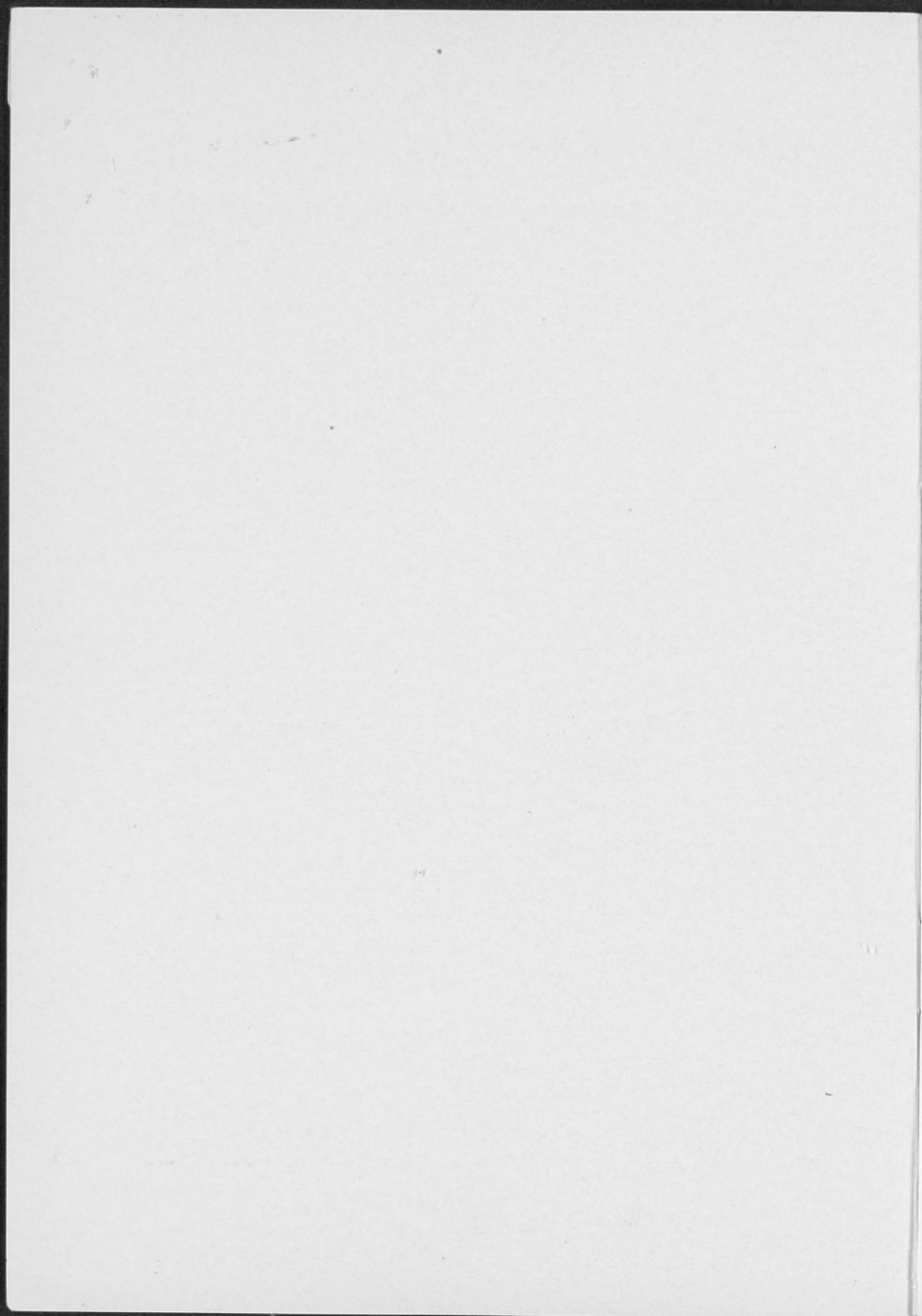


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Ethical Aspects of Social Insurance



By LOUIS F. BUCKLEY



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ETHICAL ASPECTS OF SOCIAL INSURANCE

I. Introduction

SINCE substantial changes in the Social Security Act are likely within the next few years, a review of our social insurance program in light of Catholic principles of social justice seems most appropriate at this time. It is encouraging to note that provision has been made by Congress for an extensive study of the existing social security program.¹ Since this congressional study will probably be concerned primarily with purely economic aspects, it is important that we consider the subject from the point of view of Christian social principles. This approach is in accord with the suggestion made by the late Monsignor John A. Ryan in 1942 that the members of the Catholic Economic Association should pursue two practical aims: "To make the ethical aspect of economic doctrine as prominent as possible and to study and recommend reforms in our economic institutions."²

In this paper, discussion so far as possible will be limited to the subject of *social insurance*. This is defined as insurance participated in by the organized community against the various contingencies that cut off the worker's earning power and threaten him and his family with economic disaster. These contingencies are sickness, accident, unemployment, invalidity, superannuation, and premature death. It should be recognized that this definition excludes the various public assistance programs which are an important element in our social security program.

II. Catholic Statements on Social Insurance

Social insurance was discussed in the *Bishops' Program of Social Reconstruction* issued February 12, 1919. After proposing that "legal minimum wages should be ultimately high enough to make possible that amount of saving which is necessary to protect the worker and his family against sickness, accidents, invalidity, and old age," the *Bishops' Program* declared

¹ The Senate on June 23, 1947, passed a resolution (S. Res. 141) authorizing a study of the social security program. An Advisory Council was appointed by the Senate Finance Committee on September 29, 1947.

² Ryan, John A., "Two Objectives for Catholic Economists," *Review of Social Economy*, Vol. I, December 1942, p. 1.



"until this level of legal minimum wages is reached the worker stands in need of the device of insurance." The conclusion is reached in that document that "the State should make comprehensive provision for insurance against illness, invalidity, unemployment, and old age."³ It is noteworthy that this pronouncement was issued thirteen years before the American labor movement endorsed social insurance and sixteen years prior to the enactment of the Social Security Act itself. Cardinal Edward Mooney, in an introduction to the twentieth anniversary edition of the *Bishops' Program* issued April 14, 1939, commented on the failure to realize all the proposals in the *Bishops' Program* and pointed out that "the social insurance provided in the Social Security Act is by no means perfect." "To say nothing of other defects," he continues, "it fails to provide for workers' insurance against sickness."⁴

The *Bishops' Program* set forth several principles with respect to social insurance. It suggested that, so far as possible, the insurance fund should be raised by a levy on industry. This was based on the contention that the industry in which a man is employed should provide him with all that is necessary to meet all the needs of his entire life. Therefore, it was maintained, any contribution to the insurance fund from the general revenues of the State should be only slight and temporary. For the same reason, it was proposed that no contribution should be exacted from a worker who is not getting a higher wage than is required to meet the present needs of himself and family. Finally, the *Bishops' Program* states that the administration of the insurance laws should be such as to interfere as little as possible with the individual freedom of the worker and his family.

Throughout the two decades following the issuance of the *Bishops' Program* the late Monsignor John A. Ryan was an outstanding Catholic exponent of social insurance. His zealous expressions on this subject were recognized in 1946 by the Chairman of the Senate Committee on Education and Labor at the hearings on a national health program.⁵ After the

³ *Bishops' Program of Social Reconstruction*, N. C. W. C. Anniversary Edition, (Wash.: 1939), p. 22.

⁴ *Ibid.*, p. 8.

⁵ *Hearings Before the Committee on Education and Labor*, U. S. Senate, 79th Congress, 2nd session, on S. 1606, "National Health Program," Part 3, (Wash.: 1946), p. 1673.

Bishops' Program was issued, Monsignor Ryan delivered a series of lectures in New York which were published in 1920 in book form under the title *Social Reconstruction*. In the chapter on social insurance he emphasized that a health insurance bill would prevent a great deal of sickness that now occurs, that wage earners would be able to spend more days at work, and that the cost of their insurance would be borne, in part, out of their greater product. He replied to the objections raised at that time against social insurance, particularly against health insurance. In answer to those who maintained that compulsory insurance discourages thrift, Monsignor Ryan pointed out it ought to increase thrift, to increase the desire to save money, because when the worker finds he has contributions to pay—so much every week—to the insurance fund, the idea is brought home to him constantly that there are such contingencies as sickness, accidents, old age, and invalidity, which normally should be provided for; so, the probability is that he will think more of saving on his own account and spontaneously. The experience of private insurance companies under Old-Age and Survivors Insurance has demonstrated the validity of this thesis.

Monsignor Ryan also replied in this series of lectures to the objection that the whole theory of compulsory insurance and social insurance is wrong, requiring a man to do things that he ought to do for himself, because this is simply paternalism for the State to compel a grown-up person to do what his reason should do anyhow. Monsignor Ryan states this contention ignores the fact that many workers cannot make any provision at all for contingencies such as sickness. Insofar as the State provides for them, he continues, it is not unduly "interfering" with individual liberty or becoming excessively paternalistic. With respect to the wage earner who is able to insure himself and his family and neglects to do so, Monsignor Ryan maintains he is injuring his family, and it is perfectly proper for the State to compel him to perform that duty. Moreover, he adds, the State itself suffers if there is sickness which has to be taken care of by public charity. He therefore declares that the State has a right to protect itself against that sort of thing. His conclusion is that "all the needs covered by social insurance seem to involve dangers to a very large class of the people,—indeed,

to the whole community, which cannot be met adequately in any other way than by compulsory State insurance.”⁶

Reverend Valere Fallon, S.J., in his *Principles of Social Economy*, first published in France in 1921, explains that the idea of social insurance arose from the fact that contingencies which workers face are normal, are unavoidable for the mass population, are unequal for individuals, and are very costly to the individuals who have to bear them. He emphasizes that because of these characteristics it is impossible to provide for them with a uniform wage. The latter, to cover all the expenses of the contingencies, would necessitate a wage rate well above the mere economic minimum. He concludes that one sees no means of meeting these variable and aleatory expenses except by social insurance.

Father Fallon states that the legislator has the power to adopt a system of ownership, of contracts, and of personal freedom to social necessities. The legislator can then impose insurance, guaranteeing, in return, the right to benefits. The existing conditions which justify the principle of social insurance, according to Father Fallon, are: (1) the importance of the purpose to be attained and the great good resulting, (2) the fact that insurance systems, all being based upon the law of the greatest numbers, increase in security, in exactness and in economy, as the number of participants increases, and (3) the improvident end by becoming charges on society because they fail to employ the means which have been offered them.⁷

A second Bishops' statement entitled *The Church and the Social Order*, issued on February 7, 1940, emphasized that “workingmen should be made secure against unemployment, sickness, accident, old age, and death.” It was recognized in this statement that individual industries alone cannot in each single case achieve the objective of providing a saving wage for protection against these contingencies without “invoking the principle of social insurance.” “Some form of government subsidy granted by the entire citizenship through legislative provision,” it was concluded, “seems to be a necessary part of such a program.”⁸

There have been a number of statements issued by various

⁶ Ryan, John A., *Social Reconstruction*, (N. Y.: 1920), p. 99.

⁷ Fallon, Valere, *Principles of Social Economy* (N. Y.: 1933), p. 286.

⁸ *The Church and the Social Order*, The Paulist Press Edition, (N. Y.: 1940), Para. 32.

Catholic groups advocating social insurance. Recent examples are the 1946 and 1947 Labor Day statements of the Social Action Department of the National Catholic Welfare Conference to the effect that social security should be extended by legislation so as to provide wider coverage and greater benefits. As Reverend R. A. McGowan, Director, Department of Social Action, National Catholic Welfare Conference, stated at the Thirteenth National Conference on Social Security held in New York, March 29, 1940, "From 1919 until the passage of the Social Security Act, the National Catholic Welfare Conference continued to advocate the social insurance program and now we are advocating the extension of the Act to health insurance."⁹

Another example of endorsement of social insurance is found in the program entitled *Organized Social Justice*, prepared by the National Catholic Welfare Conference in 1935 and signed by some 130 priests and laymen; among them were nearly all the leaders of Catholic social thought in the country.¹⁰ This program includes the statement, "Social insurance is good; it fills out the living wage and cushions our insecurity; but it assumes that the underlying insecurity and injustice are to be otherwise cared for."¹¹

At almost every meeting of the Catholic Conference on Industrial Problems since its beginning in 1922, social insurance has been advocated. A typical statement in this respect is that made by the Most Reverend John F. Rummel before the regional meeting of the conference in New Orleans, April 1940. Archbishop Rummel stated, "In order to guarantee to working men security against unemployment, sickness, accident, old age, and death it is demanded that they be paid not merely a living wage but a security or saving wage which enables them to provide against these contingencies and emergencies. Because in most instances such a wage is either not paid or may, if paid, itself prove inadequate, social insurance has become a wise and even necessary provision and protection. This social insurance, which concerns in reality the common good, may

⁹ McGowan, R. A., "The Catholic Church and Social Security," In *Social Security in the United States*, American Association for Social Security, (N. Y.: 1940), p. 166.

¹⁰ McGowan, R. A., *Catholic Work in the United States for Social Justice*, National Catholic Welfare Conference, (Wash.: 1936), p. 22.

¹¹ *Organized Social Justice*, The Paulist Press Edition, (N. Y.: 1935), p. 8.

rightfully be subsidized by government aid through taxation upon the entire citizenship."¹²

A similar record of endorsement of social insurance will be found in the proceedings of the National Conference of Catholic Charities. A typical statement in this respect is that made by the Most Reverend Francis J. Haas in a paper presented at the Fourteenth Session of the National Conference of Catholic Charities in 1928. He stated, "In view of the inadequacy of non-governmental agencies in meeting the problems of illness it is in place to inquire the advisability of invoking the power of government through compulsory health insurance. According to a long tested social principle there is here a legitimate field for State intervention. This principle declares that when private agencies are demonstrably unable to cope with the problem of considerable dimensions the State is not merely justified in intervening but required to do so. These conditions are verified in the case of sickness, and the State is therefore obliged to enact social legislation requiring low-wage workers to take out sickness insurance maintained, for example, by contributions from the State, employers, and workers. To be sure, it would be better for workers and for society in general if private initiative and private agencies were able to handle the problem of sickness, but inasmuch as they are not, the State must legislate in behalf of the needy sick or of those who are reduced to poverty through sickness because of the malfunctioning of the existing medical system."¹³

Right Reverend Monsignor John O'Grady, Secretary, National Conference of Catholic Charities, has made an outstanding contribution in furthering the social insurance program in this country through research in the field and by advising legislative bodies, governmental agencies, and labor organizations. He presents an expression of the thinking of the Directors of Catholic Charities in regard to social security in a recently published pamphlet entitled *Catholic Charities and Social Security*.

A number of Catholic periodicals have, during the past years, endorsed the enactment and expansion of the social insurance program. A recent example of this action is a com-

¹² Rummel, Joseph F., *The Church and Social Order*, Catholic Conference on Industrial Problems, (Wash.: 1940), p. 9.

¹³ Haas, Francis J., *Social Insurance and Health*, Proceedings of the National Conference of Catholic Charities, 1928, pp. 286-296.

ment in *America*, December 13, 1947, entitled "Toward Broader Social-Security Coverage" in which the hope was expressed that when President Truman makes recommendations to the new session of Congress, he will find strong support for the extension of social-security coverage to agricultural workers, the domestically employed, and the employees of tax-exempt religious, educational, and charitable institutions. Another example of such endorsement is an editorial in *Commonweal*, May 23, 1947, entitled "National Health Insurance."

An analysis of the moral basis of social insurance was made by Reverend William J. Gibbons, S.J., Associate Editor of *America*, in the November 3, 1945, issue of that periodical in an article entitled "The Why of Social Security." After indicating the elements involved in the right to a decent livelihood, Father Gibbons states, "Because the individual worker or employer is powerless to provide with certainty such a standard of living, the responsibility rests upon society as a whole. And since the responsibility rests on society as a whole, it ultimately falls upon government—supported by informed public opinion—to see that social justice is observed." According to Father Gibbons, the variable elements involved in martial status of the worker, in risks and contingencies which the worker must face and in risks of various employments make some sort of insurance scheme imperative if all foreseeable and unforeseeable risks are to be provided for. He concludes that compulsory insurance, covering the minimum needs of *all* workers, is but the next step toward the achievement of social justice. "Only compulsory insurance," he adds, "covering even cases unable to make payment and charging a flat rate not graduated according to risk, can achieve the distribution of wealth which social justice demands."

Catholic authors of textbooks in the field of economics have also indicated approval of social insurance and have proposed expansion of coverage. Two of such recent textbooks are *Economic Analysis and Problems* by Reverend John F. Cronin, S.S., and *Fundamentals of Labor Economics* by Friedrich Baerwald. Father Cronin analyzes the history of Catholic social thought in other countries as well as in the United States in his text. He points out that cradle-to-the-grave social security was the high water mark of early French social Catholicism.¹⁴

¹⁴ Cronin, John F., *Economic Analysis and Problems*, (N. Y.: 1945), p. 583.

Father Cronin also includes a discussion of the social principles of Protestantism in which he indicates approval of social insurance against sickness, accident, want in old age, and unemployment by Protestant groups. Friedrich Baerwald devotes five chapters to social insurance in his recent text. He advocates extension of coverage of our present programs, more adequate benefits, and the immediate enactment of legislation to provide for cash sickness insurance for temporary and permanent disability. He points out that the great confusion prevailing in the discussion of health insurance in this country is based on the false identification of health insurance with socialized medicine. He concludes his discussion of health insurance with the statement, "The bog of socialized medicine has been created in order to defeat a time-tested system of health insurance."¹⁵

It is interesting to note that the three men in Congress who have introduced a number of bills for the expansion of our social insurance program are all Catholics. I have in mind Senator Robert F. Wagner, Senator James E. Murray, and Congressman John D. Dingell, who are sometimes referred to as "the famous triumverate of social security." Two additional Catholics, Senators J. Howard McGrath and Dennis Chavis, are also co-authors of social insurance bills recently introduced by Senator Murray. The late William Connery, Chairman of the House Labor Committee at the time a number of social security bills were under consideration by Congress and author of one of the early bills, stated on March 4, 1937, in a speech which appeared in the *Congressional Record*, that as Chairman of the Committee on Labor of the House of Representatives the labor encyclical of Pope Leo XIII had been practically the bible which he followed in formulating legislation on labor matters for all the American people.¹⁶ At the hearings before the Senate Committee on Education and Labor in 1946 on the National Health Program considerable attention was given to the *Bishops' Program*, the encyclicals of Pope Pius XI, and Catholic social thought as presented by R. A. McGowan, Right Reverend Monsignor John O'Grady, and Reverend Alphonse Schwitalla, S.J.¹⁷

¹⁵ Baerwald, Friedrich, *Fundamentals of Labor Economics*, (N. Y.: 1947), p. 304.

¹⁶ *Congressional Record*, 75th Congress, 1st session, March 9, 1937, Appendix, p. 466.

¹⁷ Hearing before the Committee on Education and Labor, op. cit., pp. 1667-1675, 1787-1800, 1819-1842.

III. Analysis of Catholic Teaching

The Catholic attitude toward social insurance is closely related to the workers' basic right to a wage sufficient to meet adequately ordinary domestic needs. This attitude is founded on the knowledge that a large number of wage earners of this country are not earning enough while working to meet normal needs of life and that, when thrown out of work because of unemployment, sickness, accident, invalidity, superannuation, or premature death, they cannot provide for themselves or their families with a livelihood unaided. Pope Leo XIII states in *Rerum Novarum*, "The richer population have many ways of protecting themselves, and stand less in need of help from the State; those who are badly off have no resources of their own to fall back upon, and must chiefly rely upon the assistance of the State. And it is for this reason that wage earners, who are, undoubtedly among the weak and necessitous, should be specially cared for and protected by the commonwealth."¹⁸

It is noted that according to the *Bishops' Program of Social Reconstruction* social insurance is looked upon as an interim measure necessary only until the level of legal minimum wages is high enough to make possible that amount of saving necessary to protect the worker and his family against contingencies which cut off his wage. No doubt it was assumed that the other phases of the Catholic social program would also be realized, including a more equitable distribution of private property, the establishment of industrial self-government based on organizations of workers and employers in all industries, and the acquisition by both labor and capital of a spirit of responsibility and mutual respect. Although there will not be as great a need for social insurance if these objectives are attained, I do not believe wages high enough to save for the contingencies which cut off a livelihood will be a satisfactory substitute for social insurance.

In the first place, because of the unequal distribution of the risks involved among individuals, the saving wage would have to be very high to provide adequate savings unless the worker could carry private insurance. But private insurance, of course, has never been available for the risk of unemployment. Although the other contingencies are insurable by private companies, there are a large number of workers who would not be

¹⁸ *Rerum Novarum*, The Paulist Press Edition, p. 31.

eligible because they are not good risks or their insurance rate would be so high that an unusually high savings wage would be required. Even though the problem of the inability of workers to obtain private insurance could be resolved, many workers will not take advantage of the opportunity. It is for this reason that most Catholic groups concerned with a national health program agree that it should be compulsory *in fact* even though they maintain it should be voluntary *in form*.¹⁹

An alternative to private insurance under the proposal to depend on a savings wage for economic security would be the establishment of welfare or insurance funds by labor and employer groups. Although more satisfactory than private insurance in that poor risks could be covered, the welfare fund may be discontinued in periods when the union is weak as a bargaining agent. This is not so likely to happen if the Catholic social program of the encyclicals referred to above were firmly established. A worker, for example, depending on a welfare fund in the clothing industry where good labor management relations are firmly established today, seemingly would have greater security under a welfare fund over a long period of time than in an industry such as automobiles or steel. Unfortunately there are few industries today in which relationships between capital and labor are dominated by the principles of organization and mutual respect contemplated by the social encyclicals to the extent necessary to assure permanent economic security through the establishment of welfare or insurance funds by unions and employers. Furthermore, until the universal organization of workers and employers by industry anticipated under the Pope's plan is realized, a large number of workers would be denied protection unless a social insurance program is in effect.

Another weakness of relying on welfare funds or insurance programs established by worker and employer groups is the problem involved when workers transfer from one plant, industry, locality, and union to another. Recent studies have indicated that these shifts, even within short periods, are much greater than indicated by earlier estimates. This problem has been evident in the State unemployment insurance program where only geographical shifts and a relatively short period of work experience are involved in determining benefit rights.

¹⁹ O'Grady, John, *Catholic Charities and Social Security*, National Conference of Catholic Charities, (Wash.: 1946), p. 32.

The practical difficulties would appear to be insurmountable in union-management welfare or insurance fund programs for social security. Furthermore, a program of this nature would tend to tie the worker to an industry, locality, and union, when it might be to his personal advantage to change his employment. This would interfere with the individual freedom of the worker which the *Bishops' Program* cautions should not be tolerated in any insurance scheme. Finally, the cost of protection would be very great in some industries under a union-management insurance plan because of the varying number of risks in different employments. This was recognized by the bishops in *The Church and the Social Order* in the statement, "Individual industries alone, however, cannot in each single case achieve this objective without invoking the principle of social insurance."²⁰ The objective referred to is security of workingmen against unemployment, sickness, accident, old age, and death.

The emphasis placed on wages sufficient to permit a worker to save for the future as an ultimate goal, although endorsing social insurance as an emergency measure under present conditions, is based upon the social principle that the individual reaches a higher degree of self-development when he does things for himself than when the State does things for him. The fact is stressed that it is the basic moral responsibility of every one of us to take care of ourselves and those dependent on us. This approach also is influenced by the desire to protect the independence of the individual worker and his family from the danger of unwarranted interference by government which is possible in the administration of a social insurance program.

I agree with these basic principles and believe that the State should do only those things which cannot be done as well by private action. It is my opinion, however, based on the inadequacy of the alternative approaches to the problem as outlined above, that social insurance is necessary as a permanent institution to adequately protect all workers and their families from all the contingencies that cut off their wages or their right to a decent livelihood. Just as we cannot well be left independent to fight alone a fire which attacks our home, likewise we need organized aid for meeting the problem of unemployment and similar contingencies.

It appears that this conclusion is consistent with the prin-

²⁰ *The Church and the Social Order*, op. cit., Para. 32.

principle laid down by Pope Leo XIII in *Rerum Novarum* that "whenever the general interest of any particular class suffers, or is threatened with evils, which can in no way be met, the public authority must step in to meet them."²¹ These words are as inclusive and comprehensive as they could be made. Surely a social contingency such as sickness affects the general interest of the laboring classes in a vital manner. If employers cannot, or will not, act collectively, the State must. As Reverend William A. Bolger, C.S.C., has put it, "Community Chests cannot function as the ordinary means of decent livelihood."²² Pope Pius XI, in the encyclical *Quadragesimo Anno* acknowledges "that a just freedom of action should be left to individual citizens and families." His statement is followed, however, by the limitation that "this principle is only valid as long as the common good is secured and no injustice is entailed."²³ As long as contingencies such as sickness and unemployment are causes of dependency for individuals and their families, a grave injustice is involved.

Pope Pius XI, in the encyclical on *Atheistic Communism* recognizes the need for social insurance in the following statement: "But social justice cannot be said to have been satisfied so long as workingmen are denied a salary that will enable them to secure proper sustenance for themselves and for their families; as long as they are denied the opportunity of acquiring a modest fortune and forestalling the plague of universal pauperism; as long as they cannot make suitable provision through public or private insurance for old age, for periods of illness, and unemployment." (Italics mine.)²⁴ This statement indicates that the Pope commends social insurance and gives it equal consideration with private insurance. He does not call it a "necessary evil" but considers it an element of social justice.

It should be noted the conclusion that social insurance is necessary does not deny the need for a legal minimum wage which provides an element of saving to supplement social insurance benefits. It is a generally accepted principle in social insurance that benefits should be lower than the wage normally earned. This makes it necessary for the workers to provide for themselves, through savings or private insurance, for a part

²¹ *Rerum Novarum*, op. cit., p. 20.

²² Bolger, William A., "Social Legislation," *Catholic Action*, Vol. 15, May 1933, p. 14.

²³ *Quadragesimo Anno*, N. C. W. C. Edition, 1936, p. 9.

²⁴ *Atheistic Communism*, N. C. W. C. Edition, 1937, Para. 52.

of their livelihood during periods when wages are cut off by contingencies over which they have no control.

Experience in the field of old-age survivors insurance has demonstrated that, once the benefits of social insurance are provided for, additional private insurance is purchased by workers to supplement their social insurance benefits. Social insurance, therefore, instead of encouraging dependence on the State, has, to the extent adequate wages exist for this purpose, encouraged supplemental private insurance, to the greater gain of the worker's moral and social stamina. The experience of old-age and survivors insurance since the beginning of the war furnishes additional evidence that social insurance does not endanger the moral fiber of the nation. As jobs opened up at the beginning of the war, the rise in the beneficiary roll was much less rapid than would have been expected at this stage in the development of the system. For every aged worker who claimed benefits during this period, there were about two who, though eligible, were not taking their payments because they continued to hold or obtain jobs in covered employment. Available evidence shows that most of those who retire during a period of full employment are not physically able to continue to work. In unemployment insurance, likewise, the very small beneficiary rolls have been heavily weighted with old people, handicapped people, and women with little work experience—the last hired and the first fired.

IV. Extension of Coverage

Now, it would seem in order to attempt a summary evaluation of our present social insurance programs from the point of view of Christian social principles. The most serious defects in our present system appear to be: (1) too limited coverage of workers, (2) inadequate benefits, and (3) failure to provide for protection in case of sickness, non-industrial accidents, and invalidity. Consideration will also be given to methods of financing our social insurance programs.

Looking first at coverage, *Old-Age and Survivors Insurance*, which is more extensive than other social insurance programs, covers about three jobs out of five.²⁵ But, because there is a

²⁵ *Issues in Social Security*, A Report to the Committee on Ways and Means of the House of Representatives, (Wash.: 1946), p. 19.

great deal of shifting between covered and noncovered em-

ployment, many workers fail to meet the eligibility requirements in spite of having spent substantial periods of time in covered employment. As the result of the exclusion of self-employed workers, agricultural labor, domestic service, employment for nonprofit organizations, and public service, some forty per cent of workers are denied the protection of old-age and survivors insurance.

A grave injustice is done to these excluded workers and also to their employers to the extent that it places employers at a competitive disadvantage with covered employers in the labor market. There is, of course, the obvious fact that persons who work steadily in noncovered employments are deprived of the basic protection of old-age and survivors insurance, although the presumed family needs which the program is designed to meet are not related to the nature of the breadwinner's work or his employer. William F. Montavon, Director, Legal Department, National Catholic Welfare Conference, in a statement before the Committee on Ways and Means, March 6, 1946, emphasized this injustice by pointing out that Catholic hospitals, charitable and educational institutions have not looked with favor on any provision of law which denies to their employees any benefit provided by law for employees in general.²⁶ It does not appear that generally workers in the excepted fields of employment are less in need of the protection afforded under old-age and survivors insurance than those who work in covered jobs. Indeed, in some of the excepted areas, such as farm labor and domestic service, there appears greater need of such protection than among the majority of workers now covered.

The administrative difficulties involved in collecting contributions from self-employed persons, farm workers, and domestic servants have been resolved. Plans were recently presented by the Treasury Department designed to eliminate this obstacle to social security extension to these excluded groups. The exemption of employees of non-profit making institutions is based upon the fact that traditionally these church-related activities have been generally exempt from taxation. I agree with Friedrich Baerwald, Associate Professor of Economics,

²⁶ Montavon, William F., *Old Age and Survivors' Insurance*, N. C. W. C. Pamphlet (Washington: 1946), p. 4 and Stanford, E. V., *Social Security for Lay Professors in Catholic Colleges*, National Catholic Educational Association Bulletin, Nov. 1946, pp. 23-32.

Fordham University, that these employees can be brought within the framework of social insurance without prejudice to the principle of tax-exemption of religious institutions.²⁷ Unfortunately because of constitution reasons, it is necessary in this country to classify social insurance contributions as taxes. However, they are not general taxes in the usual sense. These payments are levied for specific purposes; they are the basis of amounts appropriated and earmarked for benefits, and they establish credits for the individuals for whom the payments have been made.

The same groups excluded from old-age and survivors insurance are denied coverage under our *Unemployment Insurance* program. In addition, there are 2,000,000 workers excluded from unemployment insurance who are employees of small employers. In 1946, a total of almost 44,000,000 workers earned wages in employment covered by State unemployment insurance laws, and about 35,000,000 earned enough to qualify for benefits should they become unemployed. About thirty per cent of the workers are not covered by unemployment insurance if we exclude from our consideration farm operators and nonagricultural self-employed who are not within the purview of unemployment insurance. The same comments made above concerning the injustice of excluding workers under old-age and survivors insurance are applicable to the thirty per cent of the workers not covered by unemployment insurance.

State Workmens Compensation legislation, designed to protect against industrial accidents, is the oldest form of social insurance in this country. These laws in most States still exclude agricultural employment, domestic servants, interstate transportation workers, seamen, and employers of less than a stipulated number of employees. Some laws for questionable reasons specifically exclude additional industries, such as logging and sawmill operations. It is estimated by the U. S. Department of Labor that about fifty per cent of the gainfully employed workers are not protected in case of industrial accidents.²⁸ There is no basis in social justice for these exclusions. It should be noted that the accident rate is very high in some of the excluded industries, such as agriculture and logging. Nine States fail to cover any occupational disease

²⁷ Baerwald, Friedrich, op. cit., p. 227.

²⁸ *State Workmen's Compensation Laws*, Bulletin No. 78, U. S. Department of Labor, (Wash.: 1946), p. 5.

under their workmens compensation laws, and only sixteen States cover all occupational diseases. That insurance coverage in many fields is grossly inadequate is an inescapable conclusion.

V. Health Insurance

The most serious deficiency in our social insurance program from the viewpoint of risks covered is the failure to protect the worker and his family from the wage loss and medical and hospital costs resulting from temporary and extended disability due to non-industrial accidents and ordinary sickness. Limited protection against temporary and extended disability was provided for in the 1946 amendments to the railroad retirement and railroad unemployment insurance acts. Two States, Rhode Island and California, have laws providing cash sickness (temporary disability) insurance. Except under workmens compensation laws, there is no *public* program insuring workers generally against the costs of medical and hospital care. The total number of persons covered by all types of *voluntary* medical care plans providing for physicians' services is probably only 6,000,000 at the most, or less than five per cent of the civilian population.²⁹

Except in periods of mass unemployment, disabling illness and accidents represent the most common threat to the security of workers and their families. Disability usually throws a double burden on family resources. Apart from the unexpected and largely uncontrollable expenses which sickness brings, disability of the breadwinner almost always cuts down or stops family income. Loss of earnings from temporary and permanent disability runs to some \$3-4 billion in ordinary years in the United States: loss of working time, to perhaps some 1.5-3.3 million man-years.³⁰ In its effect on family security, permanent disability is like old age, except that it involves additional medical costs and often comes unexpectedly, at a time when a workers family responsibilities are greatest and when he has had little opportunity to accumulate savings. Loss of earnings during temporary disability is likely to cause greater hardship than losses during unemployment because of the additional expenses which sickness commonly brings.

²⁹ *National Health Act of 1945*, Senate Committee Print, No. 4, 79th Congress, 2nd session, (Wash.: 1946), p. 29. Also see "National Health Insurance," *Commonweal*, May 23, 1947, p. 132.

³⁰ Social Security Board, *Ninth Annual Report*, (Wash.: 1944), p. 24.

Our country stands almost alone among the great nations of the world in failing to protect the great majority of wage earners against incapacity of non-occupational origin. Thirty-one countries have compulsory social insurance for wage earners against permanent disability. The United States is the only nation which insures workers against old age without also insuring them against permanent or chronic disability. Thirty-two countries have insurance against wage loss in temporary disability, and the United States is one of only three which insure temporary loss of earnings from unemployment without also insuring the loss from temporary sickness.

There does not appear to be any *moral* reason why a worker and his family should not receive protection through social insurance from wage losses due to extended and temporary disability as is being given to them to compensate for wages lost because of old age, unemployment, industrial accident, or occupational diseases. This conclusion is based on the application of the principle of the worker's right to a decent livelihood. Certainly this right does not cease to exist when wages stop because of disability. As Reverend William Bolger, C.S.C., has stated this principle, "The economic right to a decent livelihood is merely the economic basis of the right to life. When wages, the ordinary means of a decent livelihood, are stopped by social contingencies over which neither employers nor employees have adequate control, social provision must be made against the social contingencies which cut off wages or the right to a decent livelihood cannot be exercised."³¹

It is important to distinguish between cash disability insurance and medical care insurance. The former, considered above, provides for cash permanent disability and cash sickness (temporary disability) benefits and is designed to compensate to some extent for wages lost because of these contingencies. Medical care insurance, on the other hand, refers to a method of insurance payment for the costs of medical care, including payments to physicians, dentists, nurses, hospitals and laboratories. Such a program is, of course, not "socialized medicine" but a method of insurance payment.

Since medical care insurance involves the payment for services rather than a payment to replace earnings lost, additional factors must be considered in evaluating such a program from a moral point of view. Monsignor John O'Grady states

³¹ Bolger, W. A., *op. cit.*

"in any society that is based on a clear understanding of the infinite worth of human personality—it must be assumed that our first objective is to encourage the individual to provide health protection for his family through his own effort."³² He recognizes that government should encourage and promote such voluntary efforts on the part of the individual, but he maintains it should not seek to supplant the efforts of voluntary associations and organizations for the purpose of providing health protection.

It is generally accepted that prepayment plans, applying the pooled-risk principle fundamental to insurance, are the most satisfactory and most economical methods of meeting medical costs. Since voluntary plans of this nature have made so little headway, many students of the subject, such as Monsignor John O'Grady, believe that coverage must be made compulsory in fact, but voluntary in form. Others maintain that voluntary plans cannot hope to provide protection to a large proportion of the population, particularly the low-income groups and "poor risks" who need protection most. They maintain that to assure ready access to necessary medical services for our population and to furnish protection against the costs of these services, a system of compulsory health insurance is necessary.

Monsignor John O'Grady explains the proposal for a health insurance program which is compulsory in fact, but voluntary in form, as one in which all those who are now covered by voluntary programs are permitted to continue their present status, and an opportunity and an incentive are provided for the establishment of new voluntary programs.³³ Reverend R. A. McGowan also emphasizes that the voluntary element in health care should be conserved and strengthened. He states that our citizens should be given the option of making their own health plans, providing there is both universal coverage and prepayment by some form of insurance.³⁴ It appears that under a health insurance program which is compulsory in fact, but voluntary in form, there would be a legislative requirement that all employees be covered by some prepayment form of insurance. However, workers and employers would be permitted

³² O'Grady, John, *Catholic Charities and Social Security*, (Wash.: 1946), p. 8.

³³ *Hearings Before the Committee on Education and Labor*, Part 3, op. cit., p. 1825.

³⁴ *Ibid.*, p. 1669.

under such a program to insure with private insurance organizations or under voluntary group insurance plans. This is sometimes known as "contracting out." I assume that such a program would include the establishment of a State-wide fund under which workers could be insured if they preferred State insurance to private or voluntary group insurance. Programs of this nature are found under many State workmen's compensation laws and under the California temporary disability insurance law. A similar proposal to permit private insurance carriers to participate in old-age insurance under the Social Security Act was defeated in Congress in 1935.

Many of the problems which have arisen under State workmen's compensation legislation are involved in considering a health insurance program which is compulsory in fact, but voluntary in form. In the absence of some arrangement by private companies or voluntary associations to accept jointly the "poor risks" refused by individual companies or associations, the existence of some sort of State insurance fund is essential. It should be recognized that under such a system, the State insurance fund would be forced to carry the "poor risks" at a very high cost. If this is not done, individuals in poor health would not be able to obtain coverage and thereby denied an opportunity to earn a livelihood under a program which is compulsory for all workers, but voluntary in form.

Abuses have arisen under workmen's compensation legislation in States where coverage is compulsory but employers have freedom to choose the form of insurance they desire. Since insurance companies have a financial interest in keeping medical costs as low as possible, they often control the employee's attending physician and establish industrial or insurance clinics. This has resulted in the commercialization of medical practice in some cases. The worst feature of this development, according to Walter F. Dodd, has been the exploitation of the health of the employee.³⁵ There is a possibility that similar abuses would be practiced by private insurance organizations or large voluntary associations under a health insurance program which is compulsory in fact, but voluntary in form.

A health insurance program which is voluntary in form makes it impossible to provide basic protection of all covered workers at the least over-all cost. Underwriting and adjudica-

³⁵ Dodd, Walter F., *Administration of Workmen's Compensation*, (N. Y.: 1936), p. 489.

tion costs in commercial insurance are much higher than administrative costs in social insurance. In Rhode Island, the amount provided for administration of cash sickness insurance is 4 per cent of contributions collected. In contrast, a study made by the Bureau of Research and Statistics of the Social Security Administration shows the over-all administrative expenses for all forms of health and accident insurance represented 37 per cent of the premium dollar exclusive of fees, licenses and taxes, and even in group insurance, 20 per cent.³⁶ Most Reverend Francis J. Haas, in his book *Man and Society*, observed some years ago in discussing workmen's compensation legislation that the most satisfactory, as well as the most equitable method of insuring employees, is for the State itself to provide for the sale of insurance to employers through State funds, making it unnecessary for them to buy it from mutual companies or private stock companies.³⁷

It should be noted that other countries of the world which have experimented with voluntary insurance have turned to some form of compulsory insurance as the practical method of providing protection for all large segments of the population. The historical growth of social insurance is summarized by Reverend Valere Fallon, S.J., in his *Principles of Social Economy*, "Historically, the institution developed as follows: non-organized mutual help; free and private insurance, particularly mutual insurance; insurance with employers' and State subsidies; compulsory insurance, successive extensions to cover all the aleatory expenses of life and finally to cover family charges."³⁸ As indicated in an editorial statement in *America*, May 25, 1946, there is no reason why compulsory health insurance cannot be successfully introduced in the United States just as it has been already into 32 other countries without resulting in the objectionable "socialized medicine."

Private efforts have thus far proved sadly inadequate, and all experience indicates that they are likely to remain inadequate to provide a method of financing adequate medical care for most workers and their families. Hence, we have here, in my opinion, legitimate place for the application of the sound

³⁶ *Temporary Disability Insurance Coordinated with Unemployment Insurance*, Social Security Administration, (Wash.: 1947), p. 20.

³⁷ Haas, Francis J., *Man and Society*, (N. Y.: 1930), p. 227.

³⁸ Fallon, Valere, op. cit., p. 285.

principle that whenever the general interest or any particular class suffers which can in no other way be met, the public authority must step in to deal with it.

We must recognize that a carefully thought-out and well-administered program for medical care insurance is essential to prevent abuses in the system. Reverend William J. Gibbons, S.J., writing in *America*, June 8, 1946, points out that public health insurance on a universal scale might become the tool of those who think medicine in all its ramifications should be a public institution, so that private practice and non-governmental hospital service would be merely tolerated. He concludes, however, that the common good may well demand the establishment of compulsory health insurance and still not warrant direct government control of medicine.

An alternative to compulsory health insurance which would provide minimum health benefits for all as a matter of right is a system of tax-supported medical care given on the basis of need. Such a program of public assistance to the indigent substitutes public charity for social justice. A means test, making people dependent upon public charity for adequate health care, would detract from the dignity of the human personality. A program of this nature appears to be contrary to the teachings of Pope Pius XI referred to earlier in this paper to the effect that social justice cannot be said to have been satisfied so long as workingmen cannot make suitable provision through public or private insurance for periods of illness. Monsignor John O'Grady stated recently that the Directors of Catholic Charities throughout the United States would like to see health care provided for the wage earner without his having to sink to the level of a public assistance program. He added that they would like to see a health program that would provide the wage earner with both medical and hospital care without a needs test.³⁹

Not only are proposals being made to place our health program on a need basis, but it was recently advocated by Lewis Meriam in *Relief and Social Security* that the present social security programs be replaced by a national relief system under which benefits would be paid only to those in need. He maintains it is difficult to justify our present social insurance

³⁹ O'Grady, John, "Catholic Agencies and Social Security," In Pamphlet *The Catholic Position on the Social Welfare Front*, published by the National Conference of Catholic Charities, (Wash.: 1946), p. 22.

system because it requires a greater distribution of wealth than is necessary to relieve need.⁴⁰ I agree with the conclusion reached by E. E. Witte with respect to this thesis in that he "can see nothing immoral in utilizing insurance principles in attempts made by the United States to cope with the problem of providing a minimum income, sufficient not for bare subsistence, but for an American standard of living, to all Americans."⁴¹

Reverend Alphonse M. Schwitalla, S.J., President, Catholic Hospital Association, testifying on May 28, 1947, before a subcommittee of the Senate Committee on Labor and Public Welfare on the National health Program, explained he differed with Reverend R. A. McGowan and Monsignor John O'Grady by indicating that he had no objection to the means test as a basis for rendering health service.⁴² Father McGowan stated he agreed with the conclusion of Senator Murray that a means test would detract from the dignity of the human personality, and any system which would provide for any section of our population to take a pauper's oath for health purposes would not be in accordance with good, sound, Catholic thinking.⁴³ Father Schwitalla states he is in favor of the insurance principle, but objects to the "regimentation" involved when it is placed on a compulsory basis. He does not object to compulsory social insurance for unemployment and old age but maintains there are "too many personal, inalienable rights of citizens that are bound up intimately with health" which are not involved in employment and old age.⁴⁴ I mention Father Schwitalla's viewpoint only to point out that there is not complete agreement among Catholic groups as to the nature of the government approach to the health problem.

⁴⁰ Meriam, Lewis, *Relief and Social Security*, (Wash.: 1946), p. 835.

⁴¹ Witte, Edwin E., *The American Economic Review*, Sept. 1947, p. 726.

⁴² *Hearings Before a Subcommittee of the Committee on Labor and Public Welfare*, U. S. Senate, 80th Congress, 1st session, "National Health Program," Part 1, (Wash.: 1937), p. 317.

⁴³ *Hearings Before the Committee on Education and Labor*, Part 3, op. cit., p. 1671.

⁴⁴ *Hearings Before a Subcommittee of the Committee on Labor and Public Welfare*, Part 1, op. cit., pp. 318-319.

VI. Inadequacy of Benefits

We have observed that our present social insurance system fails to extend coverage to millions of workers and their families who have a right to protection from the contingencies of unemployment, old-age dependency, industrial accidents, and death of the breadwinner of the family. It was also pointed out that little has been achieved in extending social insurance to cover loss of earnings and medical costs resulting from sickness and disability. Another serious deficiency of our social insurance system is the failure to provide adequate benefits. This problem is so important that one might seriously question the advisability of the extension of a system which is as yet so inadequate.

The average weekly benefit payment for total unemployment under our State unemployment compensation laws in June, 1947 was \$17.71. This average varied from a low of \$9.94 in Kentucky to \$20.84 in Utah. These amounts are considerably below what is needed to maintain today even a subsistence or an emergency budget. It is evident that the worker's right to a family living wage is not realized under the benefits provided under our unemployment compensation laws. Minimum and maximum benefit amounts must be raised and dependents' allowances added to basic benefits if we are to achieve what the claimant is entitled to receive under the principles of social justice. Only five States provide additional allowances for claimants with dependents.⁴⁵ In addition to providing more adequate weekly benefits, duration of benefits should be extended to provide at least 26 weeks' potential duration of benefits for every eligible claimant. The average worker can expect to receive benefits for only 20 weeks in a benefit year, although in some States the maximum is only 16 weeks. Even in the fiscal year 1945-1946, more than a million workers, or almost 40 per cent of all beneficiaries, exhausted their benefit rights.

The benefits paid under old-age and survivors insurance are even more inadequate than under unemployment compensation. The average *monthly* primary benefit paid to a retired worker in June, 1947 was \$24.55. The lowest primary benefit payment was \$10.00 and the highest was \$44.40. Aged

⁴⁵ Connecticut, District of Columbia, Michigan, Massachusetts, and Nevada.

wives of primary beneficiaries received an average monthly benefit of \$12.99 a month. The average child's monthly benefit was \$12.57, and that for a widow caring for a child beneficiary was \$20.07. Aged dependent parents received an average of \$13.15. It is obvious that these benefits are ridiculously low measured by any reasonable standard and, accordingly, fall below the demands of social justice.

VII. Financial Aspects

Consideration will now be given to the financial aspects of our social insurance program. The funds for unemployment benefits are derived from a tax upon employers in all except two States which still require contributions from employees. This is consistent with the position taken in the *Bishops' Program of Social Reconstruction* that so far as possible the insurance fund should be raised by a levy on industry. This is obviously just, for if industry is unable to furnish employment for those who depend upon it for a living, it ought to be required to provide them with an adequate substitute.

The standard tax rate under State unemployment compensation laws is modified in all but one State, Mississippi, through the operation of experience rating systems. Under these systems, the tax rate applicable to individual employers is determined on the basis of factors specified in the unemployment compensation law for measuring employers' experience with unemployment or unemployment risk. Reduced tax rates have, of course, reduced the revenues actually collected below what they would have been had the standard rate prevailed. It is estimated that from 1938 through 1944 experience rating resulted in a reduction in revenue totaling 1.3 billion dollars.⁴⁶ I cannot find any moral basis for reducing contributions to the extent it has been done as long as benefits fall below the demands of social justice. Furthermore, experience rating has had the effect of encouraging employer groups to oppose the enactment of legislation providing for more adequate benefits and to encourage the addition of unduly restrictive and unsound disqualification provisions.

Some of the disqualifying provisions of State unemployment compensation laws unduly interfere with the economic and personal freedom of the individual and his family obliga-

⁴⁶ *Issues in Social Security*, op. cit., p. 447.

tions and thereby violate sound moral principles of legislation. This situation may be found in legislation and interpretations relating to cases where wage credits are cancelled or benefit rights suspended indefinitely when an individual is forced to leave his job or refuses to accept a job offer because of domestic circumstances or other good personal reasons not attributable to the employer. For example, some State unemployment compensation laws disqualify a wife from benefits if she leaves work to join her husband in another community even though she were available for work and unable to find employment in the new community. A Pennsylvania Superior Court commented on this situation as follows: "... it is difficult to conceive of a cause more impelling, more humanly justifiable, than the impulse which induces a devoted wife to spend with a husband, who is a member of the Armed Forces in time of war, what may prove to be the last days they shall ever be together on earth."⁴⁷ Government should not attempt to tie a worker to his job through pressure exercised by law. Such action violates the principle stated in the *Bishops' Program* that the administration of the social insurance laws should be such as to interfere as little as possible with the individual freedom of the worker and his family.

While funds accumulated for the payment of benefits to workers unemployed through lack of work exceed anticipated needs in some States, even if an adequate benefit formula were adopted and unsound disqualification provisions were eliminated, there is a real question whether contributions to State unemployment insurance systems should be further reduced when risks of temporary disability remain unprotected. The wage loss is the same for workers who are unemployed, whether the unemployment is due to lack of work or to illness. Moreover, illness not only stops workers' earnings, but also entails medical costs. It may be well to consider the use of current excess in unemployment reserves as a potential financial aid to the establishment of State programs for temporary disability insurance, by permitting the use of accumulated funds for benefits to workers unemployed through lack of work or through illness.

I am concerned with the precedent established by the two States, Rhode Island and California, which have laws provid-

⁴⁷ Teicher Unemployment Compensation Case, 154 Pa. Super. 250, 35A (2d) 739 (1944).

ing cash sickness (temporary disability) insurance. In both States, the programs are financed exclusively from *employee* contributions. This violates the principle stated in the *Bishops' Program of Social Reconstruction* that the industry in which a man is employed should provide him with all that is necessary to meet all the needs of his entire life. Certainly an adequate system of cash sickness insurance cannot be financed entirely by workers' contributions without requiring some workers to make contributions only at the expense of their present welfare.

The source of revenue for financing old-age and survivors insurance is a pay roll tax divided equally between contributions from workers and employers. It should be noted, however, that the Social Security Act was amended in 1943 to authorize Federal appropriations to meet any deficit that might develop in the social security trust fund.⁴⁸ This amendment should be considered in connection with action taken by Congress in "freezing" pay roll taxes at 2 per cent equally divided between employers and workers. If action had not been taken on this "freeze" of taxes, total taxes of 5 per cent of wages would have applied in 1947, this to be increased to 6 per cent in 1949. As Harvey Lebrum pointed out in *Commonweal*, January 5, 1945, the tax freeze amendment is dangerous in that if carried to its logical extreme of continuing the 2 per cent rate indefinitely, it would vitiate much of the psychological and the legal (contractual) value of the contributory principle. Social security would then become, not a right to which one is entitled because of his own contributions, but merely another government handout, subject to diminution or recall with every change of political administration. The dangers involved were recognized in the principle laid down in the *Bishops' Program* that any contribution to the insurance fund from the general revenues of the State should be only slight and temporary. This principle does not, however, exclude some government participation, where necessary, as is recognized in *The Church and the Social Order*. It should be noted, however, that an injustice is done to workers who are not covered by social insurance if they are required to contribute to a fund through general taxation when they are excluded from participation in benefits.

⁴⁸ Section 902, Revenue Act of 1943, (58 Stat. 93) amending Section 201(a) of Social Security Act.

Since the criticism has recently been made that the investment of old-age and survivors insurance funds in U. S. government bonds is dishonest, some consideration should be given to this moral issue.⁴⁹ This charge is based on the practice of government spending for general purposes the money received from the bonds purchased from funds in the reserve account. M. Albert Linton, President of the Provident Mutual Life Insurance Company, has explained the fallacy of this argument by analyzing the situation during the last 6 years when government was forced to borrow because of the necessities of war and its aftermath.⁵⁰ If the trustees of the old-age and survivors insurance reserve fund, Mr. Linton points out, had not bought government bonds with the excess cash, others, including the commercial banks, would have to do so. Hence, there could be no valid charge that the investment of trust funds in U. S. bonds, by providing easy money, was encouraging unnecessary governmental spending. It was, of course, natural and proper for the law to prescribe that the trustees of the old-age and survivors insurance system should buy U. S. government bonds for the reserve account, just as life insurance companies do the same for their reserve accounts. The fact that the government used the proceeds received from the bond sales to buy war supplies and to pay expenses was entirely legitimate. It no more implied dishonest handling of the \$8 billion of U. S. government bonds bought by the trustees of the old-age and survivors insurance system than it did of the \$20 billion of U. S. government bonds bought by life insurance companies. Under present conditions the government is operating with a budget surplus and is not borrowing. The old-age and survivors insurance trustees, therefore, when they invest their excess income in government bonds, in effect, merely cause government debt to be transferred from private hands to the old-age and survivors insurance reserve account.

Although I recognize that there is a sound basis for the contention that industry should carry the whole cost of social insurance, it is my opinion that consideration should be given to advantages achieved through at least some contribution to the cost by workers. It has been my experience in working

⁴⁹ Flynn, John, "Our Present Old Age Pension Plan," *Reader's Digest*, May 1947, pp. 4-8.

⁵⁰ Unpublished letter dated May 1, 1947, from Albert Linton to *Reader's Digest*.

with those who determine the legislative and administrative policies of our unemployment insurance system that the objectives of the program are not always achieved because employers pay the whole cost of benefits under the system. Instead of giving primary consideration to the payment of adequate benefits to workers who are unemployed, emphasis is often placed on giving attention to the employer's desire to maintain benefits at a minimum in order to reduce contributions. A large trust fund which will make possible reduction in contributions sometimes becomes a criteria for judging the adequacy of an unemployment compensation law. Employee contributions possibly would give employees a greater voice in determining legislative and administrative policy.

Consideration must be given in discussing employee contributions, however, to the sound principle laid down in the *Bishops' Program* that no contribution should be exacted from any worker who is not getting a higher wage than is required to meet the present needs of himself and family. The application of employee contributions, as well as the establishment of adequate benefit amounts which are less than the worker's wage, are difficult to realize in our social insurance program in the absence of a legal minimum wage which would achieve a family living wage for all workers covered by the social insurance system to which they are entitled under the principles of social justice.

VIII. Conclusion

I regret that time does not permit an analysis of some of the proposals before Congress for expanding and improving our social security program.⁵¹ There are three such bills, sponsored by Senators Murray, Wagner, and McGrath and Congressman Dingall, introduced in the present session of Congress which should be considered by all interested in a more adequate social insurance program. The National Health Insurance and Public Health Act of 1947 (S. 1320) provides medical care benefits, including hospitalization, surgery, and dental treatment. The National Social Insurance Act (S. 1679)

⁵¹ For an analysis of health bills see: Gibbons, W. J., "National Health Program," *America*, June 1, 1946, pp. 168-169; "Health Insurance," *America*, June 8, 1946, pp. 192-193; "National Health Bill," *America*, May 25, 1946, p. 155; and Baerwald, Friedrich, *op cit.*, pp. 273-275.

would extend coverage and increase benefits under old-age and survivors insurance and expand this program to include cash benefits for long-term disability. The National Unemployment and Temporary Disability Insurance Act (S. 1734) provides for more adequate unemployment insurance and would establish cash sickness benefits.

Another subject which should be covered if time permitted is the question as to the extent the Federal government should participate in our social insurance program, especially unemployment and health insurance. Monsignor John O'Grady, in testifying before the Senate Labor Committee in 1946, stated in regard to unemployment compensation that "we need more national standards, both in the actual content of State legislation and in its administration."⁵² Reverend R. A. McGowan presented a statement of the Social Action Department of the National Catholic Welfare Conference before this committee on May 6, 1946. After outlining the essential elements of a program of national health insurance, he stated, "such a program requires a national system and Federal administration." "Federal administration allows," he adds, "if properly constructed, for more flexibility in arrangements with the medical profession and the hospitals than does the Federal-State system, while it provides also uniform, good care of patients."⁵³ Reverend John F. Cronin is of the opinion that the preferable method for achieving broader coverage and suitable benefits would be the establishment of a Federal system of unemployment insurance to replace the present State method.⁵⁴

As William Haber has stated, "Next to the problems of war or peace, the central issues in our democratic society grow out of our efforts to shape our social and economic institutions so as to provide maximum security without compromising our basic freedoms."⁵⁵ Self-respecting citizens have no desire to be wards of the State or recipients of a dole. What they want is security in obtaining the necessities of life, in a manner consonant with their dignity as human beings.⁵⁶ A sound

⁵² *Hearings Before the Committee on Education and Labor*, Part 3, op. cit., p. 1819.

⁵³ *Ibid.*, p. 1669.

⁵⁴ Cronin, John F., op. cit., pp. 503-504.

⁵⁵ Haber, William, "Security Freedom and Modern Technology," *Annals of the American Academy of Political and Social Science*, Jan. 1947, p. 152.

⁵⁶ "Home Security," *America*, August 25, 1945, p. 415.

social insurance system will provide this protection as a matter of right. It will not give the State control over the individual or interfere in any way with his personal freedom or that of his family.⁵⁷ The raising of benefits under our present social insurance programs to levels which will meet the demands of social justice, the extension of protection to virtually all gainfully employed workers in the nation, and provision for an adequate solution to our major problem of sickness and resultant disability can be an important bulwark against Communism and other forms of totalitarianism which attempt to achieve economic security by paying tribute to slavery.⁵⁸ A carefully thought-out and well-administered social insurance program provides a middle path, based on social justice, between the despair of individualistic insecurity and totalitarian regimentation. As Pope Pius XI stated in the encyclical letter *Quadragesimo Anno*, unless utmost efforts are made without delay to put Christian social principles into effect, "let no one persuade himself that public order, peace and the tranquility of human society can be effectively defended against agitators of revolution."⁵⁹

⁵⁷ O'Grady, John, "American Planners Study Freedom from Want," *America*, May 22, 1943, p. 176.

⁵⁸ Murray, James E., "Paying our Way," *America*, June 7, 1946.

⁵⁹ *Quadragesimo Anno*, N. C. W. C. Edition, Para. 62, p. 185.



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