

Elements of Suggested Program of Action

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- I. Housing - supplementary action to get actual construction started in large volume.
- II. Railways - Establish a federal equipment corporation to provide prompt resumption of equipment construction, plus other measures to reorganize and rehabilitate as recommended by special railway committee.
- III. Toll projects - Establish a Federal Toll Authority to finance and build toll facilities where needed and justified; including bridges, tunnels (urban and under rivers), roads, etc.
- IV. Conservation of human resources - Initiate a broad program of work to conserve and rehabilitate human resources of farmers, miners, unemployed, and the general public.
- V. Put Social Security to work more rapidly by speeding up and liberalizing payments under old-age and dependency provisions.
- VI. Expand W.P.A. program to check the decline and to fill in the gaps until actual disbursements under the other programs get fully under way.
- VII. Action is needed to provide adequate credit now and later on capital for future business expansion, for small concerns and those hit by the recession. This problem is being cared for by efforts of several special committees, of R.F.C. and of S.E.C., so it is only referred to here.

Suggested timing:

1938

1. Increase W.P.A. and Rural Rehabilitation
2. Provide subsidy to private housing and extend public housing
3. Establish Federal Railroad Equipment Corporation and secure authority to purchase non-cumulative preferred stock of railroads. Begin operations.
4. Establish Federal Toll Authority
5. Increase health and hospital expenditures
6. Amend Social Security Act.

1939

1. Diminish W.P.A.
2. Diminish subsidy to private housing
3. Increase Equipment Corporation's operations
4. Begin Federal Toll Authority operations
5. Increase old-age and invalidity payments
6. Start education grant expenditures
7. Increase health and hospital expenditures

Outline of Suggested Program

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I. Housing -

- without charge labor for*
1. W.P.A. labor to provide utilities and roads on public property adjacent to all new construction.
 2. Enlarge U.S. Housing; speed up operations by suspending 10% contribution; authorize direct construction through subsidiary construction corporation (to include building organization developed by F.S.A.); authorize use of available F.S.A. and W.P.A. labor by this corporation.
 - 3.(a) Establish two or more large-scale construction corporations with federal money, to test practicability of reducing costs by mass-production methods in housing above the subsidized low-cost type; and/or
 - 3.(b) Provide a federal contribution (25 to 50%) to the capital of private construction corporations to engage in mass-production of houses, on condition such corporations show:
 - (1) They will limit the return on the private capital to 8%.
 - (2) They will operate with annual-wage agreements for part of their labor, including at least carpenters, bricklayers, and common labor.
 - (3) They will build continuously over a succession of housing units, planned in advance, for a period of at least 18 months.
 - (4) Other appropriate provisions to insure mass-production purchasing and erection.

Outline of Suggested Program

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IV. Conservation of human resources.

- (1) Expand Rural Rehabilitation work, to enlarge lending program to 250 million a year.
- (2) Establish a parallel Miners' Rehabilitation Administration--expending up to (25?) millions a year.
- (3) Authorize W.P.A. to establish a special service to re-train unemployed workers for new industries, and to support them during such retraining.
- (4) Authorize W.P.A., in cooperation with the Federal Vocational Rehabilitation service, to expend funds for physical rehabilitation of unemployed.
(Operations for hernia, etc.)
- (5) Establish a broad program of federal support for health and education.

Outline of Suggested Program

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IV.-sub-5. Establish a broad program of federal support for health and education.

Health

1. Increased expenditures for maternal, child and general public health work provided for in Titles 5 and 6 of the Social Security Act should amount to about \$40 million in 1939.
2. Federal grants-in-aid to assist states to provide general medical care to needy poor and to others unable to obtain medical care (otherwise self-sustaining). Immediate \$50-\$100 million. Ultimate \$100 million to \$150 million. This should be conditioned on an equal sum from state and local bodies.

Points 1 and 2 with state and local 1938-39 - \$150 - \$250 million; 1929-40 \$250 million - \$350 million.

3. Hospitals. Deficiency of hospital beds now 400,000. At \$3,000 a bed this amounts to \$1,200,000,000. In addition, special hospitals for the chronic sick need \$600 million more. In addition, \$250 million could be spent on modernization and needed out-patient clinics.

Fiscal 1939 with state and local - \$200 million.

Combined program 1938-39 - \$350 - \$450 million; 1939-40 - \$450 - \$550 million.

Federal above 1938-39 - \$200 - \$250 million

1939-40 \$250 - \$300 million

Increasing interest in public health indicated by rapid spread of purely voluntary group hospital insurance from 300,000 per sons in April 1937 to a million in December 1937.

Education

The Advisory Committee on Education, after over a year's study, will submit its report to the President shortly. It calls for a program of increased federal aid to education, largely through grants to states. They are recommended to start at about 70 million more in the 1939-40 fiscal year, and increasing gradually up to about 200 million in the 1944-45 fiscal year. These carefully developed recommendations might be endorsed as an appropriate part of the long-time program, although their immediate magnitude is not great.

Expenditures on health and education provide increased employment in service occupations, contribute to the welfare and productivity of the general public, yet do not involve any competition with private business. Viewed from the national interest as a whole, they are truly self-liquidating.

Outline of Suggested Program

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V. Social Security.

Old Age and Invalidism.

1. Advance the date of payment to 1939 instead of 1942.
2. Change formula resulting in increase in average benefits from \$12.50 to \$17.50.
3. Provide benefits for surviving widows and dependent wives (50 per cent supplement)

One, two, and three would result in increased expenditures in 1939 of around \$250 million.

4. Payment of invalidity pensions. This would call for about \$150 million in 1939.

Total under Old Age and Invalidity \$400 million.