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TWENTY PENSION YEARS  
IN  
MARYLAND

1927-1947



By  
MARK H. ADAMS

DEPARTMENT of PUBLIC WELFARE  
Baltimore



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*amilton*

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*To Judge Waxter,  
a friend of the aged.*

*Mark H. Adams*

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Dedicated

To the Old People of Maryland

Whose Vision and Labor Made Maryland a Great State

in a Great Nation

"Cast me not off in time of old age; forsake me not when my  
strength faileth." - Psalm 71:9



## ACKNOWLEDGMENTS

I am indebted to many persons and organizations whose cooperation and suggestions have made this study possible. Until I began writing this thesis, I often wondered why acknowledgments covered more than a few lines!

I am especially indebted to Judge T. J. S. Waxter, Director of the Department of Public Welfare in Baltimore. As an administrator he believes that no program for old age assistance is the best program unless it is a workable program. Toward that objective, and with his permission, I have made this study. I am also indebted to Miss Esther Lazarus, Assistant Director of the Baltimore Department of Public Welfare, for her helpful suggestions and assistance. Anne Sindall Nagle, the first Director of the Old Age Pension Division, in the Department of Public Welfare has been of inestimable help. Her understanding of the program from its inception has been a valuable source of material.

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E. Wise, Chairman of the Maryland Farm Bureau, Incorporated, for his presentation of the agriculturist's viewpoint on old age assistance.\* I am also greatly indebted to the Librarians at the Enoch Pratt Free Library and the Johns Hopkins University Library in Baltimore; to the Baltimore Bar Library; to Dr. Horace Flack, Director of the Bureau of Legislative Reference, and his associates; and to the Library of Congress, for their helpful suggestions in helping me obtain needed information.

To attempt to enumerate all the persons who have contributed in one way or another, would merely mean an extension of names without my being able to pretend that the list was complete. I cannot, however, conclude these acknowledgments without a word of praise for my wife, Lida. She has edited the text, typed letters and manuscript, and in countless ways has conserved my time.

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\* Mr. Carr and Miss Holloway of the Consolidated Gas Electric Light and Power Company have given much time and information about their program on neighborhood demonstration schools.

## PREFACE

The Social Welfare Program of Maryland was the outgrowth of two charitable concepts, - first, private charity organization; second, public almshouses. These two kinds of welfare organizations were rooted in the soil out of which grew the present Old Age Pension Program in Maryland.

The object of this Study is to record the authority for the creation of the old age pension Program in Maryland; to show the social and economic forces which brought the Program into being, and to attempt to evaluate the Program as it operates today.

In order to clearly understand the present old age pension Program in Baltimore and Maryland, it is necessary to review briefly the activity of some of the groups that were for, and others that were against old age pensions in the United States. I shall also review the experience of some of the other states with their old age pension Programs.

Today, hardly anyone questions the need for old age pensions, but how far should the federal government go in providing old age pensions? In the recent past, however, many persons and interested groups in the United States, and particularly in Maryland, opposed old age pensions, claiming that state pensions would be a step toward socialism. It was contended that the individual would never work, would lose his initiative, if he had the assurance of security in old age. There was much talk about old people just sitting around until they reached the age of eligibility when they would "draw a Government check." How the old folks managed until they reached the age of eligibility has not been considered a problem.

There are at least two concepts about the kind of old age pension to be given. The first is that a pension should be given as a matter of right without consideration of need - as soon as a specific age of retirement has been reached. The Townsendites are strong advocates of this plan. Under the Social Security Act, which was passed on August 14, 1935, old age insurance benefits are paid to workers aged sixty-five and over, who retire, and who previously had employment in what is called a "covered industry." There are still large groups of workers excluded from participation in these benefits. For example, the self-employed, farmers and agricultural workers, domestic workers, etc. The second concept which is prevalent, and in use today under the Public Assistance Division of the Social Security Act, is that pensions<sup>1</sup> be given on the basis of need. In effect, the individual has to conform to a means test. There are, of course, other concepts about the kind of pension to be given, that is, whether a pension should be given on a contributory, or non-contributory basis. In general, however, these two concepts are generally associated with an insurance feature, such as: the Old Age and Survivors' Insurance Benefits, in which the employee contributes toward his own benefits at retirement age.

1. The phraseology in the Maryland law was changed to read "Assistance", in June, 1937.

In an effort to meet the needs of the aged, regardless of concept, many problems were confronted. Interested organizations, such as labor unions, fraternities, religious organizations, civic clubs, etc., confronted all kinds of national, state, and local laws which tended to retard their progress in getting effective old age pension legislation on the books.

The extent of this problem can be appreciated when we realize there are over three thousand counties in the United States - and each is jealous of its local autonomy. There was not much difference of opinion as to the need for pensions, but there was a tremendous difference as to the method by which this need could be fulfilled. In trying to meet the needs of the aged (as well as the needs of other groups), certain individuals and programs came into national prominence. Among these were Senator Huey Long's "Share the Wealth Program"; The Townsend Plan, which would pay up to two hundred dollars every month; Upon Sinclair's "EPIC" (End Poverty In California); etc., it is clear that each of these groups would have a different approach to the problem of the aged. There is unanimity of purpose, however, whenever one asks why some twenty-six nations preceded the United States, the richest nation on earth, in establishing an old age pension program.

The answer lies in the traditional system of free enterprise which presumably makes an individual resourceful, rugged, and independent.

"The United States, a younger nation, and with traditions of individualism based on earlier opportunities, has been slower to face these industrial problems, but recently there have been signs of an awakening sense of responsibility." 1

Under our system of free enterprise, we are dedicated to the principle that every working man is free, and independent - at all ages. While industrial progress has forged ahead, social progress has lagged behind. The invention of a new kind of machine will displace thousands of factory workers. Disabling accidents in a machine age, make a man at forty-five a questionable insurance risk, because he may not have as much dexterity as he had at thirty. Fewer older men, therefore, are employed in industry, and more older men are released from industry.

The fact of the matter is, the first attempt at pensioning public employees was one of economy, rather than providing pensions. From 1915 on,

1. Facing Old Age, Abraham Epstein, page xiv Introduction.

it was learned that there was an unusually large number of superannuated government employees. It was feared that the efficiency of the government service was being impaired, and it was strongly recommended that the aged employees be pensioned, thereby decreasing the cost of government and increasing its efficiency. Again, the concept of industrial efficiency has forged ahead, and the aged gain only because it is a measure of economy.<sup>1</sup>

The United States is becoming a nation of older people, that is the birth rate is lower<sup>2</sup>; and more children are surviving due to increased knowledge of medical science. The life span has been extended tremendously in recent generations, which is also due to increased knowledge of medical science, knowledge of the values of nutrition, and changes in the feeding habits of the population.<sup>3</sup>

The interests of various groups in advocating Old Age Pensions, in Maryland, such as The Fraternal Order of Eagles, The Maryland and the Baltimore Federation of Labor, The Women's Clubs of Maryland, and the Old Age Pension Commission named by the late Governor Nice, were not mutually exclusive. In developing this subject, it appears that each of these groups had a special interest in old age pensions - which, indeed they did - but this was not an exclusive interest as will be shown in the development of this thesis.

Chapter I gives a fairly complete background history of the old age pension movement in the United States and the State of Maryland. This introductory chapter shows which groups were for, and which groups were against old age pensions, and why. It was felt that such a picture was necessary to give the proper setting into which Maryland's old age pension program fits as an integral part. The development of Private and Public Agencies in the State, the predominance of the subsidy principle, and the tendency toward centralization in the administration of public welfare, are explored. The legal authority for the establishment of private and public welfare agencies has been shown, because it is only within the framework of the law, that these agencies function.

Chapter II sets forth, at length, the method and technique used by the Fraternal Order of Eagles in getting the first old age pension law enacted by the Maryland Legislature. The Fraternal Order of Eagles was the first group to advocate old age pensions on a national and statewide basis, and toward that objective, they set up a national Old Age Pension Commission. This Commission served as a valuable instrument in providing a model law which was

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1. Report of U.S. Senate Committee Hearings on Civil Service and Retrenchment 1917, pp. 70-72.

2. During the war years, there has been a slight increase in birth rates.

3. An Adequate Dietary in Later Life, E. L. Tuohy, M.D., Duluth, Minn. 1940

essentially the same old age pension law as was first enacted by the Maryland Legislature in 1927.

Chapter III shows the activity of the women of Maryland in sponsoring an old age pension program. As early as 1916, the Women's organizations of Maryland did much exploratory work in having enacted into law Maryland's first Mothers' Assistance Act. Mothers' Assistance and Old Age Pensions were fostered at the same time for financial reasons. The Women's Clubs of Maryland were actively interested in sponsoring both programs.

Chapter IV deals with the activity of the Maryland and the Baltimore Federation of Labor, and the kind of an old age pension program they wanted enacted. The Maryland Federation of Labor was often in disagreement, as to method, with the National Organization, that is the American Federation of Labor; but this difference of opinion shows clearly the individuality and the autonomy of the local labor group in meeting the problem at the State level.

Chapter V. In this chapter I have shown the various suggested methods of financing old age assistance in Maryland. It was around the question of financing the old age assistance program, that most of the conflict and differences of opinion arose. It should be noted that Maryland's old age pension program was inaugurated just at the time that the state and local governments were in the process of adjusting their own finances as a result of the inroads occasioned by the depression of the early 1930s. From the economist's viewpoint, this is one of the most important phases in the development of Maryland's old age pension law.

Chapter VI. On November 20, 1934, Governor Harry W. Nice appointed an Old Age Pension Commission. This chapter shows the activity of this Commission in co-ordinating and integrating the interests of various groups for one common purpose - the enactment of a compulsory old age pension law for the entire State of Maryland.

Chapter VII. In this chapter I have described the old age assistance program as it operates today in the State of Maryland. When this chapter was being written my critics felt that I had not placed enough emphasis on the program as it operates today. In order to familiarize the layman with the program, I have purposely given a great deal of attention to its present day operation, its needs, and suggestions for improvement. The writer recognizes that while some changes could be made effective by the Advisory Board, other changes would necessitate an act of the Legislature, because the program essentially is administered within the framework of law. The Maryland State Department of Welfare publishes a biennium report, and the Baltimore City Department of Welfare publishes an annual report of

their respective activities. I did not duplicate the information that is readily available in these reports.

After World War I, the Maryland General Assembly began centralizing and coordinating the functions of private welfare, (through the subsidy principle), to meet the needs of the public. The 1947 Maryland Legislature faces the problem of improving public welfare laws to meet changing needs occasioned in part by World War II. The problem of the aged in this proposed program is of paramount importance.

## FOREWORD

In this book, Mr. Mark H. Adams has performed a real public service in collecting together, in readable form, the evolutionary development of Old Age Assistance in Maryland. The past and the present point the way into the future and our hope is that the movement is a gradually progressing one. Today, in 1947, we are simply at the beginning of a public program to more and more adequately meet the needs and disabilities of our aged citizens. Mr. Adams has given us a glimpse of the future by bringing the story up-to-date.

Mr. Adams brought to his task very real equipment. He has worked with aged persons in Baltimore City over a period of years. During this time, Mr. Adams and I have been working together on the staff of the Baltimore City Welfare Department. It is a privilege to say of Mr. Adams that he has a highly developed sense of social responsibility. He works with the Welfare Department because he believes that it is in this capacity that he can make his greatest contribution to other people. He wants to be of service to the community. He has been of service to numerous aged men and women. It is from this desire to assist in building a better American for old people that Mr. Adams wrote this book.

T. J. S. Waxter, Director  
Department of Public Welfare

## CHAPTER I

## National and Local Background of Old Age Pension Movement

What groups in the United States first advocated old age pensions? The Fraternal Order of Eagles was one of the first groups to agitate for old age pensions in every State in the Union. The Fraternity was organized in Seattle, Washington, February 6, 1898. Through their national, state, and local representatives they were one of the most vocal groups in the country to point out the necessity for old age pensions. Beginning in 1922 this Fraternity through its national Old Age Pension Committee, and through its state and local officers, has carried on an incessant campaign for old age pensions. As a matter of fact, the existing laws (prior to the passage of the Social Security Act, August 14, 1935) are in a large measure the result of this Order's work. Their activity and influence in developing the first old age pension law of Maryland will be detailed further in this study.

A second large group that favored old age pensions was the American Federation of Labor. The annual conventions of the American Federation of Labor, and the Maryland State Federation of Labor have repeatedly gone on record as favoring nation-wide old age pensions. For example, at the 1922 convention of the American Federation of Labor, they endorsed the principle of federal legislation, and advocated old age pensions on a nation-wide basis. This endorsement has frequently been repeated by national, state and local American Federation of Labor unions. To illustrate, in 1929,

"The Executive Council of the American Federation of Labor recommended to the 1929 Convention the enactment of compulsory state laws, requiring a pension commission for every county and paying a pension of at least \$300 annually to applicants 65 and over." <sup>1</sup>

The interest of the Maryland Federation of Labor in developing suggested old age pension legislation for Maryland will also be shown later in this study.

The third group which was unusually vocal in advocating old age pensions, was the American Association for Old Age Security. This association was established through the influence of Mr. Abraham Epstein who has written a number of books on Old Age Security. Mr. Epstein was instrumental in having the Rt. Rev. Ethelbert Talbot, Bishop of Bethlehem, Pennsylvania, become the first president of the organization in February 1927. After the death of Bishop Talbot, Bishop Francis J. McConnell became President, and the executive secretary was Mr. Abraham Epstein. In

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1. Editorial Research Reports 1930, page 591.

December 1929 this commission sent out 3,000 "open letters", to industrial and commercial enterprises in thirty-five states requesting that they support state old age pension laws.<sup>1</sup> The Commission conducted an active campaign in which it not only advocated old age pensions, but it answered any and all criticisms of the proposed program. One of their letters, which was in answer to charges that old age pensions would tend toward socialism, indicates the type of campaign they conducted. The letter follows:

In all candor, what is the tariff but the rankest socialism, i.e. the protection by the government of special industries, infantile or senile? If to protect inefficient or indigent industries is not socialism, why is the protection of the indigent aged socialism?<sup>2</sup>

This commission has an annual meeting which is in the nature of a national conference, and their reports which are published annually, show the activity and trend in old age pensions state by state, as well as the trends toward social security.

Today it may appear that hardly anyone could be against old age pensions. The fact is, however, there have been some groups that have been most active in opposing old age pensions either on a national or a state basis. Who opposed old age pensions?

The National Association of Manufacturers has vigorously opposed enactment of old age pension laws on a national basis, and, as far as I have been able to ascertain, they have not openly supported old age pensions on a state-wide basis. As early as 1917 the National Association of Manufacturers sent to Congress a report opposing old age pensions. (Senator McNary of Oregon introduced a bill for old age pensions in the United States Senate in 1919, but it died in committee.) In February 1930 a committee was named by the National Association of Manufacturers, which appeared before the Labor Committee of the House of Representatives to oppose old age pensions. A summary of the reasons for their opposition follows:

1. It would be unconstitutional, in that appropriations for pensions would be for a private rather than a public purpose, and that such appropriations are within the exclusive province of the States.

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1. New York Times, December 1, 1929.

2. Ibid

2. There is inherent harmfulness of a pension system which would cut away the very foundation of self dependence, thrift, and energy.
3. There is no need for a Pension system or for federal aid to it, inasmuch as group insurance plan, industrial and private philanthropy are making adequate provision for the needy aged.
4. It would interfere with states' rights.
5. It would make for extravagance and waste.
6. It would be difficult to secure careful administration.
7. It would involve the growth of bureaucracy.<sup>1</sup>

I also found that several State Granges opposed old age pensions for their respective States. The Grange in Ohio was very vigorous in its opposition. The Maryland Grange as recently as 1936 was opposing an increase in the rural tax rate to provide for old age pensions. The chief reason for the Grange's opposition seems to have been:

1. The increased cost of the county school system
2. The increased cost for building and maintaining State roads
3. The increased cost of farm machinery which the farmers were unable to buy if their taxes were to be increased.<sup>2</sup>

The Maryland rural tax rate was rising in 1936, and the Maryland State Grange opposed this increase, because part of the increase was for old age pensions.

" . . . this increase was necessitated by old age pension requirements, restoration of salary reductions in late years, and county road debts previously provided for from the state gasoline tax fund."<sup>3</sup>

The Joint Tax Committee's report further states:

It is the opinion of this committee, that expenditures by the state and local governments for relief shall be confined as nearly as possible to deserving old age

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1. Editorial Research Reports 1930, page 592  
 2. 1931 Year Book Maryland and District of Columbia Federation of Labor, page 48  
 3. Introduction, Report of Joint Tax Committee of Maryland State Grange and Maryland Farm Bureau Federation 1935-36.

pension cases and to unemployables together with their dependents. Any expenditures beyond these two necessities, namely, old age pensions and unemployables, that tend to approach the staggering sums spent for relief in the past should be carefully studied before attempting to levy taxes for such additional burdens . . .

This does not necessarily mean that local counties should not levy against property for relief purposes. It simply means that the ultimate effect of the total tax program in taking care of all government functions, including relief and old age pensions, should not increase the property tax.<sup>1</sup>

This group favored old age pensions, if they did not increase the tax rate!

Another group which has opposed old age pensions on a national basis has been the social work profession. This opposition was based on the ground that pensions failed to remove the stigma of pauperism, and that the pension laws were inadequate.

The real purpose of old age pensions (according to social workers) is to make it possible for those reduced to poverty by age to spend their declining years in self respecting privacy, free from the anxieties of want and the stigmas of pauperism, living independently in their own surroundings. They favor gratuitous pensions and a thorough overhauling of the system of poor house relief.<sup>2</sup>

Sharp differences of opinion existed among social workers, and these differences were often expressed in current magazine articles. For example, Alice Hamilton spoke for social workers in the May 1930 issue of The Atlantic Monthly in an article entitled "State Pensions or Charity". Her article was a follow up to a previous article written by a business man, Mr. Walter S. Gifford, President, American Telegraph and Telephone Company. He had advocated large contributions to private charity. Miss Hamilton claimed that industry's interest in old age was because of the technological unemployment of the older worker. She asked "How many workers have saved enough for a pension when they are forced to live on savings and odd jobs twenty to twenty-five years, being eligible (for a pension) only at sixty five and seventy?" She continues,

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1. Ibid, pages 6 and 7.

2. Editorial Research Reports 1930, pages 590-592.

"It is time for us to devise ways of meeting the inevitable disaster of old age, and the almost equally inevitable disaster of sickness and unemployment, and these must be ways that will not fail when the stock market breaks or a new machine is invented, that will function in the lean years as in the fat years, and that can be accepted without loss of self respect."<sup>1</sup>

The social workers in Maryland who today support old age pensions, in the not too distant past were very reluctant to advocate pensions. How do we account for this? There are two unusually good reasons for this traditional Maryland attitude. In the first place Maryland has been known as a subsidy state, i.e. whenever a need arose for a particular kind of social service, the state instead of meeting the need itself encouraged private organizations to meet the need and then subsidized these organizations. What has been Maryland's history in social welfare as far as subsidies are concerned? As early as 1902 the Board of State Aid and Charities (the forerunner of the State Department of Public Welfare) approved state grants or subsidies to sixty-nine organizations. It may be significant to note that thirty applications for state assistance were rejected.<sup>2</sup> Historically, Maryland is exceeded by only one state in the Union in subsidizing private charities, i.e. Pennsylvania. In 1915, Maryland subsidized eighty two private agencies with an annual appropriation of \$453,450. The fact of the matter is there are just nine states that have subsidies:

The nine states making unrestricted and miscellaneous appropriations also fall into two classes, the first includes those that give to but few institutions, or that give comparatively small amounts. These are Kansas, Kentucky, New Mexico, Rhode Island, West Virginia. The second includes those that give to many institutions or that give large amounts. These are Connecticut, Maine, Maryland, and Pennsylvania.<sup>3</sup>

Bringing this information up to date, in 1940 the State of Maryland assisted seventeen hospitals in Baltimore City, and sixteen hospitals in the counties. The State also assisted eleven homes for the aged and seventeen institutions for dependent children and child placing agencies.<sup>4</sup>

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1. Atlantic Monthly, May 1930 issue, page 687.

2. Report Board of State Aid and Charities 1902, page 7.

3. Proceedings of the National Conference of Charities and Corrections, Baltimore 1915, page 461.

4. Annual Report State Department of Public Welfare 1940, page 46.