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Recommended Citation

John S. Brennan, Old Age Pension Legislation in the United States, 7 Notre Dame L. Rev. 433 (1932).
Available at: http://scholarship.law.nd.edu/ndlr/vol7/iss4/2
OLD AGE PENSION LEGISLATION IN THE UNITED STATES

In the offices of the editor of The Eagle Magazine is a collection of pens which has a double significance. To the members of the Fraternal Order of Eagles it is a reminder that today 117,000 persons in the United States and Canada are enjoying the security of old age pensions. To the donors—the governors who used these pens in signing the old age pension laws—the collection is a token of appreciation of the part played by the Fraternal Order of Eagles in making this humanitarian legislation an actuality in the United States.

Seventeen states now have Old Age Pension laws upon their statute books: Montana, 1923; Nevada, 1923; Wisconsin, 1925; Kentucky, 1926; Colorado, 1927; Maryland, 1927; Minnesota, 1929; California, 1929; Utah, 1929; Wyoming, 1929; New York, 1930; Massachusetts, 1930; West Virginia, 1931; Delaware, 1931; Idaho, 1931; New Jersey, 1931; and New Hampshire, 1931. In Canada, the territory of Yukon, the Northwest Territories, and six provinces have also adopted such legislation. In 1931 the governors of fifteen states accelerated the movement by recommending in their annual messages the passage of similar laws to aid in the care of the aged poor. In four states commissions were provided by the legislature to investigate the subject. During the past year two states made their county option laws state-wide and mandatory in their application.

This widespread interest in the payment of pensions to the aged is a comparatively recent development. In 1921 the United States was the only great industrial nation in the world which had not attempted a solution of the problem of old age dependency.
The poor laws in the United States a decade ago were based, without exception, upon the Elizabethan poor law system established in 1601. Brought to this country by the first English settlers, the system was universally adopted throughout the colonies. Although England wisely altered the antiquated laws long ago, the United States was slow to follow up the problem of its aged poor with new laws better adapted to changing economic conditions which made independence in old age increasingly impossible. Perversely we continued to herd together in almshouses the aged poor, the feeble-minded, the insane, and the physically disabled.

The investigations of humanitarians brought them to the inescapable conclusion that, except in rare instances, the remuneration of labor during the years of activity is not sufficient to meet current necessities and still admit of a surplus for the years of feeble helplessness. Their conclusion was supported by the Government Census which from decade to decade shows a steady and significant decline in the proportion of men fifty-five or over who are gainfully employed.

What is the laborer who is no longer useful to industry to do when, through no fault of his own, he finds himself unemployed and without the means to support himself? He must depend upon some kind of outside support. If he is particularly fortunate, this support may come in grateful care from children. In a majority of instances, however, such assistance is impossible, and relief must be found in public or private charity with its stigma of pauperism. Indeed, with the decrease of employment of persons whose years of greatest activity are over goes a corresponding increase in the number of inmates of poorhouses. Theodore Roosevelt said in 1912:

"Old Age should be provided for—it is abnormal for industry to throw back upon the community the human wreckage due to its wear and tear, due to sickness, accident and to involuntary unemployment."
OLD AGE PENSION LEGISLATION

It is unjust to brand as paupers those who have devoted the prime of life to useful service, and the enormity of the injustice has been impressed upon civilized people. Franklin D. Roosevelt, the present governor of New York, declared:

“No greater tragedy exists in modern civilization than the aged, worn-out worker who, after a life of ceaseless effort and useful productivity, must look forward in his declining years to a poorhouse. A more modern social consciousness demands a more humane and efficient arrangement.”

An old age pension is not a charity any more than is a specific wage or salary. A pension is no more than a recognition of the fact that previous payments were not sufficient as the full merited reward for service rendered. In broad terms, old age pension legislation provides that all persons who have reached a designated age without having accumulated enough to provide for themselves shall be paid an annual sum sufficient to enable them to live decently and without hardship. This sum is paid, not as a dole of charity, but as a recognized obligation of the state to the toilers whose poorly paid labors are the basis of its prosperity.

The problem of the aged poor became increasingly grave and the need of an adequate solution more apparent as our industrial civilization became more complex. In 1921 the Fraternal Order of Eagles decided to sponsor a movement for Old Age Pensions.

This decision, which has been largely responsible for the old age pension legislation that has been enacted in the United States, was a logical development of the Eagles’ activities in the field of humanitarian legislation. Since 1908 the Order had been vitally interested in workmen’s compensation laws; its efforts in the cause of mothers’ pensions date to 1905.
On May 11, 1921, the Indiana State Aerie, in session at South Bend, after careful consideration and a free discussion, adopted by unanimous rising vote this resolution:

"That we are in favor of governmental old age pensions, and that we invite our sister State Aeries and the subordinate Aeries of the Order to unite with us in requesting the Grand Aerie of 1921 to take such action as will awaken public sentiment to the wisdom of State and Federal provision that shall remove from the minds of the laborers of the land the haunting fear of want and pauperism in old age."

Other State Aeries soon followed the example of Indiana, and at the Grand Aerie at Newark, New Jersey, the next August the resolution was passed unanimously. A National Old Age Pension Commission was appointed and funds were appropriated to begin the educational campaign and the organization work that must precede favorable action by state legislatures. The commission was composed of Frank E. Hering (Litt. B., Notre Dame, 1898; LL.B., 1902), South Bend, Indiana; Conrad H. Mann, Kansas City, Missouri; Michael O. Burns (LL.B., Notre Dame, 1886), Hamilton, Ohio; Otto P. Deluse, Indianapolis, Indiana; John M. Morin, Pittsburgh, Pennsylvania; and William H. Armstrong, Racine, Wisconsin. The members of the commission have served without compensation, and, with one exception, have served continuously since the beginning of the movement. Three members of the Fraternal Order of Eagles, Judge William J. Brennen, Pittsburgh, Michael O. Burns, and Frank E. Hering, each well qualified by his legal training, were named to draft an old age pension bill which might serve as a model.

In March, 1923, only twenty-two months after the adoption of the original resolution at South Bend, the first old age pension bills were passed. On March 5, Governor Joseph M. Dixon of Montana signed a bill providing for the payment of pensions to all citizens qualified as set forth in the Eagles' Model Bill. On that occasion Governor Dixon said:
"If the Eagles of the United States never did anything else, they have more than justified their existence in their advocacy of this great humanitarian movement."

By a remarkable coincidence, the Governor of Nevada, J. G. Scrugham, signed a similar bill on the same day.

The passage of the Montana law, the grounds on which it was advocated, and the manner in which it has worked out in practice may be regarded in many ways as typical of old age pension legislation.

In Montana, the Honorable Lester H. Loble, a prominent Eagle of Helena, was elected to the legislature on an Old Age Pension platform and introduced the bill in the House. After securing from each county auditor in the State a statement as to the cost of maintenance of the poor, and particularly of the poor over the age of sixty-five, Mr. Loble concluded that he could advocate the passage of an old age pension bill as an economy measure.

The soundness of Mr. Loble's judgment was borne out some years later when the United States Bureau of Labor Statistics determined, after a nation-wide survey, that the average cost to the state of maintaining an inmate of a poorhouse is $344.64 a year, plus interest on the investment at six per cent, or a total of $439.76. The average cost per person in Montana under the pension system in 1930 was $153.33.

In several states in which the population is far greater than that of Montana, in which the industrial life is more complex, and in which the tax system demanded painstaking investigation, the bills have met with general approval. The state of New Jersey, which had been the scene of the beginning of the Eagles’ national campaign, passed the bill unanimously. In New York, after eight years’ careful investigation by the Senate and the House Commissions, the legislature passed the bill unanimously. This was the only
time within several generations that the New York Legislature passed, by unanimous vote, a bill carrying an appropriation. The vote in Massachusetts was overwhelming, and in California there was only one dissenting legislator.

The old age pension bills which have become laws in the various states have not differed materially from the model bill prepared by the Eagles. The greatest cleavage has been in the provision as to whether the law be state-wide and mandatory or optional with the counties. At present eleven of the seventeen states have mandatory laws and the tendency is steadily in the direction of this type. Both Colorado and Wisconsin revised their original measures, making them mandatory after the old age pension system had successfully proved its worth.

The qualifications of the applicant, while not uniform throughout the old age pension paying states, are fairly similar. The age at which a pension is granted is either 65 or 70 years, the states being about equally divided on this point. Most of the states require that the applicant shall have been a citizen of the United States for at least fifteen years, although Delaware is satisfied with residence in the United States for fifteen years. County and state residential safeguards have been provided in every law passed thus far to prevent the payment of pensions to men and women who have spent their productive years in other states. By requiring that an applicant have been a sober, honest citizen of the state for a period of years, the state can effectively block unwarranted immigration. The county residence requirement varies from one to fifteen years.

Pensions are not paid to persons having more than a certain amount of property or income. The usual property limitation is $3,000. The limitation on income, in the states which have that provision, varies from $300 to $400 a year. In all but two states a maximum amount of pension is desig-
nated, but in all instances the sum is based on the applicant’s income and his needs. Pensions have not proved costly. According to a Federal survey of almshouse costs, pensions in Montana, where they have been paid since 1923, and in Wisconsin, where the pension law proved so satisfactory that it was made mandatory, have averaged about half the amount required to keep an inmate in an almshouse.

The actual payment of pensions is usually made from county funds. A number of states, particularly the industrial states, reimburse the counties or other local subdivisions, for a part of the cost in amounts that range from one-third to three-fourths of the total. In Delaware, the total cost of the pension is paid by the state. Some of the laws provide that cities and towns shall reimburse the counties for pensions paid to their residents.

For the most part, funds for the payment of pensions are provided in the counties in the same manner that other funds are provided. When the state shares the cost, moneys are appropriated by the legislatures, or other specific arrangements are made. Massachusetts, for example, levies a tax of one dollar a head on males twenty years old or older. The New Jersey law provides that the inheritance tax shall take care of the state’s share of pension costs.

The New Jersey method is unique. The governor is required to budget annually, and the legislature is required to appropriate from receipts of the Inheritance Tax Department a sufficient sum to pay the state’s share of pension costs. After the pension appropriation is made, $12,000,000 from the inheritance tax receipts is to be set aside for general state purposes. All surpluses over these two amounts are to be placed in a capital fund until such time as the fund alone will yield interest sufficient to pay all of the state’s share of old age pensions.
It has been the general practice of those who draft old age pension bills to make the administration of the legislation fit into the existing machinery of the state. This is done for the purpose of economy. Pensions can be and are being paid by officials of existing state and county boards who receive no extra compensation for this work. In about half the states the county commissioners or bodies with similar functions have charge of the local administration. In other states the county or probate judge has charge of it.

The result of this well-considered policy of granting and paying pensions through existing bodies has been that the expense of administration which, under the poorhouse system amounts to 32 per cent of the total cost, under the old age pension system has been reduced to as low as a fraction of one per cent.

Canada has likewise appreciated the economical administration of Old Age Pensions. Mr. E. H. S. Winn, Chairman of the Workmen’s Compensation and Pension Board of British Columbia, the body which administers the law for the Province, says:

"No legislation is easier to administer than this. No legislation yields more pleasure in its administration than this. No other legislation can be administered so cheaply."

Within the past ten years an enlightened public has been rapidly converted to the efficacy and justice of old age pensions. "The end of government," says Frank G. Allen, former governor of Massachusetts, "is the achievement of satisfaction and happiness by our people. It is with a great deal of satisfaction that we today observe the passing of the so-called 'almshouse,' and it is apparent that these institutions are gradually becoming a thing of the past."

The observation of Governor Allen is the observation of those who have followed the growth of the old age pension movement. "Old age pensions," wrote William G. Shepherd
in *Collier's*, "are coming on this country, state by state, just about as rapidly as the good roads came after we really got started on them."

It is predicted that within the next decade all the progressive states in the Union will have adopted Old Age Pension laws. When this condition exists the haunting fear of old age will be removed, and the poorhouse, a relic of Elizabethan times, will eventually become obsolete.

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