

Social Security—Our Biggest Tax Bill



President Roosevelt signs the Social Security act as (left to right) Rep. Robert L. Doughton (N. C.), U. S. Sen. Robert F. Wagner (N. Y.), Secretary of Labor Frances Perkins, and U. S. Sen. Pat Harrison (Miss.), look on. The inset shows the late Sen. Huey P. Long whose famous filibuster last summer prevented the passage of the deficiency bill which would have provided for the first payments under the Social Security act.

By WILLIAM C. UTLEY

BY THE end of June approximately 1,000,000 American citizens more than sixty-five years old will be receiving pension checks from funds created by state and federal co-operation. This will be the beginning of the benefit payments under one of the most spectacular pieces of legislation ever attempted in the United States, the Wagner-Lewis social security act.

The act, signed by President Roosevelt August 14, 1935, providing protection against extreme poverty in old age, and insurance against unemployment, is the largest tax bill ever passed. Unless it is amended or the Supreme court declares it unconstitutional, it will collect \$236,000,000 in taxes this year. The levy, which is a progressive one and grows to its maximum in about twelve years, may ultimately reach \$2,800,000,000 a year. The fund ultimately to be accumulated will swell to nearly \$50,000,000,000 in 1980, a total about half again as large as the present record national debt.

Old age pensions began in Europe as early as 1783, and unemployment insurance has been in practice for more than forty years. By the social security act, the United States is attempting, in a single stroke, to go far beyond what the nations of Europe have been several decades in developing.

Right now there is a far-flung drive under way to get states to submit old age plans which will be acceptable to the social security board and its director, Frank Bane. Twenty-five states have already submitted plans which have met, or soon will meet with the board's approval. They are: Delaware, Idaho, Iowa, Maine, Maryland, Michigan, Mississippi, Missouri, Nebraska, New Hampshire, Vermont, Wisconsin, Wyoming, Alabama, Colorado, Connecticut, Florida, Kansas, Massachusetts, Montana, Ohio, Rhode Island, Utah, Washington and the District of Columbia.

Eighteen other states have enacted legislation which will enable them to apply for federal aid at some future date. Only Georgia, Louisiana, New Mexico, North Carolina, South Dakota, South Carolina, Tennessee and Virginia are without old age pension laws, but such legislation, it is believed, will be presented to the next session of the state legislature in each.

New Deficiency Bill.

The house appropriations committee has recommended the appropriation of \$42,064,500 for social security in the new deficiency bill which, it is expected, will soon be passed. This will replace the one which was defeated by the famous filibuster of the late Huey P. Long in the senate last summer. Included in this appropriation will be \$24,000,000 for old age assistance to June 30, \$5,000,000 for the aid of dependent children, and \$2,000,000 for the care of the blind.

From a political point of view, it is probably the old age pensions which are the most important part of the act at the present time. Certainly the spread of publicity concerning the Townsend plan has emphasized the necessity for caring for the aged whose earning power has declined or vanished. And it is the old age pensions which first go into effect.

The act makes two provisions for old age. In the first of these provisions, the one now in effect, the federal government matches, dollar for dollar, the old age pension systems of the states, up to the point where persons of seventy or more are being paid \$15 by the state and \$15 by the federal government. These payments would be financed out of the treasury's general fund and the cost would be borne by all the taxpayers; it is possible that a beneficiary may pay nothing toward his own pension. Similar federal grants-in-aid are given for pub-

lic health service, the blind, children's and material welfare, and similar public responsibilities. There is no doubt about the constitutional nature of these grants-in-aid, for they have been made to states in the past for education, road building and other purposes.

By 1942, these grants-in-aid will be replaced, or at least will be far surpassed in importance, by the second old age provision of the law. While the first provision is "non-contributory" the second, which is an old age pension system operated entirely by the federal government, will be paid for by employers and employees, with no financial aid from the federal government.

Tax Starts in 1937.

The tax will begin to be felt in 1937, when every employer of one or more persons becomes liable for a 1 per cent tax on his payroll. After three years, the rate will become 1 1/2 per cent; it will increase 1/2 of 1 per cent each three years until in 1949 it will be 3 per cent. The employees will be required to pay a tax on their earnings which increases on the same scale, making the total tax 6 per cent for employer and employee together by 1949.

The states play no part in this operation, for the money goes directly to the United States treasury. The pensions which will be paid to employees under this arrangement will bear no relation to the employee's needs in his old age; he will simply be paid the amount due him in his contract. Such an arrangement will of course require a vast amount of accounting on the part of the federal government, for pay roll records will have to be kept on every individual.

The following types of employers and employees are exempt from the tax: Governmental units; railroads; non-profit, religious, charitable, scientific, literary and educational organizations; agricultural labor; domestic service; casual labor, and employment on shipboard.

No benefits will begin to be paid upon this contributory insurance until 1942, when the fund will have had the chance to assume a little body. Then all persons sixty-five or older who have contributed will become eligible to receive payments monthly for the rest of their lives. These payments will be based upon the amounts paid to the credit of the beneficiaries.

How Payments Are Computed.

Monthly benefit payments will be computed on the total wages paid the contributing worker from the time the plan goes into effect until the time he becomes sixty-five years old. His monthly benefit will be equal to one-half of 1 per cent of the first \$3,000 he earned during those years, plus one-twelfth of 1 per cent of the next \$42,000 (which must be earned over a period of 14 years or more—wages over \$3,000 in one year will not be counted), plus one-twenty-fourth of the next \$42,000. However, the benefit to the insured will in no instance be allowed to exceed \$55 a month, or \$1,020 a year.

Since the death rate in the United States is declining year by year, there are annually more old people in proportion to the number of wage-earners. This proportionate number, it is believed, will increase through the coming decades, so that the heaviest payments of the federal pension system will not come for, say, about forty-two years. Against this time it is the plan of the social security act to build up a reserve fund which will crowd the \$50,000,000,000 mark by 1980.

One of the stipulations of the act is that this fund be invested in the United States government obligations. But never have these obligations reached a total of anything like \$50,000,000,000, and with the national debt now standing at a record high, it is to be supposed (or at least hoped) that the tendency in future years will be to reduce these obligations rather than add to them. To turn sufficient of its out-

standing issues over to the fund, the government in that case would have to buy them back from the banks, and even write out more promises-to-pay with interest. To realize on such a fund it would be necessary for the treasury to sell its notes to the public and the banks again, a slow and laborious operation.

At least, those are some of the criticisms the act has received. Another is that a reserve fund of such enormity would be a constant temptation to grafting politicians who might seek political popularity by advocating higher benefit payments or smaller contributions from workers, in a fashion that might dissipate the fund.

Aids Naturalization.

There is one way that the social security act may benefit the country, in addition to the manner in which its sponsors believe it will help to solve the unemployment problem: Daniel C. McCormack, commissioner of immigration and naturalization, says that the prospect of benefits to be paid has lent impetus to a large increase in the number of aliens applying for naturalization throughout the country.

So much for old age pensions; now for unemployment insurance.

Two model plans have been suggested for states by the social security board. One is called the "pooled reserve" plan and the other the "employer reserve" plan. Contributions under the first plan are deposited in the United States treasury's unemployment trust fund. Benefits are paid with all contributions undivided. In the states where this plan is operating, benefits would be paid to each unemployed person who was eligible, without regard for his employer's benefit and contribution experience. For rating purposes, records would be kept on all employers.

In the states where the "employer reserve" plan is adopted, separate accounts are kept for each employer, with his contributions being credited only to his own reserve account. Thus an employee's benefits would be limited by the amount of his employer's reserve account; and the employer's reserve could be charged only with benefits paid to his own employees.

All corporations or individuals in the United States who employ eight or more persons for 20 weeks (with the same exemptions as are provided in the old age pension plan) are subject to the tax which will support the benefit payments for unemployment insurance. This tax will be paid entirely by employers. It will amount to .9 per cent of payrolls for this year, 1.5 per cent for 1937 and 2.7 per cent for 1938. Employers in states where the "employer-reserve" plan was in effect would become eligible for decreased rates in the payroll tax in 1939, provided their reserve accounts equal 7 1/2 per cent of the payroll for the year before, and five times the total benefits paid from their accounts in any one of the three years preceding. Employers under the "pooled reserve" plan would become eligible for lower rates or liable for higher rates in 1941.

Forcing State Co-operation.

The social security act provides the federal government with a club for forcing the states to adopt one of its recommended plans. Employers in states which adopt the "pooled reserve" or the "employer reserve," or any plan approved by the social security board, are permitted a refund of 90 per cent of the tax. The "encouraging" agent is obvious; if a state doesn't fall in line, nearly 3 per cent of all its payrolls goes out of the state and doesn't return.

Unemployment insurance acts have been passed by 11 states and the District of Columbia, most of them in 1935, in anticipation of the federal legislation, although in Wisconsin unemployment insurance has been in effect for many years. It is possible that a few states will join the ranks this year.

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HOW ARE YOU TODAY

DR. JAMES W. BARTON
Talks About

Opinions on Dinitrophenol

DURING the war many cases of dinitrophenol poisoning occurred among French munition workers. The poisoning which was often severe and sometimes fatal was of such common occurrence that a special investigation was undertaken by three French research workers.

These workers found that dinitrophenol increased the amount of oxygen needed by the individual to ten times the usual amount, that heat was increased inside the body so that sugar was taken in great quantities from the liver and muscles. In 1933 Drs. W. C. Cutting, H. G. Mehrtens, and M. L. Tainter stated in the Journal of the American Medical Association that they had found that in addition to the burning of sugar from the liver and muscles, fat in the body was burned also.

As the drug thus burned up surplus tissue a number of experiments were made in reducing weight by the use of dinitrophenol. The dose was given according to the weight of the individual, and the rate at which the body processes work was increased from 20 to 30 per cent the first hour.

After 24 hours the rate at which the body processes work began to decrease again and was down to the normal rate by the third day. No ill effects were found in the eight patients even after giving dinitrophenol for two months.

Results of Experiments.

The drug was then given to nine other patients for prolonged periods, all of whom lost weight without cutting down on the amount of food usually eaten. In these nine cases no ill effects were noted.

These research physicians thus concluded that dinitrophenol would be useful in the treatment of obesity or overweight.

However, because of the possible dangers of the use of the drug in patients, they suggested that the drug be used only under controlled conditions. Warning was also issued by the Council of Pharmacy and Chemistry of the American Medical Association, and by editorials in the Journal of the American Medical Association, against the uncontrolled (not under medical supervision) use of the drug.

Despite these warnings dinitrophenol has been used extensively in the treatment of overweight and not always with the necessary precautions. It is estimated that 4,500 patients in California alone were treated in one year and that probably 100,000 persons have used the drug in North America.

Big Demand for Drug.

Naturally there has been a big demand for a drug that will reduce weight without cutting down on the food intake and with no need for exercise.

However, the other side of the picture shows that many individuals are "sensitive" to the drug and are afflicted with skin eruptions more or less severe. And unfortunately there does not seem to be any means of knowing beforehand if the drug will cause trouble because skin tests are of no use. Other disturbances due to the drug were itching, swelling of the lining of mouth, nose and throat, loss of smell and taste.

"Up to the present time six deaths from dinitrophenol have been reported. In two of these cases especially large doses were taken, but in two others the amounts used were not larger than those recommended by Doctor Tainter and his co-workers."

When Death Occurred.

"In most of the cases death occurred within 24 hours of the onset of the symptoms of poisoning which are dizziness, breathlessness, fatigue, fever, and excessive perspiration."

It is therefore strongly advised by research workers that the use of the drug be limited to carefully selected cases. Patients with diabetes, inflammation of the kidneys, and diseases of the liver and heart, should not be given the drug.

In Germany an official warning regarding the danger of dinitrophenol has been issued. In Canada obesity or overweight has been included in the list of conditions for which remedies cannot be sold.

The thought then is that this drug does help to reduce weight in certain cases, but as it causes skin eruptions in some, death in others, and should not be used in patients with diabetes, kidney, liver and heart ailments, it can only safely be taken under the supervision of a physician.

High Blood Pressure

IN A study of 182 high blood pressure cases Dr. D. Ayman found an increase in both physical and mental activity. They are dynamic overactive persons with a large and steady output of energy. They are sensitive and quick-tempered and that would appear to have been born in them.

The point then is that high blood pressure, while more frequent in overweight, is quite common in those of normal weight who are overactive, sensitive, high-strung, nervous. The treatment of course is to try to acquire a "calmness of spirit" by developing a philosophy of life by means of religion or by other methods.

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OF INTEREST TO THE HOUSEWIFE

If your cactus does not bloom pinch leaves and branches, leaving only branches that grow upward. Water whenever soil is dry.

To dice or cut marshmallows easily dip a dry scissors into powdered sugar.

Meat thawed quickly is likely to be tough. Keep frozen meat in warm place before cooking.

One teaspoon of chopped maraschino cherries and one tablespoon of orange juice added to boiled salad dressing makes a delicious dressing for fruit salads.

If an apple tree is broken by winter storms, pare off the splinters with a sharp knife or chisel and treat the wound with creosote, then give it a coat of linseed oil and lead paint. Do not let the creosote touch the live bark.

Chocolate cake scorches easily on the bottom and sides because of the large percentage of fat it contains. It is therefore necessary to bake it in a moderate oven.

Tie a cheese cloth or paper bag over the mouth of food chopper, when cutting bread, nuts, etc., through it. Every bit will then be saved.

Add one-eighth teaspoon of cream of tartar to cinnamon and sugar used in apple sauce. It gives it a delicious flavor.

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POWER WITHIN

The power for real achievement is within you. Where you are now is the place to do your best work and to translate your good intentions to do actual deeds. You can do it. Of course you can!



Or Divine
To borrow is human—to pay back is astounding.

Still Coughing?

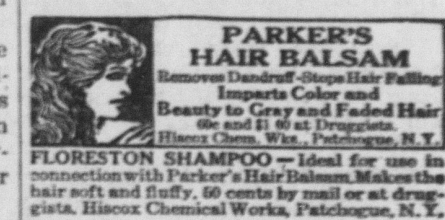
No matter how many medicines you have tried for your cough, chest cold or bronchial irritation, you can get relief now with Creomulsion. Serious trouble may be brewing and you cannot afford to take a chance with anything less than Creomulsion, which goes right to the seat of the trouble to aid nature to soothe and heal the inflamed membranes as the germ-laden phlegm is loosened and expelled.

Even if other remedies have failed, don't be discouraged, your druggist is authorized to guarantee Creomulsion and to refund your money if you are not satisfied with results from the very first bottle. Get Creomulsion right now. (Adv.)

Worry Defined
Worry is interest paid on trouble before it is due.

Cardui During Middle Life
Women who are entering middle life will be interested in the experience of Mrs. L. C. McDonald, of Paragould, Ark., who writes: "I took Cardui during change of life. I was so weak, so nervous, I could hardly go. I just dragged around. I had fainting spells and would just give down. My back and head hurt. I read of Cardui. I took about seven bottles. It gave me relief and strength. I am now 60 years past, and can do a pretty good day's work in the house and garden."

Thousands of women testify Cardui benefited them. If it does not benefit YOU, consult a physician.



HOW TO "ALKALIZE" YOUR STOMACH ALMOST INSTANTLY

Amazingly Fast Relief
Now From "Acid Indigestion"
Over-Indulgence, Nausea
and Upsets



If you want really quick relief from an upset or painful stomach condition—arising from acidity following over-eating, smoking, mixtures of foods or stimulants—just try this:

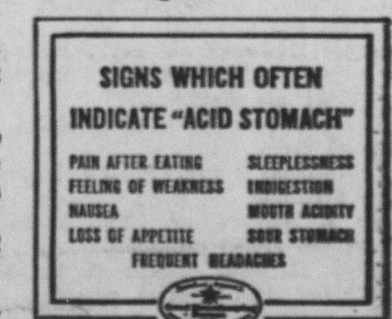
Take—2 teaspoonfuls of Phillips' Milk of Magnesia in a full glass of water. OR—2 Phillips' Milk of Magnesia Tablets, the exact equivalent of the liquid form.

This acts almost immediately to alkalize the excess acid in the stomach. Neutralizes the acids that cause headaches, nausea, and indigestion pains. You feel results at once.

Try it. AND—if you are a

frequent sufferer from "acid stomach," use Phillips' Milk of Magnesia 30 minutes after meals. You'll forget you have a stomach!

When you buy, see that any box or bottle you accept is clearly marked "Genuine Phillips' Milk of Magnesia."



PHILLIPS' MILK OF MAGNESIA

Great Knowledge
To be a great man one must know how to profit by the whole of one's fortune.

Neither Commended
The passions of youth are scarcely more opposed to safety than the lukewarmness of age.

5 p.m. is a test of how you FEEL

"How do I feel.... Rotten! why do you ask?"

"Because, you are not yourself!"

It is all so simple, too! That tired, run-down, exhausted feeling quite often is due to lack of a sufficiency of these precious red-blood-cells. Just build up these oxygen-carrying cells and the whole body takes on new life... food is really turned into energy and strength... you can't help but feel and look better. S.S.S. Tonic restores deficient red-blood-cells... it also improves the appetite and digestion. It has been the nation's standby for over 100 years... and unless your case is exceptional it should help you, too. Insist on S.S.S. Tonic in the blood-red cellophane-wrapped package. The big 2-oz. size is sufficient for two weeks' treatment... it's more economical.

SSS TONIC Makes you feel like yourself again

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