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SOCIAL INSURANCE

by

Grace M. Burnham

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SOCIAL INSURANCE

By GRACE M. BURNHAM

WHAT IS SOCIAL INSURANCE?

Social insurance is a system of government support to give workers financial assistance, thus affording them a measure of security in case of accident, sickness, death of the wage earner, unemployment, child bearing, or dependent old age.

How many of these measures have been adopted in a particular country and how effectively they meet the needs of the working masses depend on how well the working class is organized to present and fight for its demands. In the Soviet Union, for example, where the state is entirely controlled by the workers and peasants (poor farmers) and where industry is no longer run for profit, they have already developed a most comprehensive system of social insurance. It is managed entirely by the workers, is fully suited to working class needs, and is part of a nation-wide system of labor protection. From birth to death, the well-being of the individual in the Soviet Union is the direct concern of the state. Prenatal clinics, leave of absence with full pay eight weeks before and eight weeks after childbirth, experienced physicians and nurses to care for mother and child, adequate hospital accommodations for all expectant mothers, nurseries attached to industrial establishments where the mother can leave her infant during working hours, free medical and hospital care for the sick worker or any sick member of his family, rest homes for the convalescent, clubs and vacation homes, annual vacations with pay, insurance against unemployment, accident, sickness, permanent disability, old age, and death are parts of this system.

No such complete system of social insurance can be expected from a capitalist government.

Wherever the working class is strongly organized on the political front as well as in trade unions, it is able to wrest certain concessions from the capitalist state.

Thus the system of social insurance in Germany, fine as it sounds compared with the almost total lack of such benefits in the United States, falls far short of meeting the needs of the German masses. The system of social insurance in Germany was deliberately designed to ward off more basic changes in government. Its administration was left in the hands of the employers and their allies, the Social-Democrats. It could not prevent the wholesale degradation of the working population on whom the employers placed the crushing burden of Young plans and reparation payments to American and other bondholders. It does not pretend to cope with the vast army of permanently unemployed workers, desperate for lack of food.

Likewise in Great Britain the workers forced on the government the Factory Acts, health insurance, and unemployment insurance, besides the so-called "dole" for the post-war mass unemployment, but the relief given has always been inadequate, even though the worker contributes about one-third of the Unemployment Fund.

American Class Contrasts

In the United States, the owning class, with its complete control of the machinery of government, takes determined precautions against every manifestation of working class protest. More than one-third of the foreign-born population of voting age is barred from the franchise. The young workers, the most energetic fighters for change, are below voting age although they form a large part of the industrial army. The Negro masses of the South, numbering approximately nine million, are practically without the vote.

The employing class uses every means at its disposal to keep the masses in dependence and insecurity. Blacklisting and deportation threats against the foreign-born for participation in revolutionary activities; a wholesale reign of terror in the South against the efforts of the new militant industrial unions and the Communist Party to organize Negro workers side by side with their white brothers in the fight against exploitation; brutal assaults and vicious jail sentences against

workers who engage in unemployment demonstrations and meetings of protest, are clear indications of the employing class offensive against the workers.

The employing class openly flaunts its control of the government. Six millionaires sit in the cabinet with President Hoover. Andrew Mellon, one of the four richest men on this continent, controlled the treasury until he was made ambassador to Great Britain in 1932. "During the eight years of which he held that office," says Laurence Todd, "\$3,500,000,000 in refunds, credits, and abatements of income taxes has gone to wealthy individuals and corporations without public hearings or explanation." An additional tax reduction of \$160,000,000 was given to rich taxpayers soon after the stock market crash. Ogden Mills, another millionaire who took Mellon's place, carries out the same policies.

In sharp contrast to dividends amounting to \$3,343,104,000 and interest totalling \$4,109,952,000, received by the owning class in the United States in 1929, with considerably higher payments in 1930, the working class lives close to starvation.

By 1927, at the peak of the "prosperity" wave, average annual earnings of employed wage-earners in all manufacturing industries in the United States were only \$1,299. And the average yearly full-time earnings of unskilled workers, after allowing for unemployment but excluding part-time work, was only \$1,184 in 1926. The crisis, mass unemployment, part-time work, and a relentless wage-cutting campaign by the corporations have made terrific inroads on these averages. Between December, 1925, and June, 1931, the total wages paid in manufacturing industries dropped about 40%, it was admitted by Ethelbert Stewart, U. S. Commissioner of Labor Statistics. Professor William Leiserson estimated a drop of \$22,000,000,000 in wages between 1929 and 1931. The wages of the already underpaid steel workers were cut 10% in October, 1931, and another 15% in May, 1932. The 10% cut on the railroads in February, 1932, put over with the active assistance of the railroad union officials, robbed a million more workers of \$225,000,000 annually. By April, 1932, the govern-

ment itself proposed an open attack on the living standards of nearly 700,000 federal employees amounting to close to \$200,000,000. And farm wages in October, 1931, registered the lowest since 1916. (See *Profits and Wages*, by Anna Rochester, International Pamphlets, No. 16.)

Thus it can be seen that in no capitalist country have the workers been able to win any substantial measures of security against unemployment, old age, illness or accidents. In fact, as the financial structure weakens, pulling down with it the living standards of the working class, government assistance is actually cut down and government terror against the struggles of the workers to maintain their standards of living increases.

THE WHIP OF UNEMPLOYMENT

Unemployment is the most immediate and sharpest concern of the working class to-day. The winning of unemployment insurance becomes actually a struggle for existence. At present, in the third year of the crisis (1932), at least 12,000,000 men and women are without work in the United States. The majority of these workers and their families are nearly destitute.

Unemployment and capitalism go hand in hand. Even in prosperous times there is a "reserve army" of workers for whom there are no jobs. At no time since 1910 has this army of the unemployed been less than 1,000,000. The average has been more nearly 2,500,000. In periods of economic crisis such as the years 1921, 1924, 1929-32, the number of idle workers rose to between four and 12 million.

Most corporations lay aside huge sums of money to insure their machinery, buildings, and surplus stocks of goods and to provide for the payment of dividends to stockholders even when profits are low. But when it comes to providing for the workers, quite the contrary is the case. And for a very good reason. The employing class has invested millions in buildings, equipment, and stocks. The loss or injury to any of these would mean a direct loss in profits and dividends. Moreover, in the case of surplus stocks of goods, it pays to hold them out of a glutted market for a rise in price.

But it pays even better to lay off workers. Not only is the entire bill of wages saved amounting to billions of dollars, but the glutting of the labor market makes wage cutting easier and serves the immediate interest of the capitalists. The saving of this wage bill enabled the employing corporations, even when the plants were idle and business in a crisis, to pay \$500,000,000 more in dividends during the first nine months of 1930 than they paid during the same period in 1929, and more than one billion dollars more than they paid during the first nine months of 1928. In contrast to these astounding profits a total of "eleven individual firms, maintaining unemployment benefit plans of their own and employing approximately 11,000 wage earners, paid out \$11,871 during 1928."

Can unemployed workers count on union benefits? Possibly 100,000, or about one-third of one per cent of all workers, are receiving some form of unemployment benefits, either through union assessments entirely or through a joint fund to which both workers and employers have contributed. But benefits under all these schemes amount to only a fraction of wages and are paid for a maximum of six months. The unemployment crisis has gutted most of these funds at a time when they are most needed. Workers are not responsible for mass unemployment and union members should refuse to be taxed for insurance which the capitalist class should be forced to provide.

What happens to the millions of unemployed workers and their families left totally unprovided for by the employing class and its government? They go into debt. They pawn every article of clothing and furniture they can spare. They forfeit the money paid to insurance sharks for a coffin and a "decent burial." They are powerless to resist the installment houses which haul away their furniture because they can no longer meet the payments. They are evicted for non-payment of rent. They flood the charities with their bread lines and humiliating hand-outs. They become part of the fast growing army of dependency. They die from starvation. They commit suicide.

Unemployment takes its toll in every form of human misery.

"More mental and other cases have come to New York City

hospitals in 1930 than ever before," announced Commissioner J. G. W. Greeff, who says that "the fear of unemployment in hard times is actually driving people to worry until they become mentally or physically ill."

Some 2,500 more patients with mental diseases were admitted to Bellevue Hospital in the first six months of 1930 than during the same period in 1928. Tubercular wards were particularly overcrowded.

Demands on the Association for Improving the Conditions of the Poor (New York City), *increased 320% in 1931 over 1929*. "In spite of the large sums that have been made available," said Mr. Burritt, general director of this organization, "the amount is inadequate to meet the most pressing needs. There are, without question, still a large number of families in very serious need that have not been included in any plans. There are also a large number of families whose needs have been met so partially or inadequately that it still leaves them harassed and breaking." The food allowance per person on the New York City relief lists were cut down in April, 1932, to 16 cents a day.

In 1932, with 13 unidentified bodies in the Boston city morgue in one day and recuperating patients being discharged from the overcrowded city hospital to make room for those more seriously ill, the Boston unemployed were considered to be "at the worst of their misery." Six policemen were on guard to prevent riots from those in need of work. In Detroit, where four of their number were killed by Ford's police following a march on the plant to demand work or relief, jobless workers unable to pay rent were found to be living in holes dug in the lakefront as a protection against the biting wind.

In Chicago a 26-year-old worker went to the B. & O. yards to pick up coal because his wife and 18-months-old baby were freezing. Railroad detectives shot him dead.

"Thousands of tons of California's fruits dumped into the Pacific Ocean. Grain used as fuel in Indiana and cabbages plowed under in Louisiana. Two hundred million bushels of 'surplus' wheat in Government granaries," writes Harold Ware

in *The American Farmer* (International Pamphlets, No. 23), but starvation stalks the land. *And President Hoover spends \$4,000 a year on milk for his family.*

Yet when the most advanced sections of the working class, refusing to see the 12,000,000 unemployed and their families sink to the lowest depths of misery, organize to demand work or unemployment insurance, they are met by the bullets of the national, state or city governments.

TOO OLD FOR A JOB

Among the millions of able-bodied workers for whom capitalist society can provide no jobs, those said to be "too old" constitute a problem of prime concern to the working class. In their arbitrary control of the job the employers can cut off whole categories of workers from earning a living by imposing an age qualification above which they will not hire.

With the "dead line" before the crisis at from 40 to 45, the hiring age of men is growing continually lower as speed-up and unemployment drive all but the youth from the field. And Caroline Manning of the U. S. Women's Bureau declares that for women age barriers are even more severe. "Beyond the age of 25 or 30 industrial employment becomes increasingly precarious." Speaking before the social workers' conference in Boston, October, 1930, she said, "To the woman over forty, forced to seek a job, the situation seems almost hopeless."

The government, no less than private corporations, is a party to this campaign to pauperize middle age. The Navy Department and the U. S. Civil Service Commission, for example, bar from new employment in the navy yards any man who has reached the age of 48 years. The excuse given is that the retirement fund must be protected.

About 600 industrial concerns, for the most part public service corporations, railways, light and power companies, give some sort of pension to a small number of their employees after some 20 or 25 years of continuous "loyal" service. Perhaps 100,000 workers are receiving this form of private pension. The average amount given is less than \$500 a year. The work-

ers are, of course, allowed no voice in the management of these schemes and the decision as to who gets the pension rests arbitrarily with the employer.

At the same time trade unions, which from their very start have made use of beneficiary features to attract and keep members, are finding it difficult to maintain such funds in the face of unemployment and lowered age qualifications.

What of the 2,000,000 men and women 65 years of age and over, who are physically unable to work? A few states give a miserable pittance, called "relief" or a pension, to a few thousand of these unfortunates. The others drift to the private charities and finally to the poorhouses. It is estimated that about a half billion dollars is now spent each year in the United States for the upkeep of dependent aged workers, most of this going to the maintenance of degrading poorhouses which serve principally to enrich building contractors and capitalist politicians.

While 41 foreign nations have adopted some form of pension or insurance to care for aged workers, the United States, where poor laws have undergone few changes in the past 300 years, continues to house these workers with the feeble-minded, the epileptic, the imbecile, and the drunkard.

The old age pension legislation advocated by A. F. of L. officials, liberals, Socialists, and capitalist politicians out to get labor votes, is entirely inadequate. "Of the existing laws,"* admits the *Monthly Labor Review*, July, 1929, "probably none can be strictly classed as mandatory or compulsory." All these laws require residence in the state for from 10 to 25 consecutive years before a worker is eligible for a pension. Citizenship for the entire period is also required. In Nevada, where the law was passed in 1923, there were in 1925 only 55 applicants, of whom only 37 were eligible for pensions. In the entire state of Wisconsin there were only 295 eligible applicants in 1927. In Kentucky, where the law was passed in 1925, only one county has so far accepted the provisions of the act. In Maryland and Colorado the counties also "failed to accept the

* 34 states had such laws on April 1, 1932.

provisions of the act." California, credited with having at that time the best law, provides a maximum of one dollar a day, requires fifteen years of citizenship and residence within the state, and gives no pensions to workers under 70 years of age.

The New York old age relief bill, signed by the Democratic Governor Roosevelt, backed by the State Federation of Labor, and passed by a Republican legislature in 1930, requires a worker to declare himself practically destitute before he can qualify for the relief. The law is so worded that even the American Association for Old Age Security, supporter of the measure, admits that it "will probably allot most of the totally destitute \$10 a week . . . while yearly payments will average about \$250," in other words, \$5 a week. No worker under 70 can get one cent. In addition the aged worker must be a citizen, a resident of New York state for ten years, with no children nor grandchildren able to support him.

INDUSTRIAL INJURIES

The actual number of workers killed and injured in American industry each year is not known. The business interests keep careful inventories of their stocks of merchandise and of their machinery, but not of the workers whose lives are used up in piling up profits for the employing class. The federal government takes no responsibility for the health or safety of the workers of the country. Except for government employees, it does not even keep records nor does it formulate or enforce regulations.

Information from the states is fragmentary and unreliable. In those states where employers are required by law to pay compensation benefits, more or less accurate figures for accidental deaths and injuries are available. Some estimates place the total number of annual industrial deaths at 23,000, and others at 25,000. Figures as high as 35,000 have been given by other experts. There are in addition about 100,000 accidents causing permanent disability, at least one-fourth of these being serious enough to cripple the worker for life. The Na-

tional Safety Council (July, 1929) estimates the total number of non-fatal industrial injuries at about 3,250,000 a year.

These figures, startling as they appear, leave out entirely the thousands of workers killed or injured for life by exposure to industrial poisons, fumes, gases, and harmful dust. They completely overlook the scores of workers who collapse under the strain of long hours, heat, and the terrific speed of machinery.

Mine catastrophes, explosions, and cave-ins on construction jobs are commonly recorded in the press and accepted as a matter of course as the inevitable price to be paid for American high-speed production. The country becomes momentarily aroused when five workers employed by the Standard Oil Company of New Jersey die in strait-jackets from exposure to "looney gas." The readers of the tabloids shudder in horror over the slow torture of 42 workers condemned to rot away from radium poisoning contracted in painting watch dials. But the employing class which is responsible for this sacrifice of workers' bodies remains unchallenged in its power. No curb is placed on the poisons which workers are forced to use. No limit except sheer physical endurance is placed on the speed at which workers are driven.

The Inadequacy of Workmen's Compensation

Occupational injury, whether it be accident or disease, strikes a terrific blow at the worker, a blow from which he and his family rarely recover.

In 1924, E. H. Downey, expert on workmen's compensation in the United States, wrote: "Economically considered, the direct loss from industrial accidents is not short of one billion dollars annually. Temporary disabilities alone cause a yearly loss of more than 6,000,000 working weeks."

The system of insuring workers against accidents, known as workmen's compensation, furnishes only a part of the wages lost by the injured worker. Maximum percentages of recoverable wages range from 50% in 9 states to 66 $\frac{2}{3}$ % in 13 states and the District of Columbia. Most states limit even this provision by specifying a weekly maximum compensation

payment. For an unmarried man the maximum ranges from \$14 in two states to \$25 in three states. Amounts allowed for serious partial disability are even lower. Four states, South Carolina, Arkansas, Mississippi, and Florida, have no compensation laws. Only 12 states have amended their laws to cover occupational diseases and in all but five states only certain enumerated diseases are included, thus disqualifying a majority of the injured.

Like other so-called labor laws, compensation legislation in the United States is class legislation. In every instance it discriminates against the injured worker for the benefit of the employer and the insurance company. In four states where no legislation exists, the employers are able to transfer the entire financial burden of accidents and occupational diseases to the injured workers or their surviving widows and children. In every state where compensation legislation is in operation large numbers of injured workers remain outside the law. In no state does the injured worker receive anything approximating his average earnings. In no state does compensation start from the day of injury. Always there is a "waiting period," one week, ten days, two weeks, during which no compensation is paid. Where private insurance companies are allowed to operate, they have made enormous profits out of their monopoly of the insurance field. Delays, appeals, and technicalities skillfully introduced by cunning lawyers defraud workers of even the petty benefits to which they are entitled under the law. Where the state operates the fund, conditions are little better, the object being to protect the fund and reduce insurance rates for employers rather than increase the benefits to the worker.

PROFITS FROM THE SICK

Care of the sick in the United States is a private monopoly. There is no insurance against sickness provided by the federal government or any state.

The worker who is ill not only loses his wages, but must pay the entire cost of medical care, doctors' fees, nurses, hospital, X-rays, medicines. Sickness is next to unemployment the

largest factor forcing workers into destitution, causing seven times as many appeals to charity as do industrial accidents. More than one-third of those unable to work because of sickness receive no medical care either at home or in institutions because it costs too much.

Every worker can figure on an average of at least ten days of sickness a year. This is in addition to ailments suffered by other members of the family. Nearly 3,000,000 workers are disabled for more than one month each year. A quarter of a million of these are sick for over six months, and over 100,000 for more than one year. And it must be remembered that the worker who is ill for any considerable time usually loses his job.

The fact that medical practice is a private monopoly makes, of course, for a double standard of medical care. The rich, the employers, the profit-takers, who can afford the extortionate fees of medical experts, receive the highest standard of treatment in addition to special hospital quarters, private nurses, every type of diagnostic service, X-rays, and laboratory tests. Moreover, they are able to give themselves and their families the benefit of extended convalescent care so that they return to activity fully cured.

The poor, the working class, can never afford such service. Specialized private medical attention is barred to them. At home they fall prey to a type of medical practitioner, often unable to diagnose their ailments, who uses a low fee and the unfamiliarity of his patients with medical symptoms to make additional unnecessary visits.

At the hospitals the sick workers are crowded into inadequately staffed wards, free clinics and dispensaries. A fee is always charged—10, 25 or 50 cents a visit—as well as extras for medicines, X-rays, and tests.

A visit to the clinic or dispensary usually means a day's wages lost. Hospitals are rarely located in working class quarters. There are always dozens of patients to each doctor. Endless red tape concerning admissions, transfers to other departments, and difficulties in understanding the language result in

delays, hasty examinations, and the necessity for frequent returns. Although many of the more able physicians give a certain part of their time to "free medical work," they leave most of the actual contact with the patients to the medical students or recent graduates who get their experience and training at the expense of the poor. The sick who are forced to consult these clinics suffer inexcusable humiliation at the hands of a host of petty functionaries.

The dread of submitting to such treatment and especially the fear of losing a day's wages often result in putting off the visit to the clinic as long as possible. Operations are frequently postponed until too late because funds are lacking. The cost of hospital beds is for many prohibitive. Proper convalescent care is out of the question. Illness for the working class means privation, lowered resistance for the industrial struggle, chronic diseases, and premature death.

A national system of health insurance providing free and efficient medical care for all workers who are sick, in addition to payments equal to the weekly income of the wage earner for the entire period of his disability, offers the only solution.

Sixteen European countries outside of Soviet Russia have adopted some form of compulsory health insurance while six others help to subsidize unions or insurance companies which offer health insurance to workers. The only plan for health insurance in the United States was formulated in 1914 by the American Association for Labor Legislation which has never contemplated any such comprehensive system of relief as exists in European countries. The plan proposed a contribution of 20 cents a week, \$10.40 a year, out of the worker's pocket, with the employer contributing an equal amount. No benefit was to be paid for the first three days of illness, after which a cash payment of not more than \$8 a week was to be provided. Workers temporarily ill were to receive free medical, hospital, and dental care, medicine, and surgical supplies. But while the worker when ill was to have an income of not more than \$8 a week the high fees of the medical profession were carefully safeguarded.

The medical societies fought even this limited legislation as an interference with the liberty of the private doctor, while the employers and the commercial insurance interests mobilized their political agents to kill all health insurance measures which threatened their profits. So effective was their work and so feeble the policy of the reformist advocates of these measures that all health insurance proposals have remained dead for over ten years.

TRIBUTE FROM MOTHERHOOD

At least one out of every five wage-earners in the United States is a woman and the proportion of women workers is rapidly growing. Over 2,000,000 working women or one in every four is married. Among Negro women wage earners nearly one-half are married, the higher percentage being due to the fact that wages of Negroes are notoriously low.

Workers' wives in capitalist countries are for the most part forced into industry because their husbands' pay is too small to supply the family's bare necessities or because the death, illness or injury of the husband has forced the mother to take up the struggle to support the family. This is not the place to discuss the double load which working mothers must shoulder. It is a well-known fact that the woman worker must endure not only the strain and hazards of industry, but the added strain of sewing, washing, cooking, and cleaning for the family, the burden of pregnancy and childbirth, the care of babies and growing children, and the duty of nursing the sick.

Here as in every other problem of workers' needs, the federal government stands aside to let the workers bear the full force of capitalism's greed for profits and neglect of those who make profits possible.

The death rate among working class babies is at least four times as high as that among babies of owning class mothers. Working mothers die in childbirth out of all proportion to their number.

"Industrial women are almost wholly without protection

during the period preceding and following childbirth," states the Communist Party of the U. S. A. in its pamphlet, *American Working Women and the Class Struggle*.

Forty-three states have no restrictions on women's being employed during this period—in spite of the agreement of medical authorities that at least six weeks' vacation from labor before and after childbirth are necessary to safeguard the health of mother and child, and where the woman's work is strenuous a longer vacation is necessary. . . . In no instances are any arrangements made for the woman worker to be compensated for the wages lost during this period (or to get back her job after childbirth). Pressed by economic necessity women wage-earners labor as long before and as soon after giving birth as possible with great injury to themselves and a consequent heavy death rate among the infants.

No provision is made in any state for medical care and hospitalization of working women before, during, and following childbirth. For such care the wives of the rich pay specialists as much as \$1,000 or more per child, while \$150 is the *minimum* cost for maternity service by a general practitioner, according to the Metropolitan Life Insurance Company. This is exclusive of hospital fees which are usually no less than \$3 a day.

Note in this connection the fact that it is a crime to make available to the poor, scientific and safe information regarding birth control, or to assist in abortions when unwanted pregnancy occurs. Here again the wives of the rich buy their way to safety behind the doors of skillful physicians well paid to break the law. How many working mothers injure themselves for life or actually die in an attempt to counteract pregnancy will never be known.

As for the children of working mothers their handicaps pile up from the time they first breathe. No system of public nurseries, nursery schools or preschool care has been prepared for them. Neglected or parked with more fortunate neighbors while the mother is at work, or crowded into the day nurseries provided by private charity, fed what can be afforded from the scant pay envelope, with the street as a playground, they grow up undernourished and already ill when the time comes for them to take their places on the industrial treadmill.

Mothers' Pensions

A word about mothers' pensions which are in operation in all but four states for widows with dependent children. Although there are now 11 states which put no legal limit to the pension a mother may receive, in none of these states has the actual pension paid with a few exceptions exceeded \$64 a month. In Massachusetts and Rhode Island where no maximum is set in the law the highest amounts paid in 1928 were \$64 and \$50. In Connecticut the maximum amount paid was \$47; in Pennsylvania, \$39; Illinois, \$26, and Minnesota, \$25.

The New York law, which is typical, leaves it to the county or municipality to raise the required funds. The amount of money a mother may receive is not stipulated, except that "it shall not exceed amounts spent on children in state institutions for the poor." This is a maximum. The pension fund is administered by the Child Welfare Board which in New York City is appointed by the mayor and holds office for a nine-year term. The members of the board pry into the private lives of every family they assist. The mother who receives a pension becomes virtually a slave of the welfare board. It practically determines the kind of work she shall or shall not do. It can arbitrarily reduce the amount of her pension, without warning, as a penalty for its displeasure. It exhibits all the sordidness of private charity under the cloak of public responsibility.

The sum of \$18.85 a month for the first child, with a graduated scale for each additional child, was the allowance to widowed mothers under this law up to 1930. This maximum was made in 1915 and had not been changed in 15 years, according to the president of the Child Welfare Board who in 1930 asked for an increase to \$30 a month. A widow in New York City was supposed to support herself and one child on \$4 a week. Now she is to be granted \$6.75 a week. It is assumed, of course, that she leaves the children somewhere and goes out to work, or that both of them starve to death in the unemployment crisis, thus relieving the city of its entire burden!

INSURANCE INTERESTS

The struggle of the working class in the United States for an adequate nation-wide system of social insurance involves a bitter struggle against all the forces of capitalism. Among these forces none will be found more formidable than the private insurance interests. In 1905, when life insurance graft and scandals were so ill-smelling that the New York legislature "protected" the public by the usual "investigation," control of legislation was one of the outstanding abuses disclosed. And proposed legislation at that time was nothing more than workmen's compensation insurance of the weakest kind.

Workers must realize that the insurance corporations which have been able to wrest unlimited tribute from a monopoly on human misery will not relinquish their profits without a fight to the finish. In their campaigns to weaken and defeat social insurance bills life insurance lobbies have at their disposal unlimited resources.

By 1929 there was outstanding in the United States \$110,000,000,000 in life insurance policies,—an amount which exceeds the resources of all the banks in the United States and Canada combined. The premiums paid in to cover these 95,000,000 policies yielded, for investment purposes alone, \$17,000,000,000 worth of cash and securities. Insurance corporations, through their investments in real estate and industrial stocks and bonds, thus control an extremely important part of American industrial and financial capital. Their officers look forward to an ever increasing share in the wealth produced by the workers of the nation. According to predictions of insurance experts (in 1931), the amount of life insurance in private companies, and hence premiums paid in, will double in the next ten years.

What do the workers get out of these \$110,000,000,000? Even life insurance executives admit that ordinary life insurance "has not reached the bulk of the population." Some 285 multi-millionaires each carry a million dollars worth of life insurance, according to *The Spectator*, a New York insur-

ance weekly, while "14,000 other business and professional men in firmly entrenched financial positions, own life insurance policies ranging in value from \$50,000 to \$1,000,000. Pierre Du Pont, a gunpowder and chemical baron, heads the list with a seven million dollar policy. Five million dollars were paid to the heirs of William B. Ward, president of the anti-union Ward Baking Co., when he died in 1929.

Even including such staggering policies, the average insurance claim in New York in 1929, according to the Insurance Commission of that state, was only \$2,500. Those workers who might have been fortunate enough to own an average life insurance policy would thus have left to their widows and children an income of \$125 a year (\$2,500 invested at 5%) or \$2.50 a week!

But most American wage earners cannot afford even this trivial amount of life insurance. All the protection they can manage to carry for their families is the weekly payment industrial policy. There are $3\frac{1}{2}$ of these industrial policies in force to every ordinary life policy. The average death claim on industrial policies in 1927 was \$173.

The usual American funeral costs \$400, according to estimates of the Metropolitan Life Insurance Co., the leading industrial insurance writer in the country. So the average industrial policy does not yield the worker's family even enough to give him a decent burial.

Overhead and Fat Salaries

There is yet another side to the picture. When a worker falls behind in his insurance payments, he must forfeit his policy. All the money paid in up to the date of forfeiture goes to the insurance company. In 1928, for every worker industrially insured in the Metropolitan Life Insurance Co. eight were forced either to surrender their policies or allowed them to lapse. Some 7,562,428 workers were unable to continue payments of 10 or 15 cents a week. In this way the company saved almost two billion dollars worth of future death claims.

Why do the profits on the 17 billions of insurance company

investments net the small policy-holder so pitiful a sum? Why must the worker who falls behind on his payments lose everything? Because dividends to investors and huge salaries to insurance company directors eat up the premiums. Almost one-half (48%) of the premiums paid in on new policies in New York state in 1928 went for "acquisition costs," while for companies not authorized to operate in New York the overhead was 75.5%. The overhead on renewals was 14% in New York and 23% in the case of the 215 other companies not authorized to operate in that state. These are the figures found in an investigation made by the New York State Insurance Department.

Included in "acquisition costs" are the enormous salaries paid officers of the companies. In 1928 the president of the Metropolitan Life Insurance Co. drew the huge salary of \$200,000; one of his sons, as vice president, drew \$35,000, and one vice president (now president) received \$175,000. In short, 19 persons in the Metropolitan were paid a total of \$919,000 in salaries; 13 in the Prudential drew \$538,000; 10 in the Equitable received \$387,961; seven in the Travelers, \$279,500; and six in the Mutual Life, \$260,000. "Altogether eighty high officials of ten of the larger insurance companies received the staggering amount of \$3,492,627 during 1928."

United against the unemployment insurance resolution in the Senate, December, 1931, were the Chairman of the Senate Committee, a special committee from the U. S. Chamber of Commerce, and Matthew Woll, one of the vice-presidents of the American Federation of Labor.

"Singularly enough," writes the *Knoxville News Sentinel*, in predicting the defeat of this resolution, "these three opponents share a quality in common in addition to their dislike for public unemployment insurance. This is their vital interest in writing insurance other than governmental insurance. Senator Felix Herbert, Chairman of the Senate Committee, is or has been until recently, attorney for large insurance companies. The Chamber of Commerce committee was headed by Leroy A.

Lincoln, vice-president of the Metropolitan Life Insurance Co. Matthew Woll is president of a life insurance company."

Company Insurance

Group insurance is one of the methods used by the corporations and the insurance interests to fool the workers and to defeat legislation for their benefit. Initiated in 1912, this type of insurance now totals eight billions of dollars and covers corporations employing some six millions of workers. In point of volume, group insurance policies amount to only about 5% of the individual policies. And they cover workers only so long as they stay with the company. When a worker goes on strike or is fired, he forfeits his policy.

Most of the group insurance policies require regular payments by the workers, in addition to payments made by the company. The plan of the Southern Railway to insure its 60,000 employees against old age, mishaps, and sickness requires a minimum payment by the worker of \$2.50 a month. Should an employee quit or lose his job he receives only the amounts he has already paid in "less a small surrender charge if this takes place before the end of the second year." If he wishes to continue the policy, he must pay the entire premium at individual policy rates, about \$87.50 on a \$2,000 life policy. The Eastman Kodak Co., employing 20,000 workers, also sees that the workers pay the premium.

Group insurance leaves out the overwhelming mass of wage earners. It is always beyond the reach of the unemployed. It feeds on the wages of those workers who have been tested as docile, pace-setting servants of the corporations using this type of welfare bait. It is simply one more method of making money for the private insurance companies and allying them more closely with the corporations in their attacks on the working class.

A. F. OF L. TREACHERY

Out of the 32,000,000 wage and salaried workers in the United States, about 3,500,000 are in trade unions. And the

great majority of these unions have become nothing more than agencies of the employers under the domination of high salaried officials who mislead the workers and betray their interests. The American Federation of Labor, allied with the employing class and the capitalist parties, has bitterly fought the entrance of the workers into the political field with their own class demands and candidates.

Every state federation of labor has its "legislative representatives," or political lobbyists who work chiefly behind the closed doors of sessions of the state legislatures selling labor's endorsement to various measures. For 20 years these "labor lobbyists" have juggled with workmen's compensation, bargaining for a dollar more for the loss of an eye or agreeing that the loss of a thumb should be paid for at the rate of $\frac{1}{8}$ of total disability. But all the time they have accepted the employers' principle of partial compensation, the principle that an injured worker is entitled to only a part of his wages, two-thirds, one-half or even less.

Year after year they have bargained for dribble improvements in 48 state laws. And after 20 years we find workers in four states still without the right to compensation. We find injured railroad workers, farm laborers, and certain other categories of workers still unprotected. The A. F. of L. leaders and lobbyists have always opposed a real nation-wide campaign for social insurance, for the protection of the sick, of the working mother, of the aged, of the unemployed.

In June, 1918, the American Federation of Labor voted down a resolution in favor of the "adoption by the government of a comprehensive national system of social insurance."

As for old age pension legislation, pressure from affiliated unions and workers generally forced its endorsement at the 1929 convention of the A. F. of L. after more than ten years of agitation. But again no national campaign was contemplated; only the endorsement of state legislation and of a kind so limited in benefits and scope as to leave the majority of dependent aged workers to starvation.

Challenged by three of the more "progressive" delegates to

take a stand for unemployment insurance, the 1930 convention of the Federation, held in the midst of the severest unemployment crisis that ever hit the workers of the United States, again betrayed their interests by voting merely to "study the question." And the Executive Council at the Vancouver Convention in 1931, stated "that compulsory unemployment insurance legislation such as is now in effect in Great Britain and Germany would be unsuited to our economic and political requirements here and unsatisfactory to American working men and women."

But the membership of the American Federation of Labor and the railroad brotherhoods thought otherwise and so demonstrated during the winter of 1932 when hundreds of local unions, district councils and central bodies, representing close to half a million workers, voted in favor of the Unemployment Insurance Bill proposed by the New York A. F. of L. Trade Union Committee for Unemployment Insurance and Relief. Present indications are (April, 1932) that pressure of the membership will force the officials of the A. F. of L. and the railroad brotherhoods to come out for some kind of unemployment insurance scheme, in order to fool the workers into believing that the leadership is really mindful of their welfare.

Why should Federation officials worry about insurance for the unemployed when their jobs are so well paid and last so long? Samuel Gompers held the office of president of the Federation for over 40 years. Mr. Green draws a salary of \$12,000 a year and \$8,000 more for expenses, while Frank Morrison, Secretary of the Federation for 34 years, takes \$10,000. Presidents of the barbers, plasterers, plumbers, and telegraphers unions get \$10,000 a year; the heads of the machinists, miners, elevator constructors, and garment workers, \$12,000; train service brotherhoods, \$12,000 to \$15,000; bridge and structural iron workers and operating engineers, \$15,000; and theatrical stage employees, \$20,000.

Besides, the A. F. of L. itself has gone into the private insurance game with the organization of the Union Labor Life

Insurance Co. Outside of providing high salaries and soft jobs for a number of labor leaders, notably its president, Matthew Woll, leading Red-baiter and acting president of the National Civic Federation, this union insurance outfit has not been very successful. No dividends have been paid. In fact, \$63,000 of the original investment taken from workers' pockets has already been used up. In a speech to the Building Trades Employers' Association of New York in December, 1930, Woll states that his company was formed "to delay largely, if not entirely, the appeal to political bodies" for insurance, meaning efforts to secure any program of social insurance. He stated that it was formed also "to promote among the wage earning class the idea that our social order is best designed to promote the welfare of individuals." Woll, as always, showed himself more capitalist-minded than the rest of his fellow capitalists and racketeers.

The policy of the A. F. of L. officialdom in opposing social insurance is at one with their general policy of playing the employers' game against the workers. This policy is not merely to discourage strikes through building up arbitration machinery which ties the hands of the workers. When they can no longer prevent strikes they actually break them, forcing the workers back on the job instead of encouraging them to fight for their demands and giving them the support of organized labor as a whole. Where non-A. F. of L. unions have been able to mobilize workers for militant struggles, A. F. of L. unions have often acted the part of strikebreakers and in many cases secured injunctions against the Left Wing. Where campaigns for social insurance have been started A. F. of L. lobbyists have stood with the employers against the workers.

REFORMIST PROGRAMS

The common aim of all reformist programs for the relief of misery in the United States is to perpetuate capitalism and divert the working class from revolutionary activity—ward off "internal upheavals during troublous times" is the way one of the reformists put it.

The American Association for Labor Legislation is a mixture of Socialists, social workers, labor leaders, government officials, and non-union employers. Instead of a real social insurance program it suggests an "American Plan" for "unemployment reserve funds." Under the state laws which it proposes the unemployed worker would receive "a maximum of \$10 a week" in relief, and "for no more than 13 weeks in a year," providing he had been employed at least half a year in the same state. In other words, he could secure no more than \$130 a year and only half that amount if he happened to be a young worker under 18 years of age. Under this legislation he would have to wait at least two weeks before getting any relief.

A particularly bad section of this proposed law is the one that grants exemption to any employer who sets up his own company insurance scheme to give "benefits at least equal" to the meagre ones provided by the state fund. This opens the way for more welfare doping of workers by the employers, who will hurriedly set up their own "voluntary" "loyalty"-breeding devices in order to avoid any payments to the state fund.

The Conference for Progressive Labor Action is a collection of Socialists, ministers, professors, and "forward-looking" labor "advocates" headed by the liberal preacher, A. J. Muste. It has drafted a bill which would grant the unemployed worker, after a waiting period of one week, only 40% of his former weekly wages, with an addition of 10% more if he lives with his wife, and a maximum of another 10% additional, regardless of the number of his dependent children. This relief, the bill declares, shall be given for only 26 weeks at most and can only be granted to a worker who has worked at least one year in a state, or twice as long as in the bill proposed by the American Association for Labor Legislation. This is equal to saying that a worker must accept, while out of a job, a standard of living 50% or more below what he has been accustomed to. And what happens to him after the 26 weeks is up these "progressives" do not say. Besides, if he has been discharged for "misconduct" (not defined in the bill) he gets no benefit.

The administration of this measure is to be left to the labor departments of the 48 states, all of them manned by capitalist class politicians. And they are to be assisted by an "advisory board" which will consist of two employers, two "representatives of organized labor" and "one representative of the public" to be appointed by the capitalist state governor.

The unemployment insurance bill of the Socialist Party limits payments to 50% of a worker's wages with a maximum of \$25 a week and a minimum of \$12. The unemployment insurance fund is to be made up of contributions from the state and the employers on a fifty-fifty basis. The administration of the law is left to an Unemployment Insurance Board of five members, representatives of the Department of Labor, of the employers and of organized labor, the usual political board with the workers represented by a minority, and those the political appointees of the reactionary A. F. of L. unions.

The fruit of liberalism can best be seen in the Wisconsin Unemployment Reserves and Compensation Act passed in 1931 to take effect July 1, 1933. This law sets the pattern for politicians and union officials who are forced to support some kind of an unemployment insurance measure to ward off the rising indignation of the unemployed. The bill provides a maximum of \$10 a week for 10 weeks, for each unemployed worker with these exceptions: Workers laid off from places employing less than ten workers are excluded. The insured worker must have been employed "four months or more during the preceding calendar year" (this excludes cannery and other seasonal workers). Farm laborers, domestic servants, certain types of government employees, teachers, railroad workers, those engaged in logging operations and part time workers are also excluded. Finally, the bill becomes inoperative if "employers of at least 175,000 eligible persons have, by June 1, 1933, established fair voluntary plans." Such plans may include those where workers are forced to contribute toward their own insurance.

The Unemployment Insurance scheme on which Governor

Roosevelt of New York expects to poll labor votes in the 1932 presidential campaign, is the work of the Interstate Commission on Unemployment Insurance appointed in 1931 by the governors of New York, Massachusetts, Rhode Island, Pennsylvania, Ohio, New Jersey and Connecticut, and headed by Leo Wolman, research adviser to the Amalgamated Clothing Workers. It is nothing more than a short form of the Wisconsin plan, allowing a maximum of \$10 a week to unemployed workers for a period of 10 weeks a year.

THE COMMUNIST CHALLENGE

The purpose of social insurance laws is to give workers an immediate measure of security, even under capitalism. Lenin, rallying the Russian workers to fight for social insurance when they were yet under the yoke of the Tsar, outlined at a Bolshevik Conference in 1912 the following social insurance plan, to be administered by the workers:

The best form of workers' insurance is state insurance, built on the following bases: 1. It must care for the workers in all cases of loss of working capacity due to accident, sickness, old age, invalidity; for the woman workers likewise in case of pregnancy and child-birth; for widows and orphans after the death of the bread-winner, also in case of loss of support as a result of unemployment. 2. The insurance must embrace all wage workers and all members of their families. 3. All insured must receive relief to the full amount of their wages, all costs of insurance to be borne by the employers and the state. 4. All branches of the insurance system are to be administered as uniform insurance organizations on the basis of complete administration by the insured themselves.

The Communist Party of the U. S. A., twenty years later, is faced with the need for carrying on a similar struggle, not only against the employers and the employers' state, but against liberal reformers, reactionary labor officialdom and the Socialist Party. The Communist program calls for government insurance against unemployment, old age, maternity, widowhood, sickness, accidents, occupational diseases and permanent disability. The aim is a federal law which will insure these benefits to all workers throughout the 48 states. "*Unemployment and social insurance at the expense of the state and the*

employers” is the first plank in the Party’s election program for 1932.

The goal of the Communist campaign for social insurance is the abolition of the whole fraud of private charity and the wiping out of all profits coined from human misery by the insurance interests. Workers in need of social insurance are to receive not a starvation pittance but an amount equal to average wages.

The entire financial burden of the system of social insurance proposed by the Communists is to be borne by the employing class and the state.

Every cent which the government is appropriating for war preparations and colonial oppression should be demanded by the workers for their own benefit. Finally, *the administration of all social insurance funds must be taken out of the hands of the employing class and placed in the hands of “commissions of workers directly elected by the workers themselves in shops, mills, factories, trade unions, and councils of the unemployed.”*

The Communist Party offers workers no illusions that the capitalist government will grant real measures of relief without a terrific struggle. They therefore realize that the first step in the campaign must be the nation-wide mobilization of the working masses. They know that to combat effectively the organized forces of capitalism the campaign for social insurance must root itself in every factory and workshop, must link the worker who has a job to his fellow worker on the bread line. They know that the struggle for social insurance must go hand in hand with a real trade union struggle against unemployment, wage cuts, and speed-up.

And this struggle, led by the Communist Party, is going forward all over the country. It is a struggle which involves millions of workers in actual combat with the police and other agents of the owning class. It is a struggle in which at least ten workers have already lost their lives, while many thousands have felt the blows of clubs and horses’ hoofs, or have been dispersed with tear gas and fire hose. It is a struggle

which centers around the day-to-day needs of the unemployed; against evictions; for free food and carfare for workers' children; for immediate cash relief from city and state governments.

It is essentially in the willingness of the workers to fight under the leadership of the Communist Party that hope for their future lies. When several thousands of Negro and white workers of Chicago, in August, 1931, gathered to prevent the eviction of a poor Negro woman, three Negroes were shot to death. But many more thousands marched in tribute to their dead comrades at the funeral, and a year later Mayor Cermak of Chicago stated that the riot in Chicago did more for the collection of relief in that city than all the appeals and speakers of the charity and welfare organizations.

Nor were the workers in other cities daunted by the Chicago killings. Hunger marches in every important city followed, in defiance of police permits in many cases. In Cleveland, the shooting of two of their number only served to make more defiant the demands of 2,000 marchers who stood in the cold and rain in October to ask for a \$150 cash bonus for each unemployed family for coal, blankets, clothing and other necessities to face the coming winter.

And in Detroit the Ford March with its toll of four workers murdered by Dearborn police has shattered once and for all in the minds of the working class the myth of Ford as the angel of peace, prosperity and high wages.

The National Hunger March to Washington, in December, 1931, with 1,670 worker delegates from all over the country, gathered to place their demands for unemployment insurance and relief squarely before Congress was but the national expression of a growing movement of protest.

Wherever workers' heads are cracked by the police in demonstrations for social insurance or immediate relief, the illusion of securing any gains without a struggle is shattered. Under a Socialist mayor in Milwaukee, under a "reform" mayor in Detroit, under a Republican mayor in Pittsburgh and under a Tammany Democratic mayor in New York, the answer to the

demand for work or wages has been the same—brutal clubbings and jail sentences.

These experiences teach the workers there can be no easy path to victory. They see their militant leaders beaten into unconsciousness or shot for voicing their demands, railroaded to jail, or sent to the electric chair as were Sacco and Vanzetti. They come to realize that only from their own ranks can be drawn fresh forces, fearless and determined enough to carry on the struggle.

The fight for social insurance must go on because it is a fight for security in the daily struggle for existence faced by every member of the working class. The fight for social insurance must go forward under the leadership of the militant unions and the Communist Party, because those unions and that political party are the only workers' organizations determined to push on until the employing class, beaten back by the rising power of an awakened proletariat, gives way. This struggle for social insurance in the United States, as in every other capitalist country, receives continuous inspiration from the progress made by the workers of the Soviet Union who have abolished the capitalist system and are energetically building Socialism. They have done away completely with unemployment and are rapidly improving their own living standards.

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