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# Report to the People Vol. 2 No. 16

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# REPORT TO THE PEOPLE

by CONGRESSWOMAN

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If the Senate follows the action of the House last week in approving a program of loans to the States for extending unemployment compensation, then the States will be handed one of the greatest challenges in the history of Federal-State relations.

States will be asked, in effect, to recognize an immediate need which many feel is national in character and take quick, effective action to meet it.

The Federal Government--if the legislation is passed in its present form--will lend to individual States whatever funds they require to add 50 percent more eligibility to those unemployed who exhaust their regular benefits.

As the bill passed the House, this will be a permissive program. States will not be required to do anything. But if States recognize their responsibility the resources will be made available.

This marks the first time in the flurry of counter-recession activity here in Washington that the States are being asked to accept primary responsibility for doing something effective about a potentially dangerous situation. Because, if the unemployed lose all their purchasing power, it will breed additional unemployment and further depress the economy.

Since the recession is a serious national concern, most of the action so far taken to halt it has been of the Federal variety. Federal Reserve Board decisions to lower interest rates and increase the supply of money, for example, or the Federal road-building program approved by Congress, the speed-up in defense spending and in other authorized Federal programs, as well as such proposed programs as building Post Offices and assisting community development projects, have all been initiated by the national government. To the extent that Federal, State and local governments share responsibility for some of the programs, it is on a direct grant basis.

Not so, however, with the bill to aid the unemployed. This legislation will, it seems now, be entirely voluntary and will include no direct Federal grants of any kind. States will have to repay Federal loans either from general tax revenues or from increased unemployment taxes on employers.

I was reminded, in thinking about this challenge to the States, of the shock with

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which some of my constituents greeted one of my reports last summer on the subject of Federal grant-in-aid programs. In that report, I listed each one of the 63 Federal grant programs in which New Jersey participated, together with the amount of each grant received in fiscal year 1956. The total amount, by the way, was $86,410,803.

The general reaction was typified by one friend who blurted out, "But who asked for all these programs?"

I answered him, in turn, by asking him to pick out the programs he thought ought to be dropped--airport construction, highway building, the National Guard, vocational education, civil defense and disaster relief, child welfare services, old age assistance, or the variety of grants to help fight polio, cancer and heart disease?

It was a difficult question to answer. Because, in the final analysis, most of these programs are obviously needed. Most are administered by the States. And in most cases the Federal grants are a relatively small portion of the total cost.

But the principal reason we have so many such programs has been the fact that individual States have felt unable to pay for them or have been unwilling, for one reason or another, to undertake the responsibility themselves.

The moral of this is pretty obvious. If State governments are unable or unwilling to do what is necessary to meet the real needs of their people, then they are virtually asking the Federal Government to do it.

This applies with special force to the present question of unemployment compensation. Here the responsibility is heavier than usual. The States have an obligation to prevent unnecessary suffering by those who, through no fault of their own, remain unemployed beyond the period of their eligibility for unemployment insurance payments. Beyond this, however, is the national problem I have mentioned--that of protecting the national economy against the depressing effects of a failure to sustain at least minimum purchasing power by the unemployed. Unemployment which is allowed to drag on unrelieved will sooner or later mushroom into worse unemployment.

This danger, is, finally, directly related to the number one challenge confronting our country as a whole. This is the threat, recognized by many of our leaders in and out of Government, posed by the competition of Soviet Russia--a competitor who is already outdistancing us in various parts of the world by dramatic, imaginative and effective foreign aid programs, by impressive scientific advances, by overpowering military forces, and now by a booming industrial machine which has, in some respects, overtaken our own during this economic slow-down.

Assuming that the Senate will soon approve the House bill, therefore, the challenge it presents the States will be immense. A first step in getting the economy into high gear again--to the point where we can match the Russian rate of industrial progress--requires that we hold unemployment in check and keep it from getting worse.

The 48 States should get ready now to act fast and effectively.