to build a dormitory in San Diego. They told us we were not cooperating and so on and so forth. So we finally decided to build the dormitory. As a matter of fact some of our lawyers are doubtful whether we have authority under the law to build dormitories.

We met that by building what can easily be transformed into living quarters for families. But anyhow, we built the dormitory. We built 750 units in 30 days. No other agency that I know of has

¹ See exchange of telegrams in Exhibit D, pp. 6946-6947.

done a faster construction job. We did it because of the terrific pressure and urge from the Coordinator's office. After being built these houses went for weeks without a single occupant. I am told now that there are still no occupants.¹

The CHAIRMAN. We have been given many "horrible examples" of workers housed at great distance from their jobs. We had a witness in Trenton, N. J., who testified that he leaves his home for his work at 5 o'clock in the morning, gets to his work at 8; he quits at 5 o'clock and he gets home at 8 at night. And we have had similar instances of that in every place we have held hearings.

Mr. CARMODY. Now, Mr. Chairman, at this point I would like to say I am not an expert in this housing field, but what I think the whole housing business needs is a good dose of good common sense.

The CHAIRMAN. I think you are right.

Mr. CARMODY. From all of us.

RENT RANGE SET BY F. W. A.

The CHAIRMAN. I think you are right about that. Now, Mr. Carmody, is the rent range that your agency has set adjusted to that of the other housing agencies?

Mr. CARMODY. Well, in the first place, as I have already said, we have this thing which looks like a directive in the law. We also have had from the Coordinator's office—and also before it was disintegrated, from the Advisory Commission on Defense—suggestions about rents—the range of rents. As a matter of fact I think the Coordinator still puts on his locality progress reports, which come to us for each project, a suggested rental range. The actual rents are determined by the management division within the Federal Works Agency.

In determining those we try to follow the law. We are guided by what the Coordinator recommends and guided also by what the manager finds on the project when he deals with the employers and with the tenants themselves and that is where the specific amount is really determined.

The CHAIRMAN. A witness suggested yesterday to this committee that all nondefense housing construction of a public sort be discontinued for the duration of the defense emergency. What do you think about that?

Mr. CARMODY. Well, that is a difficult question for me to answer because one of the agencies in my own group is the United States Housing Authority.

I think generally that the housing they provide is as badly needed by the people who get an opportunity to live there as any other housing, and to that extent all housing today is defense housing if we are thinking in terms of national morale and in terms of having a unified front for the American people.

The fact of the matter is that the regular United States Housing Authority program has been greatly slowed down because they had

¹ See telegram, Exhibit F, pp. 6948-6949. Also see San Diego hearings, pp. 4856, 4881, and 4900-N.

practically exhausted their appropriation and were able to revive it only by making new arrangements which enable them to recover some sums which they are putting in some slum-clearing projects.

It boils down to this: Is the emergency so great that those who ought not to have lived in slums at all will be compelled to live there for another indefinite period?

FORCED DEMOLITION OF SLUMS

The CHAIRMAN. We had a number of witnesses testify before this committee that, wherever possible, a clause should be written in the present public housing construction contracts to the effect that at the close of the defense emergency an equivalent number of slum units should be demolished. Do you care to express an opinion about that?

Mr. CARMODY. Well, I wouldn't without giving some consideration to how much that would cost and what cooperation might be obtained from the local communities.

These new defense-housing projects, in many cases, are going into communities that had not previously had any public housing experience. In many cases I feel confident that the best disposition of these defense homes in the public interest will be through the local housing authorities as part of their broader slum-clearance program, but I would not like to be required to say specifically today that that would be the best policy everywhere.

We are, in some cases, undertaking to build demountable houses with the hope that when the emergency is over and they will not be needed in those areas, they may be moved somewhere else. How successful that will be only time and a little more experience than we have had thus far will tell.

Mr. Chairman, I might put into the record that table on substandard dwellings and new nondefense residential construction and recommended public defense housing, dated July 15, 1941, which shows certain cities and for each of them the total number of dwelling units in the city, the number of occupied substandard dwelling units, date of real property inventory on which this is based, the number of dwelling units valued at \$4,000 or less built by private funds since the date of the real property inventory, the number of United States Housing Authority nondefense dwelling units and the number of defense housing dwelling units recommended for assignment by Defense Housing Coordinator.

I think if that were to go into the record it might give the committee a good idea of the problem that is presented by these cities—Gadsden, Ala.; Hartford, Conn.; Boston, Mass.; Detroit, Mich.; Wilmington, N. C.; Philadelphia, Pa.; Pittsburgh, Pa.; and Allegheny County, Pa., excluding Pittsburgh.

The CHAIRMAN. We will have it inserted in the record at this point.

The table referred to is as follows:

EXHIBIT A

Standard dwellings, new nondefense residential construction, and recommended public defense housing, July 15, 1941

City or area	Total number of dwelling units ¹	Number of occupied substandard and dwelling units ¹	Date of real property inventory	Number of dwelling units valued at \$4,000 or less built by private funds since date of real property inventory ²	Number of United States Housing Authority nondefense dwelling units	Number of defense housing dwelling units recommended for assignment by Defense Housing Coordinator
	(1)	(2)	(3)	(4)	(5)	(6)
Gadsden, Ala.	9,433	5,748	1939	180	0	250
Hartford, Conn.	44,977	11,559	1939	170	713	³ 1,500
Boston, Mass.	211,620	42,908	1934	1,681	5,474	1,120
Detroit, Mich.	414,658	70,781	1939	2,170	5,813	1,000
Wilmington, N. C.	9,585	4,971	1939	67	461	1,275
Philadelphia, Pa.	532,631	74,588	1934	8,149	3,036	5,000
Pittsburgh, Pa.	154,074	56,491	1934	2,269	3,848	1,000
Allegheny County, Pa. (excluding Pittsburgh).....	156,373	90,079	1931	(4)	839	4,000

¹ Source: Real Property Inventory.

² Estimated from building permits data supplied by the Bureau of Labor Statistics, Division of Construction and Public Employment.

³ Includes 1,000 defense housing dwelling units being constructed by United States Housing Authority under Public 671.

⁴ Not available.

TESTIMONY OF JOHN M. CARMODY—Resumed

The CHAIRMAN. Will you compare the speed on building public projects with private projects, taking into consideration not only the construction period but the time taken to raise the money and to develop the financing?

Mr. CARMODY. I have here, Mr. Chairman, a table that shows the date for allotment of money, the date construction started and date of completion for some of the early P. W. A. projects. These go back about 6 or 7 years to the first public housing program. Shall I read them and then ask if this table may go into the record? I did not select these. I have taken the very first ones that the P. W. A. program turned out.

The first one on my left is at Techwood Homes, Atlanta, Ga. The money was allotted on the 12th of April 1934. Construction was started on the 12th of February 1935, and it was completed June 26, 1936.

University Homes, Atlanta, Ga., was very much the same except that the money was allotted on the same date, April 12, 1934, and the project started April 22, 1935, and it was completed on March 17, 1937—nearly 3 years later.

The Cedar-Central Apartments, Cleveland, Ohio, allotted April 12, 1934, construction started June 18, 1935, and completed March 15, 1937—a total of about 3 years.

Lockefield Garden Apartments, Indianapolis, Ind., allotted April 12, 1934, started July 15, 1935, and completed February 16, 1938—nearly 4 years.

Riverside Heights, Montgomery, Ala., allotted December 3, 1934, started October 16, 1935, and completed October 23, 1936.

The William B. Paterson Courts, Montgomery, Ala., allotted December 3, 1934, started July 1, 1935, and finished November 10, 1936.

Now, I put that in the record not as a criticism of P. W. A. but merely to indicate how long it actually took to get some of these projects started in those early days when so few people knew how to organize them.

MR. CARMODY'S BACKGROUND

But let me go back a little bit and say this with respect to this construction we are talking about. It just happens much of my early training was in the field of production itself. I was superintendent of a structural steel plant when I was a very young man and there I met Harrington Emerson, one of the greatest industrial engineers of all time and a man who did as much management engineering in foreign countries as he did in America over a period of 30 years.

I also met Frederick W. Taylor, who was for many years regarded as the father of scientific management in America, and Frank Gilbreth, who organized motion study and work simplification in American industry, and applied it, if you please, to surgery here as well as abroad.

I knew all of those men intimately. I belonged to the same management engineering society that they belonged to, and I worked directly under Harrington Emerson and his associates. As a result of that training I became production manager of a manufacturing institution in Cleveland. I spent several years there. My job was that of producing in a seasonal industry where we had to undertake to keep people busy. As a matter of fact that was the first plant in the United States that guaranteed to its workers in a seasonal industry 41 weeks' work. We guaranteed to pay them whether they worked or not. But we never paid out a dollar under that guarantee because we not only planned our regular productions and sales but through research we developed products outside our regular line to fit our equipment and the skills of our employees. That was my job.

Subsequently I became editor of *Factory and Industrial Management*, which was at that time the leading management journal in this country. In that capacity I had occasion to visit practically all of the manufacturing establishments in this country and to become acquainted with all of the good production men and all of their programs and processes—their planning, and so on and so forth.

Out of that experience I think I have some notion of how to get a job going.

SET SCHEDULE OF PERFORMANCE

When this program started we undertook to set up a schedule of performance that would give us speed. I don't mind telling you that it was a bit difficult, because we were dealing with three or four agencies—agencies that had not had the same kind of commercial drive for production that I had to have to meet a payroll and to meet customer demands for delivery of product.

If you don't deliver it somebody else will, and that is the thought of the school that I grew up in. We don't have that in government, but we are trying to put some of it in.

Now, we started out with anybody's guess of how long it would take to buy land, for instance, or to do the necessary legal work, or to make plans for a wholly new town, and we wound up with this schedule from the time the President's letter reaches my desk until the job or the project is assigned to a specific agency, whether it be the U. S. H. A. or a local agency or local authority or the Navy or P. B. A. It takes a day to put the assignment through the works. We allow for the site selection 10 days. There are cases where it has taken 30 days to select a site because of the many, many interests involved and the many, many ramifications—the many objections and suggestions, and so on, and so forth.

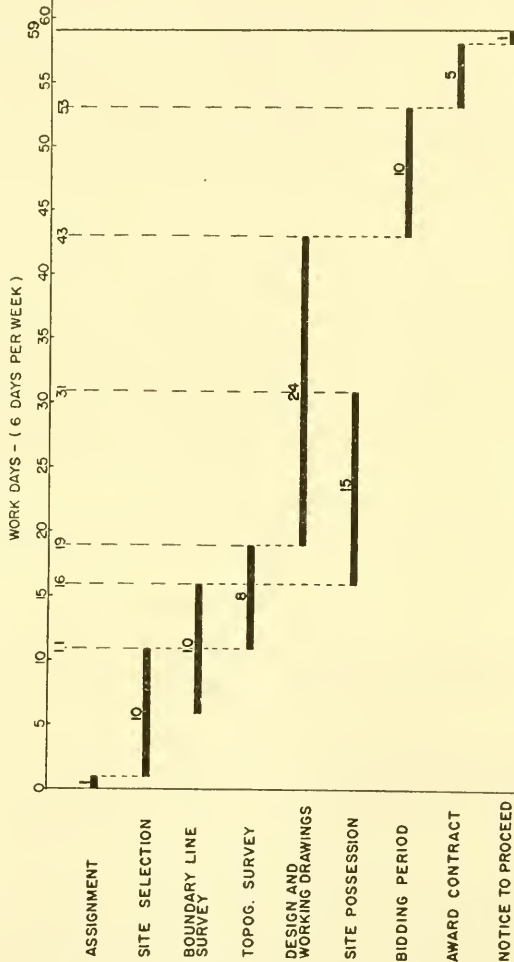
But our schedule calls for 10 days. We also give 10 days to the boundary-line survey and 2 days more to the topographical survey.

I shall furnish to the committee a copy of this chart to put in the record.

(The chart referred to follows:)

F. W. A. - DEFENSE HOUSING

STANDARD TIME REQUIREMENTS FOR PRE-CONSTRUCTION OPERATIONS



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4-28-41- F.W.A. - OFF DIR ENGR MGMT

Mr. CARMODY. Those operations are overlapping sometimes. A boundary line survey takes the full 10 days—sometimes a little bit less and sometimes more. We have bought parcels of land where there are 200 separate owners and nobody knows specifically where the line is and you know probably better than I the land records aren't very good. They are certainly very uneven in various parts of the country.

For the design and working drawings we allow a period of 24 days. The architects said in the beginning that it was a very tight schedule. However, it is being achieved in many, many cases.

Then there is the question of site possession. It is not enough to select the site, it is not enough to get the surveys. We have to get appraisals, options. The lawyers have to be sure the descriptions are absolutely correct. We get a check from the Treasury. We pass the business through the Department of Justice and the courts take care of it. We allow 8 days for that.

Then a bidding period of 10 days. We must require that. The law permits us to negotiate contracts for construction. And in the early days we did negotiate contracts to expedite the work. We negotiated a good many contracts. After some 30 or 40 had been negotiated I asked the second agency that came into the picture, the United States Housing Authority, to go ahead with its regular process of getting bids, and I was convinced that we would get better results by bidding and we did get better results and we have gone to bidding now on all of our jobs except in extreme cases where perhaps some other delay has cost us so much time that we ought to take extraordinary measures to catch up on time; but generally speaking we are asking for bids.

Then 5 days for the award of the contract and 1 day for notice to proceed. That is a total of 59 days.

We haven't achieved that on the average. The average achievement now is 71 days, or 12 days over this very tight schedule.

PRODUCTION-CONTROL UNIT

In order to achieve this record we have to set up in my own office in the Federal Works Agency a production-control unit. There is in each of the construction agencies a man or a small staff of two or three men who keep track of every single operation every day so that they know precisely who is working on what and whether or not anybody is off his schedule. Once a week all of the representatives of all of the agencies and their own production-control men meet in my office and there a chart on the wall shows every delay at every stage and everybody in that meeting knows precisely where he stands and where everybody else stands with respect to his work.

Now, in the beginning also I found that because it had been customary and because usually the practice had been to ask a contractor how much time he wanted for a job, he would ask for 300 days or for 250 days and they actually go that time on contracts. I don't see every contract. I spend too much of my time signing papers now and I can't see them all, but when we put that on schedule I said: "That's entirely too much time! This is an emergency. We must cut construction time in half or even less."

But we are now getting jobs done in 90 days and up. The average is 126 calendar days for the construction of the projects that range from 100 to 500 or 1,000 units. I wouldn't take in Kearney Mesa, be-

cause that is a 3,000-unit job and must be considered separately, although there, too, the contractors and others have been complimented on the speed that they have achieved.

Now, that is how we have gone at this job. I have said from the very beginning that nothing we do will be done well enough and nothing that we achieve in the way of speed will be fast enough for a defense program.

I have been sitting for the last couple of years where I ought to have some notion of the speed that is required in a defense program. We live under the shadow of the Capitol of this country and it is a little difficult some times where we have to work through so many different people. There is naturally some friction.

That is on the construction side. We conceive it to be our business first to live within the cost limits set for these homes. We do that by design by attempting to keep abreast of the changing costs in the market; we do it by as careful planning as we can. We do it by working with contractors.

LETTER SENT TO CONTRACTORS

I shall put into the record a letter that I send regularly to every contractor who gets a job, to remind him of the kind of job that he is doing and of the need for economy check costs and, incidentally, with our policy of firm bidding, you see we are in a much better position to see what our costs are going to be than with the other kind of contracting.

(The letter referred to is as follows:)

EXHIBIT C

FEDERAL WORKS AGENCY,
OFFICE OF THE ADMINISTRATOR,
Washington, D. C.

GENTLEMEN: You have just been awarded a contract to build defense houses under appropriations provided by the Congress of the United States for this purpose. Wholly apart from the terms of the contract with which you are familiar, it occurs to me that it might be useful to say a word about this program in general, and a word about what is expected of all of us by the general public.

The defense program itself grows out of a need for common unity in the defense of our country that calls into action the highest patriotism that any of us can express. In this particular situation that expression finds its greatest usefulness in the manner in which we do our job, in the honesty that we put into it, in the efficiency that we put into it, in the integrity and the skill that we put into it.

We are not just building some more buildings; we are not just doing another construction job. We are in a very real sense contributing to the defense of our Nation. Back of this contract lies a finding of fact with respect to the need for these houses, determined in the first instance by the Coordinator of Defense Housing, in response to requests from military departments of Government. These findings of fact have been approved by the President. The very project that you are working upon has been approved by the President of the United States. If nothing else set it apart, this fact alone would seem to me to do it. This fact suggests to me that none of us can do less than a first-class job, down to the last detail.

Unless the spirit of this enterprise permeates every division of Government having to do with this defense housing program, as well as every single department of a contractor's organization, the job will not be well done.

It is not my thought here to make a speech about your duty and mine to our common country, nor that of the superintendents and men who will work

upon the buildings. It is my thought rather that if I failed to call attention to these special qualities that surround this contract I would be remiss in my own duty, and I would be doing you a disfavor.

The Congress, the President, and the general public expect us to build good houses, of sound materials, in the shortest possible time, and wholly and completely without irregularities of any kind anywhere, and without waste and without superfluous administration. They have a right to expect this. The men and women and children, who, while living in these houses and paying rent for them or buying them will themselves be making a definite contribution to the defense of our Nation, have a right, too, to expect this of all of us.

A word about safety. Let us not forget the importance of safety. The construction industry does not have too good a record for safety. The problem becomes acute when organizations are thrown together hastily or expanded rapidly. I am asking to see accident records of all contractors on defense housing. Too many men are injured or killed unnecessarily. We start out with a clean slate. Let's keep it clean.

Another word—this time about racial discrimination on federally financed defense construction. Special regulations applicable to all Federal Works Agency defense housing projects have been issued and printed in the Federal Register, issues dated January 9, 1941, and March 21, 1941. These have the force of law as applied to these contracts.

I am taking the liberty to write you because out of several years experience as a public administrator I expect the public to make serious, and severe, and critical demands upon me, and through me upon you. I want to be in a position to face any group anywhere and say that you and your organization, and every other contractor's organization that gets a contract from this Agency to build defense housing, have done a job that could not be excelled anywhere in this land. The eyes of the world are upon us. Let us do a first-class job.

Sincerely,

JOHN M. CARMODY, *Administrator.*

TESTIMONY OF JOHN M. CARMODY—Resumed

Dr. LAMB. Mr. Carmody, in that connection, I don't know whether you heard Mr. Palmer testify to the effect that in his estimation the speed being achieved on private building under the defense program exceeded that of public building. Do you agree?

Mr. CARMODY. I don't know. I have made no inquiry into how rapidly private building is being done, and I doubt if he is in a position to say. I doubt if he has any data to back that statement up. I would like to see the specific data. I should like to go into any town where one of these projects has been built, and see whether or not private industry has built 1,000 homes as rapidly as we have. We can take San Diego or Pittsburgh—any of them, I don't care which one.

I think the committee would like to have specific cases. We will put down for each project specifically how long it has taken and I would like to see it alongside of the figures Mr. Palmer will furnish for private construction.

The CHAIRMAN. From what you say you have made a decided improvement over the building time in 1934. Now you are doing it in 120 days. I think that is remarkable.

Mr. CARMODY. We are not satisfied yet. We think we have a lot to do and there are still some weak spots. There are places where the delay is too great. They tell me that it has rained, and so forth, but when they tell me at the end of the third week it rained, that is a little too thin.

The CHAIRMAN. You cover a great deal of territory, don't you.

Mr. CARMODY. Yes, sir.

The CHAIRMAN. And have a lot of other handicaps?

Mr. CARMODY. Yes, sir. And I will say that many people are talking about housing—about prefabricated houses, having them in a package and ready for delivery. They completely overlook the fact that the job is to put in the utilities and foundations and dig the trenches and get the pipes in and get all the water and gas and sewerage system and electric service into that property. Those are really the big jobs on these housing projects that no one ever speaks of. We have to live through that mud period.

The CHAIRMAN. Mr. Carmody, are you satisfied with the degree of coordination of housing activities in the various localities?

LOCAL COOPERATION

Mr. CARMODY. Well, I would say in general we get pretty good cooperation but we have had some difficulties. I think some of our difficulties in New Jersey have been brought to the attention of the committee. If we were to do what some local people suggest we would build no houses at all for defense workers. Now, of course, we can't do that. We have to build them. The law requires us to build them and the President says they must be built. That is our job and we do it. Now, we like to do it with the maximum local cooperation, but there are times when that is difficult.

The CHAIRMAN. And, of course, Mr. Carmody, this housing that we are speaking of and health and fire and police protection for these workers are a part of the national program—they concern the morale of the people.

Mr. CARMODY. Definitely so. I have been interested in this, Mr. Chairman. A couple of weeks ago, over a week end, I drove up through Pennsylvania and out as far as Pittsburgh and along the Ohio River to Aliquippa, where we are building some houses. We got on some of the projects Saturday night and again on Sunday night, very late—oh, half past 8 or 9 o'clock. It was perhaps half past 9 before we left there and I was impressed by the considerable number of men and women who came there. This was just in the early construction period. Some of the foundations were in. I was impressed with the considerable number of people who wanted to know all about the project, how soon they could move in, and all that sort of thing.

The CHAIRMAN. That is what we have had in the testimony before the committee. The first problem of these people is to find a house.

Mr. CARMODY. We think, in general, the projects are needed. We think this Boston business and the San Diego business are exceptions that could have been overcome by a little more horse sense at the outset, instead of a formula.

The CHAIRMAN. I don't know whether you understood correctly a question I asked you a moment ago. What I meant to ask, if I did not do so, is whether you are satisfied with the degree of coordination of housing activities in the local communities—the coordination of the defense projects.

Mr. CARMODY. I will say this, that except in cases where we have been delayed in getting the job started because of failure to get cooperation with respect to water and gas and such, in general I am not discouraged about it. I think it would be better if some meetings

were not called to explain what is going to happen, and called by people who are not going to do the work. There has been a good deal of confusion, but in general, I think we are ironing that out.

“LITTLE GREEN BOOKS”

The CHAIRMAN. Have you any recommendations, Mr. Carmody, looking toward speeding it up?

Mr. CARMODY. Well, I don't have one with me, but in government, you know, we have those little green books—you know, traveling books—requisitions—

The CHAIRMAN. Yes.

Mr. CARMODY. I think if some of them were impounded we would have less trouble. I think there are too many of them at large. It is too easy for representatives of many agencies of Government to jump into the field, call meetings, give half-baked explanations of programs they only vaguely understand themselves and then leave the clean-up for those who must come to the locality to build the project.

The CHAIRMAN. And in addition to that there are too many people with those books who haven't the background that you have in salesmanship and construction, so probably they have to use them a little bit more than you do, Mr. Carmody, in order to learn what it is all about.

Mr. CARMODY. Maybe so.

The CHAIRMAN. Dr. Lamb?

THE CAMDEN PLAN

Dr. LAMB. I would like to ask a couple of questions. The first, Mr. Carmody, is, whether you know about the Camden housing situation, particularly with respect to what the committee heard called at Trenton “the Camden plan,” and whether that arrangement will take in those groups in whom the committee is particularly interested—that is to say, the migratory or out-of-State defense workers who have moved into the Camden area for defense jobs.

Mr. CARMODY. Let me tell you a little story about that.

In 1933 I was chief engineer for the Civil Works Administration. At that time Lawrence Westbrook was State administrator in Texas. As part of my job I came to know all of the State administrators, and I came to know something about their work and sometimes about the special jobs they were doing.

Because he had been interested in public housing, Lawrence Westbrook developed in Texas a project known as Westlake. He talked a great deal about Westlake. He built some inexpensive homes out in an area where people could have fresh air and freedom. I was interested. I was intrigued but not sufficiently to go to Texas to study it. As a matter of fact, as time went on and I went on to other responsibilities, his project went completely out of my mind until one day I came up here to the Senate. I dropped in upon a meeting of the T. N. E. C.¹ and there Lawrence Westbrook was presenting what looked like an amplification of the so-called Westlake project.

I was interested again. I was invited by the chairman to sit with

¹ Temporary National Economic Committee.

him. I listened for perhaps 2 hours to his presentation of that project. I had other business and his program went out of my mind again.

When this program started Lawrence Westbrook was regional director in New Orleans and in the New Orleans area for W. P. A. He came into my office one day and said:

"John, this housing business intrigues me and I would like to find out if there is any way by which I can fit into the program and get something done about this program that I myself have been working on for a long time. I have given it a good deal of thought."

In the meantime he had been trustee for four colonies that we set up in the early F. E. R. A. days and they were in Arkansas and Cherrydale in Florida and two others, and Matanuska, Alaska. I said:

"Lawrence, a program of this character is big enough, it seems to me, to warrant sound experiment somewhere in it—what it is I don't know but let us see if we cannot work it out."

MUTUAL OWNERSHIP ARRANGEMENT

Within 2 days John Green, who is president of the ship workers—I don't know the formal name,¹ but I remember John in the N. R. A. days when he organized the shipyards—came in with a committee of ship workers and they asked whether there wasn't some plan by which they could work into this program some arrangement by which they could perhaps buy the houses or engage to buy them or do something of that kind.

I listened to their story and I suggested that they talk to Lawrence Westbrook and that he talk to them.

He went up to Camden and that committee came back and with the committee came some architects and I think perhaps a lawyer, because committees are like administrators—they usually have a lawyer around them—but the net result was a go-ahead signal for Lawrence Westbrook to work out in the Camden area an arrangement that would be satisfactory to the ship workers, provided that we kept our costs down and that we did everything else that we would do for any defense housing project.

That led to the so-called mutual ownership arrangement. I think that all of the details are not yet wholly worked out. I am sympathetic with that sort of thing if it can be done—if we can be sure of financial stability and soundness. I am more particularly impressed by it because of the experience that I had as Administrator of the Rural Electrification Administration. I don't know how much you men know about the long fight that farmers made to get electricity at reasonable rates, but at any rate after many many years not 10 percent of all the farmers of the United States had electricity in 1935.

At that time, urged largely by Morris L. Cooke, another fine engineer whom I have known for 20 years and who made the giant power study that was made about 1924 when I was in the mining industry in West Virginia, the President gave his support to a measure for setting up the rural electrification program.

¹ Industrial Union of Marine and Shipbuilding Workers of America. Mr. Green, as a witness at the committee's hearing in Trenton, N. J., on June 28, 1941, discussed such an arrangement in some detail. See testimony, Trenton hearings, p. 5746 ff.

Senator Norris, John Rankin, and many others got behind the bill. Out of that came the R. E. A., which made it possible for the Federal Government to lend money to build rural lines. Now, at the time the program was set up I have a feeling that those who began to administer it felt that if the terms on which the money could be made available were satisfactory to the private companies they would borrow that money and extend their own lines into the farming areas.

Negotiations looking toward that were carried on with a good many companies, and I think at one time the program might have gone off on that foot had it not been for the fact that Mr. Cook was not satisfied with the rates that those companies said they would make for electricity.

R. E. A. TURNED TO COOPERATIVES

I think when he heard the rates he was displeased and said that something else must be done. The R. E. A. then turned to cooperatives. It had every reason to turn to cooperatives because the very act itself says that preference shall be given to cooperatives and to limited-dividend companies and to nonprofit organizations to use this money.

So Mr. Cooke brought in Boyd Fisher, who had had a lot of experience with cooperatives in Ohio and who had a considerable knowledge of what the Farm Bureau and other farm agencies were doing. It's a long and inspiring story, but the cooperative way won through.

I don't have the figures, but I daresay perhaps 30 percent of all the farms in the United States are electrified, almost wholly through the development of electric farm cooperatives made up of farmers themselves, organized by themselves and managed by themselves as trustees, with the understanding that every dollar they borrow will be returned to the Federal Treasury, and that they, at a definite time, will become owners of the properties.

Now, the act itself provided that the amortization period might be 25 years. Before I became Administrator Mr. Cook had set that at 20 years and we retained that for 2 years, until there was terrific pressure in the country to change the period of amortization to 50 years, which I thought would destroy the integrity of the program and perhaps lead many people to believe that they would not have to return the money; so we went to the 25-year period.

But my point is that here is a pattern that we ought not to lose sight of in our whole housing business.

I am not prepared to say today that that is the way that all public housing should be done. I do feel that this country is big enough, this program is big enough, and there are enough intelligent people in it to warrant our experimenting with some of these projects—experiment from the beginning and not after the whole program is over.

Dr. LAMB. I have only one further question, Mr. Carmody, and that is—

Mr. CARMODY. Does that answer the question? Or did I say too much?

Dr. LAMB. I don't think so.

The CHAIRMAN. It was very applicable.

Mr. CARMODY. At this point I want to tell you something a fellow asked me. He asked a question the other day and I gave him a very very long answer and at the end I said:

"I gave you that long answer deliberately because I wanted you to forget the question you asked," and he said:

"I have forgotten the question."

HOUSING SITUATION IN VALLEJO

Dr. LAMB. Well, I remember my question, but so far as the record is concerned, I am satisfied with your answer.

As you know, the committee is very much interested in the migration of workers, for example, to shipbuilding projects. One of these, in which the chairman is especially interested, is in Vallejo, Calif., and we have been told that the pressure for housing there is very heavy, and that possibly with the exception of San Diego the situation is as serious there as any other place on the coast.

It was impossible for the committee to hold a hearing in the bay area at the time of the San Diego hearing, but we had enough evidence of pressure to justify going there and holding a hearing had it been convenient.

Have you any statement that you would care to make with respect to the situation there? Is it correct that a location was made sometime since for housing in that area?

Mr. CARMODY. Well, I don't have the complete Vallejo record before me but I can say that I have been aware of that pressure from the very beginning, coming even from Secretary of the Navy Knox, who has talked to me about it on more than one occasion.

I am less pleased with our accomplishment in Vallejo than in any other single place. We fooled away a great deal of time to study demountable houses. There has been a big argument as to how practical demountable houses are. We had figures from a good many people who said they could build these houses and then when the time came to build them they backed out on us and we had to start over again. I am thoroughly dissatisfied with our whole accomplishment in Vallejo up to this time. But I think we are on a new basis now out there and I am satisfied that within a comparatively short time we will have a record out there that we are not ashamed of. But I am frankly ashamed of what we accomplished, or what we failed to accomplish, over a period of several months out there.

There has been a lot of conversation about demountable houses and how demountable they are, and so on, and so forth, but this is a fact so far as we can gather in talking to lots and lots of people: Nobody had ever built demountable houses before—nobody had ever built a demountable house project and allowed people to live in it and then torn it down and erected it somewhere else.

PARTS OF HOUSES, F. O. B. FACTORY

Now, when I made that statement before a large group of prefabricators one of them ran out to the edge of the District here and tore down a house that he had built a few days before and moved it a few hundred feet and then sent for me to see it.

Now, I think the men who are undertaking to do that are serious but they just hadn't had enough practice and enough experience and none of them had had enough large-scale business. I found that most

of the advocates of prefabricated houses were not using them themselves in their own business. You know how it is—tell the other fellow to do it.

We have done this: We have not only worked with all of these men—well, let us go back a little ways and let us be frank. I got a good many complaints from prefabricators in the early days that some of our agencies had refused to work with them and didn't want to see prefabricated houses used.

After a while it seemed to me that perhaps we were putting as many stumbling blocks in the way of these men as we could, rather than trying to help them find their way to a better procedure.

I called a meeting of them—as many as would care to come, and I said:

“Gentlemen, you want to sell us parts of houses f. o. b. factory. We are not concerned about buying parts of houses f. o. b. factory anymore than we are interested in buying our tires in Akron and our wheels in Detroit and our automobile bodies in Janesville, Wis. We want a car delivered to the door that we can get in and drive; we want a house from you house builders that we can put tenants in and let them start to live there. Now, when you think in terms of delivering us a house, or, as we call it, a turn-key job, we will be glad to do business with you.”

It came as a shock to them. They said:

“We will have to hire somebody to build the utilities,” and I said:

“If you don't, we will.”

And then they told us about the labor problem and I said:

“You want us to hold the bag there too.”

I said, “Now, let us have this understanding, let us be practical. You are in the business of selling the houses. It is our job to buy them. We have no other interest in this except to buy them ready for people to live in. When you are ready to sell them on that basis we are ready to buy them on that basis.”

It took 3 or 4 weeks or a couple of months for them to come to their senses, but they have, and we are now buying large quantities of houses that we think are quite satisfactory, delivered on the job, and we walk into them when they are done. They have all the responsibility from the time they get the order until they deliver the houses, as they should have, and as every other manufacturer and fabricator ought to have.

Now, the demountable houses we are not sure of; we are not sure that we are doing the best we can. We are using the best brains that we can find in the industry to develop really demountable houses with the greatest possible salvage value.

MAXIMUM CONSTRUCTION COSTS

DR. LAMB. I find there is another question, and this is the last. It is with respect to our maximum construction costs for projects. You do fix an arbitrary maximum construction cost, do you not?

MR. CARMODY. The law fixes \$3,950 as the maximum. I think I know the reason for that. I think that the members of the committee, and perhaps the Congress, felt that if there was not a maximum, somebody would get a \$12,000 or \$15,000 house—and I wouldn't say he wouldn't—with, you know, 100,000 houses being built, and 300 projects, and

thousands of people handling them. I wouldn't say he wouldn't have got it, and it would be there before we knew about it. But he can't do it now. That is the maximum that we can spend.

Dr. LAMB. But your offices fix an arbitrary maximum below the legal limit, do they not? You mentioned earlier a shelter cost of \$3,000.

Mr. CARMODY. Yes, sir; we try to stay under the \$3,000. There are cases in which we must go over that. On a firm bid basis 14,000 dwelling units figure out \$2,687. The cost of 950 fixed units in other places averaged \$2,760. Now, I can't tell you where the 950 are, but I have even later figures than that, and this is what we do, Doctor:

Before the money is allocated for a project I have to see a break-down showing what the money is to be used for, and everybody in our shop knows if that figure is getting up around the \$3,000 figure I want to see somebody about it, I want to know whether that is a trend or whether that is a spurt in the costs.

But I think perhaps in some cases we have been a little too conservative. We didn't know when we started this program of \$150,000,000 what these costs would be. Nobody had built houses of this character for this money before. It was very conservative estimating, but it was there, it was in the law, and I felt that we must stick to it because if we started with run-away costs immediately we would be sunk and we would be coming back for deficits. Even as it is, some of our projects have run over; they have overrun considerably. You know it takes pretty fast acting on a construction job to see that you are not exceeding your estimates, and at the outset we didn't put enough men on the jobs, enough experienced men. We have them now, and we have a better control.

STILL BELOW LEGAL LIMIT

Dr. LAMB. You say you have been exceeding the estimates, but that you are still well below the legal limit?

Mr. CARMODY. Oh, yes; we are below the limit. The \$3,000 (\$3,500 when masonry construction is used) is average. In spite of overruns in a few places, our average cost is still under the legal limit. We have not built anything in excess of the \$4,750. We may have to in Alaska. I understand that Colonel Eyster testified before the Public Buildings and Grounds Committee the other day that the costs in Alaska may run 60 to 80 percent higher, and that some of the houses may cost \$6,000 if they go into the interior.

Dr. LAMB. But, in general, you think it is a good idea to stay well within that limit?

Mr. CARMODY. I think so. I think, Dr. Lamb, that we should make a little résumé of all our costs, and we ought to see if there are things that we could put into a house and stay within these costs, that logically and legitimately belong there.

If, for instance, we have cut down the storage space a little too much; if we could allow a little more bedroom size here and there; if, as the chairman suggested, we might put up a few houses with an additional bedroom over and above our present top limit, it would be helpful. I think we ought to do it. I think that we have reached the point now where the next step for us to take as sensible people is along those lines.

On the other hand, I want to remind you that I spent a bad couple of hours before the Rules Committee explaining—not explaining, they said I didn't explain—but talking about "frills" and things of that kind, you know.

Dr. LAMB. Yes; I remember that. That is all.

The CHAIRMAN. Well, Mr. Carmody, I want to say to you that I haven't met a Member of Congress yet who didn't think you were doing a fine job as the head of the Federal Works Agency, and I am more impressed with the job you have done after your statement this morning, because I want to say for the purpose of the record you did a fine job this morning, too.

Mr. CARMODY. Thank you very much, Mr. Chairman, and members of the committee. But no matter what we do we won't do enough and we don't do it fast enough. I am sure of that.

The CHAIRMAN. Well, when you have finished everybody will know that you have done a good job.

Mr. CARMODY. Thank you very much.

(The following material was submitted by the witness and accepted for the record:)

EXHIBIT D.—HOUSING PROJECT IN SOUTH BOSTON FOR WORKERS AT FORE RIVER SHIPYARDS

[Copy of telegram]

F W WASHINGTON, D. C., 159P—May 17, 1941.

Mr. JOSEPH LARKIN,

Vice Pres., Bethlehem Steel Corp., Bethlehem, Penn.:

On November 20, 1940, the President authorized this Agency to construct 1,000 homes for defense workers in the Fore River shipyards of the Bethlehem Steel Corporation. We were advised by the Coordinator of Defense Housing that the need for these homes was so urgent that rather than take the time to construct a new project we should purchase the housing project that had been built for slum clearance in South Boston. Despite the fact that this slum-clearance project was on very expensive land and some distance from the plant we acquiesced in the Coordinator's suggestion in order to cooperate in every way with the national-defense effort. The purchase was consummated, and in March the Boston Housing Authority, acting as my agent, delivered to your plant 5,000 registration blanks to be distributed to the workers who might be interested in moving into the new homes. None of these blanks were returned to the Boston Housing Authority. On April 10 the Authority supplied your plant with 16,000 application blanks, after Mr. Edwin C. Geehr of the Fore River plant agreed to post bulletins announcing that the homes were available and to distribute the application blanks among the workers. More than a week passed, and no returns were received. Then the Boston Housing Authority itself distributed some of the blanks and received more than a hundred applications. Feeling that there must be some difficulty resulting from the manner in which you were distributing the blanks, we offered to open a booth across the street from the plant so that the workers might receive information about the project. At the earnest request of Mr. Geehr we postponed that move and Mr. Geehr offered the Boston Housing Authority office space in a building in the Fore River plant and he also offered to send out applications through the mail. We were told that you were unwilling to supply us with a list of your employees but that if we would pay for the clerical help you would have the envelopes addressed and the application blanks mailed. We agreed to this but were later told that the matter would have to be referred to the home office in Bethlehem, Pa., and that we might therefore expect a delay of a month or more. Such delay seems to us unjustified and

the Boston Housing Authority again started distributing the application blanks directly to the workers. When this was done Mr. Houghton of the Fore River plant called the Housing Authority and said that it would be unnecessary after all to take the matter up with the home office and that the applications would be sent out by mail if the Government bore the cost of the clerical work. After some time the applications were mailed to those workers who lived closest to the plant, although it was our understanding that the greatest need for this project was for the workers who were being inconvenienced by long trips to and from work. After approximately 2 months of effort on our part to make these homes available to your workers, and thus to help that part of the national-defense effort on which you are working we have received only 400 applications from workers in the Fore River plant. We do not feel that we are justified any longer in holding these homes vacant when so many other people in the area also need better housing. For that reason I have notified the Boston Housing Authority that they may now accept as tenants in this project defense workers in other plants also engaged in important defense work. I am disappointed Joe because frankly we went far out of our way to make these homes available to your employees to snap up the defense program at a crucial shipbuilding point. I am notifying you of this decision so that you will be informed that any housing difficulties which your workers may be encountering are in no way the fault of the United States Government, because of these special efforts to assist you.

JOHN M. CARMODY, *Federal Works Administrator.*

[Copy of telegram]

WUL20 393—CD NEW YORK, N. Y., May 22-539P.

JOHN M. CARMODY,

Federal Works Administrator:

Reply to your telegram of May 17 has not been made earlier because I wanted to make a complete personal investigation into the whole situation which I have done. My findings are as follows. We were in no way responsible for the survey which revealed the supposed need for 1,000 homes for defense workers, nor for the decision of the Coordinator of Defense Housing that the need was so imperative that time could not be taken to construct housing but necessitated the purchase of an existing slum-clearance project in South Boston. With reference to the statement that there were delivered to our plant 5,000 registration blanks for men who might be interested in moving to the new homes, the number of registration blanks so delivered was about 500 and not 5,000. Such blanks were received at the plant only after repeated inquiry by our plant people for information from the Boston Housing Authority. Some of these 500 application blanks were distributed to our employees and the others posted on our plant bulletin boards. Early in February 1941, there were delivered to us about 12,000 questionnaires, which questionnaires we mailed to every individual employee on our pay roll at his home address. These were mailed in the presence of a representative from the Boston Housing Authority. The answers to these questionnaires were to be mailed directly to Sumner K. Wiley, director region 1, United States Housing Authority, 18 Oliver Street, Boston, Mass. In April 1941, 16,000 application blanks were received from the Boston Housing Authority. Some of these application blanks were posted upon plant bulletin boards, and between April 29 and May 6 others were mailed to each and every employee of our Fore River yard in the presence of a representative of the Boston Housing Authority.

In addition, office space in the yard was provided by us to a representative of the Boston Housing Authority who was stationed there for 3 weeks and was given every possible assistance by our people. Replies to the application blanks were requested to be made direct to the Boston Housing Authority, post office box 2037, Boston, Mass. My investigation shows a continuing record of cooperation on the part of our plant people with your representatives.

I am very appreciative of the interest you have personally taken in respect to this housing question. With my kindest regards.

J. M. LARKIN.

8:00 A. M., May 23, 1941.

EXHIBIT E.—HOUSING PROJECT IN BALTIMORE

[Copy of telegram]

WASHINGTON, D. C., June 28, 1941.

GLENN L. MARTIN,

Glenn L. Martin Co., Middle River, Md.:

On representations to the government that a great number of employees of the Martin Co. were eager to find homes in Baltimore we did not take time to build a defense housing project—instead we bought Armistead Gardens and reserved 600 of its 700 homes for Martin Co. workers. You were advised on May 15 that 200 units were ready for immediate occupancy and that the others would be available in a short time. Your company was urged to cooperate with the Federal Works Agency and its agent, the Housing Authority of Baltimore City, to the end that Armistead Gardens be tenanted as quickly as possible. We have made every effort to inform Martin workers that housing is available, but for reasons we are unable to understand in face of your earlier representations of need through coordinator of defense housing we have not received from your company the cooperation expected. The result is that today there are nearly 300 vacancies in Armistead Gardens. Because of this serious situation I have directed the housing authority to open the project to qualified defense workers employed by other companies in the Baltimore area. Meantime I am curious to know whether the apparent lack of enthusiasm on the part of your organization in getting Armistead Gardens fully tenanted with your own workers is due to the fact that the Government did not elect to build defense homes on your site. You are aware that work is being pushed on 300 additional homes and that an allocation has been made for 750 others to be constructed in the immediate vicinity of Armistead Gardens. We ought to decide definitely and promptly whether to go ahead with this construction or stop it. It was started to provide homes for your workers brought in because of the expanding production program. In the face of your failure to fill Armistead Gardens are we to understand your housing needs are taken care of?

JOHN M. CARMODY,

*Administrator, Federal Works Agency.*EXHIBIT F.—CORRECTION OF NEWSPAPER REPORT OF STATEMENT ON SAN DIEGO HOUSING¹

[Copy of telegram—Day letter]

JULY 22, 1941.

Lt. MAX I. BLACK,

*Commandant's Office,**Eleventh Naval District, San Diego, Calif.:*

My attention has been called to newspaper references to statement I made before Public Buildings and Grounds Committee of the House of Representatives in connection with its inquiry into need for additional defense homes. I am reported to have said that San Diego has been overbuilt. What I said was that under terrific pressure to make accommodations available for single men we completed a 750 unit dormitory in 33 working days only to find that apparently it was not needed. I am informed that there have been only 10 applications for accommodations and no occupants. It is further reported to me that as a result of a survey 1,900 rooms are available in private homes for single men. My statement to the committee was not intended to discourage building of homes where they are actually needed but to discourage repetition of recommendations for dormitories or other structures when they are not actually needed for defense purposes. We understand our manager, Mr. Voight, has been working in full cooperation with your committee and with other local officials to do everything humanly possible to meet housing needs.

¹ See enclosure in Lieutenant Black's letter, p. 6893.

We appreciate your cooperation and shall thank you for any help you can give him to salvage what we can out of this dormitory investment.

JOHN M. CARMODY, *Administrator.*

EXHIBIT G

Dates in construction process, first Public Works Administration Housing Division projects

Project	Date allotment approved	Date construction	
		Started	Completed
1. Techwood Homes, Atlanta, Ga., H-1101	Apr. 12, 1934.	Feb. 12, 1935	June 26, 1936
2. University Homes, Atlanta, Ga., H-1102	do.....	Apr. 22, 1935	Mar. 17, 1937
3. Cedar-Central Apartments, Cleveland, Ohio, H-1001.....	do.....	June 18, 1935	Mar. 15, 1937
4. Lekefield Garden Apartments, Indianapolis, Ind., H-1601.....	do.....	July 15, 1937	Feb. 16, 1938 ¹
5. Riverside Heights, Montgomery, Ala., H-2201.....	Dec. 3, 1934..	Oct. 16, 1935..	Oct. 23, 1936
6. William B. Paterson Courts, Montgomery, Ala., H-2202	do.....	July 1, 1935..	Nov. 10, 1936

¹ Date initial occupancy. Contractor did not complete construction.

NOTE.—Demolition work required on these projects was performed between date of allotment and date construction started as reported above.

INTRODUCTION OF EXHIBITS

Miss DUBLIN. Mr. Chairman, I should like at this time to introduce into the record certain material received from sources not represented by witnesses before the committee.

The CHAIRMAN. You may proceed.

Miss DUBLIN. Mr. Chairman, as exhibit 1 I offer for the record a paper entitled, "How to Bring Forth an Ideal Solution of the Defense Housing Problem," written by Walter Gropius, chairman of the department of architecture, Harvard University, and Martin Wagner, assistant professor of regional planning, Harvard University.

(The paper referred to above is as follows:)

EXHIBIT 1.—HOW TO BRING FORTH AN IDEAL SOLUTION OF THE DEFENSE HOUSING PROBLEM?

BY WALTER GROPIUS, CHAIRMAN OF THE DEPARTMENT OF ARCHITECTURE, HARVARD UNIVERSITY, AND MARTIN WAGNER, ASSISTANT PROFESSOR OF REGIONAL PLANNING, HARVARD UNIVERSITY

In answering the question, "How to Bring Forth an Ideal Solution of the Defense Housing Problem?", the authors of this paper are fully aware of the fact that their advice for a more ideal solution at a time when defense production is in full swing might come belated. Iron-clad necessities have already pushed forward solutions of provisional character. But, since the acute want of better housing cannot be considered as a mere wartime emergency problem and will arise again as a post-war demobilization and rehabilitation problem of first rank, we should like to scrutinize it also from the latter point of view. Of course, suggestions regarding an "ideal solution" must certainly entail measures more complex and radical than those which have been taken up to now.

PRESENT DEFICIENCIES IN HOUSING DEFENSE WORKERS

(1) While food, clothing, and other everyday goods can be bought by the average man at reasonable prices adapted to his income, a decent, up-to-date dwelling is out of reach for the poorer classes.¹ Although 45 percent of the capital given by the Government for Federal Housing schemes is a subsidy without any return, the rent for these dwellings is still too high for the average income of \$1,000 to \$1,500 per family. The reason why the prices for dwellings, in spite of public subsidies, are out of proportion compared with other commodities for living is the fact that the building market, the most complex in its structure, has not yet been absorbed by the machine and that it is less efficiently organized than the industry. One glance at the enclosed diagram² reveals that the increasing wages for the still large amount of handwork involved in building have doubled the price of dwellings during the same period in which the price for the Ford car could be halved. No doubt the quantity-production method which has produced the low-cost automobile could as well be applied successfully for more efficient low-cost houses. But the conditions for prefabrication have not yet been prepared sufficiently. The lack of coordination in the building field has delayed the issue, causing serious disadvantages also for the present defense crisis in housing.

(2) The sudden and spasmodic influx of a large number of workers into organically grown communities must automatically cause symptoms of illness against which all the sound parts of the body will react with measures of defense. It is therefore quite understandable—

(a) that landlords and house owners oppose new defense housing schemes of permanent character in fear of seeing their local housing markets deranged after the war has passed; and

(b) that municipalities see their budgets thrown out of balance by being burdened with additional expenditures for schools, police, hospital service, and so forth, during the war boom and with relief costs of all kinds when this boom is over; and

(c) further, all brackets of the working class will resent seeing the "labor supply depots" of their communities inflated and thus their own chances to get jobs and decent wages threatened when the war industry is forced one day to lay off masses of workers.

For all these reasons we do not believe that the building of new permanent dwellings of the usual type and shape represents the ideal solution of the housing problem in defense regions. We hesitate to recommend such a housing policy, even in cases where newly built dwellings of permanent character are supposed to replace later on slum dwellings, because we doubt whether the past housing policy of clearing the slums—intended to pour new wine into old bottles, so to speak—has been on the right track toward solving the housing problem at all. Experienced housing experts and town planners all over the world emphasize that any housing policy ought to start from a survey on permanently available working places, for it is the income-engendering working place that generates rent which people can afford to pay for newly built dwellings. If the income-producing working places are not insured for the same life span for which the dwellings are built, ghost houses and ghost towns will be the logical consequence of such a disintegrated housing policy. This is exactly what happened in the past and what has mainly caused the development of blighted areas and slum districts in all the larger and smaller towns, as well as in the agricultural regions. Land developers, contractors, and housing experts often did not realize that the life span of income-producing working places in our period of fast and vast technological progresses is

¹ From Bulletin No. 18 of the National Housing Committee (figures given are for the State of New York):

	1893	1937	Percent difference
Rent (per year).....	\$120	\$300	+150
Food (per year).....	200	400	+100
Clothing (per year).....	100	100	(*)
Furniture (per house).....	300	225	-25

* No change.

² See footnote on opposite page.

by far shorter than that of the dwellings which are supposed to live for 25, 50, or even 100 years. The incongruity between the life span of working places and that of dwelling places is one of the most serious causes for obsolescence in housing and for waste of capital spent for new, permanent houses, built for the working classes.

But, apart from this incongruity, there is another serious drawback to be considered in regard to the housing of defense workers in the usual permanent buildings. In the race with time which usually occurs when a war boom starts, governmental agencies or private contractors are in most cases unable to keep pace with the rising want for new dwellings if they try to supply this demand by building new, permanent houses when these are especially "made to order," as usual. The following evaluation of war housing during the first World War, where about 360,000 workers had to be rehoused, gives a clear evidence of this fact:

1. Private builders cared for about 30,000 workers, or about 8 percent of the total.
2. Governmental agencies cared for about 46,000 workers housed in new dwellings, or about 13 percent of the total.
3. The home registration service placed in existing dwellings about 100,000 workers, or 28 percent of the total.
4. Through transportation improvements in the environments of plants about 184,000 workers, or 51 percent of the total, could stay in their homes and travel to work.

(From Conference on the Expansion of Industrial Communities, University of Michigan, November 29, 30, 1940; p. 9.)

These figures and the fact that many of the housing projects planned and built by the United States Housing Corporation were not ready to be used until 3 months after the end of the war show impressively that the present methods of building permanent houses for the working classes cannot keep pace with the need, either in quantity or in time.

Although the authors have not reliable figures at their disposal for the defense housing need in the present war, they assume that the housing shortage in localities for defense work surpasses all figures of the first World War, and this presumably all the more since the defense orders have doubled and tripled in this time as compared with 1917-18.

SHIFTING OF WORKING PLACES NECESSITATES MOVABLE HOUSES

Our present technological age tends to uproot working places, shifting them from town to town, from region to region, and from State to State. This fact has become especially apparent in the last two decades in agricultural as well as industrial regions and begins now to endanger the working places in almost all the bigger and smaller towns. This process of technological new orientation in industry and agriculture seems not to be slackening. On the contrary, being

² The diagram referred to above appeared in American Architect and Architecture, February 1938, accompanying an article by Dr. Gropius entitled "Toward a Living Architect." As reproduction of the diagram in this volume was not feasible, the information it contained has been restated in tabular form, as follows:

	1913 basic index	1926	1936-37
Average cost of family dwellings.....	100	200	193
Wholesale building material.....	100	180	170
Living cost.....	100	178	147
Automobiles.....	100	78	60
Automobiles, Ford.....	100	50	63

From the article which accompanied this diagram, the following explanatory material has been excerpted:

"In 1928, I discovered in this country a most illuminating diagram, roughly comparing the trend of prices for building and for automobiles between 1913 and 1926. It shows the remarkable fact that, within the same period (13 years), the average costs of building were doubled, whereas the price of the Ford car was halved. The greater proportion of hand work involved in building increased the price in accordance with the increasing labor costs. Refinement of mass production methods, on the other hand, considerably lowered the price of automobiles. A decent dwelling became unattainable for the poor, yet the car became an everyman's tool. The up-to-date completion of the diagram shows that the price of the average car has steadily declined, whereas the cost of the average dwelling has been only slightly lowered since 1926. This diagram reveals that our building methods—being far behind the times—are not fit to solve the problem."

in its first stage only, it might easily get a new impulse when the whole impact of new post-war world economics may be felt in its full strength in this country. In such a period it may not be wise to build dwellings of a 50-year life span for men whose working places may last perhaps only for 5 years. It seems to us that a new type of house is urgently needed which is not definitely fixed to the site during its whole life-span but could be dismantled and built up again in locations where shelter facilities are lacking. Dwellings of the future should be made more movable in order to follow the migrating working places. There seem to be neither technical nor financial reasons serious enough to hinder the designing and building of fully serviced demountable houses. We have the necessary technical means today to mass-produce such houses in factories specified for high quality for perhaps only half of the cost of the present permanent "made to order" houses. These dwellings must by no means be provisional in character regarding their workmanship and size. On the contrary, in all their details they should comply with up-to-date requirements of technique and equipment. They have to be of light but durable construction, alterable, time-saving, economical, and highly efficient for their occupants. Man and the various functions of his life at home—living, sleeping, bathing, cooking, and eating—are to be the basis determining the type and appointments of the dwelling. The criterion is the ratio of expense to living value to be measured from the degree of success attained in reducing the onerous features of every-day life to a minimum. Being built as demountable units, such factory-built houses would have also the advantages of being mobile—of being put on stock—of being bought and sold second hand and third hand; hence, of being produced and traded as a commodity. As long as the house was inseparably fixed to the noncommodity "land," it could not be traded as a commodity.

We are even inclined to go a step further, advising that schools, hospitals, and shops composed of standardized room units be prefabricated also and be put on stock in order to be shifted to all those places where they are needed.

If such an adaptable system of prefabrication had already been developed in the past, no acute housing shortage could have arisen anywhere caused either by dislocation of working places or by sudden defense measures which call for extension or contraction of existing residential quarters. That a steady demand for movable houses truly exists even in peacetime is evident from the House Report No. 369—of the Seventy-sixth Congress—on Interstate Migration. According to the figures given there, not thousands, but hundreds of thousands, of movable shelter units seem to be needed in the present period of economic transition.

MILITARY REQUIREMENTS FOR MOVABLE SHELTER PROVISION

In addition, modern mobilized warfare has its bearing not only on arms but also on buildings for military purposes. In the present time of total warfare the civilian and the military way of life are no longer strictly separated as in the past. The battle lines are no longer front lines. The whole hinterland of the country has become a battlefield. These and other changes indicate that the types of shelter for both military and civilian purposes begin to assimilate each other in purpose, shape, and function, for—

(1) Modern warfare exerts so much strain upon the body and the nerves of shock troops, aviators, parachutists, etc., that they ought to be housed at least as comfortably as civilians. (Compare the "villas" of the German aviation corps with the old-fashioned mass encampments, where 60 or more persons are forced to share 1 room in a barracks.) The housing provision of the modern army should be based on smaller units, fully serviced, that would fit small groups of a few men only. Such units could correspond more or less in size and type with the dwelling for a civilian family.

(2) Aerial bombardment constitutes great danger for civilian settlements as well as for military camps. Therefore, for both of these, adequate shelter provision points to adopting a more decentralized pattern of shelter that ought to be built up of small, detached, one-story units rather than of highly visible and therefore vulnerable barracks which are more easily hit and difficult to camouflage.

(3) Steady changes in the organization and location of military formations—especially if they are built up for defense—call for interchangeable and movable shelter units which can be taken from stock and be put back on stock.

Such a system of building movable houses to be assembled or dismantled at will, for the needs of the Army, the Navy, and the working classes combined,

would not only save time in building up military encampments and defense settlements but would also save money for the taxpayer by putting 80 to 90 percent of the building job into the factory, where it can be finished more efficiently and independently of weather conditions with greater speed and less cost. It would enable authorities in case of any emergency to call for standardized shelter units from—

- (a) Their own stocks;
- (b) The stocks of manufacturers;
- (c) The stocks of second-hand traders; or
- (d) Private owners from whom they can be bought or requisitioned.

According to the census made by the Department of Commerce in October 1940, about 4 to 5 percent of all the dwellings in the United States are empty and these cannot be used as they are permanently fixed to their locations. If they could be dismantled and be put up again for reuse in other regions, where a shortage of dwellings exists, a sudden crisis could be considerably lessened and idle capital be profitably reinvested.

The importance of such a unification and standardization of military and civilian shelter in times of war can drastically be illustrated by the recent events in war-haunted regions of the European countries—particularly in England—where thousands of permanent houses had to be evacuated and thus made useless, while their inhabitants could not find adequate shelter and community facilities in other towns or rural regions. And similar conditions arise in peacetime, caused by hurricanes, floods, earthquakes, epidemics, drought, or total unemployment. In all such catastrophes the urgent call for shelter could be satisfied only by movable houses, quickly assembled, and provided by governmental agencies. Thus we believe that the preparation for wartime shelter should be linked to peacetime shelter provisions in order to avoid a desperate shortage in either case. In creating such a flexible system of shelter, one should by no means rely only on mere private initiative or on the so-called free play of forces. The times have passed where automatic solutions following supply and demand of the free markets are to be considered the only means of bridging an acute crisis. It is up to the Government to insure against the hazards of sudden emergencies and, by preparing well in advance, make the country shock proof.

GOVERNMENTAL RESEARCH INSTITUTE

Although all the necessary technical means seem to be available for constructing movable shelter, the building industry has not yet been able to bring a house type on the market which could satisfy the many requirements necessary in respect to construction, price, shape, and flexibility. The explanation for this shortcoming has clearly been given in the following statement: "Mass production implies a mass market. A mass market cannot be obtained until the cost has been reduced considerably, and the cost cannot be reduced very much until mass production on a prefabricated basis has been accomplished. Thus we have a vicious circle which has produced a stalemate." (Senate committee print of the Temporary National Economic Committee, monograph S, *Toward More Housing*.) This vicious circle, however, could be broken by the military authorities or by the Federal Government which has the necessary power and money to launch the preliminary research work so badly needed before mass production can set in.

It is true that several Federal agencies like the Forest Products Laboratory and the National Bureau of Standards have been engaged in the past, from time to time, in housing research. The means put at their disposal, however, have been scanty, and the scope of their work has been restricted as compared with the millions of dollars appropriated for research to the Advisory Committee for Aeronautics or to the Department of Agriculture, each in their special field. In view of the present war—and post-war—emergency, more drastic steps should be taken to further the aim of building better and cheaper houses for the masses, starting with more intensive research into exploring the whole range of problems involved in housing. The former method of subsidizing new housing projects for the lower classes in the slum regions is rather a costly remedy and even questionable as to the final result. We do not believe, therefore, that perennial subsidies lead to the real solution of the housing problem. Subsidies ought to be considered only as a measure of transition until means and ways are found for solving the housing problem economically and in a strict relation to the income-producing working places. We believe that permanent dwellings should be erected only where working places can be assured of a longevity presumably equal to that of the dwellings themselves.

We suggest that an Institute of Building Integration should be created, in which Federal, State, and municipal authorities would cooperate with architects, engineers, contractors, manufacturers, realtors, bankers, and trade-unionists as their advisers, to produce a final solution of the pressing need for adequate housing. All the existing institutions for public and private research in building practice should cooperate, exchanging their experiences and results, simultaneously acquiring a better knowledge of the difficulties of correlated problems. The key plan to be set up by such an institute would aim at embracing everything expected to raise the social standard, to decrease the prices of houses, and to secure their movability in accordance with the fluctuation of the working places. Primary considerations would involve—

Regulating regional planning by interstate legislation, for example, zoning ordinances.

Furthering the lease of land for housing for limited periods.

Preparing the investment market for prefabrication and for the new idea of a housing service (shorter amortization and lower interests).

Improving building regulations by adapting them to new building techniques.

Research for socially and economically most suitable types of dwellings.

Research for suitable standard sizes of the component parts of dwellings; these parts to be interchangeable for different types of houses.

Research for actual prefabrication, including mechanical units such as kitchen, bathroom, and air-conditioning plant.

Simplification of the building organization in offices and at the site.

There are many brilliant attempts made in these various fields, but they are rather isolated from one another instead of being parts of a well-tuned organism which is so badly needed. The suggested Institute of Building Integration should fill this gap but, as so much organization work would be involved, the idea of rationalization must be safeguarded against red tape which would stunt its only aim; namely, to promote creative progress.

The cost of such an institute, to be put up by the Government, would be irrelevant when compared with the savings to be expected from economizing on housing costs throughout the country by such means of concentration and integration. The efficiency of money spent for housing could probably be doubled and bring the key problem of social welfare close to its final solution, simultaneously increasing private initiative and employment.

POST-WAR EMERGENCY WORK

The transformation of the present war economics into the future peace economics will certainly entail for the Federal Government a task even greater than the launching of the war boom itself. The unsolved crisis of 1929-30, caused by technological unemployment, might appear again in all its brutal consequences and it might even become increasingly dangerous on account of further technological improvements, as well as on account of the overstrained financial burdens laid upon the taxpayers and the public agencies. Of course the demand for large-scale public work will soon return again. Any responsible leader in the field of economics will then point to the hard necessity that only such works should be started by public authorities as would lead to a final solution of the crisis and to enterprises that are of themselves economically balanced by giving continuous employment to men, material, and capital.

RESETTLEMENT TO BE LAUNCHED BY PUBLIC AGENCIES

It might be difficult for the Federal Government to decide which type of profitable work ought to be done by public agencies. Among all such tasks, however, there is one of predominant social and economical character, namely, the resettlement of those people in urban and rural regions who will probably never find profitable work again in the neighborhood of their present domicile. This task in its last consequence includes not more and not less than the creation of a new type of settlement which offers the highest possible economic, social, and cultural attraction for the establishment of new working places.

In proposing the planning and building of a new type of township, say, new "country towns," we are aware that the solution of such a gigantic task would mean asking the Federal Government and Congress to tackle the post-war emergency problems from their very roots. The urgency of a more radical approach to these problems, however, seems to be evident from the following considerations:

1. Since the present railway traffic system is doomed to lose more and more

transports of coal, building materials, and passengers to the increasing automobile, bus, and truck traffic with its improved door-to-door service, the building up of a new system of superhighways, as proposed to Congress in 1939 by President Roosevelt, ought to become the backbone of post-war settlement projects, planned better to fulfill "the ideals and objectives of our national life."

2. As the railways in the past have caused almost all of our larger cities to form a too concentrated and economically as well as socially most vulnerable pattern, the new superhighways, spreading over the whole country, should be used as a new organic source for originating a better type of settlement of a more decentralized character. Planned to be of higher social quality, of greater economic efficiency, and also less vulnerable in times of crisis, they would open up working places for townsmen and farmers, letting the farmer profit directly from the townsman and the townsman from the farmer.

3. The economic attraction of creating new working places in these "country towns" may be found in the following outline:

(a) As a matter of fact, today, completely self-sustained settlements can be built up on open ground for less than half the cost per capita the people had to pay in the past for the old towns—now grown obsolete; this, of course, could be achieved only if they were carefully planned for, say, not more than about 5,000 souls and then built, according to modern principles of mass production, at one stroke.

(b) Being planned on the basis of walking distances, the settlements could be fed from the surrounding farms and much of the present costs for local transportation and food distribution could thus be saved.

(c) New working places could be offered in these "country towns" to industries which had been forced to leave the larger towns on account of increasing land prices, taxes, and wages. Finding there the opportunity of more favorable economic conditions, these industries could settle down again with better prospects for a permanent success.

(d) A new system of community administration and of labor policy could be set up in these "country towns" that would exclude many evils so deeply rooted in the economic, social, and political framework of the old towns now close to bankruptcy.

SUMMING UP

A fundamental framework as outlined above would constitute a sound basis for building up a town pattern fit for the Twentieth Century machine age from the social as well as from the economic and cultural points of view. It would gradually overcome the costly deficiencies of present towns which, suffering from being unplanned, grew up wildly as hopelessly chaotic and vulnerable bodies, unfit for both peace and war conditions. We doubt, therefore, the advisability of trying to solve the housing problems only by patching and repairing the old, morbid towns. Town organisms have a life-and-death cycle similar to that of human beings, as Time is an irresistible creator and destroyer of shapes and values. Many of the present towns are dying, and piecemeal methods of rehabilitation have proved that these are not only the most expensive ones imaginable but that they also perpetuate social shortcomings. Repairing a machine while it runs is hardly possible; rebuilding a store while in constant use costs more than constructing a new one; rehabilitating the town adequately while it is in full function would necessarily entail such a tax load for its citizens that it would surpass their financial capacities even in boom times during the rapid growth of their city. Moreover, the younger generation has outlived the shapes of the old towns and houses and it calls for new ones fitted to raise the standard of living and to offer an improved inner and outer living space, more health, and more happiness.

A coincidence of various factors calling for immediate remedy, combined with the pressure caused by the national emergency, seem to indicate that the time has come to mobilize a powerful attempt to rebuild the country on a large scale. Complacency and dissonance, wherever they may have retarded, so far a badly needed progress in the building field, should be overcome by farsighted cooperation and coordination of all public and private agencies to be directed by a national key plan.

To sum up: The ideal solution for the defense-housing problem according to our opinion would be—

1. To create a regional framework with new, fully serviced, and economically balanced communities, these to be carefully linked up with the location of the working places and with their probable lifespan.

2. To create a new type of low-cost dwelling of high quality with up-to-date amenities and composed of standardized parts which should be interchangeable for use in different types of houses of varying sizes. These dwellings to be demountable for recreation but simultaneously to be qualified also for permanent use when desired.

3. To create a broad-minded public agency for coordinating the badly needed research for such resettlement and housing which, with power and determination, would give birth to a new impulse for the future life of the people at the end of this war.

The following material, received subsequent to the hearing, is included in the record in accordance with instructions from the chairman:

EXHIBIT 2—TEXT OF LANHAM ACT, AS AMENDED

(In the San Diego hearings (p. 5007), Public Law 137, 77th Cong., was printed for reference purposes. Inasmuch as this law amended the original "Lanham Act," approved October 14, 1940, by adding the "community facilities" title and as the entire act is referred to by witnesses and members of the committee, the amended version of the "Lanham Act" is herewith given in full. At the time this hearing goes to press, a bill authorizing a further appropriation of \$300,000,000 is proposed, making a total of \$600,000,000 which will be available under the provisions of the act, if the additional appropriation is passed.)

[PUBLIC—No. 849—76TH CONGRESS]

[CHAPTER 862—3D SESSION]

[H. R. 10412]

AN ACT To expedite the provision of housing in connection with national defense, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled

TITLE I

DEFENSE HOUSING

SECTION 1. In order to provide housing for persons engaged in national-defense activities, and their families, in those areas or localities in which the President shall find that an acute shortage of housing exists or impends which would impede national-defense activities and that such housing would not be provided by private capital when needed, the Federal Works Administrator (hereinafter referred to as the "Administrator") is authorized:

(a) To acquire prior to the approval of title by the Attorney General (without regard to sections 1136, as amended, and 3709 of the Revised Statutes) improved or unimproved lands or interests in lands by purchase, donation, exchange, lease (without regard to section 322 of the Act of June 30, 1932 (47 Stat. 412), as amended, the Act of March 3, 1877 (19 Stat. 370), or any time limit on the availability of funds for the payment of rent, or condemnation (including proceedings under the Acts of August 1, 1888 (25 Stat. 357), March 1, 1929 (45 Stat. 1415), and February 26, 1931 (46 Stat. 1421)).

(b) By contract or otherwise (without regard to sections 1136, as amended, and 3709 of the Revised Statutes, section 322 of the Act of June 30, 1932 (47 Stat. 412), or any Federal, State, or municipal laws, ordinances, rules, or regulations relating to plans and specifications or forms of contract, the approval thereof or the submission of estimates therefor) prior to the approval of title by the Attorney General to make surveys and investigations, plan, design, construct, remodel, extend, repair, or demolish structures, buildings, improvements, and community facilities, on lands or interests in lands acquired under the provisions of subsection (a) hereof or on other lands of the United States which may be available (transfers of which for this purpose by the Federal agency having jurisdiction thereof are hereby authorized notwithstanding any other provisions of law), provide proper approaches thereto, utilities, and transportation facilities, and procure necessary materials, supplies, articles, equip-

ment, machinery, and do all things necessary in connection therewith to carry out the purposes of this title: *Provided*, That the cost-plus-a-percentage-of-cost system of contracting shall not be used, but this proviso shall not be construed to prevent the use of the cost-plus-a-fixed-fee form of contract: *Provided*, That the cost per family dwelling unit shall not exceed an average of \$3,500 for those units located within the continental United States nor an average of \$4,000 for those located elsewhere, and the cost of no family dwelling unit shall exceed \$3,950 within the continental United States or \$4,750 elsewhere, exclusive of expenses of administration, land acquisition, public utilities, and community facilities, and the aggregate cost of community facilities shall not exceed 3 per centum of the total cost of all projects: *Provided further*, That all items of cost with respect to each such family dwelling unit shall be separately estimated with a view toward economy, and no movable equipment shall be installed in such units, unless the Administrator shall, in any particular case, deem such installation to be in the public interest.

SEC. 2. As used in this Act (a) the term "persons engaged in national-defense activities" shall include (1) enlisted men in the naval or military services of the United States; (2) employees of the United States in the Navy and War Departments assigned to duty at naval or military reservations, posts, or bases; (3) workers engaged or to be engaged in industries connected with and essential to the national defense; (b) the term, "Federal agency" means any executive department or office (including the President), independent establishment, commission, board, bureau, division, or office in the executive branch of the United States Government, or other agency of the United States, including corporations in which the United States owns all or a majority of the stock, directly or indirectly.

SEC. 3. The sum of \$300,000,000, to remain available until expended, is hereby authorized to be appropriated to carry out the purposes of this title in accordance with the authority therein contained and for administrative expenses in connection therewith: *Provided, however*, That the Administrator is authorized to reimburse, from funds which may be appropriated pursuant to the authority of this title, the sum of \$3,300,000 to the emergency funds made available to the President under the Act of June 11, 1940, entitled "An Act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1941, and for other purposes" (Public, Numbered 588), and the sum of \$6,700,000 to the emergency funds made available to the President under the Military Appropriation Act, 1941, approved June 13, 1940 (Public, Numbered 611).

"TITLE II

"DEFENSE PUBLIC WORKS

"SEC. 201. It is hereby declared to be the policy of this title to provide means by which public works may be acquired, maintained, and operated in the areas described in section 202. As used in this title, the term 'public work' means any facility necessary for carrying on community life substantially expanded by the national-defense program, but the activities authorized under this title shall be devoted primarily to schools, waterworks, sewers, sewage, garbage and refuse disposal facilities, public sanitary facilities, works for the treatment and purification of water, hospitals and other places for the care of the sick, recreational facilities, and streets and access roads.

"SEC. 202. Whenever the President finds that in any area or locality an acute shortage of public works or equipment for public works necessary to the health, safety, or welfare of persons engaged in national-defense activities exists or impends which would impede national-defense activities, and that such public works or equipment cannot otherwise be provided when needed, or could not be provided without the imposition of an increased excessive tax burden or an unusual or excessive increase in the debt limit of the taxing or borrowing authority in which such shortage exists, the Federal Works Administrator is authorized, with the approval of the President, in order to relieve such shortage—

"(a) To acquire, prior to the approval of title by the Attorney General if necessary (without regard to sections 1136, as amended, and 3709 of the Revised Statutes), improved or unimproved lands or interests in lands by purchase, donation, exchange, lease (without regard to section 322 of the Act of June 30, 1932 (47 Stat. 412), as amended, the Act of March 3, 1877 (19 Stat. 370), or any time limit on the availability of funds for the payment of rent), or condemnation (including proceedings under the Acts of August 1, 1888 (25 Stat. 357), March 1, 1929 (45 Stat. 1415), and February 26, 1931 (46 Stat. 1421)), for such public works.

"(b) By contract or otherwise (without regard to sections 1136, as amended, and 3709 of the Revised Statutes, section 322 of the Act of June 30, 1932 (47 Stat. 412), or any Federal, State, or municipal laws, ordinances, rules, or regulations relating to plans and specifications or forms of contract, the approval thereof or the submission of estimates therefor), prior to the approval of title by the Attorney General if necessary, to plan, design, construct, remodel, extend, repair, or lease public works, and to demolish structures, buildings, and improvements, on lands or interests in lands acquired under the provisions of subsection (a) hereof or on other lands of the United States which may be available (transfers of which for this purpose by the Federal agency having jurisdiction thereof are hereby authorized notwithstanding any other provisions of law), provide proper approaches thereto, utilities, and transportation facilities, and procure necessary materials, supplies, articles, equipment, and machinery, and do all things in connection therewith to carry out the purposes of this title.

"(c) To make loans or grants, or both, to public and private agencies for public works and equipment therefor, and to make contributions to public or private agencies for the maintenance and operation of public works, upon such terms and in such amounts as the Administrator may consider to be in the public interest. As used in this paragraph, the term 'private agency' means any private agency no part of the net earnings of which inures to the benefit of any private shareholder or individual.

"Sec. 203. (a) In carrying out this title—

"(1) no contract on a cost plus a percentage of cost basis shall be made, but contracts may be made on a cost plus a fixed fee basis: *Provided*, That the fixed fee does not exceed 6 per centum of the estimated cost;

"(2) wherever practicable, utilization shall be made of existing private and public facilities or such facilities shall be extended, enlarged, or equipped in lieu of constructing new facilities;

"(3) public works shall be maintained and operated by officers and employees of the United States only if and to the extent that local public and private agencies are, in the opinion of the Administrator, unable or unwilling to maintain or operate such public works adequately with their own personnel and under loans or grants authorized by this title;

"(4) public works shall be provided on the basis of need and in determining need no discrimination shall be made on account of race, creed, or color.

"(b) No department or agency of the United States shall exercise any supervision or control over any school with respect to which any funds have been or may be expended pursuant to this title, nor shall any term or condition of any agreement under this title relating to, or any lease, grant, loan, or contribution made under this title to or on behalf of, any such school, prescribe or affect its administration, personnel, curriculum, instruction, methods of instruction, or materials for instruction.

"(c) No department or agency of the United States shall exercise any supervision or control over any hospital or other place for the care of the sick (which is not owned and operated by the United States) with respect to which any funds have been or may be expended under this title, nor shall any term or condition of any agreement under this title relating to, or any lease, grant, loan, or contribution made under this title to, or on behalf of, any such hospital or place, prescribe or affect its administration, personnel, or operation.

"Sec. 204. The sum of \$150,000,000, to remain available until expended, is hereby authorized to be appropriated to carry out the purposes of this title and for administrative expenses in connection therewith, including personal services and rent in the District of Columbia and elsewhere, printing and binding, and purchase, repair, operation, and maintenance of motor-propelled passenger-carrying vehicles.

"TITLE III

"GENERAL PROVISIONS"

SEC. 301. When the President shall have declared that the emergency declared by him on September 8, 1939, to exist, has ceased to exist (a) the authority contained in section 1 hereof shall terminate except with respect to contracts on projects previously entered into or undertaken and court proceedings then pending, and (b) property acquired or constructed under this Act shall be disposed of as promptly as may be advantageous under the circumstances and in the public interest.

SEC. 302. Where any Federal agency has funds for the provision of housing in connection with national-defense activities it may, in its discretion, make transfers of those funds, in whole or in part, to the Administrator, and the funds so transferred shall be available for, but only for, any or all of the objects and purposes of and in accordance with all the authority and limitations contained in this Act, and for administrative expenses in connection therewith.

SEC. 303. Moneys derived from rental or operation of property acquired or constructed under the provisions of this Act shall be returned to the appropriation authorized by this Act and shall be available for expenses of operation and maintenance including administrative expenses in connection therewith, and the unobligated balance of the moneys so deposited shall be covered into the Treasury at the end of each fiscal year as miscellaneous receipts.

SEC. 304. Notwithstanding any other provisions of law, whether relating to the acquisition, handling, or disposal of real or other property by the United States or to other matters, the Administrator with respect to any property acquired or constructed under the provisions of this Act, is authorized by means of Government personnel, selected qualified private agencies, or public agencies (a) to deal with, maintain, operate, administer, and insure; (b) to pursue to final collection by way of compromise or otherwise, all claims arising therefrom; (c) to rent, lease, exchange, sell for cash or credit, and convey the whole or any part of such property and to convey without cost portions thereof to local municipalities for street or other public use: *Provided*, That any such transaction shall be upon such terms, including the period of any lease, as may be deemed by the Administrator to be in the public interest: *Provided further*, That the Administrator shall fix fair rentals, on projects developed pursuant to this Act, which shall be within the financial reach of persons engaged in national defense: *Provided further*, That any lease authorized hereunder shall not be subject to the provisions of section 321 of the Act of June 30, 1932 (47 Stat. 412).

SEC. 305. In carrying out the provisions of this Act the Administrator is authorized to utilize and act through the Federal Works Agency and other Federal agencies and any local public agency, with the consent of such agency, and any funds appropriated pursuant to this Act shall be available for transfer to any such agency in reimbursement therefor. Nothing in this Act shall be construed to prevent the Administrator from employing or utilizing the professional services of private persons, firms, or corporations.

SEC. 306. The Administrator may enter into any agreements to pay annual sums in lieu of taxes to any State or political subdivision thereof, with respect to any real property acquired and held by him under this Act, including improvements thereon. The amount so paid for any year upon any such property shall not exceed the taxes that would be paid to the State or subdivision, as the case may be, upon such property if it were not exempt from taxation.

SEC. 307. Notwithstanding any other provision of law, the acquisition by the Administrator of any real property pursuant to this Act shall not deprive any State or political subdivision thereof of its civil and criminal jurisdiction in and over such property, or impair the civil rights under the State or local law of the inhabitants on such property.

SEC. 308. The Administrator is authorized to make such rules and regulations as may be necessary to carry out the provisions of this Act, and shall establish reasonable standards of safety, convenience, and health.

SEC. 309. Notwithstanding any other provision of law, the wages of every laborer and mechanic employed on any construction, repair, or demolition work authorized by this Act shall be computed on a basic day rate of eight hours per day and work in excess of eight hours per day shall be permitted upon compensation for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. Not less than the prevailing wages shall be paid in the construction of defense housing authorized herein.

SEC. 310. If any provision of this Act, or the application thereof to any persons or circumstances, is held invalid, the remainder of this Act, or application of such provision to other persons or circumstances shall not be affected thereby.

SEC. 311. At the beginning of each session of Congress, the Administrator shall make to Congress a full and detailed report covering all of the transactions authorized hereunder.

(Because of references made to it in the committee's hearings, there is here inserted, on instructions of the chairman, the text of Public Law 24 (H. R. 3575) under title VI—Defense Housing Insurance.)

EXHIBIT 3

[PUBLIC LAW 24—77TH CONGRESS]

[CHAPTER 31—1ST SESSION]

[H. R. 3575]

AN ACT TO amend the National Housing Act, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the National Housing Act, as amended, is amended by the addition of the following title at the end thereof:

“TITLE VI—DEFENSE HOUSING INSURANCE

“SEC. 601. As used in this title—

“(a) The term ‘mortgage’ means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable; or (2) under a lease having a period of not less than fifty years to run from the date the mortgage was executed; and the term ‘first mortgage’ means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

“(b) The term ‘mortgagee’ includes the original lender under a mortgage, and his successors and assigns approved by the Administrator; and the term ‘mortgagor’ includes the original borrower under a mortgage and his successors and assigns.

“(c) The term ‘maturity date’ means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

“(d) The term ‘State’ includes the several States, and Alaska, Hawaii, Puerto Rico, the District of Columbia, and the Virgin Islands.

“SEC. 602. There is hereby created a Defense Housing Insurance Fund which shall be used by the Administrator as a revolving fund for the carrying out of the provisions of this title, and mortgages insured under this title shall be known and referred to as ‘defense housing insured mortgages’. For this purpose, the Reconstruction Finance Corporation shall make available to the Administrator such funds as he may deem necessary, not to exceed \$10,000,000, and the amount of notes, debentures, bonds, or other such obligations which the Corporation is authorized to issue and have outstanding at any one time under existing law is hereby increased by an amount sufficient to provide such funds: *Provided*, That the Secretary of the Treasury is authorized and directed to cancel from time to time, upon the request of the Corporation, notes of the Corporation (which notes are hereby made available to the Secretary of the Treasury for purposes of this section), and to discharge its liability, as respects all sums due and unpaid upon or in connection with such notes at the time of such cancellation and discharge in a principal amount equal to the funds made available to the Administrator by the Corporation under or by reason of this title together with interest paid to the Treasury thereon: *Provided further*, That any evidence of indebtedness with respect to funds so disbursed by the

Corporation shall be transferred to the Secretary of the Treasury; that the Secretary and the Corporation are authorized and directed to make such adjustments on their books and records as may be necessary to carry out the purposes of this section; that the amount of notes, debentures, bonds, or other such obligations which the Corporation is authorized to issue and have outstanding at any one time under the provisions of this section shall be correspondingly reduced by the amount of notes so canceled by the Secretary, and that any sums at any time received by the Corporation, representing repayments or recoveries of funds so disbursed shall forthwith be covered into the general fund of the Treasury: *And provided further*, There shall be allocated immediately to the Defense Housing Insurance Fund the sum of \$5,000,000 out of funds made available to the Administrator for this purpose. General expenses of operation of the Federal Housing Administration under this title may be charged to the Defense Housing Insurance Fund.

"Sec. 603. (a) The Administrator is authorized, upon application by the mortgagee, to insure as hereinafter provided any mortgage which is eligible for insurance as hereinafter provided and upon such terms as the Administrator may prescribe to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the property covered by the mortgage is in an area or locality in which the President shall find that an acute shortage of housing exists or impends which would impede national-defense activities: *Provided further*, That the aggregate amount of principal obligations of all mortgages insured under this section shall not exceed \$100,000,000: *And provided further*, That no mortgage shall be insured under this section after July 1, 1942, or after such earlier date as the emergency, declared by the President on September 8, 1939, to exist, has by his declaration ceased to exist, except pursuant to a commitment to insure issued on or before July 1, 1942, or such earlier date, whichever first occurs.

"(b) To be eligible for insurance under this section a mortgage shall—

"(1) have been made to, and be held by, a mortgagee approved by the Administrator as responsible and able to service the mortgage properly;

"(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Administrator shall approve) in an amount not to exceed 90 per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property, urban, suburban, or rural upon which there is located a dwelling designed principally for residential use for not more than four families in the aggregate, which is approved for mortgage insurance or defense housing insurance prior to the beginning of construction, and (i) the construction of which is begun after the date of enactment of this title, or (ii) the construction of which was begun after January 1, 1940, and prior to the date of enactment of this title, and which has not been sold or occupied since completion. Such principal obligation shall not exceed—

"(A) \$4,000 if such dwelling is designed for a single-family residence, or

"(B) \$6,000 if such dwelling is designed for a two-family residence, or

"(C) \$8,000 if such dwelling is designed for a three-family residence, or

"(D) \$10,500 if such dwelling is designed for a four-family residence;

"(3) have a maturity satisfactory to the Administrator but not to exceed twenty years from the date of the insurance of the mortgage;

"(4) contain complete amortization provisions satisfactory to the Administrator;

"(5) bear interest (exclusive of premium charges for insurance) but not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed 6 per centum per annum if the Administrator finds that in certain areas or under special circumstances the mortgage market demands it;

"(6) provide, in a manner satisfactory to the Administrator, for the application of the mortgagor's periodic payments (exclusive of the amount allocated to interest and to the premium charge which is required for mortgage insurance as herein provided) to amortization of the principal of the mortgage: and

"(7) contain such terms and provisions with respect to insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Administrator may in his discretion prescribe.

"(c) The Administrator is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1½ per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the Administrator under this title at par plus accrued interest, in such manner as may be prescribed by the Administrator: *Provided*, That the Administrator may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the Administrator finds upon the presentation of a mortgage for insurance and the tender of the initial premium charge or charges so required that the mortgage complies with the provisions of this title, such mortgage may be accepted for insurance by endorsement or otherwise as the Administrator may prescribe; but no mortgage shall be accepted for insurance under this section unless the Administrator finds that the project with respect to which the mortgage is executed is economically sound. In the event that the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Administrator is further authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Administrator determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured under this section until such maturity date; and in the event that the principal obligation is paid in full as herein set forth, and a mortgage on the same property is accepted for insurance at the time of such payment, the Administrator is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

"(d) Any contract of insurance heretofore or hereafter executed by the Administrator under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

"SEC. 604. (a) In any case in which the mortgagee under a mortgage insured under this title shall have foreclosed and taken possession of the mortgaged property, in accordance with regulations of, and within a period to be determined by, the Administrator, or shall, with the consent of the Administrator, have otherwise acquired such property from the mortgagor after default, the mortgagee shall be entitled to receive the benefit of the insurance as hereinafter provided, upon (1) the prompt conveyance to the Administrator of title to the property which meets the requirements of rules and regulations of the Administrator in force at the time the mortgage was insured, and which is evidenced in the manner prescribed by such rules and regulations; and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims as may have been released with the consent of the Administrator. Upon such conveyance and assignment the obligation of the mortgagee to pay the premium charges for insurance shall cease and the Administrator shall, subject to the cash adjustment hereinafter provided, issue to the mortgagee debentures having a total face value equal to the value of the mortgage and a certificate of claim, as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Administrator, by adding to the amount of the original principal obligation of the mortgage which was

unpaid on the date of the institution of foreclosure proceedings, or on the date of the acquisition of the property after default other than by foreclosure, the amount of all payments which have been made by the mortgagee for taxes, ground rents, and water rates, which are liens prior to the mortgage, special assessments which are noted on the application for insurance or which become liens after the insurance of the mortgage, insurance of the mortgaged property, and any mortgage insurance premiums paid after either of such dates and by deducting from such total amount any amount received on account of the mortgage after either of such dates, and any amount received as rent or other income from the property, less reasonable expenses incurred in handling the property, after either of such dates: *Provided*, That with respect to mortgages which are foreclosed before there shall have been paid on account of the principal obligation of the mortgage a sum equal to 10 per centum of the appraised value of the property as of the date the mortgage was accepted for insurance, there may be included in the debentures issued by the Administrator, on account of the cost of foreclosure (or of acquiring the property by other means) actually paid by the mortgagee and approved by the Administrator an amount—

“(1) not in excess of 2 per centum of the unpaid principal of the mortgage as of the date of the institution of foreclosure proceedings and not in excess of \$75; or

“(2) not in excess of two-thirds of such cost, whichever is the greater.

“(b) The Administrator may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage: *Provided*, That the mortgagor shall not be released from such liability in any case until the Administrator is satisfied that the mortgaged property has been sold to a purchaser satisfactory to the Administrator, and that such purchaser has paid on account of the purchase price, in cash or its equivalent, at least 10 per centum of the appraised value of such property as determined by the Administrator as of the date the mortgage is accepted for insurance

“(c) Debentures issued under this section shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Administrator with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Administrator to the mortgagee from the Defense Housing Insurance Fund.

“(d) The debentures issued under this section to any mortgagee shall be executed in the name of the Defense Housing Insurance Fund as obligor, shall be signed by the Administrator by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default, and shall bear interest from such date at a rate determined by the Administrator, with the approval of the Secretary of the Treasury, at the time the mortgage was offered for insurance, but not to exceed 3 per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature three years after the 1st day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued. Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States, or by the District of Columbia, or by any State, county, municipality, or local taxing authority, and shall be paid out of the Defense Housing Insurance Fund, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed

as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event that the Defense Housing Insurance Fund fails to pay upon demand, when due, the principal of or interest on any debentures issued under this section, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

"(e) The certificate of claim issued by the Administrator to any mortgagee shall be for an amount which the Administrator determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mortgagee, to equal the amount which the mortgagee would have received if, at the time of the conveyance to the Administrator of the property covered by the mortgage, the mortgagor had redeemed the property and paid in full all obligations under the mortgage and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the Administrator. Each such certificate of claim shall provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of 3 per centum per annum which shall not be compounded. The amount to which the holder of any such certificate shall be entitled shall be determined as provided in subsection (f).

"(f) If the net amount realized from any property conveyed to the Administrator under this section and the claim assigned therewith, after deducting all expenses incurred by the Administrator in handling, dealing with, and disposing of such property and in collecting such claims, exceeds the face value of the debentures issued and the cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be divided as follows:

"(1) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Administrator shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be paid to the mortgagor of such property; and

"(2) If such excess is equal to or less than the total amount payable under such certificate of claim, the Administrator shall pay to the holder of such certificate the full amount of such excess.

"(g) Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, the Administrator shall have power to deal with, complete, rent, renovate, modernize, insure, make contracts or establish suitable agencies for the management of, or sell for cash or credit, in his discretion, any properties conveyed to him in exchange for debentures and certificates of claim as provided in this section; and notwithstanding any other provision of law, the Administrator shall also have power to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the Administrator as provided in this section, except that no suit or action shall be commenced by the Administrator against any such mortgagor on account of any claim so assigned unless such suit or action is commenced within six months after the assignment of such claim to the Administrator, or within six months after the last payment was made to the Administrator with respect to the claim so assigned, whichever is later: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Administrator deeds of conveyances, deeds of release, assignments, and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein heretofore or hereafter acquired by the Administrator pursuant to the provisions of this Act, may

be exercised by the Administrator or by any Assistant Administrator appointed by him, without the execution of any express delegation of power or power of attorney: *Provided*, That nothing in this subsection shall be construed to prevent the Administrator from delegating such power by order or by power of attorney in his discretion, to any officer, agent, or employee he may appoint.

"(h) No mortgagee or mortgagor shall have and no certificate of claim shall be construed to give to any mortgagee or mortgagor, any right or interest in any property conveyed to the Administrator or in any claim assigned to him; nor shall the Administrator owe any duty to any mortgagee or mortgagor with respect to the handling or disposal of any such property or the collection of any such claim.

"Sec. 605. (a) Moneys in the Defense Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this title shall be deposited with the Treasurer of the United States to the credit of the Defense Housing Insurance Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States. The Administrator may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of section 604. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"(b) Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this title, the receipts derived from the property covered by such mortgage and claims assigned to the Administrator in connection therewith shall be credited to the Defense Housing Insurance Fund. The principal of, and interest paid and to be paid on debentures issued under this title, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under the title shall be charged to the Defense Housing Insurance Fund.

"Sec. 606. Nothing in this title shall be construed to exempt any real property acquired and held by the Administrator under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

"Sec. 607. The Administrator is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title."

SEC. 2. Section 1 of title I of such Act, as amended, is further amended by striking the words "titles II and III" each time they appear, and inserting in lieu thereof the words "titles II, III, and VI".

SEC. 3. Section 5 of title I of such Act, as amended, is amended by striking the words "titles II and III" and inserting in lieu thereof the words "titles II, III, and VI".

SEC. 4. (a) Section 201 of title II of such Act, as amended, is amended (1) by striking out the words "district, or Territory" in subsection (a) of such section, and (2) by adding at the end thereof the following new subsection:

"(d) The term 'State' includes the several States, and Alaska, Hawaii, Puerto Rico, the District of Columbia, and the Virgin Islands."

(b) Section 207 (a) of title II of such Act, as amended, is amended (1) by striking out the words "district, or Territory" in paragraph (1) of such section, and (2) by adding at the end thereof the following new paragraph:

"(7) The term 'State' includes the several States, and Alaska, Hawaii, Puerto Rico, the District of Columbia, and the Virgin Islands."

(c) Section 209 of title II of such Act, as amended, is amended by striking out the words "Fund and the Housing Fund" and inserting in lieu thereof the words "Fund, the Housing Fund, and the Defense Housing Insurance Fund".

SEC. 5. Section 301 (a) (2) of title II of such Act, as amended, is further amended by striking the words "title II" and inserting in lieu thereof the words "titles II and VI".

SEC. 6. The first sentence of section 302 of title III of such Act, as amended, is further amended, by striking the words "title II" and inserting in lieu thereof the words "titles II and VI".

SEC. 7. Section 10 (a) of the Federal Home Loan Bank Act, as amended, is amended by striking the words "title II" and inserting in lieu thereof the words "titles II and VI".

SEC. 8. The third sentence of section 24 of the Federal Reserve Act, as amended, is further amended by striking the words "Title II" and inserting in lieu thereof the words "Titles II and VI".

SEC. 9. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

Approved, March 28, 1941.

SAN DIEGO EXHIBIT 28—SURVEY OF MIGRATION AND HOUSING

On the following pages appears the report of a survey made by the Consolidated Aircraft Corporation, at the committee's request. As it was received too late for inclusion in the report of the San Diego hearings (pt. 12), it is included in this volume.

SAN DIEGO EXHIBIT 28—SURVEY ON HOUSING AND MIGRATION CONDUCTED AT CONSOLIDATED AIRCRAFT EMPLOYMENT OFFICE AMONG APPLICANTS APPLYING FOR WORK, WEEK ENDING AUGUST 1, 1941

CONSOLIDATED AIRCRAFT CORPORATION,
San Diego, Calif., August 12, 1941.

HON. JOHN H. TOLAN,
Chairman, House Committee Investigating National Defense Migration,
Washington, D. C.

DEAR MR. TOLAN: Further referring to our letter of August 7 regarding statistics pertaining to employees now being hired, 475 applicants were questioned at random last week, with the results as shown on the enclosed statement.

We trust that this may be of value to you and wish to advise that we will continue to send you this data from time to time as soon as it can be compiled.

Yours very truly,

EDGAR N. GOTT, Vice President.

(The statistics referred to above are as follows:)

TABLE 1.—Age, marital status, dependents, period of residence, and housing situation of applicants for work at Consolidated Aircraft Corporation, week ending Aug. 1, 1941

Description	Number	Percentage of sample	Average
			<i>Years</i>
Number in sample.....	475		
Age of applicant.....			26.3
18 years through 20 years.....	205	43	(2)
21 years through 27 years.....	147	31	(3)
28 years through 35 years.....	57	12	(4)
36 years through 49 years.....	41	9	(5)
50 years and over.....	23	5	(5)
Marital status:			
Married.....	144	30	
Single.....	331	70	
Number of dependents.....			.8
None.....	268	56	
1.....	98	20	
2.....	55	12	
3.....	37	3	
4 or more.....	17	4	
Time in California:			
1 week or less.....	78	17	
1 week to year.....	202	43	
1 year or over.....	195	40	
Time in San Diego:			
1 day.....	81	18	
2 days to 1 week.....	93	20	
Week to 1 year.....	185	38	
1 year or more.....	116	24	
Applicants seeking housing accommodations.....	148	30	
Room and board.....	73	15	
House or apartments.....	75	15	
Applicants not seeking housing accommodations.....	327	70	

¹ This figure shows applicants 2 years younger than shown on survey made 4 months ago.

² Too young for draft.

³ Age group from which draftees are selected.

⁴ Deferred under new law.

⁵ Above draft-age limit.

THE NONRESIDENT AND FEDERAL AID**ROUND-TABLE DISCUSSION OF FEDERAL ASSISTANCE FOR PERSONS
AFFECTED BY "SETTLEMENT LAWS"**

To throw further light on problems of the non-resident, a round-table meeting of persons directly concerned with administering programs of Federal assistance was convened. A set of preliminary questions was addressed to each of the several agencies represented. The replies to these questions formed the basis for additional questions raised by the committee at the meeting. The statements of the various Federal agencies and the ensuing discussions are contained in this hearing.

INTRODUCTION

The committee, in its extensive investigation of migration, has found repeated instances of differential treatment accorded residents and nonresidents in connection with public assistance. Aid rendered the needy on a neighborhood or community basis was withheld from the newcomer. The State and local poor laws, derived from the practices of Elizabeth of England, were found hedged around with complicated residence and settlement requirements. General relief and other types of public assistance traditionally have been a local responsibility.

With the onset of the severe economic depression in the thirties, residence requirements for public assistance became increasingly stringent. At the same time it became clear that unemployment and destitution were national in scope. Local communities lacked the financial resources to cope with the enormous burdens confronting them. Local aid gave way to State aid, and the States in turn were forced to seek help from the Federal Government.

At present a variety of Federal programs are operating to assist individuals directly or indirectly through loans and grants to State and local political jurisdictions. Not all of these programs were born of the depression. Nor are they all concerned exclusively with relief in the narrower sense of the word. Nevertheless, these Federal programs involve expenditures of Federal funds in assisting individual citizens of the United States.

In the administration of these programs the Federal Government has followed a course of utilizing State and local agency facilities in varying degree. In this respect the Federal Government has recognized the principle of local autonomy. In the testimony presented to this committee there is evidence that persons newly arrived into the community find themselves at a disadvantage in obtaining public assistance. These newcomers, although citizens of the United States, are frequently denied the benefits that local citizens receive from Federal moneys.

The questions at issue therefore are: To what extent have local jurisdictions shifted their financial responsibilities for providing public assistance without modifying their traditional adherence to preferential treatment for the local resident? Further: What have the Federal agencies done to overcome the handicap of the nonresident, and how do their efforts differ in this respect?

NATIONAL DEFENSE MIGRATION

MONDAY, JULY 21, 1941

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE INVESTIGATING
NATIONAL DEFENSE MIGRATION,
Washington, D. C.

The committee met at 9:30 a. m., July 21, 1941, in room 1015 of the new House Office Building, Washington, D. C., Hon. John H. Tolan (chairman) presiding.

Present: Representative John H. Tolan (chairman), of California.

Also present: Dr. Robert K. Lamb, staff director; Leonard A. Thomas, attorney for the committee; Herbert Roback and William Shoer, staff members.

The CHAIRMAN. The committee will please come to order. As chairman of the House Committee Investigating the Migration of Destitute Citizens, now particularly concerned with the defense migration, I express the appreciation of the committee to all of you for being here this morning.

During the last session of Congress the committee held hearings throughout the country. These hearings had to do with the migration of destitute citizens between the States. We made our report to Congress, with some recommendations, and then we were continued this year for the reason that, instead of migration decreasing, it has increased because of the national-defense program.

Our hearings have developed the fact that one of the critical problems facing a migratory destitute citizen who must seek aid in some State is that he lacks residence, or "settlement," as it is commonly called in connection with relief activities. Nonresidence within the State itself, as well as nonresidence in the political subdivisions of a State, have been factors in adding to the confusion which confronts the migrant when he attempts to seek aid or assistance from a State or one of its political subdivisions.

This morning we have asked you, as representatives of Federal agencies who are disbursing Federal funds or other types of assistance to citizens of the United States, to come together for a roundtable discussion of the problem of residence as it may affect each of your programs.

The committee has addressed a series of questions to each of the agencies represented here this morning, with one or two exceptions, and each has submitted a statement in answer to such questions. We will not read the statement now, but each will be included in the record. The committee has one or two additional questions it would like to ask each of you, and when the questioning is completed we should like each one of you to feel free to ask any further questions that may pertain to this problem of residence.

STATE REGULATIONS ON TRANSPORTATION OF DESTITUTE CITIZENS

Now, if you people will picture the idea in back of this meeting: As far as I know, this is the first time in the history of Congress that any investigating committee has made a study of human interstate commerce between States. As you know, we have always been concerned with the creations of our citizens. Billions have been spent by Congress to keep inviolate the right to the free flow of goods between States, but nothing has been done for the creators of those goods. It is a peculiar situation and, I might say to you, we have 30 States in the Union at this time that constitute it a crime to transport an indigent citizen across State lines. South Dakota, for example, has such a law. Now, imagine South Dakota, which has more wheat than it can possibly consume, trying to put a barrier against the shipment of wheat from North Dakota to South Dakota. It wouldn't hold two minutes. There was a case in California. A man by the name of Edwards, a resident of California, transported his brother-in-law, a man by the name of Duncan, from Texas into California. Edwards was fined for bringing a destitute citizen of the United States into California. The case went to the Supreme Court. It was argued last April and will be reargued October 15. Now, you have that picture—30 States making it a crime to transport an indigent citizen from another State.

LEGAL BARRIERS TO MIGRATION

That's not all. The States have raised legal barriers of from 1 year to as high as 5 years before a migrant citizen can gain "settlement." California statutes provide that anyone who transports an indigent citizen, that is, a poor person, into California is guilty of a crime. Since when, in the United States, has poverty become a crime? Since when can we raise the dollar sign and say, unless you have the money, you can't come in? I am citing this to show the importance of the hearing this morning, especially on the question of nonresidence or settlement, and I hope out of this meeting will come some ideas that may lead the Federal Government toward ameliorating this evil. We have the different States with varying limiting statutes—I say from 1 to 5 years—but this is the first discussion in which we are trying to pin down the Federal Government, through its representatives, as to some suggestion on the idea. The Federal Government, under the national defense program, is now encouraging migration from State to State. That is the situation.

I leave you now and will probably be back when the general discussion starts. I have been trying to get some of my own work done, but I am very pleased to have you here this morning, and I feel certain some valuable suggestions will come out of your discussion of these settlement laws. We simply cannot make this Nation what it should be if we are to have millions of people who are regarded as without State citizenship. That's the plight of many people in these United States today. Census Bureau figures were held up for a couple of months because they didn't know to what States to allocate these citizens. Under the Constitution you are not only a citizen of Texas, but of the other 47 States as well. What good is that if you can't visit your sister State unless you have some money?

I appreciate very much your coming here this morning, and I will now turn the meeting over to Dr. Lamb and Mr. Thomas, who will ask you some questions.

Dr. LAMB. I think, if as many of you as possible will find your places around the table, that the operation of questioning will be simplified.

STATEMENT AND TESTIMONY OF R. V. BILLINGTON, EXECUTIVE ASSISTANT IN VOCATIONAL EDUCATION, UNITED STATES OFFICE OF EDUCATION, WASHINGTON, D. C.

Mr. THOMAS. The first witness is Mr. R. V. Billington, executive assistant in vocational education of the United States Office of Education.

STATEMENT IN REPLY TO COMMITTEE QUESTIONNAIRE

1. How are the funds appropriated under the Smith-Hughes Act and the George-Deen Act allocated to the various States? What basis is used for such allotments? (If on population basis, are census figures used?)

The funds appropriated under the above acts are allocated to the various States on the basis of population ratios. The specific populations for various purposes are specified in the acts. The Smith-Hughes Act provides that the allotments shall be made "* * *" according to the last preceding United States census. * * *" The George-Deen Act provides for the allocation "* * *" according to the United States census last preceding the end of the fiscal year in which any such allotment is to be made * * *." Each of the acts provides for minimum allotments for all States in order that sufficient funds may be available for a basic program regardless of small populations.

2. Are any of the funds available under either program, subject to allocation on basis of State need, regardless of any other condition?

None of the funds available under these acts is subject to allocation on the basis of State need regardless of any other condition.

3. Do the above acts provide for any residence requirements?

These acts do not provide for any residence requirements.

4. Does either program require approval of a State plan?

The Smith-Hughes Act requires a State plan. Section 8 of the act makes the following provision: "* * *" that in order to secure the benefits of the appropriation for any purpose specified in this act, the State board shall prepare plans * * *." The George-Deen Act is subject to the same conditions and limitations as the Smith-Hughes Act in this respect.

5. Do any of the State plans, which are approved by the Office of Education, contain any provisions in relation to residence?

The State plans for vocational education, which are approved by the Office of Education, do not contain any provisions in relation to residence requirements.

6. A summary, or, if convenient, a list of such residence requirements, if any, as may be found in the plans of the various States.

None.

7. Does your Office feel that it has any discretion in the matter of approving a plan containing residence requirements, or is it possible that you could reject a plan which did contain residence requirements?

It is my opinion that this Office has no discretion in the matter of approving a State plan containing residence requirements, since the Smith-Hughes Act provides that plans submitted by the State boards for vocational education for approval shall be approved if the plans are found to be in conformity with the provisions and purposes of the act.

8. Does your Office know whether or not nonresident persons in any State are precluded from the benefits of either program?

This Office does not have specific information as to whether or not nonresident persons in any State are precluded from the benefits of the Vocational Education Acts. Since the vocational program is an integral part of the

public educational facilities, any person eligible for enrollment in the public-school system is eligible for enrollment in the vocational courses, provided he meets any special requirements which apply to all who are enrolled.

9. If nonresidents are precluded from the benefits of either program, is such preclusion brought about by either (a) any provisions in the Federal law, (b) any provision in a State law, or (c) by reason of any administrative practice, either Federal or local?

If nonresidents are precluded from the benefits of the vocational program in any instance, such preclusion would not be due to any provisions in the Federal law or Federal administrative practice.

10. How are the individual beneficiaries of your program selected?

Individual beneficiaries of the vocational education program are selected on the basis of application for enrollment in the public-school program, and for particular courses on the basis of their aptitude and/or previous training and experience.

11. How many people (figures, if available) benefit from either program? (Are nonresidents included herein?)

For the fiscal year ended June 30, 1940, 2,290,741 were enrolled in the federally aided vocational education program. (We have no reason to believe that nonresidents are excluded.)

12. How much of an appropriation, in your opinion, would be necessary to cover into either program all nonresident persons, if any, not now included?

We do not believe that nonresident persons are excluded.

13. If, in fact, nonresidents are being excluded from either program, what, in your opinion, would be the probable effect of requiring, as a condition for receipt of funds, that all persons should be included regardless of any residence requirement?

We do not believe that nonresident persons are excluded.

14. If such condition were imposed, how in relation to either program could it be made effective, i. e., by an amendment to the organic law or through administrative rules and regulations?

It would be necessary to amend the organic law.

15. If, in fact, nonresidents are being excluded from either program, in your opinion, could nonresidents be covered in if some of your funds were available on a variable basis, i. e., regardless of residence or any other condition?

If nonresidents are being excluded from the vocational program, the basis of making funds available would have no influence unless the matching of Federal funds were abolished. Additional Federal funds would naturally make it possible for a public school to expand its vocational program, thereby making it available to more persons, both resident and nonresident.

16. Even if a State, through its law or administrative practice, were excluding nonresidents from either program, if its plan conformed to your present law, would you feel bound to accept it?

Even if a State, through its law or administrative practice, were excluding nonresidents from the vocational program, this Office would feel bound to accept its plan, if the plan conformed to the present law.

17. Does your Office have any effective means of determining whether or not nonresidents are covered by either program?

This Office has no effective means of determining whether or not nonresidents are covered by the vocational program. To do so would require a study of the practice of each local school system participating in the vocational education program.

18. If your Office should ascertain that nonresidents were excluded from either program, could you withhold the allotments of Federal money on that account?

Should this Office ascertain that nonresidents were excluded from the vocational education program we could not withhold the allotments of Federal money on that account.

TESTIMONY OF R. V. BILLINGTON

Mr. THOMAS. Mr. Billington, you state that the vocational education program of your office is integrated with the public school system in each State. In connection with this residence problem, isn't it possible that nonresident children are frequently excluded in

States which lack a compulsory school-attendance law, that is, if they were not compelled to go to school, they wouldn't be able to participate in the vocational-educational program?

Mr. BILLINGTON. That is absolutely true. If they were not compelled to and didn't attend school, they couldn't participate in the program because it is a part of the regular public school system.

Mr. THOMAS. That would also be true of any State which charged a tuition for nonresidents, would it not?

Mr. BILLINGTON. That would be true if they have to pay a tuition as a condition of getting into the public school system. However, if tuition were levied, especially on vocational classes that received Federal aid, we could not go along with that.

Mr. THOMAS. I mean just the general proposition of tuition being exacted for attendance at the school itself?

Mr. BILLINGTON. That's right.

Mr. THOMAS. And of course if the State set up any kind of residence qualifications before a nonresident child could get into the public school system, that would exclude him from your program?

Mr. BILLINGTON. That is true. Even though they might want to go in as students in the public school system to get the vocational program that is offered by means of Federal aid.

EFFECT OF SHORTAGE OF VOCATIONAL FACILITIES

Mr. THOMAS. And, of course, if a State didn't have adequate facilities for educating children of migratory citizens, that, too, would preclude them from attending the public schools, and hence preclude them from your program?

Mr. BILLINGTON. That is true. We have had that difficulty in connection with requests which have been made to provide vocational education facilities for N. Y. A. youth who have been brought in groups into communities, and also in connection with enrollees in the C. C. C., in States which do not have the facilities to give vocational education. That difficulty has been partly corrected in the defense training program. But under the regular program lack of facilities acts to prevent migratory, as well as resident, children from participating in vocational courses.

Mr. THOMAS. I notice in your statement that while you state the act under which your office operates has no residence requirements, nevertheless, if a State law had a residence requirement, you would feel that you couldn't reject a State plan on those grounds. Could you explain to us just why you feel you haven't any discretion in eliminating residence requirements in State plans?

REQUIREMENTS GOVERNING GRANTS FOR VOCATIONAL EDUCATION

Mr. BILLINGTON. I think our act is very clear in setting up certain specific standards and procedures by which the act shall be administered in the State. For instance, a State must create a State Board for Vocational Education, having at least three members, unless it designates an already existing board as such a State board. It must designate the State Treasurer as custodian of Federal funds, and there is quite a detailed commitment that the State must make.

Our act says that if the plan submitted by the State board for vocational education is in accord with the provisions of the act, it shall be approved. The act gives us no discretion outside those provisions, and in the absence of provisions that there shall or shall not be residence requirements in a State plan, we would have to accept a plan, I believe, whether residence requirements were included or not included.

Mr. THOMAS. Do you think it would be at all feasible for your act to require, as one of the conditions of these grants, that a State would have to have a law compelling the attendance of all children, or has your office ever considered the problem of the exclusion of any group of children?

Mr. BILLINGTON. It has never been a problem with us. Frankly, we have never considered it, so far as I have been able to find out, until this questionnaire came to our office. We have had no history of complaint or difficulty along that line so far as vocational education is concerned. It has never come to our attention. Except in these cases of Federal projects being set up in a State, there has been no difficulty at all.

**STATEMENT AND TESTIMONY OF JOHN A. KRATZ, DIRECTOR,
DIVISION OF VOCATIONAL REHABILITATION, UNITED STATES
OFFICE OF EDUCATION, WASHINGTON, D. C.**

Mr. THOMAS. Our next witness will be Mr. Kratz, Director of the Division of Vocational Rehabilitation of the Office of Education.

STATEMENT IN REPLY TO COMMITTEE QUESTIONNAIRE

1. How are the funds appropriated under title V of the Social Security Act allocated to the various States? What basis is used for such allotments? (If on population basis, are census figures used?)

On a population basis census figures are used.

2. Are any of the funds available under either program, subject to allocation on basis of State need, regardless of any other conditions?

No.

3. Do the above acts provide for any residence requirements?

No.

4. Does either program require approval of a State plan?

Yes.

5. Do any of the State plans, which are approved by the Office of Education, contain any provisions in relation to residence?

Yes; in some States, State laws require residence and some State plans cover these provisions. Without examination of all State plans and laws, it is impossible to determine the number of States which have residence requirements. However, in practice it does not appear to be a serious factor in establishing eligibility for rehabilitation.

6. Summarize or, if convenient, list such residence requirements, if any, as may be found in the plans of the various States.

Where plans contain residence requirements they refer to either 6 months or 1 year of residence.

7. Does your office feel that it has any discretion in the matter of approving a plan containing residence requirements, or is it possible that you could reject a plan which did contain residence requirements?

Our office feels that it has discretion in the matter of approving plans containing residence requirements except where those requirements are based on State law.

8. Does your office know whether or not nonresident persons in any State are precluded from the benefits of either program?

We do not have accurate data but the number of nonresident persons in any State precluded from service is relatively small because of the reciprocal agreements which have been worked out among the States.

9. If nonresidents are precluded from the benefits of either program, is such preclusion brought about by either (a) any provisions in the Federal Law, (b) any provision in a State Law, or (c) by reason of any administrative practice, either Federal or local?

Preclusions from the benefits of rehabilitation service are brought about by State law and not Federal law, by State administrative practice and not by Federal administrative practice.

10. How are the individual beneficiaries of your program selected?

Cases are selected on the basis of (a) permanent physical disability which constitutes a vocational handicap, and (b) susceptibility for the program on the basis of work capacity and mental capacity to profit by rehabilitation.

11. How many people (figures, if available) benefit from either program? (Are nonresidents included herein?)

At the present time there are 30,000 disabled persons in process of rehabilitation. There are some nonresidents included in this figure and in many instances the nonresident is only delayed in his program long enough to establish intent of or legal residence.

12. How much of an appropriation in your opinion, would be necessary to cover into either program all nonresident persons, if any, not now included?

We are not at this time prepared to recommend any funds for this purpose. Certainly, under normal conditions the exclusion of nonresidents has not been a problem.

13. If, in fact, nonresidents are being excluded from either program, what, in your opinion, would be the probable effect of requiring, as a condition for receipt of funds, that all persons should be included regardless of any residence requirement?

This would not work a hardship on our cooperative programs in the States except where nonresidents were excluded by State law.

14. If such condition were imposed, how in relation to either program could it be made effective, i. e., by an amendment to the organic law or through administrative rules and regulations?

Through administrative rules and regulations.

15. If, in fact, nonresidents are being excluded from either program, in your opinion, could nonresidents be covered in if some of your funds were available on a variable basis, i. e., regardless of residence or any other condition?

Yes.

16. Even if a State, through its law or administrative practice, were excluding nonresidents from either program, if its plan conformed to your present law, would you feel bound to accept it?

Our basic law does not carry a residence requirement. Therefore, the office would have to accept a State plan carrying residence requirements if such requirements were based on State law.

17. Does your office have any effective means of determining whether or not nonresidents are covered by either program?

Such information could be secured but is not now available.

18. If your office should ascertain that nonresidents were excluded from either program, could you withhold the allotments of Federal money on that account?

No.

TESTIMONY OF JOHN A. KRATZ

MR. THOMAS. Mr. Kratz, in your statement you say that residence requirements have not been a serious factor in establishing eligibility for rehabilitation service. Will you expand that statement a little for us?

MR. KRATZ. Yes; our program is a little different from that described by Mr. Billington. The question of compulsory attendance does not come in at all. A disabled person, if he has a permanent physical disability and needs service, may apply for it and receive it. Now some of the States, as I have indicated in my statement,

do have residence requirements and will insist that an applicant have resided in the State, say 6 months—perhaps as much as a year but usually 6 months—before they will spend money to rehabilitate. However, there is a certain amount of reciprocity between States. For instance, a bona fide resident of Ohio might go to Indiana for the purpose of living with relatives, or for the purpose of getting training for a particular vocation available there which wouldn't be available in his home State, and the sending State would pay the bill. The receiving State would supervise the training and, perhaps, place the case after training.

Mr. THOMAS. Has your office ever been called upon to settle any controversy arising in connection with any of these reciprocal agreements, or a particular problem affecting some person needing rehabilitation who went from one State to another?

COVERAGE OF VOCATIONAL REHABILITATION PROGRAM

Mr. KRATZ. No; I can't say that they have appealed to us to settle the difficulty. We deal with rather small numbers compared with other programs. For example, we have about 45,000 persons in service at any one time in the entire country. They turn out about 15,000 cases a year as rehabilitants. The States are generally able to adjust those matters among themselves. Of course, you have something of a problem where the work is seasonal. A person goes to what he thinks is a favorable climate and makes application in the State in which he is attempting to gain residence. That would affect such States as Colorado, Arizona, New Mexico, California—States of that kind—but the providing of services is dependent upon available facilities and money, and the State would not ordinarily turn down an applicant because he was a migrant.

Mr. THOMAS. In your act there is no residence requirement?

Mr. KRATZ. No.

Mr. THOMAS. And yet your office approves plans which have a residence requirement?

Mr. KRATZ. We feel that if those requirements are based on State law we have to accept them. We wouldn't tolerate discrimination on the basis of race, sex, or age, except that we can't serve persons who are below the age of legal employability.

Mr. THOMAS. Now, considering the fact that your law has no residence requirement, and the fact that some State plans by reason of the State law provide a residence requirement, wouldn't it seem to be more practicable if the Federal act prohibited residence requirements? Then you probably wouldn't have all of this reciprocal agreement procedure which is now necessary between States.

VOCATIONAL REHABILITATION OF UNITED STATES GOVERNMENT EMPLOYEES

Mr. KRATZ. I think that is true. We have something of a precedent to work on. If you have read our act, you will find that where persons are disabled in the employ of the United States Government, a State must, as one of the conditions for receipt of Federal aid, give service to such persons under such rules and regulations as our office establishes. All we have had to do thus far in handling such a case is to say to California, for instance, "Now, this man was injured in

the Navy Yard of Philadelphia, but he is now in California and you will have to rehabilitate him." Of course, as one of the conditions of the act they do that, but they wouldn't have to perform this service in the case of the ordinary migrant.

Mr. THOMAS. Under your law, as presently set up, it merely says that the States shall give service to a disabled employee of the Federal Government. The Office of Rehabilitation reserves the right, as we understand it, to require any State to give service to an employee of the Federal Government regardless of residence.

Mr. KRATZ. Right.

Mr. THOMAS. That would be without regard to whether or not the State law required it.

Mr. KRATZ. Yes. The Federal act would take precedence over the State law.

Mr. THOMAS. Now, the Federal act itself doesn't require that any State would have to take a civilian employee of the Federal Government regardless of residence, does it?

Mr. KRATZ. It says that as one of the conditions of acceptance of Federal aid or receiving Federal aid, the State must accept the civilians employed by the Federal Government under such regulations as our office sets up.

Mr. THOMAS. That's what I want to ask. For instance, your office says that the Office of Education reserves the right to request any State to give aid to a civilian employee of the Federal Government regardless of residence. That would appear to be by reason of one of your rules and regulations, and not because of the act itself.

Mr. KRATZ. It is based on the act itself. We have to accept persons for service. We could probably send them all to one State, but that wouldn't be practicable. It is better to rehabilitate in the State of residence, and they generally go back to the original State of residence after being helped and discharged.

Mr. THOMAS. Do you find that any States lack facilities to rehabilitate disabled persons?

Mr. KRATZ. Yes. A number of them haven't funds enough, but that is a general condition, not one arising out of this migratory problem.

Mr. THOMAS. But your office wouldn't feel that it could force a State to take an ordinary citizen of another State if the particular State in which he might be located lacked facilities to rehabilitate?

Mr. KRATZ. No. We couldn't force them to do that. But if we felt there was discrimination we would raise the question and find out why.

RESIDENCE AS A FACTOR IN VOCATIONAL REHABILITATION

Mr. THOMAS. In line with what Congressman Tolan has said, don't you think that all citizens should be entitled to rehabilitation regardless of residence?

Mr. KRATZ. Absolutely, regardless of residence.

Mr. THOMAS. Do you think these reciprocal agreements have worked in any way to minimize the problem of residence? Is that a satisfactory solution?

Mr. KRATZ. I shouldn't answer that question without more information than I really have. Problems of this sort have to come

definitely to our attention, which wouldn't mean that a number of persons are not receiving service who ought to have it. I would really like to look into that.

Mr. THOMAS. It would seem that where a reciprocal agreement procedure was set up in lieu of the Federal act eliminating residence, if every State entered into some sort of reciprocal agreement with every other State, you would have a top-heavy, many-sided picture; almost be creating problems rather than solving them.

Mr. KRATZ. Yes.

STATEMENT OF KATHARINE F. LENROOT, CHIEF, CHILDREN'S BUREAU, UNITED STATES DEPARTMENT OF LABOR, WASHINGTON, D. C.; TESTIMONY OF EDITH ROCKWOOD, SPECIALIST IN CHILD WELFARE, AND LAURA ELMORE WARREN, ADMINISTRATIVE ASSISTANT, CHILDREN'S BUREAU, UNITED STATES DEPARTMENT OF LABOR

Mr. THOMAS. Miss Rockwood and Mrs. Warren, of the Children's Bureau, Department of Labor, will now testify.

STATEMENT IN REPLY TO COMMITTEE QUESTIONNAIRE

Summarizing the material presented in the attached table submitted in answer to the questions in your letter of July 7, 1941:

There are no residence restrictions in title V of the Social Security Act that make it impossible to use Federal funds for maternal and child-welfare services for mothers and children who, as defense migrants, do not have legal residence in the State or county where they find themselves.

Maternal and child-health services (title V, pt. 1) and child-welfare services (title V, pt. 3) are made available in local communities on the basis of the need of those who are to be served, without limitation as to legal residence.

Under the crippled children's program (title V, pt. 2) there are some States that have residence restrictions as to the crippled children who can be given care. However, it has been possible to work out reciprocal agreements between State crippled children's agencies to cover the costs of care of children transferring their residence between States, so that in practice there is no residence restriction on the giving of service to crippled children under this program.

The limitations that do affect the giving of service to children of defense migrants are financial. The annual appropriations for each service now equal the total amounts authorized, and expansion of the programs would be possible only through legislation authorizing increased sums. Unless more funds are made available for maternal and child-welfare services, the only possibility of increasing service in defense areas to any extent is to curtail service in other areas where the needs are also great and the foundations of a program are just being established.

In my statement to your committee December 11, 1940, I reported on the effects of migration on family life and child welfare, including defense migration, and submitted recommendations by Children's Bureau advisory committees that grants to the States for maternal and child-health services and for child-welfare services under title V, parts 1 and 3, of the Social Security Act, be increased, especially in view of the intensified needs associated with defense measures.

This year the Children's Bureau has been in frequent consultation with State health and welfare agencies on health and social problems affecting mothers and children in defense areas. They have recognized the need for increasing medical and public-health-nursing services for mothers and children, and child-welfare services in these areas. They are also conscious of the great need for hospital beds and for medical and nursing services for mothers at the time of delivery and for sick children.

To a very limited extent, in defense areas, State agencies have increased maternal and child-health service in local health departments, and have added child-welfare workers to the staffs of county welfare departments. The Children's Bureau has approved State plans proposing such extensions of service. However, the total amount of additional service provided is infinitesimal in comparison with the need.

In nearly 1,000 of our 3,076 counties there are no maternal and child-health services under the social-security program, as shown by the latest available figures; and in most of the other counties only partial services are provided. In scarcely more than 500 counties and local areas are there child-welfare workers employed under the social-security program.

The Federal appropriations for grants to States, of \$5,820,000 for maternal and child-health services, \$3,870,000 for services for crippled children, and \$1,510,000 for child-welfare services, set the limit on Federal participation in these programs so far as authorized. State and local funds that in part match the Federal grants help to finance the present program. These State and local appropriations for these purposes should be increased, in order to meet the needs of mothers and children in defense areas. However, in view of all the demands upon State and local governments, it cannot be anticipated that these programs will be expanded rapidly unless the Federal Government assists.

The attached table answers the specific questions asked by your committee with regard to the operation of parts 1, 2, and 3 of title V of the Social Security Act, administered by the Children's Bureau, in relation to services for children of migrants.

Some exhibits are attached also, illustrating negotiations between the Children's Bureau and State agencies, and also between State agencies, in relation to services to be given nonresident mothers and children.

Grants to States for maternal and child-welfare services under title V, pts. 1, 2, and 3 of the Social Security Act, administered by the Children's Bureau in relation to services for children of migrants

Title V	
<p>Pt. 1.—Maternal and child-health services</p> <p>Total annual Federal appropriation authorized, \$3,820,000¹</p> <p>Fund A, \$3,840,000 (matching by State or State and local funds required): (1) \$20,000 to each State (\$1,040,000) and (2) \$2,800,000 allotted on basis of live births in latest calendar year for which Census Bureau figures are available.</p> <p>Fund B, \$1,980,000 (matching not required) allotted on basis of financial need of State for assistance in carrying out plan, after number of live births has been considered.</p> <p>A conditional apportionment is made on basis of excess infant mortality, maternal mortality, and sparsity of population; the final allotment is made in the light of the showing of need submitted in State plans.</p>	<p>Pt. 2.—Services for crippled children</p> <p>Total annual Federal appropriation authorized, \$3,870,000¹</p> <p>Fund A, \$2,870,000 (matching by State or State and local funds required): (1) \$20,000 to each State (\$1,040,000) and (2) \$1,830,000 allotted according to need, after number of crippled children in need of service and costs of service have been considered; and apportionment of this sum is first made on the basis of population under 21 years according to the latest decennial census; the final allotments is made on the showing of State ability to match apportionment and showing of need submitted in State plans.</p> <p>Fund B, \$1,000,000 (matching not required) allotted on basis of financial need of State for assistance in carrying out plan, after number of crippled children in need of service and costs of service have been taken into consideration.</p> <p>A conditional apportionment is made to the States of part of this fund on the basis of per capita income, sparsity of population, cases of poliomyelitis, deaths of children from heart disease, and crippled children on State registers, and of part of the fund on the basis of need of States administering services for children with heart disease; the final allotment of these sums is made in the light of the showing of need submitted in the State plans; the balance of fund B is reserved for later apportionment on the basis of special need.</p> <p>Census figures for population under 21 years of age include all such persons; State registers of crippled children usually include children regardless of status of residence but newcomers are somewhat less likely to be brought to clinics—an important source of registration.</p>
<p>Pt. 3.—Child-welfare services</p> <p>Total annual Federal appropriation authorized, \$1,510,000¹</p>	<p>On basis of plan developed jointly by the State public-welfare agencies and the Children's Bureau, \$10,000 to each State (\$20,000) and the remainder (\$990,000) allotted on basis of rural population as shown by latest decennial census.</p> <p>Rural-population figures include residents of State at time of census.</p>

1. How are Federal funds allocated to the States?²

2. Do census figures used include nonresidents?

<p>3. Are any funds available on basis of State need regardless of any other condition?</p>	<p>Some funds are available on basis of need (see fund B, in answer to question 1).</p>	<p>No: allotments to States must be made as prescribed (see answer to question 1); within States funds are to be used for developing local child-welfare services in areas predominantly rural and for State services which may provide for other areas of special need.</p>
<p>4. Does the Social Security Act provide for any residence requirements?</p>	<p>Title V, pt. 2, does not include residence requirements.</p>	<p>Title V, pt. 3, does not include residence requirements.</p>
<p>5. Do programs require approval of State plans?</p>	<p>State plans are approved by the Chief of the Children's Bureau.</p>	<p>State plans are approved by the Chief of the Children's Bureau.</p>
<p>6. Do approved State plans contain provisions relating to residence?</p>	<p>Approved State plans do not restrict services to legal residents.</p>	<p>Approved State plans do not restrict services to legal residents.</p>
<p>7. Has Bureau discretion in approving plan containing residence requirements?</p>	<p>If residence is mentioned on any project the Bureau calls attention to the necessity of making services available, within the area covered, to all mothers and children who need service; language of title V embodies broad provisions with no reference to residence limitations; no residence limitations are applied to general services under State plans.</p>	<p>State plans have not included residence limitations on children to be given child-welfare services.</p>
<p>8. Does Bureau know of nonresident children in any State precluded from benefits of program?</p>	<p>Only insofar as limited funds preclude service for resident as well as nonresident mothers and children.</p>	<p>Nonresident children are not excluded from services in counties in which there is a child-welfare worker paid in whole or in part from child-welfare services funds.</p>
<p>9. Is there any preclusion of nonresidents from benefits (a) by Federal law? (b) by State law? (c) by administrative practice?</p>	<p>There is no preclusion of nonresidents from service by Federal law or under administrative practice, but there are some State laws restricting services to residents.</p>	<p>There is no preclusion of nonresidents from service, by law or administrative practice, in counties with child-welfare services.</p>
<p>10. How are beneficiaries of program selected?</p>	<p>Health-education and school-health services are available for all children; health supervision at clinics and through home visits by public-health nurses usually are given to families of the lower-income groups; home delivery-nursing service and medical and hospital care when given in limited areas are available only for families that cannot obtain such care through their own resources.</p>	<p>Children in difficulty are referred to child-welfare worker by the parents, the neighbors, the schools, the judge, the police, or other interested individual, in order that the child's need may be determined.</p>

¹ The full amount authorized was appropriated for the fiscal year 1942 and also for 1941.
² "States" includes the 48 States, District of Columbia, Alaska, Hawaii, and Puerto Rico.

Grants to States for maternal and child-welfare services under title V, pts. 1, 2, and 3 of the Social Security Act, administered by the Children's Bureau in relation to services for children of migrants—Continued

Title V		
Pt. 1.—Maternal and child-health services	Pt. 2.—Services for crippled children	Pt. 3.—Child-welfare services
<p>11. How many children benefited?</p>	<p>On Mar. 31, 1941, 298,080 crippled children were on State registers; during 1940, 89,067 children were admitted to diagnostic and treatment clinics (including readmissions), 41,573 children were admitted to hospitals (including readmissions), and many children were given various types of after-care service.</p>	<p>On Oct. 31, 1940, approximately 45,000 children from more than 21,000 families were receiving services from child-welfare workers paid in whole or in part from Federal funds.</p>
<p>12. Is any part of fund A or of fund B available for benefits which include non-residents?</p>	<p>Services are generally made available to nonresidents, either directly or through interstate arrangements.</p>	<p>Services are available without limitation as to residence.</p>
<p>13. If State plan excluded non-residents under its law or practice, would Children's Bureau be bound to accept it?</p>	<p>Funds are expended under crippled children's programs in accordance with State laws, with emphasis on development of interstate services for children without established residence in the State where services are given.</p>	<p>State and Children's Bureau agree on provisions to be included in joint plan; and provisions for exclusion of nonresident children do not appear in these plans; nonresident children are not discriminated against under this program—a cash benefits program, which does not include information is obtained informally through regional consultation service.</p>
<p>14. What means are used to determine whether non-residents are included?</p>	<p>Information is obtained informally through regional consultation service and through correspondence with State officials and individuals interested in crippled children.</p>	<p>Information is obtained informally through regional consultation service.</p>
<p>15. Can Federal allotments be withheld in case of exclusion of nonresidents?</p>	<p>Language of act is sufficiently broad to make possible adjustment to general policy through use of fund B or in other ways.</p>	<p>No ruling has been given on this; issue probably would never arise.</p>

16. Is scope of program adequate to cover nonresident mothers and children?

The scope of the program is adequate, but the funds so far authorized are not sufficient to meet the need for maternal and child-health services for either residents or nonresidents on any adequate basis; needs are especially great in "defense areas."

The scope of the Federal program is adequate, and arrangements can be made between State agencies to cover service to nonresident children; the funds are not sufficient to provide care for all physically handicapped children whose families cannot pay for care needed.

The scope of the program is adequate, but the funds so far authorized are not sufficient to provide needed services for all children, either resident or nonresident; additional funds are needed to develop the program further so as to provide services for children in a larger number of counties and in urban areas of special need, especially those where child-welfare problems are made more acute by defense activities.

EXHIBIT A.—ILLUSTRATIONS OF NEGOTIATIONS BETWEEN CHILDREN'S BUREAU AND STATE AGENCIES IN RELATION TO SERVICES FOR NONRESIDENTS UNDER TITLE V, PARTS 1 AND 2 OF THE SOCIAL SECURITY ACT

[Copy]

UNITED STATES DEPARTMENT OF LABOR,
CHILDREN'S BUREAU,
Washington, May 10, 1940.

R. L. CLEERE, M. D.,
Secretary and Executive Officer, Division of Public Health,
Denver, Colo.

DEAR DR. CLEERE: This is to inform you that I have approved your supplemental maternal and child health budget No. 7 for the fiscal year 1940, authorizing the expenditure of \$10,000, fund B. The effective date of approval is January 1, 1940.

Approval has been given with the understanding that all medically needy patients in these counties will be eligible for service irrespective of their residence status, and that no medical or hospital services will be provided from maternal and child health funds that are now being paid for from State, local, or private funds.

Sincerely yours,

MARTHA M. ELIOT, M. D.
Acting Chief.

RESPONSIBILITY FOR THE NONRESIDENT CRIPPLED CHILD

(Article in *The Child*, issued by Children's Bureau, U. S. Department of Labor, September 1937)

Reciprocal agreements between States in regard to services for individual crippled children whose parents have not yet acquired residence in a State to which they have moved or who are living temporarily in a State in which they are not legal residents are being developed under the social-security program.

If a child eligible for medical care is a bona fide resident of a State administering a program of services for crippled children under the Social Security Act, it has appeared to be a desirable policy for the official agency in that State to assume responsibility for meeting the cost of medical care until the family has established residence in the State to which it has moved or until the child has returned to his home State. Federal funds brought into the State program on a matching basis under the Social Security Act can be expended for this purpose. In such instances, the quality of services can be safeguarded by the official agency in the State where the child is receiving medical care. The development of such policies means that crippled children will not be denied the necessary medical care because of residence restrictions. This is undoubtedly the intent of the social-security legislation.

One such reciprocal agreement is that concerning Lucy May.

Lucy May was first examined at a North Carolina clinic for crippled children when she was only a year old. Her right knee was stiff and swollen. The orthopedic surgeon diagnosed the case and advised hospitalization. It was several months before facilities for hospitalization through the services for crippled children established by the State agency under the Social Security Act became available. When at length a bed was available, Lucy May and her family could not be found. It was finally discovered that they had moved to Colorado, hoping to benefit Lucy May. But in Colorado she was not eligible for assistance until her family had established a year's residence.

Fortunately, it was possible to work out a reciprocal agreement between the two States concerned, through the patience and cooperation of the State agencies and of the county in Colorado to which the family moved. The medical social worker attached to the Colorado agency arranged for Lucy May's care in the county hospital, since the State law did not permit it to assume the responsibility until residence was established. The county was reimbursed for this first hospitalization by the North Carolina agency at a per diem rate agreed upon, which did not exceed the North Carolina rate.

North Carolina agreed to finance further needed care until a year's residence was established in Colorado or until the family returned to North Carolina, on condition that the North Carolina agency be given advance notice of indicated needs with the privilege of approving or disapproving the expenditures involved.

In acknowledging this agreement, the Colorado agency pointed out: "The acceptance by your State of this first responsibility will materially aid other States in formulating a similar * * * policy with the hope that care for all crippled children will be assured wherever they are in the United States."

The Nebraska State plan for services for crippled children under the Social Security Act now includes a provision that the State agency will assume financial responsibility for needed medical care for children whose families are legal residents of Nebraska but who are temporarily living in another State. It is hoped that other States will adopt similar provisions in their State plans in order to facilitate the handling of cases of this nature.

CHILDREN'S BUREAU NEWS RELEASE, NOVEMBER 22, 1937

Crippled children whose parents move from one State to another will not be deprived of the services provided for them under the Social Security Act because of residence requirements of the State to which they move if reciprocal agreements now being worked out by some States become general, the Children's Bureau of the United States Department of Labor said today.

A reciprocal agreement between North Carolina and Colorado has already been worked out, and the Nebraska State plan for services for crippled children under the Social Security Act now includes a provision that the State agency will assume financial responsibility for needed medical care for children whose families are legal residents of Nebraska but who are temporarily living in another State.

The development of such policies means that crippled children will not be denied the necessary medical care because of residence requirements.

If a child eligible for medical care is a bona fide resident of a State administering a program of services for crippled children under the Social Security Act, it has appeared to be a desirable policy for the official agency in that State to assume responsibility for meeting the cost of medical care until the family has established residence in the State to which it has moved or until the child has returned to his home State. Federal funds brought into the State program on a matching basis under the Social Security Act can be expended for this purpose. In such instances, the quality of services can be safeguarded by the official agency in the State where the child is receiving medical care.

An actual example of the way such an agreement works out in practice, the Children's Bureau reports, is the case of a child whose parents moved from North Carolina to Colorado.

Lucy May was first examined at a North Carolina clinic for crippled children when she was only a year old. Her right knee was stiff and swollen. The orthopedic surgeon diagnosed the case and advised hospitalization. It was several months before facilities for hospitalization through the services for crippled children, established by the State agency under the Social Security Act, became available. When at length a bed was available, Lucy May and her family could not be found. It was finally discovered that they had moved to Colorado, hoping to benefit Lucy May. But in Colorado she was not eligible for assistance until her family had established a year's residence.

Fortunately, it was possible to work out a reciprocal agreement between the two States concerned, through the patience and cooperation of the State agencies and of the county in Colorado to which the family moved. The medical social worker attached to the Colorado agency arranged for Lucy May's care in the county hospital, since the State law did not permit it to assume the responsibility until residence was established. The county was reimbursed for this first hospitalization by the North Carolina agency at a per diem rate agreed upon, which did not exceed the North Carolina rate.

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In acknowledging this agreement, the Colorado agency pointed out: "The acceptance by your State of this first responsibility will materially aid other States in formulating a similar * * * policy with the hope that care for all crippled children will be assured wherever they are in the United States.

[Copy]

UNITED STATES DEPARTMENT OF LABOR,
CHILDREN'S BUREAU,
Washington, January 15, 1941.

DR. BERTRAM P. BROWN,
Director, State Department of Public Health,
San Francisco, Calif.

(Attention: Dr. Mills.)

DEAR DR. BROWN: Miss Ball, our regional medical social consultant, has recently called to our attention the case of a Mexican child who received treatment in Imperial County in your State for a crippling condition and subsequently returned to Mexico. Since that time, it is our understanding that the parents of this child have lost their residence in California and have appeared at one of the diagnostic clinics held for crippled children in Arizona. A question has arisen as to whether or not it would be possible to provide further services for the care and treatment of this child through the use of funds made available under an approved State plan of services for crippled children.

Inasmuch as no limitation has been made in the provisions of the Social Security Act relating to residence requirements for children who may receive services for the care and treatment of crippling conditions, it will be possible to provide such services for this child through the use of Federal funds. The only question which would appear to arise in connection with the services which might be provided for this child by either the State agency in California or Arizona is the authority given to the State agency to provide services for children who have not attained a legal residence within the State. If this matter can be satisfactorily settled between the two State agencies we hope that it will be possible to make arrangements for the care and treatment of this child.

Sincerely yours,

A. L. VAN HORN, M. D.
Acting Director, Crippled Children's Division.

EXHIBIT B.—ILLUSTRATIONS OF NEGOTIATIONS BETWEEN STATE CRIPPLED CHILDREN'S AGENCIES IN REGARD TO RECIPROCAL AGREEMENTS FOR SERVICE FOR NON-RESIDENT CRIPPLED CHILDREN

[Copy]

STATE OF ALABAMA,
DEPARTMENT OF EDUCATION,
Montgomery, Ala., January 20, 1938.

DR. W. J. BREEDING,
Director, Services for Crippled Children,
State Department of Public Health, Nashville, Tenn.

DEAR DR. BREEDING: Since there is a possibility of a number of crippled children moving into Tennessee from Alabama and the same possibility of Tennessee crippled children moving into Alabama, our service would like to enter into a reciprocal agreement with the service for crippled children, of which you are director.

It would be a very fine thing if children, moving from your State into ours and from our State into yours, would not be deprived of the services provided for them under the Social Security Act because of residence requirements in the States. We feel that a great deal may be lost to crippled children coming within this group who cannot meet residence requirements.

We shall be glad to have you report any crippled child to us who moves into Alabama from your State and I assure you that he will receive the same type of service as a child who has had a lifetime residence in the State.

If your service can enter into such an agreement as is suggested above, we should like to refer a crippled child to your service.

Looking forward to hearing from you and assuring you that our first interest is in the crippled child, I am,

Sincerely yours,

THELMA MCGINTY,
Supervisor, State Crippled Children's Service.

EXCERPT, PROGRESS REPORTS ON CRIPPLED CHILDREN PROGRAM TO CHILDREN'S BUREAU, UNITED STATES DEPARTMENT OF LABOR, FROM A. H. COLLINS, SUPERINTENDENT OF EDUCATION, ALABAMA

Question and answer:

VI. b. Describe progress made in planning with other States for care of individual children where questions of residence are involved. Have reciprocal agreements been made with other States for the care of such children?

Reciprocal agreements have been made with the four States bordering Alabama; namely, Florida, Mississippi, Tennessee, and Georgia. Several referrals have been made to Alabama by these States. In every instance, there has been demonstrated a desire to cooperate fully on the part of both the State making the referral and the State receiving it. Frequently reports on the progress of a particular case is requested and given. Many referrals have been made in keeping with these reciprocal agreements.

[Copy]

UNIVERSITY OF MISSOURI,
Columbia, January 6, 1938.

University Hospital's State Service for Crippled Children

Dr. FRANCES C. ROTHERT,
*Regional Medical Consultant,
1048 Canal Bank Bldg., New Orleans, La.*

DEAR DR. ROTHERT: We have not made any particular issue of reciprocity agreements between our service and other State crippled children's agencies. This is not necessary in Missouri since there are no minimal residence requirements for admission to this service.

Any child may be admitted to this service as soon as he has established a residence of any sort in the State. So far we have had no inquiries about transfer of children from other States, although we have referred some of our own children who have moved to other States to the appropriate agencies.

You may be assured if we are informed of any children moving to Missouri who have been under care by other agencies, that they will be admitted for care to our service as soon as it is possible.

Very sincerely,

WILLIAM J. STEWART, M. D.,
Director, State Crippled Children's Service.

[Copy]

THE KENTUCKY CRIPPLED CHILDREN COMMISSION,
301 Heyburn Bldg., Louisville, Ky., January 7, 1938.

Dr. FRANCES C. ROTHERT,
*Regional Medical Consultant, Children's Bureau,
1048 Canal Bank Bldg., New Orleans, La.*

DEAR DR. ROTHERT: Acknowledging your letter under date of January 3, with enclosed mimeographed news letter, also the State agencies administering services for crippled children, I am delighted to have this information.

Just as soon as our biennial report is off the press I will send a copy to each State division.

In reference to reciprocal agreements between States, this matter will have to be presented at the next commission meeting. I hardly believe that Ken-

tucky would be allowed to pay bills outside the State. However, any child moving here from another State we are more than willing to accept as a patient and carry on the treatment.

It seems to me that some arrangement could be made to modify the laws in the various States and allow them to take care of the children when they move into the State; this seems a much more simple arrangement than paying bills outside of the State. However, the matter will be discussed at the next meeting of the commission which will be January 25 and I will write you accordingly.

With cordial good wishes for a happy new year, I am,

Sincerely yours,

MARIAN WILLIAMSON,
Director.

TESTIMONY OF EDITH ROCKWOOD AND LAURA ELMORE WARREN

Mr. THOMAS. Miss Rockwood, in connection with the programs which your office operates under the Social Security Act, you say there are no residence requirements in Title V of the Social Security Act.

Miss ROCKWOOD. Yes; that's so.

Mr. THOMAS. And your program contemplates that State plans be submitted in connection with these programs?

Miss ROCKWOOD. Yes; it is a requirement of the act.

Mr. THOMAS. Do you construe the fact that there are no residence requirements in the national act to mean that you could automatically reject a State plan which did contain a residence requirement?

Miss ROCKWOOD. That issue hasn't arisen, but we in the Children's Bureau have regarded it as an obligation to see to it that provision is made for service to all children within the areas where services are set up, regardless of residence. In consultation service with the States we have worked out arrangements excluding residence as a factor.

INCLUSION OF NONRESIDENTS IN MATERNAL AND CHILD-WELFARE PROGRAMS

Mr. THOMAS. Do you require that provision to be in a State plan?

Miss ROCKWOOD. If a State plan should contain a residence requirement provision, which ordinarily would not occur in either the maternal and child health or child-welfare programs, before the plan is approved we would discuss with the State the means of taking care of nonresident children.

Mr. THOMAS. By that you mean that a State plan might contain a resident requirement but that you would have a discussion with them on how to avoid it.

Miss ROCKWOOD. The issue might arise under the program for services for crippled children, where medical and hospital care are provided and where, in some of the States, there are restrictions in State laws. In the instructions for the State plans we ask them to report any restrictions, residence or otherwise, on the children who can be served under their State law; and then, because of the entrance of the Federal funds into the picture, we can encourage them in making arrangements through reciprocity agreements with other States to provide service regardless of the particular State restrictions.

Mr. THOMAS. Your crippled-children program seems to be an exception to the other two programs in that it runs into State residence requirements.

Miss ROCKWOOD. Yes; in some States.

Mr. THOMAS. Were those residence requirements in force in the States before this particular program was enacted?

Miss ROCKWOOD. Usually, yes.

AVAILABILITY OF FEDERAL FUNDS FOR CARE OF NONRESIDENT CRIPPLED CHILDREN

Mr. THOMAS. You state that Federal funds are available for meeting the cost of medical care to nonresident crippled children in connection with this interchange of residents from one State to another. Now, in allotting your funds to a State, do you give special consideration to that type of expenditure, or is that type taken out of the general allotment?

Miss ROCKWOOD. It comes out of the general allotment to the State because when the allotments are made they are not made on the basis of an allotment per child; they are made on the basis of allotments for the whole program of services to be rendered, and then they are administered by the State. As the needs of particular children come to the fore, provision is made for the individual child.

Mr. THOMAS. Do you feel that this reciprocal agreement procedure is more expedient than if the Federal law itself required that there be no residence requirements of any sort?

Miss ROCKWOOD. It has worked so far because the State agencies are always ready to provide care for nonresident crippled children. They do work, either on an individual basis—that is, the occasional child who may come to the State under an arrangement for its care with the State where the child's residence still exists—or with nearby States they may have a formal reciprocal agreement, so that they know whenever a case arises the other State will be ready to assume responsibility for the cost of care until the child's legal residence is established in the State to which he has been moved.

STATE RECIPROCAL AGREEMENT PROCEDURE

Mr. THOMAS. We notice, in your exhibit (pp. 16-17) in connection with a "chargeback" of a child who had migrated from one State to another, a suggestion that such process or procedure of billing the States from whence they came was rather cumbersome, and the suggestion was made that the law should be amended or some procedure established to facilitate the handling of such a matter. Do you think that if the crippled children's program were in line with the other two programs, that is, that no residence requirements whatever be set up, it would eliminate this reciprocal agreement procedure?

Miss ROCKWOOD. Of course it would, if there were a definite requirement in the Federal law. It would eliminate the necessity for it.

Mr. THOMAS. I might ask you the same question I asked Mr. Kratz; there is the possibility that you would have a tremendous number of reciprocal agreements among States?

Miss ROCKWOOD. Yes. There are a group of reciprocal agreements but it hasn't been necessary to develop an extensive system.

Mr. THOMAS. Do you feel that in actual practice nonresidents are accorded the same treatment as residents in each State—as the State insists it will accord in its plan? Do you find any discrimination between residents and nonresidents?

RESTRICTIONS ON USE OF STATE FUNDS

Miss ROCKWOOD. We haven't had any evidence of the intent of the State or local officials to discriminate. Of course, it is true that newcomers to a community may fail to get service as promptly as those who have been there longer and who know how to get service, so that there might be a situation where the nonresidents and those who are moving from one community to another would fail to be served as readily as the more stationary family groups.

Mr. THOMAS. Mrs. Warren, would you like to add anything to this discussion?

Mrs. WARREN. I think not, Mr. Thomas.

Mr. THOMAS. The crippled children's program is an exception, then, because of provisions within the State laws.

Miss ROCKWOOD. Yes.

Mr. THOMAS. And you feel that because a resident provision is in the State law you couldn't reject a plan which had a residence requirement?

Miss ROCKWOOD. As I say, the issue has never arisen.

Mr. THOMAS. Because of the reciprocal agreements?

Miss ROCKWOOD. Yes. This is true, also, that up until 1939 all Federal funds were matched with State funds. Since 1939 a portion of the Federal grant does not have to be matched with State funds, so that it would be possible to encourage the use of Federal funds in case there were any serious legal restrictions on the State service.

Mr. THOMAS. Miss Rockwood, Mr. Kratz would like to ask you a question.

Mr. KRATZ. That brings up a point which troubles us sometimes. While Federal funds are spent concurrently with State funds in our program, there is an increasing tendency for the budget officers of the State to put as many restrictions on matching Federal funds as there are on State funds. I wondered if that bothered you. It bothers us in some States, which consequently could not spend Federal funds.

Miss ROCKWOOD. So far as I know we haven't encountered any difficulty which couldn't be surmounted.

STATEMENT AND TESTIMONY OF DR. J. W. MOUNTIN, ASSISTANT SURGEON GENERAL, STATES RELATIONS DIVISION; AND DR. R. A. VONDERLEHR, ASSISTANT SURGEON GENERAL, DIVISION OF VENEREAL DISEASES, UNITED STATES PUBLIC HEALTH SERVICE, FEDERAL SECURITY AGENCY, WASHINGTON, D. C.

Mr. THOMAS. Our next witnesses will be Dr. Mountin and Dr. Vonderlehr.

STATEMENT IN REPLY TO COMMITTEE QUESTIONNAIRE

1. Under title VI of the Social Security Act and the Venereal Disease Control Act how are the funds appropriated allocated to the various States? (If on population basis, are census figures used?)

Funds are allotted to the States on the bases of (a) population, (b) extent of special health problems, and (c) financial needs of the respective States. For the fiscal years 1939-40-41 the Census Bureau of 1937 midyear estimates were used for the population basis. For the fiscal year 1942 the 1940 census population data were used.

The above paragraph refers to the manner of allocation of funds by the Public Health Service for title VI of the Social Security Act, and the manner of allocation for the Venereal Disease Control Act is essentially the same except that item (b) should read "extent of the venereal-disease problem."

2. Are any of the funds available under the above acts, subject to allocation on basis of State need, regardless of any other condition?

Approximately one-fourth of the funds were allocated on the basis of financial need, as determined by the ability of the States to raise revenue, expressed in terms of per-capita income differences obtained from data supplied by the Bureau of Foreign and Domestic Commerce for the 5-year period 1935-39.

3. Does your program under the above acts require approval of a State plan? State plans are submitted by the State health officers of the respective States for approval by the Surgeon General, in accordance with the terms of both acts.

4. Do any of the State plans, which are approved by the Surgeon General, contain any provisions in relation to residence?

The funds provided under title VI of the Social Security Act are expended mainly for preventive health service rather than curative medical care, and the plans, therefore, do not include residence restrictions, since public health measures cover the entire population group within a particular jurisdiction regardless of residence requirements.

The regulations covering allotments and payments to the States for venereal disease control activities require that diagnostic and treatment services shall be as freely available to infected residents of other States and counties as to people who reside in the governmental unit providing the services.

5. Does your office feel that it has any discretion in the matter of approving a plan containing residence requirements, or it is possible that you could reject a plan which did contain residence requirements?

In the absence of any specific provision in the Surgeon General's regulations governing payment under title VI of the Social Security Act, it is felt that rejection could not be made to a State plan which contained residence requirements.

Under the provisions of the Venereal Disease Control Act, however, the Surgeon General does have the power to reject a plan which contains residence requirements.

6. Does your office know whether or not nonresident persons in any State are precluded in any way from the benefits of your program?

In several instances where actual treatment is given for cancer and tuberculosis nonresident persons are undoubtedly precluded from the treatment benefits under title VI of the Social Security Act. However, in public health control measures, especially if police measures must be resorted to, no individuals are precluded (this comes under the jurisdiction of State and local health departments).

Through a questionnaire all States advised this office that clinics receiving benefits under the Venereal Disease Control Act furnish nonresidents diagnostic and treatment services.

7. If nonresidents are precluded from the benefits of your program in any way, is such preclusion brought about by either (a) any provision in the Federal law, (b) any provision in a State law, or (c) any administrative practice, either Federal or local?

If nonresidents are precluded from the treatment benefits under title VI of the Social Security Act, the preclusion is because of provision of State or local law.

There is no provision in the Venereal Disease Control Act which precludes benefits of the program to nonresidents. In fact, the contrary is the fact as stated above.

A study of the medical problems associated with transients, released in Public Health Service Bulletin No. 258, summarizes available information on the various provisions in State and local laws which pertain to relief for nonresidents.

8. If, in fact, nonresidents are in any way excluded from your program, have you any means of preventing such practice?

Existing regulations governing the allotment of venereal disease funds provide a means for preventing the exclusion of nonresidents from the benefits of the program. However, the amount of Federal funds which is used for treatment under the provisions of title VI is so small that the number of persons reached would be negligible.

9. Is the presence of a considerable number of transients in any State recognized as a special health problem in the allotment of Federal funds?

Increase in population incident to military concentrations and increase in industrial workers in defense industries were used as a basis for the special health problem allotment for the fiscal year 1942. Any transient increase in the population of a State, other than the increase of population mentioned above, is considered as a local problem to be handled through the State plans submitted to the Surgeon General for approval.

If the prevalence rate for venereal disease shows an increase in the venereal disease problem occasioned by the presence of a considerable number of transients in a State, the Federal funds allocated are directly affected through the factor "extent of the problem."

10. How does the Public Health Service prevent the spread of communicable disease between the States?

The Public Health Service prevents the spread of communicable diseases between the States through regulations applicable to common carriers under the provisions of the act approved February 15, 1893.

At the present time the Public Health Service is cooperating with a number of other agencies in an effort to prevent the interstate spread of venereal disease. To this end, data on blood tests among selectees found to be infected with either syphilis or gonorrhoea are transmitted to the particular locality of their permanent residence for action by the local health authorities. The Army and Navy provide respective local health officers in whose jurisdiction the infection of the military personnel occurred, with identification data on the source of these infections. A Nation-wide venereal diseases assistance program, under the Work Projects Administration has been recently put into operation to help prevent the spread of the disease between States, especially in boom-town areas. As has been aptly stated, venereal disease must be fought on all "48 fronts." It is for this reason that it has seemed all-important that any regulations governing the allotment of funds for venereal disease control should have no restriction with regard to the treatment of the nonresident.

By cooperation with the several States and through allocation of title VI funds, the Public Health Service prevents the spread of communicable diseases between the States through immunization and environmental sanitation programs by States and their local subdivisions. Title VI funds are so utilized to strengthen State and local health departments in order to insure better communicable disease control measures with emphasis at local levels.

Public Health Service officers and special emergency funds are immediately available to assist State and local health departments to prevent the spread of communicable diseases whenever they reach epidemic proportions or whenever the danger of epidemic spread is anticipated, with special emphasis on the prevention of interstate spread of communicable diseases.

TESTIMONY OF DR. J. W. MOUNTIN AND DR. R. A. VONDERLEHR

Mr. THOMAS. Dr. Mountin, in your statement you say that in some instances an individual is aided through the funds provided in title VI of the Social Security Act. Could you tell us just how far such individual aid extends?

Dr. MOUNTIN. I think that is misleading. I think it creates the wrong impression, in that there is no direct aid to an individual. An individual might benefit by a program, but there is no grant to an individual.

Mr. THOMAS. In connection with cancer service or tuberculosis, an individual would benefit from some of the facilities your program would provide?

Dr. MOUNTIN. Yes.

Mr. THOMAS. Just how would he benefit?

Dr. MOUNTIN. He might obtain diagnostic service in a clinic. That would be the nature of the benefit he would receive.

Mr. THOMAS. You say it is possible in such a situation that non-residents might be precluded from benefits?

SCOPE OF MEDICAL CARE

Dr. MOUNTIN. There may be instances, although programs involving medical care to individuals are very limited under title VI of the Social Security Act. Title VI is for the support of general health organizations of the States and the localities, and for the support of sanitation, general preventive programs, and diagnostic services. There is very limited medical care and no institutional care. There may be rare exceptions to this statement but by and large such provision is very insignificant.

Mr. THOMAS. In other words, your program is what it says it is—a public-health service, and it doesn't particularly affect an individual except insofar as one of these services might allow for diagnosis or other clinical attention.

Dr. MOUNTIN. I might say that for services involving care of the individual, such as immunization, diagnosis for tuberculosis, or diagnosis for cancer, so far as we have been able to determine, nonresidents are not barred from clinics. There may be instances where they are but such cases are few. When you get over into the next phase of care, that is, when you actually provide treatment or services or admit those individuals to institutions, then the residence barrier would operate.

Mr. THOMAS. That phase would be outside your program?

Dr. MOUNTIN. Yes. Of course these are general statements. There may be rare exceptions, but the instances in which our program fails to operate because of residence requirements I think are very few. As public-health programs expand to include more and more medical, and particularly institutional, services, the present State residence requirements would be a very serious handicap.

Mr. THOMAS. Dr. Vonderlehr, under your program there is no residence requirement, no such requirement in your national act—is there?

Dr. VONDERLEHR. That is correct.

Mr. THOMAS. And under your program you seem to be somewhat emphatic in your position that no rules and regulations, or rather no State regulations or laws which set up a residence requirement will be sanctioned.

TREATMENT OF NONRESIDENTS HAVING VENEREAL DISEASES

Dr. VONDERLEHR. That is correct; one of the main reasons for that, I might say, Mr. Thomas, is because of the character of the diseases. All of the diseases do not have the same character of communicability as syphilis and gonorrhoea, and from that standpoint it is just as im-

portant to the State that transients be treated as it is that their own residents be treated; otherwise, the disease might spread from transient areas.

Mr. THOMAS. In investigating and examining some of the various programs, the Committee has found that different agencies sometimes have somewhat similar laws. Now, your particular national act is, in some instances, not much different from the act of another agency. And yet, as we are finding in our discussions here this morning, despite the fact that there is no residence requirement in that other national agency act, still the agency feels that it has to tolerate a residence requirement in the State plans.

Now, under your program it would seem in that case perhaps because of the different character of the particular program they are dealing with, that the States are very likely not to invoke the nonresidence clause.

Dr. VONDERLEHR. I think there is one more factor, and that is that we get hundreds of letters each year from individuals in the States saying that they are infected with syphilis or gonorrhoea and asking if treatment is available. Upon investigation, we learn in practically every case that the query has been directed to us because of the ignorance of the individual as to where suitable clinics are located, and not because of discrimination. Also, generally speaking, throughout the country there is a desire to see that everyone who has a venereal disease is treated for that disease, and that desire is based, I think, largely on the theory of self-protection.

Mr. THOMAS. In other words, it is because of the particular problem that is presented that the State does not set up any residence requirement rather than that your act is different from the acts of other programs.

Dr. VONDERLEHR. I do not believe that we could say, in the absence of communicability of the disease, that nonresidents would be considered, unless it was required by Federal law.

Mr. THOMAS. In other words, it is a sort of selfish motive that prompts the States not to require residence qualification in connection with your program.

Dr. VONDERLEHR. That is correct, sir.

Mr. THOMAS. What would your office do if the State did set up a residence qualification in either plan or law?

ACT STIPULATES TREATMENT FOR NONRESIDENTS

Dr. VONDERLEHR. We can withhold our contribution to that State under the regulation of Congress regarding venereal-disease control, and I would like to refer specifically to section 15, paragraph 5, which says:

To receive funds under this Act, diagnostic and treatment services shall be as freely available to infected residents of other States and counties as to people who reside in the governmental unit providing the services.

Mr. THOMAS. The reason we were asking that question is this: It seems that in your particular program you insist that no residence requirement be made, and that your office would not tolerate a residence requirement, whereas in some of the programs of other agencies they are more or less tolerant of residence restrictions.

Dr. VONDERLEHR. We are not tolerant of it at all. If a person has syphilis or gonorrhea, it does not make any difference whether that person is a resident or not. He is just as capable of spreading disease as the person who has always lived in that district.

Mr. THOMAS. We were asking the question from an administrative standpoint. Given the fact that you have two laws which are somewhat similar. One law is administered with a certain toleration of residence requirement, whereas under the other you would not tolerate a residence program.

Dr. VONDERLEHR. The law provides that the Surgeon General, after approval by the Administrator of the Federal Security Agency, shall draft rules and regulations governing allotments, or the payment of funds, so that they may be paid under proper administrative authority. And the law has been prepared with that in mind. The essential reason for this is the fact that we are dealing with communicable diseases.

STATEMENT AND TESTIMONY OF PHILIP F. MAGUIRE, ACTING ADMINISTRATOR, SURPLUS MARKETING ADMINISTRATION, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

Mr. THOMAS. I believe our next witness will be Mr. Maguire, Acting Administrator of the Surplus Marketing Administration.

STATEMENT IN REPLY TO COMMITTEE QUESTIONNAIRE

1. How are surplus commodities distributed, i. e., how do these commodities get into the hands of an individual?

In many areas surplus commodities are purchased by needy families with blue food stamps and brown or white cotton stamps supplied by this Administration, through the Food and Cotton Stamp Programs. In areas in which the Food Stamp program has not yet been established, surplus foods purchased by the Surplus Marketing Administration from growers and handlers are distributed directly through warehouses and depots operated by State welfare agencies. On specified days each month families certified by the State welfare agencies as in need of this kind of assistance call at the commodity depots and receive allotments of whatever foodstuffs are on hand. Foods are also supplied through the State welfare agencies to schools operating free school and summer lunch programs for needy children of school age, and to inmates of institutions operated on a nonprofit basis.

These are the major programs of the Surplus Marketing Administration in terms of the number of persons reached and funds spent. In addition, in some areas needy school children and public assistance families are permitted to purchase fresh milk at considerably less than the regular retail price through milk depots maintained by the local welfare agencies. The Surplus Marketing Administration makes possible these programs by subsidizing the processing and delivery costs, while the local welfare agencies certify clients and in some cities pay all or part of the client's contribution.

Finally, cotton mattresses manufactured by W. P. A. workers from cotton purchased by the Surplus Marketing Administration are distributed to families certified as eligible by State welfare agencies. Cotton also is supplied for the manufacture of mattresses by low-income farm families certified as eligible by the Farm Security Administration and by local Agricultural Adjustment Administration committees.

2. How are commodities distributed through the stamp plans, i. e., how do these commodities get into the hands of an individual?

In an increasing number of areas embracing 54 percent of the total population of the United States, surplus foods are purchased by needy families in retail food stores at prevailing retail prices, with blue food stamps issued by

the Surplus Marketing Administration through local welfare agencies. In order to participate families must be certified as in need by the local welfare agencies, and they must make regular purchases of orange food stamps in amounts which approximate their normal food expenditures before their participation in the program. The orange stamps can be used to buy any food in any retail store; the blue stamps can be used only to purchase foods designated by the Secretary of Agriculture. Foods purchased with both orange and blue stamps are foods which have moved from farm to retail store through the normal channels of trade, and which are available to blue stamp users on exactly the same terms as to other consumers.

In about 30 areas goods manufactured wholly from domestic cotton may be purchased by needy families with brown cotton stamps issued through the cotton stamp program. Under a supplementary cotton program also, white cotton stamps, to be used in the same way, can be secured by cotton farmers in return for additional cotton acreage reduction. Rules governing the issuance and expenditure of these cotton stamps are quite similar to those in effect under the food stamp program.

3. What basis is used in the distribution of the benefits of your program, i. e., equitably among the States, or number of relief clients, or on a basis of need, or population, etc.?

The primary considerations in the allocation of stamp program funds and commodities distributed directly are:

(1) The distribution of the relief population, including families which need but do not receive public assistance in certain areas which make no or a very inadequate provision for relief.

(2) The ability and willingness of States and communities to provide and maintain public assistance so that the distribution of commodities will be a supplement to and not a substitute for public assistance, and

(3) The ability and willingness of States and communities to provide proper facilities for operating the programs, such as adequate certification of need, stamp issuing offices, and warehousing and other facilities for the distribution of commodities in kind.

The second and third of these considerations mean that the amount of the blue stamp subsidy to needy families is frequently limited by the inadequacies of local relief.

4. Does the operation of your program require participation by any State or local agency?

As indicated above, States, and local agencies play an important part in all our programs. They, (1) certify families and school children as in need of food and clothing, (2) provide offices and adequate personnel for issuing stamps and maintaining records on stamp transactions, (3) provide revolving funds for the purchase of orange food stamps and green cotton stamps, (4) provide warehouses, transportation facilities and personnel to carry on direct distribution operations, and (5) provide space, equipment and, in some cases, assisting personnel for school lunch programs.

5. Do you require that a State or local agency meet any conditions before it is able to participate in your program?

As the answers to the two previous questions suggest, State and local agencies are required to meet certain minimum conditions respecting the adequacy of their certification procedures, warehouse and distribution facilities, revolving funds established, stamp issuing offices, and school lunch facilities. They also must give assurances that they will not diminish their own allowances for public assistance because of the availability of commodities under any of the Administration's programs.

6. How are prospective beneficiaries selected for participation in your program?

The Surplus Marketing Administration enters into a written agreement with State or local public welfare agencies of each area in which one or more of its programs operates, respecting the categories of public assistance and non-assistance cases which will be allowed to participate, and the conditions of certification. For example, nonhouseholders are generally excluded from certification, on the obvious ground that they have no means of preparing the uncooked foods. Ordinarily all categories of public assistance, including direct relief, Social Security, and Farm Security Administration cases and families of workers employed on Work Projects Administration projects, are permitted to participate, but in a few areas one or more of these may, for special reasons,

be excluded. In the food-stamp program in many areas two-person families, and families with relatively high incomes, are excluded, and we are extending the areas in which this is the case as rapidly as possible simply because the need of these families for assistance is relatively not so great as that of other, larger-sized families with smaller incomes.

The agreement may and often does provide for the eligibility of needy families receiving no public assistance, particularly in areas which make no or a very inadequate provision for direct relief; and in one area, Shawnee, Okla., we have experimented with a low-income program under which all families with incomes of less than \$1,040 are eligible to participate.

Once these general conditions are agreed upon, the State and local welfare agencies assume responsibility for the certification of the eligibility of individual families in each category.

7. Does the question of residence enter into such selections, i. e., must a prospective beneficiary meet any residence requirements in order to become eligible for receipt of benefits under your program?

This administration has no residence requirements for participation in any of its programs. However, since State and local welfare agencies determine the need of individual families to participate, and certify them to us, the residence requirements established by law or administrative ruling in each State and county in fact operate to exclude many families locally defined as nonresident, from the programs. In such cases nonresident families, because they do not meet all the local requirements for public assistance, are not automatically certified to participate in the program, as are the eligible categories. Furthermore, there is usually no machinery for their certification as a special category. In fact, State and local laws restricting eligibility for public assistance to residents, have in many areas been construed to prevent the expenditure of funds appropriated for relief even for the certification of nonresidents. Attempts by this administration to have such constructions relaxed so as to permit certification have met with relatively little success.

There is one exception to the rule of certification by State and local agencies, which makes possible participation by migrant families in some areas. The Farm Security Administration certifies needy farm families which are ineligible for State or local relief for participation in the food-stamp program at its camps for migratory workers in California, Arizona, Washington, Oregon, Texas, and Florida. Farm Security Administration offices located near the camps issue free orange and blue stamps to the certified families. The orange stamps are purchased by the Farm Security Administration from the Surplus Marketing Administration, which issues free blue stamps in amounts equal to 50 percent of the orange stamps. In May about 30,000 persons received food stamps through these camps.

8. Are there any other conditions which must be met which would, in effect, preclude a nonresident from participation in the program?

In the food-stamp program eligible participants are required, in most areas as a condition of participation, to purchase orange food stamps in minimum amounts approximating their normal expenditures for food. These purchases must, obviously, be made out of income received either in the form of public assistance grants or income from casual private employment. Nonresident families who receive no public assistance cannot meet the minimum purchase requirements unless they have sufficient income from private employment, or about as much income as they would receive in assistance grants if they met the residence requirements.

This condition probably operates to exclude even certified nonresident families from participation in the stamp programs except in those areas (particularly in the South) where they receive Farm Security Administration funds for the purchase of orange stamps or where blue stamps are issued without any purchase requirements to needy families receiving no public assistance.

9. Are any prospective beneficiaries precluded from your program because of nonresidence?

The answer to this question is contained in the answers to questions 7 and 8.

10. Does your office have any effective means of determining whether or not nonresidents are covered by your program?

We know that, because of the conditions described above, many nonresidents are excluded from participation in the programs of this Administration in areas which have residence restrictions on the receipt of public assistance. Largely because the administration of this agency is decentralized, we do not have in the Washington office a compendium of the pertinent State statutes and ad-

ministrative rulings, or a record of our experience in attempting to obtain the certification of nonresidents, but this information can be obtained from the field offices if the committee wishes. Finally, we have no means of determining the number of nonresident families in need of our assistance in any areas because we have no facilities for or funds to spend on certification under present circumstances. We must depend on State and local agencies to establish need for the commodities we distribute.

11. If, in fact, nonresidents are precluded from the benefits of your program, what is the cause of such preclusion, e. g., administrative practices, either Federal or local, etc.?

This question has been fully answered in the answers to questions 7 to 10 above. As those answers clearly show, no Federal law or administrative ruling of this agency is responsible for the exclusion of nonresidents from participation in our programs. Their exclusion, wherever it occurs, is the effect of the operation of State restrictions on the expenditure of public-assistance funds on nonresidents, and of our own inability, because of a lack of funds, to establish our own machinery for certifying such cases.

12. As your program is presently set up and administered, is it your opinion that the scope thereof is adequate to cover nonresidents?

Answers to preceding questions make it clear that we do not consider that our program, as it is presently set up and administered, is adequate to cover nonresidents. But it seems unlikely that any considerable progress can be made in the elimination of the legal and administrative obstacles which now stand in the way of nonresident participation. In the circumstances, if nonresidents are to be brought within our programs, funds must be made available for investigation, by this Administration or by some other Federal agency, of their need for assistance. With certification of need on this basis, we shall be able to adjust the orange stamp purchase requirements for such families to their ability to buy.

TESTIMONY OF PHILIP F. MAGUIRE

Mr. THOMAS. Mr. Maguire, in connection with your plan, are nonresidents included in determining the number of needy population, which needy population is one of the determinants of your stamp-plan fund? By that, I mean, are needy people included in this population group which you use as a determinant in allocating your stamp-plan funds?

Mr. MAGUIRE. That is a little difficult to answer categorically, because we have had to take a number of factors into consideration in the allocation of funds, and besides that, we have other programs in operation in addition to the stamp program.

In other words, the stamp program is replacing the direct distribution program in areas where it is going into effect; and as a matter of fact, in one instance there has been little equity observed in the sanction of the stamp program; and in another sense, it has been quite equitable.

SCOPE OF STAMP PLAN

However, there are a number of States reaching all certified needy people with the stamp program; in other States they are reaching a small percentage, perhaps 15 percent; there is one State in which the stamp program is not operating at all. That, however, is not our fault.

The allocation of funds for various programs to States is made on the basis of the needs shown by available figures, and I think that probably it is essential to point out that we have to use the Social Security Board figures as to what the needs in any given area might be. In the operation of the program we are dependent upon the States to give us certifications of individual families for participation

in the program. Certification is based on some general over-all policy which I think has been agreed upon between our Administration and the various States, but actually put into application, as far as the individual families are concerned, by the States. There is one exception to this certification process that includes six States, whereby the Farm Security Administration, in the rural areas of those six States is making grants to families with farm backgrounds for subsistence purposes. These families, through the grants and the use of the stamp program, are receiving relief through joint arrangement worked out with the Farm Security Administration.

STAMP PLAN CERTIFYING PROCEDURE

Mr. THOMAS. This procedure of certifying people for benefits under your program and your urging of the States to certify would seem to indicate that the States are reluctant to certify people to the program, perhaps for one of two reasons: Either because they do not want to put nonresident needy persons on the program before a resident needy person is put on, or because the State feels that it cannot expend State funds in connection with the certification of nonresident needy people. You have already stated that you have tried to obtain a relaxation of State and local laws in connection with distribution of surplus commodities. Could you tell us how you attempted that?

Mr. MAGUIRE. We use the same certification machinery as that used by the W. P. A., the Social Security Board, the N. Y. A., the C. C. C., and every other Federal agency concerned with that type of aid. From State to State, you run into a wide variety of situations. We know, of course, the different stands taken on certification by the States and by the counties, and it may be a matter of law, or it may be a matter of their whole attitude, but quite often their attitude is likely to result in the complete exclusion of nonresidents from our program. Undoubtedly there are a number of such exclusions caused by circumstances we never hear of.

Mr. THOMAS. You said that if you had the funds, you would probably work out a program where you yourself could certify the people.

Mr. MAGUIRE. I am afraid that you are reading something into our statement we did not mean. As far as our own personal opinions are concerned—and we have demonstrated this in the different meetings that we have had—we do believe that there should be a greater participation by the Federal Government in determining the standards used in rendering aid in our program, as well as any number of other programs, notably W. P. A. and social-security programs.

Mr. THOMAS. Excepting those cases involved in the six States you mentioned, where the Farm Security Administration certifies the applicants, does the Surplus Marketing Administration ever certify people of its own initiative?

Mr. MAGUIRE. No.

Mr. THOMAS. You rely in every instance upon a State certification agency?

Mr. MAGUIRE. That is right; and with the Farm Security Administration our arrangement is such that they take the place of an agency administering relief in performing the certification function.

Mr. THOMAS. Just from the standpoint of administrative practice, do you think that your program would work better if you had the whole administration through the agency, and by that I mean without the intervening or certifying procedure of the State agency?

ADVANTAGES OF CONSOLIDATED CERTIFICATION MACHINERY

Mr. MAGUIRE. That is a little difficult to answer, too; but I think the answer is that it would work better. It would not make very much sense for the Surplus Marketing Administration, in the light of the situation that you have, to set up a separate and distinct case machinery today. There is no good reason why there cannot be a consolidated certification machinery. I think that would go a long way toward eliminating any abuses that may now occur in the certifying process.

Mr. THOMAS. When you say "consolidated certifying machinery," do you mean some agency which would operate in connection with certification for all Federal programs?

Mr. MAGUIRE. That is right. I think there is a general agreement of all Federal agencies that it is desirable to have one central certifying agency to which people in need of aid could come, in a given community, instead of having to go through half a dozen agencies in order to determine what program that particular person is eligible for, the degree of his need, and the checking and investigation that must be done. On the other hand, if he can go to one place and have competent case-work supervisors who will determine the need on the part of his entire family, it might be that they would all be given work under some Work Projects job; or a good case worker could soon allocate them, and then the family could be certified for aid under one particular type of operation, with a minimum loss of time; that is, the certifying process and the actual operation of the program would go through a minimum of procedure in the one place.

OBSTACLES TO PARTIAL ASSISTANCE

Mr. THOMAS. It would be possible, too, that some nonresident needy people who were certified to your program would still not be able to participate because they would be unable to buy your stamps. Is that true?

Mr. MAGUIRE. That is true, and it presents a problem that worries us a great deal. The danger, of course, is that if you provide a little aid from a program such as the stamp program, you come close to destroying incentive in the localities for taking care of their own population through their own program or programs, which frankly are better administered and designed to take care of the over-all needs of the family. Ours is a supplemental aid program, designed as such, and is not supposed to take care of all the needs of the family. Actually, what is involved in our case is the making available of surplus commodities in relatively small amounts to families who are in need of additional aid, because they probably are under programs already, however meager.

BASIS FOR ALLOCATION OF FUNDS

Mr. THOMAS. This is a question which may not apply to your program, and it may not be important in itself, but I would like to put it

at this time and we can think about it. It is a question in connection with what you are using to determine your basis for allocation of funds. For example, suppose we say that perhaps funds are allocated on the basis of the needy population in a given State. Now it might so happen that the needy population in that State would include a great many nonresidents. Then when the State came along to distribute the benefits of the program in question, whether they be funds or surplus commodities, the State would necessarily exclude the nonresident and give their benefits only to residents; is that not so?

Mr. MAGUIRE. I do not believe that could happen. I do not believe it could because again our figures on needs in a given area are prepared or compiled by the Social Security Board. I probably should not be talking about what considerations they make, but it is my understanding that they list the persons who are recipients of various aid programs, plus persons who are certified for some of these programs—W. P. A., and so forth—but not actually at work.

Now, in each instance in which those figures are used, and they are, of course, used all the time for allocations to communities or under the stamp program, arrangements have been made, admittedly they are not very satisfactory in some instances, for the inclusion of all those persons covered by the list of figures that make up the total need for the State for which funds are allocated.

Dr. LAMB. I would like to ask Mr. Tate a question on one point, and that is, who would make the inquiries which would be undertaken under the plan?

Mr. TATE. I think, perhaps, the State department of welfare would make the investigations for the program, to determine the eligibility under the several programs and certify the need to Mr. Maguire's people on the basis of those classifications. Is that not right, Mr. Maguire?

Mr. MAGUIRE. Yes; I think so.

STATEMENT AND TESTIMONY OF ARTHUR E. BURNS, CHIEF, ECONOMIC RESEARCH SECTION, WORK PROJECTS ADMINISTRATION, FEDERAL WORKS AGENCY, WASHINGTON, D. C.

Mr. THOMAS. I think we will call upon Mr. Burns, of the Work Projects Administration, because his problems appear to be somewhat the same as Mr. Maguire's.

STATEMENT IN REPLY TO COMMITTEE QUESTIONNAIRE

The letter from the chairman of the Committee Investigating National Defense Migration to the Commissioner of Work Projects, dated July 8, 1941, raised a number of specific questions which are answered in the following:

1. Does your organic act provide any residence requirement which must be met before an individual is eligible for employment under your program?

The Work Projects Administration does not have an organic act. Appropriations are made on a yearly basis and each appropriation act contains the legislative provisions regarding the operation of the program during that fiscal year. The Emergency Relief Appropriation Act, fiscal year 1942, does not provide any residence requirement which must be met before a person is eligible for project employment. The policy of the program under Federal law is to provide work to people in need of employment, and residence is not a consideration under this law.

2. Are any quotas allotted to States under your program? If so, how are the same determined?

Employment quotas are allotted to the States each month. The general method of determining these quotas is as follows:

The average amount of Work Projects Administration employment for the country as a whole is determined by the amount of funds appropriated to Work Projects Administration each fiscal year. The monthly total of Work Projects Administration employment within the fiscal year varies from month to month and is established by the national Work Projects Administration office. In establishing the monthly quotas in the past, allowance has been made for the normal seasonal influences which cause the need for relief to increase in the winter months and to decrease in the warm months when there are more opportunities for farm and other outdoor labor. Allowances also are made for anticipated changes in need as indicated by unemployment, employment, business activity, and other relevant economic data.

When the total is established Work Projects Administration employment quotas by States and Work Projects Administration regions are then set each month by the Washington office in consultation with the regional directors. In setting the State quotas all factors bearing upon the economic and unemployment situation in each State are considered. These include the volume and trend of unemployment, the population, farm employment, the number of people awaiting assignment to Work Projects Administration projects, the general relief situation, the impact of the defense program, and other factors. For some time an attempt has been made to follow reasonably closely a formula in which population and unemployment are weighted 40 percent each, and 20 percent is left for discretionary distribution on the basis of the other factors. The rigidity of a statistical formula of this type, however, makes it inadvisable to follow it precisely in all cases.

Employment quotas for districts and localities within a State are determined by the Work Projects Administration State offices on the basis of reports they receive from the district administrative officials, the number of waiting assignments, industrial and crop conditions, and other information available concerning local conditions and the need for Work Projects Administration jobs.

3. How are the prospective employees of your program selected?

Needy persons seeking project employment apply to the referral agency in the community, which is usually the public relief agency. If that agency determines that the applicant is in need, employable, and otherwise eligible for project employment, he is referred to the local Work Projects Administration. The referral is examined by the Work Projects Administration, and if it concurs in the decision of the referral agency, the applicant is certified as in need and eligible for employment. His application is then placed in the assignment file. Persons are selected from that file for assignment to projects on the basis of occupational classification and in accordance with preferences established by the act.

4. Does any State law, or State administrative practice, in any way affect the operation of your program?

The Work Projects Administration is a Federal program and its existence in the States is not dependent upon State legislation. The referral agencies, however, are State and local agencies. Accordingly, the State laws under which such agencies operate and the administrative practices of the agencies affect the operation of the Work Projects Administration program by their effect upon the referral of people in need of employment.

Projects must be sponsored by public tax-supported bodies, and at least 25 percent of the project costs in a State must be met by the sponsors. Because of the provision in the Emergency Relief Appropriation Act requiring at least 25 percent sponsors' funds within a State, any laws or administrative practices within the States which affect the activities of the sponsoring agency and the funds available to such agency for sponsoring projects affect also the operation of the Work Projects Administration program.

5. Does your Administration know whether or not nonresident persons in any State are precluded from the benefits of your program?

The Work Projects Administration makes an agreement in each State with a public relief agency to determine the need and eligibility of persons seeking project employment. The agreement provides that the eligibility of applicants will be determined in accordance with the regulations of this Administration. However, in most States the jurisdiction of the State agency over local public

relief agencies is limited. Accordingly, even though the State agency agrees in good faith to apply the regulations of this Administration, the application of these within the State is not uniform.

In the following States the State manual, which sets forth the regulations governing eligibility for project employment and which is accepted by the State referral agency, contains a provision requiring the referral of nonresidents who are otherwise eligible. However, as stated above, there is no uniform application within the State upon a local level.

Colorado.	Michigan.	Ohio.
Connecticut.	Minnesota.	Oklahoma.
Idaho.	Mississippi.	Pennsylvania.
Illinois.	Montana.	Rhode Island.
Indiana.	Nebraska.	South Carolina.
Iowa.	Nevada.	South Dakota.
Kansas.	New Hampshire.	Tennessee.
Kentucky.	New Jersey.	Texas.
Louisiana.	New Mexico.	Vermont.
Maine.	North Carolina.	Wisconsin.
Maryland	North Dakota.	

In Nevada and Wyoming, the manual contains a provision that nonresidents are eligible but qualifies it so as to render it ineffective. In Washington State and the District of Columbia, nonresidents are referred when such action is considered to be of the best interests of the applicant.

In the following States the manual contains no provision regarding residence requirements:

Alabama.	Georgia.	Utah.
Arkansas.	Massachusetts.	West Virginia.

No manuals are currently available for Oregon, New York State (excluding New York City, which has a manual containing no provision regarding residence requirements), and Virginia. However, evidence indicates that in most communities in New York State and Virginia nonresidents are not referred.

In Arizona, California, Delaware, and Florida the referral agency refuses to refer nonresidents.

6. Does your Administration have any effective means of determining whether or not nonresidents are precluded from your program?

This Administration is not able to determine in all cases whether or not nonresidents are precluded from the program. As above stated, applicants must apply to the local relief agency and be referred by the agency to the Work Projects Administration. If nonresidents are refused referral by the agency, this would not normally come to the attention of the Work Projects Administration. It should be emphasized that it is difficult to force referral of such persons as long as there is limitation of Federal funds which restricts the number of jobs this program can provide.

7. If nonresidents are precluded from the benefits of your program, is such preclusion brought about by either (a) any provision of the Federal law, (b) any provision in a State law, or (c) by reason of any administrative practice, either Federal or local?

Federal legislation governing this program has no provision requiring residence. The exclusion of nonresidents arises both from provisions of State laws governing residence for relief and from local administrative practices. Even where the State agency is barred by State law from giving direct relief to nonresidents, such a provision does not necessarily prohibit the relief agency from referring nonresidents to the Work Projects Administration. However, in many communities nonresidents are refused referral as a matter of local administrative practice.

8. If, in fact, nonresidents are being precluded from your program, have you any effective means of preventing such practice?

The exclusion of nonresidents could be substantially reduced by this Administration by one of two methods, neither of which is feasible at the present time: (a) If the Work Projects Administration determined eligibility of applicants and certified them without the applicant having to apply to the local relief agency, nonresidents could be certified as eligible for employment. However, such action is not feasible, because the amount of money which this administration may spend for administrative purposes is not sufficient for it

to undertake this responsibility. (b) The Work Projects Administration could refuse to operate the program in a State or community where nonresidents were not referred by the relief agency. However, this would penalize the needy residents of the community and in most instances would take away from them the only means they have of meeting their subsistence needs. It should be stated, however, that as a matter of policy this Administration exerts continual pressure on State and local authorities to refer all needy employable persons regardless of residence status. The fact that this program has not had sufficient funds to provide jobs to all employable persons is the controlling reason why this policy cannot be carried out completely.

9. What means do you use to prevent discrimination against any person, otherwise qualified for work under your program, because of race, religion, political affiliation, etc.?

The Relief Appropriation Acts and regulations issued by this administration forbid discrimination of these types.

This Administration has an established grievance procedure whereby any allegations of infringements of this policy can be acted upon. There are available personnel in every district office of the Work Projects Administration in the country to handle such grievances.

10. If, in fact, nonresidents are being precluded from your program, and assuming you have no effective means of preventing such practice, in your opinion, how could such practice be prevented, i. e., by amendment of your law, or through administrative rules and regulations?

As stated in answer to question 8, the exclusion of nonresidents could be substantially reduced by the Work Projects Administration doing its own certification. While this would not require any amendment of the current Relief Act, it would require an increase in the amount of money which this Administration may spend under the act for administrative purposes.

The root of the problem is largely financial. When funds are inadequate in terms of need local officials will tend to select needy residents rather than nonresidents for whatever benefits or jobs are available. Attempts to reform local administrative practices encounter almost insuperable difficulties under these circumstances.

TESTIMONY OF ARTHUR E. BURNS

Mr. THOMAS. Mr. Burns, in connection with the program already referred to, are not those persons referred to the W. P. A. usually referred to you by local authorities?

Mr. BURNS. That is correct. About 96 percent of the project employees are referred to us by local relief agencies.

EXCLUSION OF PEOPLE FROM WORK PROJECTS ADMINISTRATION

Mr. THOMAS. So that if a person were not on local relief rolls he probably would not be referred to the W. P. A.?

Mr. BURNS. Yes; by and large, that is the case, although there have been instances where we knew that some people were being excluded for that reason—certain special groups—and we have used our influence in a variety of ways to make the local officials certify those people.

You might take the case of the maritime workers in New Orleans: About a year or so ago there was a considerable-sized group of maritime workers in need of assistance, but they did not have residence and were not being referred to us. Finally our local office inquired into the matter and they were sent to us and we gave them jobs. But except for cases of this sort that come to our attention, people, if they are nonresidents, probably would not get on the program.

Mr. THOMAS. You have somewhat the same method of certification as Mr. Maguire?

Mr. BURNS. About the same; yes.

GENERAL POLICY OF WORK PROJECTS ADMINISTRATION ON CERTIFICATION

Mr. THOMAS. When you make an agreement with the State in connection with your program, I suppose it also provides that everyone be taken care of, regardless of residence?

Mr. BURNS. In the general agreement made with most of the States there is a provision that nonresidence shall not exclude people from the program, although, as I pointed out in my statement, the administration of those agreements is pretty spotty. The local offices, the relief offices, frequently are not bound by the general agreement, and the State is not able to control the local offices; as a consequence, people are not referred to us in many cases.

Mr. THOMAS. In other words, the State does not do any job of policing its own administration?

Mr. BURNS. By and large, that is correct; yes.

ACCEPTANCE OF NONRESIDENTS ON WORK PROJECTS ADMINISTRATION

Mr. THOMAS. In connection with one of your projects, on the question of certification—where a person came into a community for the express purpose of getting on W. P. A.—have you ever had any occasion to refuse any who came for that purpose?

Mr. BURNS. W. P. A. itself would not refuse people for that purpose because the local relief authorities do the certifying. Our general policy is that people should not be excluded for nonresidence purposes. There have been several cases in a few areas where, because there was an important difference in wage rates from one county to another, people have been known to move from a low-wage-rate county into a high-wage-rate county in order to get higher W. P. A. wages, or from one wage region to another.

Now, where that sort of thing has been rather widespread, and when it appeared to be the only reason for a sudden influx of people from an adjoining county, we have qualified our general policy to the extent of permitting local relief officials, if they needed urging at all, to exclude these people from certification. We did it in the belief that unless we took such action our own wage policy might become a factor in contributing to a serious relief problem in certain localities.

In the South, in some localities, people from rural areas have been known to flock into cities when they hear of higher wages for relief work to be had there.

Mr. THOMAS. Mr. Burns, in your statement you seem to infer that it might be possible to force referral of nonresidents if there were not such a limitation on funds. In other words, I take it your statement means that, if there were more jobs, it would be easier for nonresidents to get on the program.

Mr. BURNS. Yes; we have provided jobs for only about 60 percent of those in need and eligible for W. P. A. employment.

Now, this means, of course, that the local authorities certify the local residents when there is a scarcity of jobs. It seems only natural that they should certify the local residents first. In those periods when we had a good deal more money than we have had in the last year or so, we have reason to believe that nonresidents were certified with the local residents. But when jobs were tightened up, or funds

became scarce and job quotas became thinner, then the local offices seemed to make sure that only the local residents got the jobs.

Mr. TATE. Don't the States bar migrants from W. P. A.?

BARRING OF MIGRANTS FROM WORK PROJECTS ADMINISTRATION

Mr. BURNS. Migrants have been barred by local authorities, yes; except in those particular areas where we have made special efforts, such as in the case of maritime workers and a few other groups.

Mr. THOMAS. Mr. Burns, Mr. Roback would like to ask you a question.

Mr. ROBACK. Mr Burns, do you have any qualifications or W P. A. regulations which would refuse certification to persons migrating for the purpose of W. P. A. employment? You would not condemn migration of persons from low-wage areas to high-wage areas in private employment, would you?

Mr. BURNS. No.

Mr. ROBACK. And would you say that such a regulation worked against the commonly accepted principle that migration from an area of low opportunity to an area of high opportunity is something highly desirable?

Mr. BURNS. The position of our organization is: Granted that it is desirable for people to go from low- to high-wage areas, then it falls on the agencies to provide jobs for those people who cannot get work. We feel that we should not be a factor in encouraging any migration when there are no private job opportunities, or not enough opportunities to warrant that migration.

What it means is, were we to bring people into an area—we do not actually bring them in, but our program would—as soon as we curtail our program, there would be left on the rolls in those localities large numbers of people. With work diminished, a very serious relief problem would arise. We have, therefore, discouraged to some extent this form of migration.

VALUE OF SIMPLIFIED CERTIFICATION

Mr. THOMAS. Do you feel that perhaps you—like Mr. Maguire in answer to a question he was asked—might find your program operating more efficiently in providing work for nonresidents if you had your own certification procedure, that is, one not requiring verification by local or State agencies?

Mr. BURNS. If we had. But we cannot, because we do not have the money. We could decrease the amount of discrimination against nonresidents; but even at that the local W. P. A. officials are local people also, and they might share the general prejudice of local residents for nonresidents which some relief officials have.

Mr. THOMAS. Then it is a question of a Federal program being administered by State or local agencies?

Mr. BURNS. That is right.

Mr. THOMAS. Do you feel the same as Mr. Maguire does, that perhaps it might be a better procedure if there were some over-all certification agency?

Mr. BURNS. I think it would certainly be a good deal better if the certifying processes were better organized and possibly centralized.

Mr. THOMAS. Does there definitely seem to be a point at which you run into State or local prejudice where they are going to bar nonresidents in favor of people from that area?

Mr. BURNS. Yes; and I think if we had more Federal money we could diminish that.

Mr. THOMAS. That is, if you had more jobs or more surplus commodities available?

Mr. BURNS. Yes; and in addition, could subsidize local official certifying agencies.

WAGE RATES AS A FACTOR

Dr. LAMB. Mr. Thomas, I would like to interrupt for a second to go back to something Mr. Burns said. It concerns a point about which comments were made at the Washington hearing last December.

It seems to me that the type of program you are discussing—that of people moving from one area of lower wages to another area of higher wages or higher income level—produces problems of this sort:

A person moves, does not gain residence, perhaps leaves an area where he was on W. P. A., moving into an area where he is not. Then he holds a job in private industry for a period of time, but not long enough to gain him residence where he has moved. He then falls on W. P. A. and is classed as a nonresident, but since he has moved from an area of lower to higher wages, conceivably he would be excluded. Would that be a possible case?

Mr. BURNS. I do not think it would constitute an infraction of our regulations because of the fact that he had moved from a lower-wage to a higher-wage area in a private job, and it would be sufficient that he had moved not to get a better W. P. A. job but to get a private job. Then, if he lost that private job, he would apply for relief.

Now, the local relief officials might exclude him because he is a non-resident.

Dr. LAMB. I asked because of the fact that the case I mentioned was one of a man who was a resident in his own State and a voter—in fact, it was in Cincinnati—who had moved to the District of Columbia and had been in the District long enough to get on W. P. A. He wanted a job in private industry and was told that he could find work in one plant in Cincinnati. He returned to Cincinnati but was disappointed in his expectation and applied to the local relief authorities. He also tried to be certified for W. P. A. there. He was unable to get either relief or W. P. A. employment there, but was allowed to register as a voter and voted; then he returned to the District of Columbia by transportation furnished by the relief authorities in Cincinnati and was restored to W. P. A. here in Washington.

Mr. BURNS. Did you have a particular question you wanted to ask in regard to that?

Dr. LAMB. I cited the case because where there is a difference between Cincinnati and the District of Columbia, that difference would be in favor of the District. The other elements are that he returned to a place where he thought he had, but did not have, residence, was able to vote but not able to be certified to W. P. A., was returned here

to Washington, and when he returned was restored to W. P. A. Has that some of the same elements in it?

Mr. BURNS. I think that the case you mentioned would be under the same wage rates in both cities.

BASIS FOR DISTRICT OF COLUMBIA CERTIFICATION TO WORK PROJECTS
ADMINISTRATION

Dr. LAMB. Yes; but he could be restored to his W. P. A. job here, having left here for Cincinnati where he was a voter but not a resident.

Mr. BURNS. Well, he was not a resident here in the District, I take it.

Dr. LAMB. Presumably he must have been, to get on W. P. A. He believed himself to be, and the W. P. A. thought so, too.

Mr. BURNS. Up until recently W. P. A. did its own certifying here in the District, and it did not take residence into account at all.

Dr. LAMB. They may have considered him to be a nonresident but eligible for W. P. A. just the same?

Mr. BURNS. Either nonresident or resident, it would have made no difference in the District, because it did not take residence into account.

Dr. LAMB. I see.

(The following exhibit was received subsequent to the hearing and was inserted in the record in accordance with the instructions of the Chairman:)

EXHIBIT A.—JOINT AGREEMENT BETWEEN THE WORK PROJECTS ADMINISTRATION OF
(STATE) AND THE STATE DEPARTMENT OF PUBLIC WELFARE

It is agreed between the Work Projects Administration of _____ and the State department of public welfare that the latter shall be the official referral agency for Work Projects Administration employment.

The State Department of Public Welfare agrees to take full responsibility for the determination of need of persons for employment by the Work Projects Administration pursuant to the provisions of applicable emergency relief appropriation acts and in accordance with the provisions of the rules and regulations of the Work Projects Administration.¹

The Work Projects Administration reserves the right to accept or reject referrals on the basis of the eligibility requirements as set forth in the rules and regulations of the Work Projects Administration.

This agreement may be amended provided such amendments are accepted by both agencies. The agreement shall be subject to termination by either party upon written notification 60 days prior to termination of the agreement.

_____, *Commissioner of Public Welfare, Department of Public Welfare.*

_____,
Work Projects Administrator of _____.

Date: _____

_____,
Regional Director, Work Projects Administration.

¹The rules and regulations of the Work Projects Administration provide in part:
"Persons otherwise eligible shall not be refused certification because legal settlement or residence has not been established within the State or a political subdivision thereof.

"However, persons who move into the State or a political subdivision thereof for the purpose of obtaining employment on Work Projects Administration projects shall not be eligible for certification."

STATEMENT AND TESTIMONY OF CARL GIBBONEY, ACTING DIRECTOR, RURAL REHABILITATION DIVISION, FARM SECURITY ADMINISTRATION, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

Mr. THOMAS. The next witness will be Mr. Gibboney.

STATEMENT IN REPLY TO COMMITTEE QUESTIONNAIRE

ELIGIBILITY FOR FARM SECURITY ADMINISTRATION LOANS AND GRANTS

Two major types of loans are made by Farm Security Administration. Rehabilitation loans are made to low-income farm families to enable them to buy the necessary operating equipment and to carry out sound farm and home management plans. Tenant-purchase loans are made to a limited number of worthy farmers to enable them to buy good, family-type farms of their own. In neither case are Farm Security Administration loans made to families who can obtain credit from any other source.

SELECTION OF FAMILIES

Rehabilitation.—Farm families apply for rehabilitation loans at the Farm Security Administration county offices located in nearly every agricultural county in the United States (there are 2,299 county offices at the present time). Each applicant is carefully considered by county farm and home supervisors with the help of advisory committees composed of local farmers and townspeople. After the farmer's preliminary eligibility has been determined, his farm is visited by the supervisor and an inventory taken of the resources that he has available for successful farming.

To be eligible for a rehabilitation loan a farmer must be an owner, tenant, sharecropper, or farm laborer (1) living on a farm from which he derives the major portion of his livelihood; (2) temporarily living in a town or village because of inability to remain on a farm from which he previously derived the major portion of his income; or (3) if he is a recently married young man who is the son of a farm family and desires to engage in farming for a living. A farmer already chosen for a tenant-purchase loan is automatically eligible for a rehabilitation loan.

In addition to these general qualifications, the applicant must be—

(1) Unable to get adequate farm financing from agencies other than the Farm Security Administration.

(2) In need of supervised farm- and home-management services.

(3) Willing to assume the obligations of self-help necessary to effect his rehabilitation.

(4) Able to give evidence of the necessary industry, ability, and managerial capacity for good farming.

Small direct grants are made to low-income farm families at the time of intense need or distress to enable them to meet emergency needs for subsistence, immediate medical care and hospitalization, sanitary facilities, and essential household equipment. Grants may be made to needy families with rehabilitation loans, to nonborrowers at the time of emergency such as flood and drought, and to residents of resettlement projects and migratory labor camps in times of emergency need.

Tenant purchase.—The Bankhead-Jones Farm Tenant Act, which governs the making of tenant-purchase loans, provides that persons who receive such loans shall be selected by county committees of three farmers who review all applications; that these committees consider the character, ability, and experience of the applicants in making the selections; and that preference be given to married persons or those with dependent families, persons able to make a down payment, or persons who own livestock and equipment necessary to good farming operations.

Tenant-purchase loans are made through local Farm Security Administration offices in certain designated counties.

RESIDENCE REQUIREMENTS FOR ELIGIBILITY

Rehabilitation.—No residence requirements must be met by a farmer in order for him to become eligible for a rehabilitation loan except that he must be able to locate an adequate farm unit in the county on which he and his family can make a living with the proper guidance, supervision, and financing. It is not necessary that the farmer have any residence in the county prior to the obtaining of this farm for occupancy.

There are no residence requirements for families receiving direct grants to meet emergency conditions.

Tenant purchase.—No specific residence requirements for tenant-purchase applicants have been established either by law or by administrative policy. However, there is actually little opportunity for farmers residing outside of designated tenant-purchase counties to secure loans. In nearly every designated county there are many more qualified applicants than there are loans available, and most of the applicants are residents of the county. County committees naturally tend to select those applicants who have established their residence for a sufficient length of time to enable the committee to determine their farming and managerial ability, and their reputation for paying debts and meeting obligations.

Moreover, only a certain number of counties have been designated for tenant-purchase loans. Available funds are not adequate to anywhere near meet the demands for these loans in the selected counties.

OTHER CONDITIONS AFFECTING NONRESIDENTS

There are no other conditions that might preclude a nonresident farm family from participating in either program in any county. In the rehabilitation program local Farm Security Administration supervisors often help nonresident farmers to locate adequate farms in order that rehabilitation loans might be made.

BASIS FOR ALLOCATION OF FUNDS TO STATES

Rehabilitation.—Rehabilitation-loan funds are allocated to the States on the basis of need so far as it can be determined in measurable terms. This determination rests primarily upon estimates by the field offices of unmet farm family needs by areas and upon statistical data on the incidence of rural poverty in the United States.

The allocation of grant funds is made so far as possible on the same basis. However, it is impossible to estimate accurately the need for grants that will be made in times of emergency.

Tenant purchase.—The Bankhead-Jones Act provides for the distribution of funds among the States and Territories on the basis of farm population and prevalence of tenancy. Consequently, the States having the greatest need for tenant-purchase loans receive the largest amount of funds. Distribution is accomplished by the designation of certain counties where farm population and tenancy are heaviest.

COMMENTS ON FARM SECURITY ADMINISTRATION AND NONRESIDENCE

It is apparent that the rehabilitation-loan program can, so far as its procedure is concerned, adequately meet the needs of nonresident farmers if these farmers are able, with the help of Farm Security Administration to locate adequate farm land in the particular county in which application has been made. However, local supervisors estimate that at least 640,000 farm families are now eligible to receive rehabilitation loans who have not received them because loan funds are inadequate.

The tenant-purchase program in its present scope is clearly not designed to provide opportunities for farm ownership to displaced farmers or migratory farm workers.

(The following letter was received subsequent to the hearing, and was made a part of the record in accordance with instructions of the chairman:)

UNITED STATES DEPARTMENT OF AGRICULTURE,
FARM SECURITY ADMINISTRATION,
Washington, July 22, 1941.

MR. LEONARD A. THOMAS,

*Counsel, House Committee Investigating National Defense Migration,
Old House Office Building, Washington, D. C.*

DEAR MR. THOMAS: Prior to my attendance at the round-table conference yesterday you had requested from Mr. Hammer of this Division a summary of administrative decisions concerning residence requirements in the determination of eligibility for Farm Security Administration grants. I understand that Mr. Hammer advised you by telephone that the only instances in which residence figures as a part of eligibility requirements are to be found in the making of grants to migrant farm families in certain areas where this transient population is heaviest.

I take it from your request that you were interested in determining instances in which nonresidence precludes the getting of aid from the Federal Government. In the administration of Farm Security Administration grants to migrants, however, the nature of residence requirements is quite different. Actually nonresidence is essential before a family can receive a Farm Security Administration grant. If a farm family has local or State residence, and consequently becomes eligible for local or State aid, the Farm Security Administration cannot make available its grant facilities.

The administrative determination of this point has been made in the form of instructions, which have been issued from our regional offices regarding the making of grants to migrant families. The instructions issued from our San Francisco office covering the making of these grants in California and Arizona illustrate the nature of such determination. In these instructions it is specifically pointed out that the migratory-labor-grant program was established to give assistance only to needy nonresident agricultural workers in meeting their subsistence requirements. The instructions go on to say that "the person who is otherwise eligible may be accepted in California if he does not qualify for State-relief-administration aid because of residence restrictions." As you probably know, State-relief-administration aid is not available to families or individuals in California who have not resided continuously in the State for a period of at least 3 years with intent to make it their home, or have lost their residence by remaining away from the State for an uninterrupted period of 1 year.

Similarly for Arizona these instructions state that a person who has not resided in the State for 3 years immediately preceding the date of application for Farm Security Administration aid may be accepted, if otherwise eligible, for aid from the Farm Security Administration grant program. Such a person may also be eligible if he has lost his residence by remaining out of the State for a period of 1 year.

Families in California may also become eligible for local aid made available through the county welfare department, in which case grants cannot be made by the Farm Security Administration. In these instances, however, residence requirements are still called for and Farm Security Administration has had to make numerous grants to people who were otherwise eligible for local help but could not prove sufficient residence. Nonemployables, for instance, must have resided in the State continuously for at least 3 years independent of any aid or public relief, and have lived in the county for 1 year prior to the making of application before aid is forthcoming from the county welfare department.

In other regions in which the migrant-labor problem is serious, and in which the Farm Security Administration grant program for migrants is in operation, similar criteria with regard to State and local residence have been developed, although not in every case have these criteria become a part of administrative instruction. As you can see, it has been Farm Security Administration's purpose to help overcome residence requirements as a barrier to obtain public assistance in the States where the problem of migrant labor is a serious one.

I trust that this information will be helpful to you. If we can be of further service, please let us know.

Sincerely yours,

CARL N. GIBBONEY,
Acting Director, Rural Rehabilitation Division.

TESTIMONY OF CARL GIBBONEY

MR. THOMAS. Mr. Gibboney, from an examination of your program it would appear that it is not necessarily geared to the helping of nonresident farmers, is that not so?

MR. GIBBONEY. I do not believe there is anything in our law or our regulations to provide especially for such cases, but it works out that way. We can supply everything but the farm in most cases. If nonresident farm families are able to find farms or some place where they can set up a farm or farming operations, then they are just as eligible as any other group; in fact, I believe I mentioned that in our statement. They are just as eligible to our supervision or assistance as any family in the county.

PROGRAM TO CURTAIL MIGRATION

MR. THOMAS. Your program is really designed to help prevent migration, rather than to help a migrant after he moves into a community?

MR. GIBBONEY. That is right. Of course, we do some of the other, but we try our best to make more farms, which is a matter of securing a farm by lease or in some other way, by taking a large farm and dividing it into a number of small farms on a 10-year arrangement which is made privately with the individual. In some such cases we actually buy large farms, and the families divide them into small farms. Of course, that is something we did not include in our program for migratory labor, but it should have been included in our statement.

MR. THOMAS. I think we can assume that you covered your migratory camp program in previous hearings rather completely. However, I think Dr. Lamb raised a question this morning that he might like to put to you.

DR. LAMB. In the general discussion which is likely to arise later concerning the relationship between the certification procedures of the Farm Security Administration, the W. P. A., the Surplus Marketing Administration, and possibly the Social Security categories, I think it will appear that in certain States, notably California, there has been a tendency to pass the buck which is increasing with the tightening up of the available funds for all programs, including State relief administration programs. I would like to raise the question of what happens to a man under those circumstances and the certification procedures by which it is attempted to eliminate the man from any one program with the idea that it will reduce the number of cases under their regulation. In other words, the operation of the certification procedure is to reduce the number of clients under any one program, rather than to attempt, as Mr. Maguire suggested, to get a good case-work procedure which would determine where that client would be able to get the assistance to which the needy family is entitled.

USE OF FUNDS FOR EMERGENCY NEEDS

MR. GIBBONEY. I would like to make one point that I do not believe is set forth in our statement: The Farm Security Administration feels

that it is responsible for the relief of those who are applying for or subject to rehabilitation. That relief is somewhat limited, as you can imagine, but we have attempted, however, to use our grant funds in instances where, for some reason or other, other forms of relief do not operate for rural and agricultural families. It may be there is some hitch in certification, nonresidence, or other such contingencies, and our supervisors are empowered to make grants in those cases. We go at this sort of thing rather gingerly because it is an attitude of just this kind on our part which could easily be taken advantage of. In any event, our supervisors are instructed to prevent actual human suffering among all families in their districts, if that is possible.

Dr. LAMB. I thought I would bring up the question and get the minds of the group here this morning to work on it before we get to the general discussion. I think this is one of the terrains on which more discussion would be profitable.

STATEMENT BY J. J. McENTEE, DIRECTOR; TESTIMONY OF GUY D. MCKINNEY, ASSISTANT TO THE DIRECTOR; NEAL E. GUY, STAFF REPRESENTATIVE, CIVILIAN CONSERVATION CORPS, FEDERAL SECURITY AGENCY; AND C. W. BAILEY, SENIOR ADMINISTRATIVE OFFICER, VETERANS' ADMINISTRATION, WASHINGTON, D. C.

Mr. THOMAS. The next witnesses will be Mr. McKinney, Mr. Guy, and Mr. Bailey.

STATEMENT IN REPLY TO COMMITTEE QUESTIONNAIRE

1. Does your organic act provide any residence requirement?

The basic Civilian Conservation Corps law (act of June 28, 1937, Public, No. 163, 75th Cong.) does not provide any residence requirement. Instead, section 8 of the act merely requires that enrollees shall be citizens of the United States.

2. The manner in which selections are made for membership in the Corps.

The terms of the Civilian Conservation Corps Act provide for the cooperation of the States in furnishing facilities for the important work of selecting junior applicants (age 17 to 23) for the Corps. The authorization for this is contained in section 13 of the law as follows:

"The Director, and, under his supervision, the cooperating departments and agencies of the Federal Government are authorized to enter into such cooperative agreements with States and civil divisions as may be necessary for the purpose of utilizing the facilities and services thereof."

Since the beginning of the Civilian Conservation Corps (and its predecessor, Emergency Conservation Work), appointment to serve as State Selecting Agency has been customarily to the established State Welfare Department.

Prior to such appointment, each State agrees to provide adequate State-wide facilities for the selection of eligible and desirable enrollees for the Civilian Conservation Corps, in order that the State may participate fully in the benefits of the Corps; and accepts the prescribed uniform minimum standards which are essential in order to assure uniform observance of our regulations and a uniform appreciation and regard for quality of selection.

3. Are any quotas allotted to the States? If so, how are the same determined?

At the present time, formal State quotas are not allocated to the States. State Selecting Agencies are authorized to select for enrollment all applicants of good character and stability of purpose who meet the legal and administrative eligibility requirements.

(During the past, when a constant surplus of eligible applicants had made it necessary to assign basic State quotas, these quotas were established on

the basis of population with due regard to the total number of applicants available within each State.)

4. Does your office know whether or not nonresident persons in any State are precluded from the benefits of your program?

So far as is known to this office, nonresident applicants are not precluded from the benefits of the Civilian Conservation Corps. Before any applicant can be selected for enrollment, the selecting agent must verify the personal information which an applicant gives about himself, in order to comply with legal and administrative regulations. In the case of transient applicants, such verification can only be made through correspondence between the State Selecting Agent in the State where the application is made and the Selecting Agent in the State where the applicant claims residence.

5. If nonresidents are precluded from the benefits of your program, is such preclusion brought about by either (a) any provision of the Federal law, (b) any provision in a State law, or (c) by reason of any administrative practice, either Federal or local?

See answer to question 4, above.

6. How many young people (figures, if available) benefit from your program?

The Civilian Conservation Corps appropriation for the fiscal year 1942 provides funds for the operation of 1,236 companies and for the employment of an average of 200,000 junior enrollees, 22,500 veteran enrollees, and 10,000 Indian and territorial enrollees. If the men stay in the Corps an average of 8 or 9 months, an aggregate of 450,000 men will be given employment during the year.

Since the first man was enrolled in the Civilian Conservation Corps on April 5, 1933, a total of 2,818,547 junior enrollees, age 17-23, have benefited from Civilian Conservation Corps enrollment, including those now in the Corps.

7. Does any State law, or administrative practice, in any way affect the operation of your program?

No.

8. Are any priorities observed as between resident applicants and nonresident applicants?

At the present time any eligible and qualified applicant may be afforded the opportunity of enrollment. Resident applicants are not given priority over nonresident applicants, although it should be recognized that the eligibility of resident applicants can be established more quickly.

9. What disposition is made of a nonresident applicant who has no dependents?

Upon receipt of an application from a nonresident person, the local selecting agent will explain the need for investigating the facts of eligibility of the applicant. The local selecting agent will explain that these facts can only be determined through correspondence with the selecting agency serving the area in which the applicant claims residence. In event the applicant is unwilling to await receipt of necessary clearance, he is advised to return to his State of legal settlement to make application for enrollment.

If an applicant is otherwise qualified, he may be selected for enrollment regardless of whether or not he has dependents. Accordingly, once having established the eligibility of an applicant for enrollment, those applicants without dependents are required to make deposits in lieu of allotments, and those with dependents are required to make allotments to such dependents.

10. If, in fact, nonresidents are in any way excluded from your program, have you any means of preventing such practice?

Nonresidents are not in any way excluded from the Civilian Conservation Corps program.

TESTIMONY OF GUY D. MCKINNEY, NEAL E. GUY, AND C. W. BAILEY

Mr. MCKINNEY. Could I say that the selection of the corps, under the Civilian Conservation Corps, is divided up into two classes—the juniors, 17 to 23; and the war veterans, of which we have 25,000. Mr. Bailey, senior administrative officer of the Veterans' Administration, here, is familiar with the latter group, and Mr. Neal Guy is conversant with all details in connection with the selection of the junior group. I am going to let them answer the technical questions.

NONRESIDENTS IN CIVILIAN CONSERVATION CORPS

The point I wanted to bring out was that in our letter we omitted mentioning one thing. Since the beginning of the corps we have had a number of what you might call migratory camps, rather than migratory residences, located in the West, where large numbers of camps are established in the national forests and parks and other public lands. There we have located a number of boys from New York, Pennsylvania, from the Central States, and particularly from the South. These boys have been moved out to the West and have worked in the camps out there; sometimes we have had as many as fifty or sixty thousand men from the eastern section of the country working on these projects, but we are somewhat like Frank Buck—we bring them back alive. We do have somewhat of a problem, however, concerning the families of camp commanders. Many commanders have their families living with them, and as families are not allowed in the camps, they must live in nearby communities. Sometimes that raises a school problem for the children of these people as well as for the children of the war veterans who may have brought their families along.

MR. THOMAS. The committee is particularly interested in the problem of nonresidents.

When a nonresident makes application at one of your camps in a State in which he is not a resident or does not have residence, what is the procedure, particularly where there are dependents? How do you handle the situation and any investigation you may make?

MR. MCKINNEY. I think Mr. Guy can answer that.

MR. THOMAS. We were interested in how many such applications you might have come upon.

MR. GUY. I would not know how to answer that question for the veterans' contingent of the corps, and I refer you to Mr. Bailey, who is in charge of the veterans' selection. I know he uses his field organization for that, supplemented, I think, by the local welfare people, but we—in junior selection—use the same agencies for selection and certification as W. P. A., Surplus Commodities, and so forth.

MR. THOMAS. Well, I do not think at the moment we want to consider the veterans' situation. What we are considering here, of course, is the situation of the migratory workers.

MR. GUY. I may say that in referring to the junior contingent of the corps we have no figures on the number of men who apply for C. C. C. selection outside of the State of legal settlement. It has never been a great problem with us, and I do not think at the present time that it constitutes a problem. There used to be, in California and on the west coast generally, quite a few transient applications, but there are no figures available.

MR. THOMAS. Of course, this question might conceivably arise after the present emergency, or war situation, is terminated. It is conceivable that at such a time a large group of people might be in the process of moving around the country.

ENROLLMENT REQUIREMENTS

MR. GUY. I think I should say at this point that our act does not require residence; it requires only that the young men under its

jurisdiction shall be citizens of the United States. It is on that basis that we pass the regulations on to State selecting agencies.

Mr. THOMAS. And the only reason, then, that you try to have some correspondence between the States is to carry out the mandate that you must investigate?

Mr. GUY. Yes; to find out whether the facts given by transient applicants are true.

Mr. THOMAS. And you have stated in your rules and regulations that where a nonresident who has no dependents applies for enlistment in the Corps, rather than clear him through correspondence, you sometimes suggest that he go back to the State where he has residence and apply there?

Mr. GUY. That is right and it is still in our regulations, but does not mean anything now, because the States are taking practically every qualified man who applies. Getting back to the other question, however, we found that many transients would come in and make application for selection on the spur of the moment and might or might not be there a day or so later so we would go through the necessary clearance and in the end wind up by not being able to locate the transient applicant when the time came to pass finally on the case.

DISCRIMINATION AGAINST NONRESIDENTS

Mr. THOMAS. Well, as a matter of fact, you really would not find much discrimination, then, against nonresidents?

Mr. GUY. You would find none; unless some transient might think he was being discriminated against because of the time it takes to certify, or have the certification transmitted from his own locality or place of legal residence.

Mr. THOMAS. Would the local selecting agent be more apt to select a resident than a nonresident because of the fact that it could be done more quickly than through the administrative procedure of corresponding necessitated in the case of a nonresident?

Mr. GUY. Of course, that is possible. I would not say it actually happens, but it is possible, and, as has been brought out here this morning, some of the States are not always able to police their own local offices thoroughly, which would allow such a practice to exist, although we have not heard of such a case.

Mr. THOMAS. When you suggest that a person return to his State of settlement or residence, you do so not so much because it might conflict with local relief or settlement laws, but merely that you would like to have him go back where he can be placed more easily?

Mr. GUY. That is right; so that his character, fitness, and eligibility could be more accurately determined.

Mr. THOMAS. What do you do in the way of tracing an applicant's residence?

Mr. GUY. The principal thing we have to determine is the status of the man's dependents, and that has nothing to do with his eligibility for enrollment or whether he is a migrant. Under the act we have to find out whether he has dependents who would be entitled to his monthly allotment of \$15.

BASIS FOR PREFERENCE

Mr. THOMAS. In connection with men who have dependents, certain preference is given to applicants actually receiving relief; is it not?

Mr. GUY. That is right.

Mr. THOMAS. Now, from the discussion which has gone on before on the question of certifying people to the relief rolls, and its collateral procedure, it might appear that a man whose family or dependents were not on relief because of some administrative procedure, would be less likely to be certified or would be more likely to find someone else preferred before him.

Mr. GUY. I would like to make a statement in that connection by paying a tribute to the selecting agencies:

They have been completely unselfish, so far as the C. C. C. is concerned, and any demands that we have placed on them or anything that we have asked of them has been complied with, particularly in reference to qualitative selection.

We reenroll many applicants representing relief families. Prior to 1937 when the present C. C. C. law went into effect a man had to be eligible for relief in order to be enrolled in the C. C. C. There was little real opportunity to adhere to standards or a certain quality. Quality went by the wayside in those days but since the new act went into effect, the State selecting agencies have been selecting fewer and fewer applicants from relief rolls, and as a matter of fact, at the present time not more than 8 or 9 percent come from State relief rolls. This illustrates the extent to which nonrelief applicants are now being offered the opportunity to enroll in the C. C. C.

Mr. THOMAS. Actually, then, any residence requirement does not affect your program to any great extent? Have you had any controversy as to where a man had his residence?

INVESTIGATING PROCEDURE

Mr. GUY. Not to speak of, because everyone is aware of our policy and our regulations. We have had some complaints because of the delay, which the applicant might not understand, and he might say, "Well what's holding the thing up?" in which case we tell him, "The data have not come from your State yet." That sort of thing has happened. The judgment of the person making the investigation is usually accepted, and if he says the applicant is eligible we accept his word because it has been proved reliable. We do not have in the C. C. C. very much of a transient problem.

Mr. BLINN. Has that always been true?

Mr. GUY. No; not always; in 1934 and 1935, when everyone was following Horace Greeley's slogan, "Go west, young man," there was a great influx of transients in California, for instance—so many that if they had all been accepted the local boys would have had to stay at home. As a result, we accepted very few transients in California in those days.

Mr. THOMAS. As a matter of fact, your program, because of this emphasis on the investigation of home background and all that, more or less operates to restrict a nonresident, in the sense that it might be a little harder to get his certification. He might not have sufficient

roots in any community to establish residence; he might simply work in one place for a short time and then pass on.

Mr. GUY. It would draw upon the patience of the nonresident applicant more than it would the resident applicant.

Mr. THOMAS. Have you any questions, Dr. Lamb?

Dr. LAMB. It is possible that Mr. Bailey has some additional material to add on the subject of veterans and their families.

Mr. BAILEY. I have nothing more to add. If there are any questions you would like to ask, I would be glad to answer them, but I might state here that we are not now having any transient problem either in connection with the veterans' enrollment in the C. C. C. or in connection with the veterans generally.

Mr. THOMAS. Do you have anything further to offer, Mr. McKinney?

Mr. MCKINNEY. No.

**STATEMENT AND TESTIMONY OF DR. MARY H. S. HAYES, DIRECTOR,
DIVISION OF YOUTH PERSONNEL, NATIONAL YOUTH ADMINIS-
TRATION, FEDERAL SECURITY AGENCY, WASHINGTON, D. C.**

Mr. THOMAS. Our next witness will be Dr. Mary Hayes, Director of the Division of Youth Personnel of the National Youth Administration.

STATEMENT IN REPLY TO COMMITTEE QUESTIONNAIRE

The National Youth Administration operates two major programs:

(a) The out-of-school work program, which provides work experience on useful public projects for needy youth who have left school and been unable to obtain employment; and

(b) The student work program, which provides employment for needy youth enrolled in schools, colleges, and universities in order that such youth may remain in school and properly continue their education.

During the fiscal year 1941, the Administrator was required by law to distribute the funds for the out-of-school work program to the States on the basis of the ratio which the youth population of each State bore to the total youth population of the United States. Census figures for the population in the group 16 to 24 years of age, inclusive, were used in making this distribution. However, while the State youth administrators were required to use the funds they received for the benefit of the young people of their States, they were not limited to making expenditures only for the benefit of legal residents of the State. Consequently, youth who met National Youth Administration requirements as to age, citizenship, need, etc., were eligible for employment on the out-of-school work program in the State in which they made application, regardless of their status as legal residents.

For the current year, funds for the National Youth Administration out-of-school work program are available under two separate appropriations, one for the so-called regular program and one for the defense program, and nothing is said in the law for the fiscal year 1942 about the basis on which funds are to be allocated to the States. National Youth Administration defense funds are being allocated on the basis of defense needs under a cooperative program carried out by the Office of Education, the United States Employment Service, and the National Youth Administration, under the general direction of the Office of Production Management. The National Youth Administration funds are intended to finance projects which provide work experience leading to employment in defense occupations. The number of youth employed in each State on the defense program depends upon the number needed by defense industries, the number available for employment and training, the physical facilities and equipment which we have in each area, and the speed with which qualified workers can be furnished to the defense industries that require them.

Funds for the regular out-of-school work program during the 1942 fiscal year are being distributed on the basis of the youth population and the special

needs of each State, with particular attention to the amount of funds received by the same State under the defense program. That is, a State with a large youth population, but few defense projects, receives a proportionately larger share of the regular program funds than a State with funds for a considerable number of defense projects.

Under the student work program, funds are distributed to the colleges and universities on the basis of a certain percentage of their enrollment as of the previous November 1 without regard to the legal residence of the students. In the past, the figure has usually been about 10 percent; that is, the allotment for each participating institution was intended to provide an average of \$15 per month for approximately 10 percent of the regular full-time day students at the institution. This year, due to our decreased appropriation, the figure is 7.5 percent. Adjustments between institutions are made during the course of the year on the basis of special needs.

The distribution of funds for the program in elementary and high schools is based substantially on youth population, school enrollment, and the availability of school facilities.

Employees on the out-of-school work program must be between the ages of 17 and 24, or in certain instances, between 16 and 24, inclusive; be citizens of the United States; in need; able to benefit by the work experience and training available in connection with the National Youth Administration program; and willing to take an oath of allegiance to the United States. Eligible youth may apply directly to local National Youth Administration offices, and be interviewed at those offices, or they may be referred to the National Youth Administration by public employment offices, relief and welfare agencies, and other community organizations. Youth are not required to be legal residents of a State before being eligible for National Youth Administration employment in the State. In fact, under the defense program, we expect to do a good deal in the way of facilitating the orderly movement of defense workers through furnishing preliminary work experience in the State in which the youth reside and then transporting them for further National Youth Administration employment and for transfer to defense industries in some other State. For example, we are now conducting a successfully operating experiment in Connecticut. At Nepaug Village, near Hartford, Conn., we have a resident project providing work experience in machine shops. With a large number of defense contracts, Connecticut industries have experienced a severe labor shortage. At the same time a large reservoir of youth was available in Pennsylvania, West Virginia, and New York City. The qualifications of youth on machine-shop projects in these areas were made available to the State Employment Service in Connecticut. Availability of related training facilities was checked with the education authorities, and the youth workers were then transferred to the Nepaug Village project. Of 134 such transfers, already over 84 of the youth workers have been placed in private industry where they are earning at the rate of 45 to 77 cents an hour, weekly salaries ranging from \$25 to \$40. These placements have been made in such plants as General Electric, Underwood-Elliott, Hamilton Propeller Co., New Departure Co., Billings-Spencer, and others.

Because of the success of the experiment we are now in the process of transferring to Nepaug 43 more boys taken from Arkansas, Alabama, and Mississippi. Arrangements are being made for a similar experiment in a resident project in Rhode Island, and the possibilities for California, Oregon, and Washington are being studied.

At the end of the fiscal year 1941, there were 353,177 youth employed on the regular out-of-school work program engaged in construction, production work in machine and metal shops, power-sewing-machine production, clerical, hospital aide, service, and other types of projects. The total number of different youth participating in the program during the year, however, was several times this number due to the turn-over brought about by placements in private employment and other factors.

During the current fiscal year, 1942, it is expected that a monthly average of approximately 92,000 youth will be carried on the defense program and approximately 200,000 youth on the regular out-of-school work program. The number of different youth employed during the year will probably be three or four times these figures as a result of the expected turn-over due to employment of National Youth Administration-trained youth in private industry.

I believe the National Youth Administration to be singularly free from statutory and/or Executive or administrative order restrictions which would complicate or hamper defense migrations. In fact, as shown by the example cited, and as evidenced by the policy of omitting legal residence requirements, the National Youth Administration is able to do much to facilitate such migration in an orderly fashion and in a measure to meet the demands of industry and of youth where the need is most pressing and apparent.

TESTIMONY OF DR. MARY H. S. HAYES

Mr. THOMAS. Dr. Hayes, in connection with the National Youth Administration program, the in-school part of the program is controlled by schools and colleges; is that not true?

Dr. HAYES. That is true.

Mr. THOMAS. The average State requirements are such that a non-resident person could not get in a school or college, and therefore would probably not be able to participate in the N. Y. A. program. Is that true?

Dr. HAYES. That would be a matter for the State to determine. Of course, as far as that is concerned, it would apply primarily to the school program because the college program always has a large number of out-of-State students.

TUITION A BARRIER

Mr. THOMAS. We were thinking particularly of some State universities which require that nonresident students pay tuition, and the student group with which we are particularly concerned probably would not be able to pay tuition. On the other hand, it is quite possible that the majority of them would not have sufficient educational background to get into college work or even, in some cases, into certain high-school work.

However, if tuition is charged and nonresidents could not get in on that account, would this bar them from participation in your program?

Dr. HAYES. I would not think so.

Mr. THOMAS. When you speak of the youth population in a State, do you include all youth, whether they be residents or nonresidents?

Dr. HAYES. We use the term "youth population" as used in the 1930 census of population; people between 16 and 24 resident in that State at the time the census was taken.

That is where we get our youth population figures.

Mr. THOMAS. Who acts as the selecting agent for your out-of-school program?

Dr. HAYES. In the out-of-school program the relief agencies refer cases to us, and the N. Y. A. also acts as its own selecting agent.

NATIONAL YOUTH ADMINISTRATION CERTIFICATION METHODS

Mr. THOMAS. In connection with certification, would your program have some of the same problems which have affected the programs of Mr. Maguire and Mr. Burns?

Dr. HAYES. Well, to this extent: If it was a State where the relief agency had a residence requirement, they would not have the case on their rolls and could not refer it, but there is no bar against non-residents applying directly to us for admission to our program.

Mr. THOMAS. Do you have many of those cases?

Dr. HAYES. I think that in certain States where there is a large transient population we have a number of such cases, as in the States of Arizona and California.

Mr. THOMAS. Now in connection with an N. Y. A. project in a given State, would any such project ever require migration within a State? For example, would they ever require young people to go from one part of a State to another part, to get on?

Dr. HAYES. Very frequently. You see, one of the reasons for this situation is that we try to provide work for young people from rural communities where there are not enough youths at any one place to justify starting a project. For them we have set up residence work projects in certain areas, therefore, and bring the rural young people into the residence where they are to secure their living. In addition, we have some half dozen interstate residence work projects like the one at Passamaquoddy, Maine, where the youth from the New England States and as far south as New York State are brought.

MIGRATION TO PROJECT AREA

Mr. THOMAS. Have you found that any of the youth have migrated to get on the N. Y. A. program?

Dr. HAYES. I think that sometimes they come across a State line, if they know there is a State project going on. For example, if there is a State project in Maryland, they may come over from West Virginia, but as a rule, there usually is only such a migration caused merely by hearsay as will pass from person to person, where someone will say, "Well, something is going on in this little town or that little town."

Mr. THOMAS. Would that have the effect of barring such migrants from the program?

Dr. HAYES. I don't think so.

Mr. THOMAS. How far does the State go in cooperating with the N. Y. A. program?

Dr. HAYES. What do you mean?

PROJECT SPONSORSHIP

Mr. THOMAS. Well, as we understand it, the State in which the program is situated is the sponsor.

Dr. HAYES. The sponsor is a public or semipublic institution, but it might be a local school board or a county board or a municipal hospital. It does not have to be a State institution, but it has to be a public institution.

Mr. THOMAS. In connection with your rules and regulations, I notice that in the last year or so you have made them a little broader in the sense that you now emphasize the question of the need for employment whereas prior to that time a good many N. Y. A. workers had to depend on relief. Could you tell us any reason behind that?

Dr. HAYES. The main reason for that is the revenue behind the N. Y. A. program. The N. Y. A. has never been a total subsistence program. The purpose of the funds appropriated has been to increase their employability. There are many cases of young people who came from families which, by hook or crook, had always managed to keep off of the relief rolls. As far as doing something for

the young people was concerned, the family could do nothing, although they had not gotten to the point of seeking public relief. We have tried to take young people from this group as well as those on relief.

Mr. THOMAS. And the same thing might be said, then—that you would encounter some preference in certification of cases of local people only, from relief rolls, except that your program has been broadened so that you can accept them as they come to you, whether from relief rolls or otherwise.

Dr. HAYES. Yes, I would say so.

Mr. THOMAS. Then, in the case of nonresidents, would they be barred?

Dr. HAYES. No.

Mr. THOMAS. You say they would not?

Dr. HAYES. That is, they would not, except insofar as a youth might have applied to a relief agency and not been accepted by that relief agency, and consequently not referred to the N. Y. A., but if he came direct to our own agency, he could be accepted there.

Mr. THOMAS. Thank you.

STATEMENT AND TESTIMONY OF LEON H. KEYSERLING, DEPUTY ADMINISTRATOR AND GENERAL COUNSEL, UNITED STATES HOUSING AUTHORITY, FEDERAL WORKS AGENCY, WASHINGTON, D. C.

Mr. THOMAS. Mr. Keyserling, of the United States Housing Authority, is our next witness.

STATEMENT IN REPLY TO COMMITTEE QUESTIONNAIRE

1. Does your act contain any residence requirements, either minimum or maximum, which have to be met before a prospective tenant may become eligible under your program?

The United States Housing Act does not contain any express residence requirement. However, section 10 (a) of the act provides that no annual contributions can be paid with respect to any project involving the construction of new dwellings, unless the project includes the elimination of a substantially equal number of substandard dwellings situated in the locality or metropolitan area. This provision shows the purpose of the act that substandard housing is to be eliminated and safe and sanitary housing substituted in lieu thereof.

In short, the program is not intended to increase the total supply of housing in any community, but its sole objective is to replace bad housing with decent housing and to assure that the new homes will be occupied solely by families whose incomes have been so low that they could not obtain decent housing without public assistance.

The United States Housing Act contemplates a decentralized program in which local housing authorities will own and operate projects, with a large measure of local responsibility. The United States Housing Authority assists these local housing authorities in the development of projects by loans of not to exceed 90 percent of the cost of the project, with the balance of the funds raised by the local authority from other sources. The United States Housing Authority assists the operation of the projects to assure their low-rent character by making annual contributions, on the conditions (required by law, among others) that there be local contributions equal to at least 20 percent of the Federal contribution and that there be an equivalent elimination of unsafe and insanitary dwellings.

Most of the local housing authorities have prescribed a residence requirement because in carrying out the required equivalent elimination of bad housing, they have found it necessary to assure that the occupancy of the new homes will be restricted to families formerly residing in bad housing in the community. This

policy has been followed by local authorities in many cases in order to assure that housing will be available for those who formerly resided in the bad housing which is required to be eliminated. In view of the slum-clearance objectives of the United States Housing Act and the decentralized character of the housing program, we have believed that it would not be appropriate for us to raise objection to action by local housing authorities in limiting eligibility in its projects to residents of its community.

2. In making a loan to a public housing agency, do you require the submission of a proposed plan of administration by such agency before you make a loan, or is such agency free to impose any conditions it sees fit other than those contained in your act?

The contract for loan and annual contributions between a local authority and the United States Housing Authority provides as follows:

"At least seven (7) months prior to the date scheduled for initial occupancy of the project the local authority will submit its proposed rent schedules and proposed standards of eligibility and occupancy to the U. S. H. A. for approval. Thereafter, whenever the local authority proposes to make any changes in its rent schedules or its standards of eligibility and occupancy, it will submit such proposed changes to the U. S. H. A. for approval at least ninety (90) days before such changes are proposed to become effective." (Sec. 4.17B of Terms, Covenants, and Conditions, which comprises pt. II of contract.)

Pursuant to this section, each local authority submits to us a management resolution setting forth the rents it proposes to charge and the policies it proposes to follow in managing the project. The policies set forth in this resolution include not only those policies required by the United States Housing Act of 1937, as amended, but also local policies and procedures which are reviewed by the U. S. H. A. to assure that the operation of the project will be consistent with the objectives of the Housing Act.

3. Do you know if any public housing agency has any residence requirements which must be met before a prospective tenant can obtain housing?

4. A summary, or, if convenient, a list of residence requirements, if any, as may be found in the administrative practices of public housing agencies?

Listed below are all the cities in which projects are located for which management resolutions have been submitted to us to date. As has been explained above, these management resolutions are prepared by the local housing authorities and reviewed by us to ascertain that the policies proposed to be adopted are not in violation of the United States Housing Act. The residence requirement, if any, and the length of any such residence are also shown.

Residence requirements contained in management resolutions adopted or proposed by local authorities prior to July 1, 1941

NORMAL LOW-RENT HOUSING PROGRAM—LENGTH OF RESIDENCE IN CITY REQUIRED

Alabama :	
Anniston.....	1 month.
Birmingham.....	1 year.
Mobile.....	Do
Phenix City.....	None.
Montgomery.....	Do
Arizona : Phoenix.....	1 year.
California :	
San Francisco.....	Do
Los Angeles City.....	Do
Los Angeles County.....	None.
Oakland.....	Do
Colorado : Denver.....	1 year.
Connecticut :	
Bridgeport.....	2 years.
Norwalk.....	1 year.
Hartford.....	Do
New Haven.....	None.
Stamford (proposed).....	Since Dec. 1, 1940.
New Britain.....	None.
District of Columbia : Washington.....	2 years.

Residence requirements contained in management resolutions adopted or proposed by local authorities prior to July 1, 1941—Continued

Florida :	
Jacksonville.....	None.
St. Petersburg.....	Do
Tampa.....	1 year.
Orlando.....	6 months.
Miami.....	None.
Pensacola.....	1 year.
Daytona Beach.....	Do
West Palm Beach.....	Do
Fort Lauderdale.....	6 months.
Georgia :	
Augusta.....	Do.
Savannah.....	12 months.
Athens.....	6 months.
Columbus.....	Do.
Rome.....	Do.
Atlanta.....	Do.
Macon.....	None.
Brunswick.....	6 months.
Illinois :	
Chicago.....	None.
Peoria.....	1 year.
Springfield.....	Do.
Granite City.....	2 years.
Kewanee.....	1 year.
Danville (proposed).....	Do.
Indiana :	
Vincennes.....	None.
Fort Wayne.....	Do.
Delaware County.....	2 years.
Muncie.....	3 years.
Kokomo.....	6 months.
Hammond (proposed).....	2½ years.
Gary.....	3 years.
Louisiana : New Orleans.....	
1 year.	
Kentucky :	
Paducah.....	6 months.
Lexington.....	1 year.
Frankfort.....	None.
Covington.....	6 months.
Louisville.....	None.
Maryland :	
Annapolis.....	Do.
Baltimore (proposed).....	12 months.
Frederick (proposed).....	6 months.
Massachusetts :	
Boston.....	None.
Lowell (proposed).....	12 months.
Fall River (proposed).....	Do.
Holyoke (proposed).....	Do.
New Bedford (proposed).....	Do.
Michigan : Detroit.....	
None.	
Mississippi :	
Hattiesburg.....	6 months.
Laurel.....	None.
McComb City (proposed).....	12 months.
Meridian.....	Do.
Biloxi.....	Do.
Montana :	
Butte.....	Do.
Great Falls.....	24 months.
Helena.....	18 months.
Nebraska : Omaha.....	
None.	

Residence requirements contained in management resolutions adopted or proposed by local authorities prior to July 1, 1941—Continued

New Jersey :	
E.izabeth (proposed)-----	24 months.
Newark-----	None.
North Bergen-----	Do.
Trenton-----	6 months.
Perth Amboy (proposed)-----	24 months.
Asbury Park-----	None.
Long Branch-----	8 months.
Camden (proposed)-----	12 months.
Atlantic City-----	Do.
Beverly-----	None.
Harrison-----	6 months.
New York :	
Syracuse-----	12 months.
Yonkers-----	Do.
New York City-----	None.
Utica (proposed)-----	12 months.
Buffalo-----	Do.
North Carolina :	
Wilmington-----	6 months.
Raleigh-----	Do.
Charlotte-----	3 months.
Kinston-----	12 months.
New Bern-----	1 month.
Ohio :	
Columbus-----	12 months.
Youngstown-----	None.
Cleveland-----	Do.
Dayton-----	36 months.
Toledo (proposed)-----	None.
Akron-----	12 months.
Zanesville-----	Do.
Portsmouth-----	Do.
Cincinnati-----	Do.
Pennsylvania :	
Pittsburgh-----	Do.
Philadelphia-----	None.
Allentown-----	12 months.
McKeesport-----	None.
Allegheny County (McKees Rocks)-----	12 months.
Chester-----	6 months.
Harrisburg-----	12 months.
Reading-----	Do.
South Carolina :	
Charleston-----	None.
Columbia-----	6 months.
Spartanburg-----	Do.
Tennessee :	
Memphis (proposed)-----	None.
Knoxville-----	1 year.
Nashville-----	Do.
Kingsport-----	Do.
Jackson-----	Do.
Chattanooga-----	Do.
Texas :	
Austin-----	None.
Brownsville-----	1 year.
El Paso-----	Do.
Fort Worth-----	Do.
Houston-----	Do.
San Antonio-----	Do.
Corpus Christi-----	None.
Laredo-----	1 year.
Pelly-----	6 months.

Residence requirements contained in management resolutions adopted or proposed by local authorities prior to July 1, 1941—Continued

Puerto Rico:	
Fajardo.....	6 months.
San Juan.....	1 year.
Ponce.....	Do.
Hawaii: Honolulu.....	None.
West Virginia:	
Williamson.....	6 months.
Mount Hope.....	None.
Martinsburg.....	6 months.
Huntington.....	9 months.
Charleston.....	3 months.
Wheeling.....	6 months.
Washington: Seattle.....	None.
Virginia:	
Hopewell.....	6 months.
Newport News.....	9 months.
Bristol.....	3 months.
Local authorities requiring definite period of residence in the city.....	104.
Local authorities requiring no definite period of residence.....	38.

5. How are the prospective tenants selected for housing under your program?

Responsibility for the selection of tenants is primarily that of each local authority. As explained above (see answer to question 2), the local authority adopts a proposed management program which sets forth its policies and procedures of tenant selection. Such policies and procedures normally call for—

(A) The receipt of formal applications for tenancy in the project.

(B) Verification of the statement made by the applicant and determination of the net income of the family after a careful review of the economic circumstances of the family.

(C) Certification that the family is eligible for admission to the project, i. e., that such family has met all the criteria of eligibility that have been established. These usually include: (a) income limitations; (b) requirements that the family has resided under substandard housing conditions (in most cases there is a preference to families which resided on the site prior to demolition of the slum thereon); (c) that the family is able to pay the project rent; (d) that the tenant is a citizen; (e) that the family may be rehoused in the project without overcrowding; (f) where the local authority has adopted such a requirement, that the applicant is a resident of the city; and (g) that the family meets such other criteria as the local authority may have established.

(D) Selection of certified applicants for admission to the project. This usually involves the establishment of objective standards by which the relative priority of eligible families for admission to the project may be determined. Generally speaking, such standards give preference to those families which have the lowest incomes and which reside in the worst housing conditions.

6. Does the Authority know if any prospective tenants are being excluded from your program on any other basis than limitation of income, e. g., residence?

Yes; as explained in the reply to question 5, there are eligibility requirements such as residence in substandard housing, citizenship, ability to pay the low rentals charged, and in many cases, prior residence for some period in the city.

7. Does the Authority have any effective means of determining whether or not nonresidents are covered by your program?

The United States Housing Authority has effective means of ascertaining this fact. These include: Field trips to the local authorities by representatives of the United States Housing Authority; periodic inspection of the tenant records which are made to determine the continued eligibility of tenants to remain in the projects; and reports which the local authority is required to submit on each newly admitted tenant, giving summary data concerning that tenant's income, family composition, and previous housing status.

8. If the Authority should ascertain that nonresidents were excluded from your program, could it withhold contributions or loans of Federal money on that account?

As to loans and annual contributions already contracted for, we could not withhold such loans or contributions since the contracts do not provide that

admission of nonresidents is a condition precedent to such assistance. The contracts do not contain such a provision for the reasons set forth in our answer to question 1.

As for prohibiting the exclusion of nonresidents in future contracts for loans and annual contributions, we do not believe this would be appropriate under our act for the reasons set forth in our answer to question 1.

9. Does the Authority feel that it has any discretion in the matter of approving a loan to a public-housing agency, where such agency proposes to exact a residence requirement, or must you make such loan if the agency meets the financial requirements of your act?

As explained in our answer to question 1, the act contemplates the elimination of substandard housing and the substitution of an equal number of safe and sanitary dwellings. Taking any particular community as a whole, as many homes of residents are eliminated as there are new dwellings constructed. In view of that fact, in view of the decentralized nature of our program, and in view of the absence of any requirement in the act that nonresidents be accepted by local authorities, we do not believe that we can appropriately withhold financial assistance in the case of a local authority which desires a limit eligibility in its projects to residents of its community.

10. If, in fact, prospective tenants are being excluded from your program because of failure to meet a residence requirement, what, in your opinion, would be the probable effect of requiring, as a condition for receipt of a loan, that all persons should be included regardless of any condition other than limitation of income?

As explained in the answer to question 6, there are several conditions to eligibility other than income. It is assumed that in this question you have in mind a provision, as a condition to a loan, that the local authority impose no residence requirement. It is our opinion that many local authorities would not undertake projects if they could not impose a residence qualification and the cities in which they are located (whose cooperation is essential to the success of a project) would refuse to extend the necessary cooperation even if the local authorities were willing to undertake the projects.

Low-rent housing projects are exempt from local taxation, thus receiving local as well as Federal subsidy. Many localities might very well take the position that they do not desire to undertake low-rent housing projects, if it necessarily involves the subsidizing of nonresidents. Each project must also include the elimination of a substantially equal number of substandard dwellings in the locality or metropolitan area. If nonresidents are admitted to the project, an equal number of residents whose homes have been demolished cannot be rehoused. It is believed that local officials generally would be unwilling to advocate or undertake a program which will produce such a result. Any requirement that nonresidents be accepted as tenants must necessarily be accompanied by a modification of the equivalent elimination requirement in our act, particularly in those communities where there is an acute shortage of safe and sanitary dwellings for families of low income.

11. If such condition were imposed, how in relation to your program could it be made effective, i. e., by an amendment to your organic law or through administrative rules and regulations?

Such a provision would involve a change in the basic philosophy of the United States Housing Act, and it is my opinion that such a change ought to be clearly indicated by Congress through amendment of the act rather than by the adoption of administrative rules or regulations. In addition, such a provision, to be completely workable, should be accompanied by other amendments, such as amendment of the present equivalent elimination provision which can, of course, be changed only by Congress.

12. Is not the Authority assuming that prospective tenants may be excluded from the benefits of its program because of residence when it suggests a form of exclusion on a residence basis in its model-management resolution?

The current form of model-management resolution does not suggest exclusion of nonresidents. Some of the earlier forms did contain such a provision, but only as an illustration of the type of policy decisions which are within the jurisdiction of the local authority. In the current form no specific examples are given, the attention of local authorities being directed, in general terms, to the fact that they may establish such eligibility requirements or preferences as they desire, provided such requirements or preferences do not serve to circumvent the objectives of the United States Housing Act.

13. Are any residence requirements imposed in connection with any activity of the Authority in providing defense housing?

No residence requirements are imposed in connection with activities of the United States Housing Authority under Public, No. 671, in providing defense housing. Where such housing is designated for military personnel, the selection of tenants is made by recommendation of the local commanding officer. Where the housing is designated for civilian defense workers, preference is given to needed workers who have come from outside the community and who are without adequate housing.

In connection with the defense-housing program under Public, No. 671, it should be noticed that there is an express provision (sec. 204 of that act) which removes the requirement for the equivalent elimination of unsafe and insanitary housing, so that the purpose of the program is clearly to increase the supply of housing in the community. Moreover, the purpose of such housing is primarily to meet the increased housing needs resulting from the influx from other localities of persons engaged in national-defense activities. The following is a list of the defense-housing projects undertaken under that act indicating that there is no residence requirement in any such projects:

Defense housing projects of local housing authorities under Public, No. 671¹

	<i>Length of residence in city required</i>
Washington:	
Bremerton.....	None.
Seattle.....	Do.
Texas: Corpus Christi.....	Do.
Illinois:	
East Moline.....	Do.
Rock Island.....	Do.
Moline.....	Do.
Rantoul.....	Do.
South Carolina: Charleston.....	Do.
Florida: Pensacola.....	Do.
Alabama:	
Selma.....	Do.
Montgomery.....	Do.
Virginia:	
Portsmouth.....	Do.
Norfolk.....	Do.
Newport News.....	Do.
Rhode Island: Newport.....	Do.
Georgia: Columbus.....	Do.

REQUEST FOR ADMINISTRATIVE DECISIONS

You also request that we append to this statement a résumé of as many administrative decisions involving residence requirements under our program as may be possible.

As is explained above, the question of residence requirements, with respect to the normal low-rent housing program, is one which is left to the decision of the local authorities. Consequently we have made no decision with respect to residence requirements other than the determination that it is a matter to be decided by each local housing authority for itself.

With respect to the tenanting of defense housing projects for civilian defense workers, which are developed under Public, No. 671, preference is given to needed workers who come from outside the locality. A copy of the administrative order relating to this question is attached. Your attention is directed to item 5 on page 3 of that order.

(The following memorandum was submitted for inclusion in Mr. Keyserling's statement:)

¹ Defense housing projects are being undertaken by 18 local housing authorities under Public, No. 671. The 16 listed herein have adopted management resolutions. In 2 cases the projects are still in the construction stage and consequently no management resolutions have yet been adopted.

FEDERAL WORKS AGENCY

UNITED STATES HOUSING AUTHORITY

INTEROFFICE MEMORANDUM

DECEMBER 27, 1940.

To: All regional directors.

From: W. P. Seaver, Assistant Administrator.

Subject: Management policies to be established for United States Housing Authority aided defense housing projects under Public, 671.

This memorandum sets forth management policies that have been established by the Administrator for United States Housing Authority aided defense housing projects under Public, 671.

Prior to approval of loan contracts for United States Housing Authority aided defense projects, it will be the function of the regional management adviser, in collaboration with the Management Division, to review the suitability of the project for nondefense purposes including the proposed nondefense rents, income limits, and subsidy.

I. PERIOD FOR DEFENSE HOUSING

The management program resolution will contain a statement that the resolution applies only during the period when the President determines that in any locality there is an acute need for housing to assure the availability of dwellings for persons engaged in national-defense activities.

II. INCOME LIMITS

1. *Income limits for admission.*—A. A sufficient number of income grades shall be set up to serve the market as defined below.

B. With respect to Army and Navy noncommissioned personnel, income limits are to be established at the top income of the personnel recommended to be rehoused by the officer in charge of the Army or Navy post served by the project.

C. With respect to Army and Navy civilian employees, the principles set forth in B above shall apply.

D. With respect to privately employed industrial workers, the top limit shall not be higher than the median income of the workers who are coming into the community to meet the personnel needs of the majority defense industries.

2. *Income limits for continued occupancy.*—If income increases above the top of any grade, the family shall go into the next grade. The income limit for continued occupancy shall not exceed 120 percent of the top limit of the top grade.

III. RENTS

1. Rents must be set to serve the group for which the project is intended. The Defense Housing Coordinator suggests the following guide in setting shelter rents:

"For noncommissioned officers of the first three grades in the Army the amount which is allowed them for commutation of quarters; for enlisted personnel of the Navy shelter rents shall be approximately 17 percent of income; for civilian employees of the Army, Navy, or defense industries living in family dwelling units shelter rents shall be approximately 20 percent of income."

In general, the statutory rental value should be not less than one-fifth of the income; where State laws so require this is mandatory.

2. Rents are to produce at least sufficient revenue to meet all expenses including 59-year debt service and 10-year RMR. Operating estimates are to be figured conservatively, not predicated upon unusual tenant maintenance.

3. Any surplus revenue produced as a result of 1 and 2 above shall be used to amortize bonds of latest maturity.

IV. ALLOCATION OF DWELLING UNITS

When grades and appropriate rents have been established for United States Housing Authority aided defense projects and dwelling units are allocated to

each grade established, a local authority may, with the approval of the regional office, change the dwelling-unit allocations, provided—

1. That the income limits and rents set for each grade are not changed; and
2. That the revenue produced by the project is not decreased.

V. OCCUPANCY STANDARDS

The occupancy standards recommended in the Summary of Standards and Requirements for United States Housing Authority aided projects shall prevail.

VI. TENANT SELECTION POLICIES

1. Citizenship requirements shall be the same as for United States Housing Authority aided projects.

2. The definition of families shall be the same as for United States Housing Authority aided projects.

3. With respect to United States Housing Authority aided defense projects for Army and Navy noncommissioned or civilian personnel, eligibility for admission and order of preference shall be established by the officer in charge of the military post in collaboration with the local authority.

4. With respect to United States Housing Authority aided defense projects for industrial workers, families shall be eligible for admission if—

A. The family head or principal wage earner is engaged in a major defense industry;

B. The total family income is within the limits established under item II above.

5. The order of preference among eligibles for United States Housing Administration aided defense projects for industrial workers shall be established by the local housing authority to give first preference to families which have come from other localities and are now housed in purely temporary quarters. Among such families preference shall be given to families of lowest income unless no other dwellings are available in the community and defense needs require the housing of those of higher income. Families living under substandard conditions in the community may be selected, if necessary, to complete occupancy of the project.

6. When the employment status of the principal wage earner ceases to be of a defense nature, the family shall be required to move from the project within a reasonable period of time, unless there are no eligible defense applicants.

7. The definition of "net income" of a family at the time of admission shall be the same as that for United States Housing Authority aided projects. In applying this definition to military personnel only cash incomes and cash allowances shall be considered.

In applying this definition to industrial workers the income of the principal wage earner at the time of admission shall be determined on the assumption that such principal wage earner will work a full week, fifty weeks a year, at the rate of pay then established for his occupation.

8. Eligibility of occupants shall be reviewed annually.

Management program resolutions for United States Housing Administration aided defense housing projects under Public, 671 should be prepared in accordance with the foregoing.

WM. P. SEAVER, *Assistant Administrator.*

TESTIMONY OF LEON H. KEYSERLING

Mr. THOMAS. Mr. Keyserling, after examining your statement, it appears that your program is not in any way, designed to help non-resident people in a community.

Mr. KEYSERLING. The regular slum clearance and low-rent housing is not directly addressed to that problem. There are a number of defense housing projects directed to the problem of defense workers and other migrants. The regular U. S. H. A. slum clearance and low-rent housing program does not increase the supply of houses at all; it is merely a replacement, through our program, of new housing for old slums so that even if the people were not resident at the time of the demolition of the slums, then they would be residents by the time the new program was completed.

STATEMENT AND TESTIMONY OF CARL HENRY MONSEES, EXECUTIVE ASSISTANT TO THE COORDINATOR, DIVISION OF DEFENSE HOUSING COORDINATION, OFFICE OF EMERGENCY MANAGEMENT, WASHINGTON, D. C.

Mr. THOMAS. Well, then we will turn to Mr. Monsees for the answer to that question.

STATEMENT IN REPLY TO COMMITTEE QUESTIONNAIRE

LEGISLATIVE PROGRAM FOR DEFENSE HOUSING AND PROCEDURES RELATING TO SELECTION OF TENANTS

The legislation under which the defense-housing program operates consists of the following statutes which I shall list with a brief explanatory word about each:

Public Act No. 671, Seventy-sixth Congress empowers the United States Housing Authority to assist the Army and Navy. No funds were provided by Congress hereunder, but \$32,530,987 of recaptured United States Housing Authority slum clearance funds were made available. The act was passed prior to the appointment of the Coordinator.

Public, No. 781, Seventy-sixth Congress provided \$100,000,000 to the President to be allocated to the Army, Navy, and Maritime Commission.

Public, No. 849, Seventy-sixth Congress is the comprehensive act authorizing public funds for defense housing (Lanham Act)

Public, No. 42, Seventy-seventh Congress increased Lanham Act authorization from \$150,000,000 to \$300,000,000.

Public Resolution, No. 106, Seventy-sixth Congress; Public, No. 25, Seventy-seventh Congress; Public, No. 73, Seventy-seventh Congress: These appropriated funds authorized under the Lanham Act, as amended, totaling \$300,000,000, of which \$10,000,000 reimbursed the President's emergency funds.

Public, No. 24, Seventy-seventh Congress authorized title VI of the National Housing Act to encourage private financing of defense housing.

Public, No. 9, Seventy-seventh Congress provided \$5,000,000 to the President to allocate to agencies of the Government to provide temporary shelter in emergency situations. This amount increased by \$15,000,000 under Public, No. 73, referred to above.

You have inquired specifically as to the availability of housing for nonresident migrant workers. The Division of Defense Housing Coordination is meeting the need of this type of workers through three principal measures, the Homes Registration Offices, the temporary shelter program, and provision of permanent or demountable housing in areas of defense activity.

The establishment of Homes Registration Offices is proving an effective means of recording all available vacancies in a locality and directing workers to quarters which must meet certain standards of cleanliness and comfort.

Temporary shelter, consisting of trailers for families and dormitories for single workers, has been provided in areas where the housing shortage is too acute to wait for construction of permanent housing and where the influx of workers too greatly exceeds the supply of dwellings available. As quickly as permanent housing is completed, the temporary shelter is removed to other communities where the need is urgent.

In advance of the occupancy of defense housing of every type, certain questions must be answered with respect to tenant selection. In Executive Order No. 5632, establishing the Division of Defense Housing Coordination, the Coordinator is charged with the responsibility of advising with private and Federal agencies in the formulation of rental and management policies. The statement of management policies recently issued by the Coordinator accordingly represents the consensus of all the agencies concerned and was reviewed and commented upon by them before it was issued.

The regulations governing the Division of Defense Housing further direct that the recommendations of the Coordinator to the President shall cover among other pertinent facts, management plans. Accordingly, the locality program reports submitted to the President for approval contain a statement concerning the contemplated management plans for the project in question.

The Coordinator, in collaboration with the Federal housing agencies, prepares a locality management program which contains the statements of rent levels and policies of tenant selection to be used in the particular locality concerned.

Attention is called to the fact that the management of Army and Navy projects is handled somewhat differently than those of defense industry because of basic differences in factors of employment. Considerations in these instances are usually guided by the regulations of the Army and Navy. If the projects are managed by agencies other than the Army and Navy, these agencies are governed by priorities issued by the Army and Navy. Usually occupancy is given to a family after certification by the service.

Decisions regarding rent levels, tenant selection, and other basic factors are supported by information contained in the locality files which covers, among other things, the major defense employers' estimates of the scope of their defense activities as measured either by the volume of contracts or the number of workers engaged or about to be engaged in defense work, and the wage scales to prevail for those to be housed.

You will also be interested in those factors which enter into the selection of tenants. For the sake of brevity, I shall list these briefly and expand any point, if the committee cares to have me do so.

1. Consideration is given to the number of industries in the locality engaged in defense activities in order that the total number of houses may be appropriately divided among the employees of the various defense activities.

2. Priority is given to applicants who have come from other localities, whose domiciles are beyond reasonable commuting distance of the defense industry in which they are engaged. This category also includes applicants who have come from other localities and who are now living locally with their families in temporary quarters; including trailers and official Farm Security Administration trailer parks; or doubled up with another family; or desiring to bring their families from their domiciles elsewhere.

3. If a sufficient number of applications are not received from the above classification, applicants domiciled within reasonable commuting distance of the defense industry or in the locality are considered according to their relative housing need. The local manager is given discretionary authority to waive the above priority of selection in unusual individual instances where the applicant's occupation or skill is vital to the local defense program, or other vital considerations make such waiver essential to the defense program.

In conclusion, and to point up the answer to your question, the total effect of the above considerations is to house first those nonresident workers who have migrated to the scene of defense activity from another locality or who are housed beyond reasonable commuting distance from their employment.

TESTIMONY OF CARL HENRY MONSEES

Mr. THOMAS. It appears now, from your statement, that the defense program emphasizes the fact that people who come into a community for employment and do not have a house are to be preferred.

Would that same preference also apply to a nonresident who is not a defense worker, if he does not have a house?

Mr. MONSEES. The answer is no, if you are talking of publicly financed defense-housing projects. Of course, our responsibility is broader and encompasses the entire housing problem in areas of defense activity. While nonresidents who are not defense workers would not have preference in Government defense-housing projects, we would attempt to provide for them through organization of homes registration offices to make fullest use of existing housing facilities and through encouragement of private effort both in reconditioning of existing structures and in new construction where feasible.

Mr. THOMAS. But there is no present program for taking care of all residents?

Mr. MONSEES. Under our program an attempt is made to meet the housing need of all defense workers, but should we miss in our

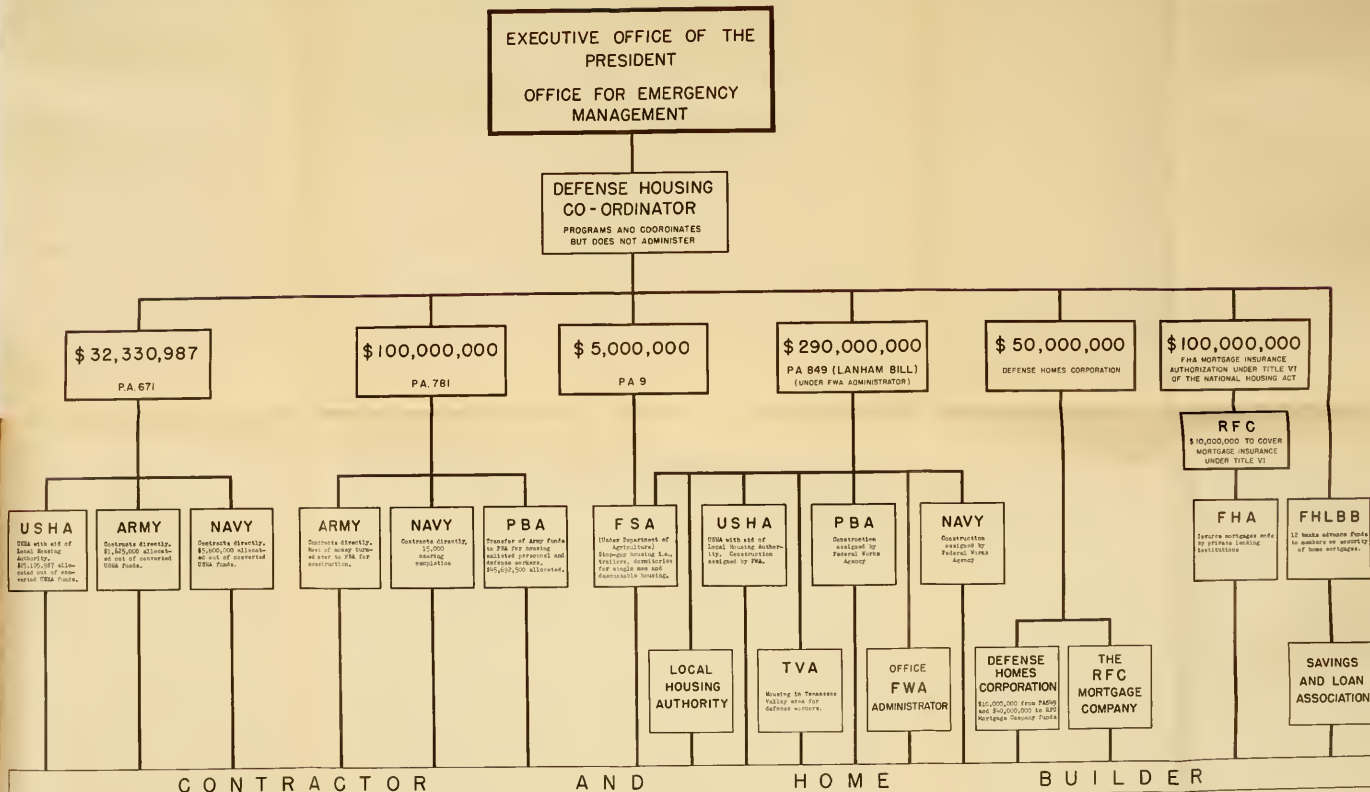
HOW

DEFENSE

HOUSING

IS

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RFC - RECONSTRUCTION FINANCE CORPORATION
FHA - FEDERAL HOUSING ADMINISTRATION
FSA - FARM SECURITY ADMINISTRATION
FWA - FEDERAL WORKS AGENCY

FHLBB - FEDERAL HOME LOAN BANK BOARD
USHA - UNITED STATES HOUSING AUTHORITY
TVA - TENNESSEE VALLEY AUTHORITY
PBA - PUBLIC BUILDINGS ADMINISTRATION

OFFICE OF EMERGENCY MANAGEMENT
DIVISION OF DEFENSE HOUSING
COORDINATION - 5/1/41

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calculations and build more dwellings than later are proved to be necessary for migrants only, then we turn to the resident defense workers and select them on the basis of their housing need.

Mr. THOMAS. But the defense-housing program is primarily directed to meet the need of defense workers. In other words, if a migrant came into a community on a job not connected with defense, and if there was any shortage of housing, then he would not have adequate housing.

Mr. MONSEES. That is right. The problem of the coordinator's office has been not only to avoid oversupplying a community with housing, for other reasons, but also to avoid encouraging migration into an area. Hence, where the need is clear and private enterprise will not meet it, we seek to program initially permanent or demountable residence facilities. Our first action in a community where defense activities seem to be beginning is the establishment of a homes registration office for the purpose of using what housing facilities there are in the community already.

We check our observations with the O. P. M. or the defense contractors, who may check in turn with the local manufacturers, and if an emergency seems to be developing in the housing of migrant workers—not migrants, but migrant defense workers—we then draw in the Farm Security Administration and request that they put in a modern sanitary trailer park, which stays only until our permanent program of construction is completed.

That permanent program may involve demountable dwellings.

Mr. THOMAS. Is your definition of "migratory defense workers" a very broad one? Do you attempt to include as many under that term as you can?

Mr. MONSEES. In making our estimates we work directly with the industries in an area, in an endeavor to find the specific number of migratory defense workers each industry will have and the total number to be provided for in that area.

Mr. KEYSERLING. It does seem that there is a need for the housing of migrant workers who do not fall within the defense program. That housing has been restricted because of lack of funds. In connection with this problem, I do not believe there would be dissent on working out a better program.

Mr. THOMAS. Then there is a gap between the slum-clearance program and the housing program for migratory defense workers, is there not?

Mr. KEYSERLING. I believe there is a program under consideration to fill such a gap, but it is not large enough.

AID TO MIGRANTS UNDER TITLE VI

Mr. MONSEES. I would like to point out that a migrant worker who seeks employment in a defense industry may be materially assisted through the facilities of the Federal Housing Administration under the new title VI. I say "may," if he has come into the community with the intention of settling and possessing the necessary down payment. In that case he may be helped under that title, because the title has no requirement as to tenant selection.

Mr. THOMAS. Have you any questions, Dr. Lamb?

Dr. LAMB. What has been said raises the question of the length of time necessary to gain admittance to the slum-clearance project. There have been many developments along that line, and I think the requirements vary considerably. For example, the settlement period in one community might be anything from overnight to 5 or 6 years. Am I correct in assuming that a reasonable requirement has been or will be established along that line?

Mr. KEYSERLING. In most projects the requirement has been about 6 months, never over a year.

Mr. MONSEES. I can say for the record, additionally, that the object of the coordinators is to house first those nonresidents engaged in defense activities who are housed beyond reasonable commuting distance from their employment.

Dr. LAMB. Provided that they are employed in an industry which has received a defense contract. Is that right?

Mr. MONSEES. If you mean a contract through O. P. M., that would not necessarily follow.

Dr. LAMB. It would not?

APPLICATION TO WORKERS ON DEFENSE SUBCONTRACTS

Mr. MONSEES. No. Take, for instance, a contractor who is manufacturing buttons for the coats of soldiers. It takes only a part of his plant's production capacity to supply the needs of that contract. Also, that contract might be quite a way down in the subletting from the primary contract which cleared O. P. M. Accordingly, each of the defense areas is having its own peculiarities, and in some of these areas the housing agencies have set up a priority system of our own, a list of priorities, to show which is the most important or essential industry where employees are in need of housing facilities. Does that answer your question?

Dr. LAMB. Yes.

The CHAIRMAN. I would like to have someone here tell me, as a matter of record, how many Government agencies or departments are concerned with the housing program, and what they are.

HOUSING AGENCIES AND APPROPRIATIONS CHARTED

Mr. MONSEES. They are in a chart here [exhibiting chart]. I have the figures here broken down according to housing appropriations made in connection with the defense program. At present, there is Public Act No. 671, Seventy-sixth Congress, which empowers the U. S. H. A. to assist the Army and Navy. No funds were provided by Congress hereunder, but \$32,530,987 of recaptured U. S. H. A. slum-clearance funds were made available. This act was passed prior to the appointment of the Coordinator.

Then there is Public, No. 781, Seventy-sixth Congress, which provided \$100,000,000 to the President to be allocated to the Army, the Navy, and the Maritime Commission. Those funds cleared our office last fall.

Public, No. 849, Seventy-sixth Congress, which is known as the Lanham Act, is a comprehensive act authorizing public funds for defense housing under the administration of the Federal Works Agency.¹

¹ See Exhibit 2, p. 6955.

Public, No. 42, Seventy-seventh Congress, increased the Lanham Act authorization from \$150,000,000 to \$300,000,000. Then there was Public Resolution No. 106, Seventy-sixth Congress; Public, No. 25, Seventy-seventh Congress; and Public, No. 73, Seventy-seventh Congress, which all appropriated funds authorized under the Lanham Act, as amended, totaling \$300,000,000, of which \$10,000,000 reimbursed the President's emergency fund.

That \$10,000,000 was transferred to the Defense Homes Corporation under the R. F. C.—a Corporation which develops homes and encourages private enterprise to enter and take over the property which is sold, as I said before, through this private enterprise as quickly as possible.

Public, No. 24, of the Seventy-seventh Congress, authorized title VI of the National Housing Act to encourage private financing of defense housing.

Public, No. 9, Seventy-seventh Congress, provided \$5,000,000 to be allocated to the agencies of the Government to provide temporary shelter in emergency situations. This amount was increased by \$15,000,000 under Public, No. 73.

The Farm Security Administration has administered all the funds allocated under that.

In addition to that, Mr. Chairman, you have a separate agency of the Navy which is prepared to do its own construction.

The Army preferred not to engage in housing construction for its needs. The Public Buildings Administration was called upon last fall to do most of the Army's housing construction under Public, No. 781.

The CHAIRMAN. Have we one of those charts to go in our record?

Mr. MONSEES. I believe I brought 24 with me.

The CHAIRMAN. We want that in the record. I appreciate these copies.

Dr. LAMB. The reporter will make an exhibit of this.

(The chart referred to above appears facing p. 7036.)

TESTIMONY OF CLARA M. BEYER, ASSISTANT DIRECTOR, DIVISION OF LABOR STANDARDS, UNITED STATES DEPARTMENT OF LABOR, WASHINGTON, D. C.

Mr. THOMAS. We have not asked for a statement from the Division of Labor Standards, Department of Labor, but Mrs. Clara M. Beyer, assistant director of the Division, is here this morning. Mrs. Beyer, you have been interested in the nonresident problem, and we would like very much to hear any testimony you may care to give in connection with the problems that you have observed.

Mrs. BEYER. Unlike some of the others, we have no Federal funds to administer. We are interested primarily in seeing that the workers benefit through the funds available to the various agencies. I was interested in the points that have been made here today. It seems to me that in discussing the application of these programs, we are all talking in terms of present conditions rather than looking ahead to the problems we are going to meet in the future. It is time some adjustments were undertaken to alleviate the situation of the migrant.

The problems of migration will be with us for some time to come, and action to solve them is practically barred from every one of the programs, not by law but in performance. As a matter of fact, the problems of migratory workers are given no consideration under these programs as they are administered today, and that, I think, was brought out in the operation of W. P. A. and it was brought out in the C. C. C. Because of local administration, the migrants are inevitably slighted, and the local residents are always given the benefit.

A CENTRAL RELIEF AGENCY

It seems to us that there ought to be some central Federal agency which could be depended upon to administer relief without regard to local authorities who may have some self-interest. That is one way of getting down to the bottom of the situation. If all the certifications went through one group of agencies, or through one central agency, I think we would soon eliminate a lot of the problems of the migrants.

Mr. THOMAS. I think the point in regard to neglect of the problems of the nonresident under some of the programs is well taken. Nevertheless, is it not possible that in the very near future these same people may be helped under some program that will extend its benefits to them?

Mrs. BEYER. I think that we ought to get the laws clarified so that future migrants would not be discriminated against. If we can act now, it may well be that we can avert far greater and graver problems in the future.

TESTIMONY OF JACK B. TATE, GENERAL COUNSEL, FEDERAL SECURITY AGENCY, WASHINGTON, D. C.

Mr. THOMAS. We have with us today Mr. Tate, general counsel of the Federal Security Agency. We have not asked for a statement from the Federal Security Agency, whose information concerning the social-security program has been very helpful to the committee in its work. Nevertheless, Mr. Tate is very much interested in this particular nonresident problem and has so indicated; and it may be that the Federal Security Agency will have some observation or suggestion to make, and we have therefore invited Mr. Tate here this morning.

Mr. TATE. It seems to me—and I am emphasizing the “seems”—that the emphasis of the various programs is more or less on aid to the migrants as individuals, but there is nothing that takes care of them as a group.

Now, you have in the States, as we all recognize, a serious limitation on relief and subsistence generally, in the settlement laws, and the only way you can overcome that limitation in a clear-cut way and grant aid is to put a condition on the grant that there be no residence requirement for eligibility, whenever such grant may be made.

The problem exists to a greater or less extent in every one of the grants-in-aid programs we have talked about. You talked about the venereal-disease program. The problem of settlement or residence is

not as serious there because people want disease taken care of so that they themselves won't catch it. But when you get into relief, you have a different situation. A community does not want to take care of transients, and imposes as many restrictions as possible in order to avoid doing so.

CATEGORY NEEDED TO COVER RELIEF GROUP

Now, in the Social Security Act and in the public-assistance title also, we have dealt with the same difficulty, to a certain extent, with the residence provisions, but they are so broad that they are not a factor affecting the migrant problem at all. You take care of the aged, the children, and the blind, but the general relief picture is left largely to a standard which varies from State to State. Whatever is done about relief is done in that particular locality, and it seems to me that it is essential, if you are to have a coordinated program that gives substantial relief to people all over the country, that you have a category and a means of covering the relief group regardless of whether the individuals concerned be old, or children, or disabled. If that is done and put on a national basis, there would be a possibility of coordination among the States which would result in the elimination of these extensive residential requirements.

You have gone far to meet the minimum subsistence necessity. There is no doubt that there is great good to be derived from a procedural program that has been talked about this morning, a certification program. We all know that these certification programs are handled in a different manner in practically every State. In general they are handled through the welfare departments; and there are variations in the method of those certifications, depending in many instances on the various standards of granting relief. In one instance you might get certification for a worthy case; and in another, some minor restriction—local—would make it impossible to obtain certification there. But under a national certification program, the same benefits and the same regulations would apply in all States.

Mr. THOMAS. The variation in these standards seems to be rather widespread, does it not?

Mr. TATE. That is inevitable, as long as you have no Federal standards applying to the handling of relief problems.

Mr. THOMAS. Have you any questions you would like to ask, Dr. Lamb?

Dr. LAMB. I have some that I would like brought out in the general discussion later on.

Mr. THOMAS. I was going to suggest that we take a few minutes' recess.

Dr. LAMB. I would also like to suggest that we set a dead-line, after which those interested could carry on the discussion if they like, and those who would be inconvenienced by remaining may go. We shall take a five-minute intermission and plan to close at 12:30. After we come back from our recess we can have a general discussion.

Mr. THOMAS. We will recess for 5 minutes.

(Following a short recess, the hearing was resumed.)

ROUND-TABLE DISCUSSION, PARTICIPATED IN BY ROBERT BLINN, LEGISLATIVE ADVISER, BUREAU OF PUBLIC ASSISTANCE, SOCIAL SECURITY BOARD, FEDERAL SECURITY AGENCY, WASHINGTON, D. C.; AND DR. HAYES, MRS. BEYER, MESSRS. BILLINGTON, BURNS, GIBBONEY, MAGUIRE, MCKINNEY, AND TATE

Dr. LAMB. To start the ball rolling, I would like to ask Mr. Tate if he does not agree that the way in which the Social Security Act has operated in some places has encouraged the categorizing of people in one of the three existing categories if it is humanly possible to do so. That is to say, those families have been so categorized in order that they may be provided with assistance, whereas if there were an adequate general relief program in the States, no special effort to get people assistance on these categories would be necessary.

We had testimony to that effect at our Oklahoma City hearing in connection with programs for general relief in the surrounding States, which certainly were not adequate. Would you agree, Mr. Tate, that that is an ever-present possibility, and in some places an actuality?

Mr. TATE. Very definitely. As the pressure becomes very strong, the tendency has been to draw other members of the family into the category of the aged, the blind, or the children, in any way possible, in order to get assistance for people who otherwise would not receive it through these programs.

JUSTIFICATION FOR THE CATEGORIES

Now, there is a certain justification for the categories, in that there are certain groups that need special services. I think we would all agree that the old people need to be treated differently, need certain services, and that children do not need precisely the same services that the aged need. But I take it that we would agree equally that if persons were starving they ought to get relief whether they were over 18 or under 65; and the tendency on the part of the States has been to try to get an extension of these categories. I think it is desirable that they be extended.

Dr. LAMB. Do you consider it possible that if such a thing as a general relief category were added to the three now in existence, the sums necessary under those three might be curtailed—not on a Nation-wide basis, perhaps, but in many States where general relief could be provided in a general category?

Mr. TATE. That would be true in some States, but in many States there are long waiting lists for the categorical problems.

Dr. LAMB. That is why I made that distinction.

VARIABLE-FUND FORMULA FOR RELIEF

Mr. TATE. And, of course, that brings up the other problem with which we have been considerably concerned, and in which I think the group here might have an interest, and that is the variable-fund formula that we have been trying to work out, so that in some States that have not the resources to meet even their present problems under the categories, special Federal funds could go in.

Dr. LAMB. I think Mr. Tate's proposal of a central agency raises questions that fall into two main divisions, one having to do with what the effect of the introduction of a fourth category, for general relief, would be upon the operations of a good many other agencies here represented, and the other having to do with the type of legislative enactment that should accompany the establishment of a fourth category and remove the major problems with which other programs are concerned, particularly during the first years of its existence. These problems were brought out in the investigation conducted by the Select Committee to Investigate the Interstate Migration of Destitute Citizens. Now, should we seek an amendment of the Social Security Act with respect to settlement and residence requirements, might not such amendment go a long way toward preventing the destitute group of interstate migrants, broadly defined, from being a problem in the Federal sense of the word? What would happen to the W. P. A., for example, under such an assumption as a fourth category for general relief, and what would happen to the surplus marketing stamp plan operations, or to the C. C. C., or to certain others?

But perhaps we ought to tackle the second question, of residence, first, and see whether we come back to the other questions, which may be embarrassing to some of those present, although I know we have all considered them at some time or other. For example, ever since the beginning of the Federal relief program, the question of work relief versus non-work relief has been a subject for discussion among legislators and others. It is by no means settled, and there are many partisans on both sides; and I know, in fact, that one phase of that question has held up further action in some quarters, for example, in the interdepartmental committees.

Progress in dealing with the whole subject of migration was certainly not hastened in the preparation of a report, by the differences between those groups. I think they were finally resolved on the question of whether we should have work relief plus general relief or simply general relief.

Well, I would like to have you go on.

FOURTH CATEGORY AS THE FILLING OF A VOID

Mr. TATE. I think the main necessity for this relief category is to take care of a situation that is not otherwise being taken care of.

Dr. LAMB. Yes. That is why I feel that it should not be embarrassing to discuss it, especially inasmuch as we all admit at the present time that many of the States are meeting none of these needs, in spite of all the Federal assistance which is represented by the people present here today.

Mr. TATE. I would not conceive of the solution as a statute, or another program, but rather as the filling of a void.

Dr. LAMB. Yes.

Mr. TATE. As Mr. Maguire indicated in answering the question awhile ago, his program, of necessity, is a supplemental program, and a fourth category might lead to some expansion in his activity, in that he is not likely now to get any certifications in a number of States where there is either a very meager relief program or none

whatever. There might well be a demand on his agency, brought about through the enactment of provision for this fourth category.

I would point out that there would still be a necessity for a work program, whether the fourth category were limited to unemployables or not.

Dr. LAMB. I think we could profitably discuss that second question from the point of view that you have indicated, namely, that most of the programs here discussed would find their respective operations clarified and perhaps simplified, and that they would work more directly towards the ends for which they were intended if this whole question of general relief were put on its own base instead of encroaching on the other categories, whether they are within the Social Security Act or one of the other programs represented.

EFFECT OF AMENDING SETTLEMENT REQUIREMENTS

A discussion of the effect not only of a fourth category, but also of some amendment to the settlement requirements of the Social Security Act accompanying the introduction of a fourth category, might be in order.

Mr. TATE. Well, whether you did it by amending all categories or merely by enactment of a fourth category without restricted residence requirements, I think you would accomplish the same result. Of course, I would prefer some amendment of residence requirements in all categories; but if you did not meet these requirements as applied to the aged, or children, or blind categories, those aged, children, and blind who met the requirements of the fourth category would be in that group rather than in the others.

I think it would be much better to retain categories covering those aged, blind, and children and add that fourth category as simply a catch-all, rather than a real category. You might accomplish the same purpose by abolishing categories and setting forth the standard of services to be rendered in a single category. But it really seems to me that it is more desirable at this time to have a fourth category for relief problems which are clearly not being met, and which are acute, not only from the national point of view, but from a State point of view as well. The residence provision, I suppose, would eliminate entirely this "5-years-out-of-the-9-last-years." Then the only test would be whether the person was really a member of the community, whether he lived there and did not intend to leave.

EMPHASIS ON QUESTION OF RESIDENCE

Dr. LAMB. As far as the general relief category is concerned, is it logical to attempt to sidestep the question of settlement by placing the emphasis on the question of residence—residence to be interpreted in terms of the person residing there at the moment of the application?

Mr. TATE. I would merely have a provision that a person be a resident.

Dr. LAMB. Yes.

Mr. TATE. With no time element modifying the term. And I take it that it would mean that the person lived in the community where

he was applying, and had no present intention of departing from the community.

Dr. LAMB. Letting the intent be the determining factor?

Mr. McKINNEY. What assistance would this fourth category receive from the Social Security Board?

Mr. TATE. Under the present pattern it would be 50 percent of the grants-in-aid given to the applicant. If we had a variable grant, it would depend upon whatever formula was adopted—presumably somewhere between 50 and 75 percent.

Dr. LAMB. The minimum amount would be determined in the course of enactment of the legislation, rather than in any determination at this time. I think Mr. Tate would prefer not to state any figure, because that would, of course, depend entirely on the course the legislation took.

LIMITS OF INDIVIDUAL ASSISTANCE

Mr. TATE. I could say that an assistance title in the act now should be based on the individual's need up to some fixed maximum, so that if a man needed a couple of dollars for a particular purpose—say, to go to a doctor—he would get that, although if, on the other hand, he needed total living expenses, he would get those only up to a certain reasonable amount.

Dr. LAMB. Would you make allowance for variation in the size of families and the urgency of family situations?

Mr. TATE. Yes.

Mr. BURNS. I would like to observe that while I think it would be wise to have a uniform standard of eligibility and the elimination of the residence clause, merely the passage of a law to provide for uniform standards would not, in my opinion, achieve that purpose as long as the funds available for this fourth category and for the other programs were insufficient to meet the needs in the community; because, no matter how reasonable the standards may be, or how carefully the law defined them, local people—local officials, who necessarily do administer these laws—will find subtle ways of discriminating against a nonresident.

It is so now, to a large extent, and it is mostly a matter of money. In the present rather chaotic state of residence requirements, interpretation of the eligibility for assistance becomes rather strained when funds are insufficient in amount to care for residents and nonresidents. The same provisions are sometimes rather harshly interpreted even when the funds are sufficient to care for residents and nonresidents; but when the funds are not sufficient, then the resident comes first and the nonresident will get nothing.

REQUIREMENTS RELAX AS FUNDS INCREASE

Mr. TATE. Yes; of course that is true, and we have found that the more funds there are available the easier are the residence requirements.

We found, under the Social Security Act, that a State accustomed to long residence requirements drops back to shorter ones without a hitch when required to under Social Security. We also found that a good many States have even dropped below the prescribed maximum. When you get down to the group with very short residence

requirements, you get to the more acute problems of migration, and apparently the shorter the residence requirements, the more acute these problems. But it certainly is better to have a Federal standard than to have no standard whatever and thus give local prejudice full play.

Mr. BURNS. I think that a uniform standard would reduce the difficulties under which most of us operate at the present time. I wanted to make my point that merely the establishment of a standard would not be sufficient to solve the problem.

Mr. TATE. It would have to be watched and administered carefully.

LOCAL ADMINISTRATION OF FUNDS VARIES

Mr. MAGUIRE. I think that part of the program should be carried out, but it is not only a question of adequacy of funds in a State; there is also the problem of administration of those funds. As we know, some States do a better job than others. Take, for instance, California, which is one of the four States in which the general relief payments are highest. California does a better job in administering general relief for families than the other States bordering it, and better, too, than those in the Middle West. I think the feeling will persist on the part of the relief administrations in those States that their programs are better relief programs. The result would be an incentive to people in those Midwestern States to migrate to California, for they would have a feeling that, first of all, there will probably be some resistance on the part of their local administrations to a Federal statute which provides that there must be no residence requirement before Federal money may be matched with State money, and expended for all persons who fall in a particular needy class or category; and in the second place, the local administration in California may feel that its funds are not sufficient to go all around and possibly it might decide to abolish such a thing entirely.

Mr. TATE. On the other hand, that is not what has actually happened in California. I do not believe that the State would jump from its present policy to one of giving no relief at all, because in rejecting the Federal grant it would be cutting off its nose to spite its face. I do not contend that the fourth category will be a heaven on earth, however.

Mr. BLINN. As I understand it, this special Federal aid to low-income States would tend to diminish the differences in standards among the States. It would not wipe them out altogether; but as a whole, the proposal, if taken together with the others, would help along a great deal.

Mr. MCKINNEY. I think it is a very desirable proposal, and probably the best course that is open to the Federal Government now in the solution of this problem. Of course, some of your problems will still be with you, even if that course is taken; but I do not mean to indicate that for that reason it is not desirable to go ahead. I think it is the only practical and possible solution now.

OPEN TO APPEAL FROM LOCAL DECISION

Mr. BLINN. I would like to add that a family having a right to assistance, and not being able to get it, can appeal for a fair hearing.

Under our procedure today a fair hearing must be granted before the State agency. Some of those cases come to our attention, but we have no power over the decision of the State agency. They frequently notify us of their decisions, and we negotiate in an endeavor to obtain relief if we think the circumstances call for it.

Mr. TATE. I understand that it is customary to have a judicial review where there has been evidence of discriminatory action, and we think that in itself tends to lessen the discrimination.

Mr. BURNS. The problem is the same. Take for example two families, one resident and the other nonresident, both equally in need of relief. Let us assume that funds are sufficient to provide relief for only one of these families. With the discretion in the hands of the local officials, no amount of review could reverse the procedure and keep the local officials from giving the available funds to the local residents.

I think a uniform certification system should be accompanied by adequate funds.

Mr. TATE. I think there is no question about that at all; the adequacy of funds is very important.

NEED BETTER UNDERSTANDING LOCALLY

Dr. LAMB. Mrs. Beyer, have you anything to say on this point?

Mrs. BEYER. Unless we begin somewhere trying to get back to these people, and get the realization of this problem back to the localities and make them understand that they have got to treat the transients the same as the others, we will get nowhere. I agree that psychologically the problem will be there; but we could change the picture more rapidly if all Federal agencies were put on the same basis than we can when each locality experiments in a different way, one trying one rule or law of residence and another trying still another way.

Mr. Billington's point on vocational education was well made, but remember that if we are going to provide such education, then we have got to take care of the migrant children, and very few of them get into vocational schools. As a matter of fact, too many of them do not get into any type of school. I think, if we are going to get into this thing, it must be on an over-all basis and not on a piecemeal provision.

PROPOSAL OF A 10-YEAR SETTLEMENT LAW

Dr. LAMB. I would like to say something on a point that Mrs. Beyer raised earlier. By way of discussing it, I would like to say that the committee was recently visited by three representatives of the community chest from a community in Michigan, who came to the committee because of its previous work. They wished to discuss the question of settlement. They said, "In our community some 10,000 defense workers have come within the last year, and we have come down here to get some suggestions as to what to do about them."

The staff of the committee felt that the best way to approach the question was to ask first, "What have you in mind?" They announced that their proposal—unless we could show them some reason why not—was to go to the State legislature at Lansing and lobby for the enactment of a 10-year settlement law, because at the end of that time they felt they would be in good shape to "ship these people out where they came from."

We tried to point out to them that California had a 5-year settlement law, applicable to people who came in after a certain date, and that if they would examine the records they would find that when California had first gone up to a 3-year settlement-law basis the adjacent States also went to a 3-year basis, and so on; that as one State increased its settlement basis the other States countered with a similar settlement period. We told them they might expect that if Michigan had a 10-year settlement law, then Ohio, Indiana, Illinois, and Wisconsin might be expected to follow suit and have the 10-year settlement law themselves, and, I may add, probably Kentucky and Tennessee, which happen to be the States most affected by relationships with Michigan.

MIGRANTS AND DEFENSE MIGRANTS

Well, that raises the question on a larger scale than we have been talking about. When you are using the word "migrant" with some derogation you may be considering a relatively restricted group of people who perhaps were working in various communities; but if 10,000 people come into a community to work in these times, you can be perfectly sure their present employment in that community is not going to continue, because they are there to manufacture the things needed for defense, and after a period of years there will not be any more than a limited demand for that particular industry's products. When the emergency is over, the question is going to be raised as to what occupation those people can expect, what is going to happen to those 10,000 people who are to be shipped to Kentucky, Tennessee, and the other States named? What are Kentucky, Tennessee, and the other States going to do about it?

Every agency represented here is going to be faced with the question of what to do about it, and I think that question is going to be raised on a much larger scale, perhaps, than we, in our administrative concern for day-to-day operations, are inclined to realize. I would like to throw that out and ask that you all give it serious consideration. I think that is what Mrs. Beyer had in mind earlier, when she said we ought to be thinking about the future.

Mr. Burns, what are we going to tell the people from Michigan when they come to us and say, "We are going to have a 10-year settlement law to cover those people coming in?"

WORK PROGRAMS FOR UNSETTLED THOUSANDS

Mr. BURNS. I do not know, but in my own agency we are concerned with the problem, and we realize that that sort of thing is going to hit us pretty hard. All we can do is to be ready with a backlog of projects—assuming we can get increased appropriations—to put these people to work, and I have the feeling that in the kind of situation you mentioned, where some 10,000 people in a locality find themselves stranded—they would probably be put to work on work programs, regardless of a 10-year residence law on the books. I do not think that any organization, or Congress itself, could resist the pressure to put those people to work.

Now, I grant that the 10-year settlement law will make it rather awkward, in many cases will make it necessary for those people to wait longer; but we feel that what we can do is to prepare projects and have them ready to start, provided we can get the money.

FOUR TO SIX MILLIONS MAY BE WITHOUT RESIDENCE

Dr. LAMB. I do not think it is beyond the realm of possibility that, let us say, four to six million men, women, and children would find themselves without residence, having lost their status in the States of their origin and not having gained it in the States to which they have moved. I think this is quite possible, especially if other States revise their settlement laws upward as that State proposes.

You would then have to step into that breach and provide a better machine for certification, so that you could handle those people through your agencies without the local administration of the program, which would tend to be guided by its own local restrictions. You would bring in the other agencies which do not have the right to determine residence, and you would have to ask for that right from Congress or try to make some arrangements with the State, under the Social Security Act, for example, whereby the States would enact legislation of their own to comply with the requirements of Congress.

I do not know how easy it would be to do that, but I do think that if we had a centralized certification procedure, plus the reduction of length of residence, which would have to be worked out with the States, we would then have taken a great step forward.

INFORMAL CERTIFICATION IN EMERGENCY

Mr. BURNS. I think it would be useful and helpful if those arrangements were made; but at least so far as our own program is concerned, that might not be absolutely necessary. I know in times past—for example, in 1938, when the automobile industry closed down very abruptly in Detroit—lots of those people up there had not attained residence in that area, and the W. P. A. took on tens of thousands of people almost immediately, before they became wholly destitute. They did not have to go through the long period of being certified and that sort of thing; and it is possible that that kind of solution would again work very quickly in similar circumstances.

Dr. LAMB. What you are saying is that you would be able to do your own certification in a time of emergency, and that in such an emergency, you could take such funds as you had available and allocate them to cover as many cases as possible.

Mr. BURNS. In an emergency, we would have to resort to something like that.

Mrs. BEYER. That would probably be true at a time like that, but you would be working with reduced finances, because you would not be able to provide for the thing on the spur of the moment. However, if the problem was attacked as I have suggested—by starting now and looking forward to the future when we know these things are coming up—then we could have plans formulated to take care of any emergency and perhaps avert that emergency before it becomes an actuality.

UNIFORM CERTIFICATION

Mr. TATE. If we started in and adopted a uniform system of certification and a uniform system of records throughout the country, then those various agencies could call on their uniform system of records and prevent useless duplication of effort and loss of time in certification. This business of certification is a pretty specialized business, and calls for great care, and there is no doubt that families could get better treatment if it was carried under this one central bureau, and I think that some system could be worked out whereby, State by State, you could take all those people you have and put them under some all-Federal or all-State programs in accordance with their capabilities and have such a set-up where, if it was necessary to act quickly, you would not be without plans formed for the future and you could eliminate people getting on certain types of relief that should not be on there, and at the same time, the people that should be on, would be on.

Mr. BURNS. Of course we operated on the assumption that they were employables who had to get work, and we rather preferred to put them on quickly than to have them go through the process of liquidating their assets and finding themselves destitute. I think that is going to be a problem which will come up at the end of this particular emergency. It is desirable to have funds for certification and that sort of thing, but whether it will be desirable to have those people, after the emergency, go through a relatively long process of becoming destitute is a question. I don't think we should ask those people to strip themselves to the bone, you might say, before you put them to work, but feel rather that we should approach the problem from the point of view simply of giving people jobs who do not have them.

Mr. TATE. I think a good deal could be said on that generally, in a work program.

Mr. BURNS. That phase of this uniform certification process would not be quite so essential to the work program if it were designed to give unemployed people work on a nonrelief basis, but it is probably desirable in any case to have more uniformity in local certifying work.

DESTITUTION AS AN ESSENTIAL TO CERTIFICATION

Dr. LAMB. You are assuming in what you say that any certification procedure would have to be connected with the local or State relief authorities and hence that only those under the local relief requirements, plus the Federal requirement that nonresidents be taken care of, would be able to get in one or the other of the programs.

Is it absolutely necessary—I ask this as a layman who is curious as to the whole thing, and I know that some of the Members of Congress have raised the question in times past—is it absolutely necessary to put people through the wringer before they are eligible for certification? Could not the certification be arranged in such a way that out-of-work people with some assets might be given employment? For example, I have in mind the situation of the California agricultural-labor problem, which will never be solved on a long-run basis. It is being partially solved and at the same time it is being aggravated, if you can imagine that case.

I will digress for a second to take as an example the people who are being pumped out of the San Joaquin Valley by the defense industries, a process which is, in turn, creating a vacuum and pumping in people from the various near-by States. You have the problem of finding jobs for the people in defense industries and then for the people who have come into the area vacated by the people in the defense industries.

Dr. HAYES. You mean pumped in from the San Joaquin Valley?

Dr. LAMB. No; on the contrary, from Arkansas and Texas into the San Joaquin Valley, people who are replacing those pumped out of the San Joaquin Valley into Los Angeles and San Diego.

Now, the solution, to my understanding of the problems of the Valley, has to do with the number of migrants in the agricultural-labor group who have worked perhaps for a season and have accumulated enough money to buy themselves an old jalopy. During that 8-month season they have saved what they could and have tried to make some provision for the other 4 months of the year during which they will have no work. Now, they go on to the next place of work in this old jalopy, and then when the working season closes and they have no more money, they are forced to go on relief. The fact that they have, in the interval, accumulated a jalopy and some other assets necessary to their agricultural migration which give them a living, will probably mean that they will have to liquidate their assets in order to get relief, and the process will start all over again.

What I would like to know is this: Should there not be some work program devised for the other 4 months of the year which did not require that each applicant go through the wringer, and it would seem to be a much more intelligent social performance for the San Joaquin Valley—to say nothing of the State of California—than that of having the continuous pump working on the pull for people from the center of the country, creating its own problem, and then bailing these people out after the season is over?

There should be some way of taking care of these seasonal workers, as I say, without putting them through the wringer.

SEASONAL AID TO AGRICULTURAL WORKERS

Mr. BURNS. We have been working on something of that sort in various parts of the country where, say, a farmer would be given 5 or 6 months' work. Obviously he could not be asked to liquidate his assets in order to become eligible to receive that work, and we have done a good deal along that line.

Dr. HAYES. Is that where you have done your own certification work?

Mr. BURNS. We sometimes have done our own certification; yes. We used to do our own certification in other cases in which the local relief officials more or less reluctantly referred applicants to us and we did what we could without putting them through the wringer.

INADEQUACY OF FUNDS AS A CAUSE FOR DISCRIMINATION

Mr. TATE. May I speak for a moment? I know that others here could speak better on the subject, but as to this business of putting

them through the wringer, the degree of strictness with which the regulations are applied is related almost essentially to the adequacy of the funds to take care of the relief problem. I think there have arisen in this country from the relief pattern these systems of discrimination and lack of coordination mainly because of the inadequacy of available funds. I think you will find that the restrictions are not so stringent nor so harshly administered in those States where assistance is being given adequately and the funds are adequate.

I suppose most of us know that a good many of the States do not require—most of them in fact, do not require—pauperization in order to get assistance. A great many of the States allow the individual to keep some sums of money and certain kinds of property and still go on assistance, where such moneys or property do not mean adequate income. This stringent application is brought on partly by resentment against these people, but chiefly by the lack of funds and the feeling that they had to be sure they were only taking care of the most acute need.

Dr. LAMB. I appreciate that this is the case in the States best equipped to administer such needs. For example, I presume that this is a fairly universal situation in the State of New York. I wonder whether in the State of California, which you mentioned as being fourth on the list, it would be true.

Mrs. BEYER. That covers more old-age assistance.

Dr. LAMB. I have a feeling that the client gets passed around somewhat in a State like California, and in the course of his passage the scrutiny of his assets is incidental to, but an important part of the procedure.

Mr. TATE. I am not suggesting that we do not investigate the individual and look into his operations, if he has any financial operations, but I do think that he should be helped in case of inadequate finances and I can appreciate that there is a great deal to be said for Mr. Burns' proposition that the true test of his eligibility be entirely or greatly different from a relief test. I think, furthermore, that there is much to be said for Government providing projects which would give people work where industry does not provide it.

EXPERIMENTS IN PARTIAL ASSISTANCE

Mr. GIBBONEY. At present the Farm Security and W. P. A. are working on experimental areas in supplementing incomes of families with a period of 3 to 6 months of project labor. This is being tried in probably half of the States, invariably including the two or three hardest-hit counties. This is easy to do, in a way, because the Farm Security works so closely with the families that it can determine the amount of outside assistance they will need, whether or not there is private employment or private funds, and working out that arrangement with industry; but where we know less about the families it might be difficult. It seems to me to point away from seasonal occupation, but it will be a great help, if the experiment is successful.

Mrs. BEYER. It seems to me that this discussion has brought out the need for a coordination in our various set-ups. If we act now, we can make rapid steps forward, and I will say that we can never get far until we do have this coordination.

We will never get the States to cooperate on a uniform basis if we do not have our own agencies operating on a uniform basis, and if that plan could be worked out further, I think it would be very valuable.

THE NEED FOR CLARIFICATION OF ALL PROCEDURES

DR. LAMB. Perhaps the principal reason for asking all of you to give your valuable time to a discussion like this and getting your words on the record is our hope that in addition to the various procedures described by each of you present this morning, if the discussion is circulated among the various Federal agencies, it will be the first step in the direction you have indicated. We also feel that before this committee can go into the further question of the relationship between the Federal and State agencies we want to discover what the Federal agencies have done and what they are trying to do, and what the State agencies have done and are trying to do, so that we can get together with the State people and find a common medium upon which we both can operate to the most efficient and economical advantage of everyone concerned.

Now, I have enjoyed this discussion and do not want anyone to feel required to stay any longer. I will say on behalf of the committee that I appreciate your cooperation in coming and the amount of time you have spent here, which is in no way comparable to the amount of time you and your assistants spent in preparing the work for us, which must have been considerable.

(The following statement was received subsequent to the hearing and in accordance with instructions from the chairman was introduced into the record:)

STATEMENT IN REPLY TO COMMITTEE QUESTIONNAIRE BY ALLEY DWELLING AUTHORITY FOR THE DISTRICT OF COLUMBIA

BY JOHN IHLDER, EXECUTIVE OFFICER

1. Question. Does your organic act contain any residence requirements, either minimum or maximum, which have to be met before a prospective tenant may become eligible under your program?

Answer. No; the organic act of this Authority is the District of Columbia Alley Dwelling Act, approved June 12, 1934 (48 Stat. 930), as amended by the act of June 25, 1938 (52 Stat. 1186). Its provisions contain no residence requirements. However, the declaration of policy contained in section 1 (a) indicates the clear intent of Congress to eliminate substandard housing conditions injurious to the public health, safety, morals, and welfare; to provide proper dwellings for persons and families equal in number to those deprived of habitations by demolition; and "to prevent an acute shortage of decent, safe, adequate, and sanitary dwellings for persons of low income," also in the District. It is obvious that the act did not contemplate that the Authority established under its provisions would undertake to provide dwellings for persons or families domiciled elsewhere than in the District of Columbia. These provisions of the act, however, were approved prior to the development of the national-defense emergency. The Authority is today aiding in the housing of defense workers irrespective of their previous residence.

2. Question. In the administration of your program do you require that any residence requirements be met before a prospective beneficiary may become eligible thereunder?

Answer. Yes; with the notable exception of dwellings which this Authority is constructing for national-defense workers as an agent of the Federal Works Agency. In the normal program of the Authority, we require that applicants selected for tenancy shall have been residing in the District for 1 year imme-

diately preceding admission, and that they shall have been living in an unfit or grossly overcrowded dwelling for the 6 months immediately prior to admission. (Applicants must also be American citizens.)

Originally the Authority required residence in the District for 2 years prior to submission of an application as a prerequisite for acceptance. This was on the suggestion of Members of Congress who feared that without such a requirement indigent families would be tempted to come here. It was found, however, that this was in excess of the residence limitations already imposed by other public agencies in the District, and the requirement was accordingly reduced to 1 year. This action brought the Authority's requirement into conformity with those of the other governmental agencies.

With respect to housing constructed by this Authority for national-defense workers, no such requirements will be imposed; the employing agency of the family's breadwinner will certify each applicant to the Authority as being a necessary defense employee and in need of housing.

3. Question. How are the prospective tenants selected for housing under your program?

Answer. Normal procedure under the Authority's program is as follows: (a) The prospective tenant makes an application to a member of our tenant selection staff; (b) if the applicant's statements indicate that he is apparently eligible on grounds of housing need, income, residence, etc., his statements are investigated for accuracy and his present living accommodations are visited to determine whether his family is living under substandard conditions; (c) the resulting information is summarized and, with the supporting papers, is submitted to our Advisory Committee on Tenant Selection—a committee of three staff members separate from the tenant selection staff—for approval or rejection; (d) following action by this committee, the applicant is notified accordingly; if approved, he is advised as to the procedure for becoming a tenant of the Authority.

4. Question. Are any prospective tenants being excluded from your program because of failure to meet a residence requirement?

Answer. Yes, a small proportion. Since August 1, 1940, the Authority has investigated 8,010 applications for tenancy; of these, 425—5.3 percent of the total—were rejected as ineligible on grounds of nonresidence.

5. Question. If, in fact, prospective tenants are being excluded from your program because of failure to meet a residence requirement, is such preclusion brought about by any provision of Federal law, or through administrative practices?

Answer. As stated above, it is in accord with the intent of the law, made definite by administrative practice. May we again emphasize, however, that this does not apply to defense workers who, irrespective of previous residence, are accepted in defense-housing projects on certification of the employing agency. Congress, in enacting the Alley Dwelling Act, made clear its intent to legislate specifically for the District of Columbia, that its purposes were to rid the District of substandard dwellings and to assure an adequate supply of proper housing for low-income families. Obviously these purposes could not be achieved if the new houses erected were occupied by families from other communities. There would then be no relief of the shortage of decent housing for low-income families in the District and no possibility of vacating and demolishing unfit dwellings.

It should be added here, with respect to housing properties constructed under title II of the Alley Dwelling Act, that the residence requirements are contained in management resolutions which constitute contractual agreements with the United States Housing Authority, from which agency are derived loans and annual contributions for the development of our title II housing program. Moreover, omission of residence requirements would necessitate investigation of applicants' dwellings in distant States by employees of this Authority, creating administrative difficulties and adding greatly to cost.

Your letter also requests that this agency append to its reply a résumé of "as many administrative decisions involving residence requirements under your program as may be possible." It perhaps has been assumed that a large number of particularly complicated questions concerning these requirements have arisen in the administration of our program, requiring the formal preparation of written decisions or opinions on the subject. As a practical matter, this has not been the case.

Our advisory committee on tenant selection has considered numerous instances of families who were bona fide residents of the District of Columbia but had

absented themselves from the District for varying periods within the years immediately preceding their application. The committee also has considered applications from families whose members were living in two or more separate dwellings, some in the District, others in other communities. The committee has found it difficult to formulate general rules with respect to the innumerable variations which may occur as the result of residence requirements and therefore has found it necessary to consider each case on its merits. So we regret that it is not possible to furnish the committee with a résumé of administrative decisions on these requirements at this time.

The Authority is keenly aware of the problems presented by migrants and has considered what can be done. Its present belief is that merely removing residence restrictions would be of small benefit to the migrants and would greatly increase the difficulty of providing decent housing for the residents of any community. The migrants, as migrants, form a distinct group with peculiar problems that cannot be solved by housing alone.

(Whereupon, at 12:45 p. m., the committee adjourned subject to the call of the chairman.)

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