

Mr. HUTZLER. No; no. It will add 5½ percent to 20 percent of our cost of doing business. In other words, in our particular business 20 percent is pay roll. It will be 5½ percent of 20 percent of our particular business, but we will have to pay more for everything we buy.

Mr. KNUTSON. That is what I am getting at—that it will be reflected all along the line. There will be an increase in commodity prices all along the line to absorb this tax; or will you gentlemen turn philanthropic and put up the money out of your own pockets?

Mr. HUTZLER. Oh, no; we will not be philanthropic.

Mr. KNUTSON. It will increase commodity prices in proportion to the position that the 5½ percent bears to your pay roll. That is a fair statement, is it not?

Mr. HUTZLER. Yes.

Mr. VINSON. You are not advocating the inclusion in this bill of any differential or preferential at the present time?

Mr. HUTZLER. No; we simply want to change the words "five years" to "two years."

Mr. VINSON. You are not advocating any preferential or differential at this time, are you?

Mr. HUTZLER. No.

Mr. VINSON. You are satisfied with the rates included in the bill during this present time and through the initial stages?

Mr. HUTZLER. Through the initial stages, which we think should not exceed 2 years.

Mr. VINSON. When did you reach the conclusion that 2 years was the "initial stages"?

Mr. HUTZLER. I think when this particular document was drawn up it was felt that it should be shorter than 2 years.

Mr. VINSON. Why did you not say so in your document?

Mr. HUTZLER. Because there was a little variety of opinion as to the exact time as to how long it would take to develop a reasonable experience for differential rates. It was felt that 2 years would develop a reasonable experience for differential rates.

Mr. VINSON. Whatever may appear to be the initial stages as to these experiences, what you want is preferential or differential treatment?

Mr. HUTZLER. Differential treatment; yes.

The CHAIRMAN. We thank you, Mr. Hutzler, for your appearance and for the information you have given the committee.

STATEMENT OF DAVID LASSER, NEW YORK CITY, REPRESENTING THE WORKERS' UNEMPLOYED UNION

Mr. LASSER. My name is David Lasser, 22 East Twenty-second Street, New York. I represent the Workers' Unemployed Union of New York and the Provisional National Committee of Unemployed, with some unemployed groups in some 24 States and a membership of something like 400,000. We are the people who are concerned at the present time in the unemployment-insurance problem, and we would like to state our point of view.

Mr. KNUTSON. Is your organization a communistic organization?

Mr. LASSER. No, sir; it is not?

they will gradually exhaust their resources and you will find 12,000,000 families instead of 5,000,000 who belong to the destitute and pauper class. If we have a recovery, these 12,000,000 families with 40,000,000 people will face the future absolutely penniless.

The question is, how are we going to deal with the problem? There are two ways of dealing with it. If Dr. Townsend were called in to prescribe for a patient and the patient were very sick, Dr. Townsend would probably examine the patient and say, "Here, we must get this patient in good shape, in good physical health." I feel, and we, the unemployed people, feel that that is what must be done in the present emergency. Here you have millions upon millions of people who are destitute. You cannot come in like a doctor and say, "Here, this poor fellow is very sick. We cannot do anything for him now, but if he should again become well and then become sick, maybe we will do something for him and we will give something to him, which is called the Wagner-Lewis bill."

The difficulty with that theory is that the patient may not recover, or, if he recovers, he might not recover his full health, his full vigor of mind and body.

The Wagner-Lewis bill, in our opinion, is a fake patent medicine which has been labeled "Unemployment insurance", hoping that the customer will simply see the label and buy the medicine. The unemployed feel that it means nothing to them whatsoever.

We feel that the principle which should govern unemployment insurance is that every person unemployed through no fault of his own should be entitled to benefits. Secondly, that these benefits should continue for the entire duration of involuntary unemployment. Third, that the benefits should be sufficient to permit a decent standard of living, a minimum of health and decency.

I might say in that connection I notice in the Wagner-Lewis bill that under the old-age and under the dependent-children provisions the States are required to maintain standards compatible with health and decency, but in the unemployment section there is nothing said about the States maintaining unemployment provisions compatible with health and decency. We feel that the omission is an important one.

I would like to say one final word: We support the workers' unemployment insurance bill, the Lundeen bill. It may have some weaknesses. Those weaknesses can be corrected. But we feel that there is no use trying to write amendments to the Wagner-Lewis bill, because it is wrong from start to finish. I want to point out a salient fact which I do not think has been brought out under the Wagner-Lewis bill, and these figures have been gathered by the President's Committee on Economic Security. Under the best possible conditions, if the States adopt the most liberal bills that they can, commensurate with the Federal bill, 54 percent of the workers in good times would be excluded from the Wagner-Lewis bill, on the figures from 1922 to 1930.

Gentlemen, the bill is so bad, it is a useless thing to offer to an American people suffering as our people suffer, that amendments to it in the opinion of the unemployed are useless. The bill to our mind is entirely wrong in principle, and even the principle that it pretends to adopt is carried out in a farcical manner.

What would be the effect of this policy? It would first of all cause many employers to consider carefully whether they had better not reemploy their workers than to pay the same wages as an unemployment insurance fund. Secondly, the very increase in purchasing power that would be created would in itself reduce unemployment, reduce the physical and mental misery of the American people.

I would not be too much worried about the sham battle that is being put up against this Wagner-Lewis bill. The employing class in America must be so elated by it that they can hardly conceal it. They who know so well the need for economic security of their workers are simply hoping and praying that the bill will be kept in its present form. The fight against it is to keep up their pretense of opposition.

If the policy we have suggested is not adopted, if the national administration persists in its policy of systematically starving and drawing the lifeblood from the American people, the people themselves will refuse to tolerate their condition longer. I know the temper of the unemployed and the yoke of misery under which they struggle. I know that you cannot prolong their patience indefinitely. It is for you to say by your action on the bills before you whether you are a government for the people or a government against the people. We, the organized unemployed, urge you to reject overwhelmingly this fake patent medicine, the Wagner-Lewis bill, and to report favorably on the Lundeen bill, H. R. 2828.

The CHAIRMAN. The time of the gentleman has expired.

Mr. VINSON. When you refer to the Wagner-Lewis bill, it seemed to me that you were pointing at the unemployment insurance bill that was before Congress in the last session, known as the "Wagner-Lewis bill."

Mr. LASSER. I am referring to the present bill that is before Congress.

Mr. VINSON. You are not attacking all of that bill, are you?

Mr. LASSER. I was dealing principally with the unemployment part of it.

Mr. VINSON. In other words, unemployment insurance is merely one of the subjects that is discussed and included in the present bill under consideration?

Mr. LASSER. Yes, sir.

Mr. VINSON. You have not said anything in opposition to the old-age pension end of the bill, have you?

Mr. LASSER. No.

Mr. VINSON. You are not criticizing or protesting against the contributory features in the annuity plan?

Mr. LASSER. Yes, sir.

Mr. VINSON. Are you?

Mr. LASSER. If I had the opportunity I would.

Mr. VINSON. Do you object to the employer paying any part of that money?

Mr. LASSER. No, sir; we do not object at all to the employer paying it.

Mr. VINSON. You are not objecting to the public-health section in that bill, are you?

Mr. LASSER. No.

cent of its membership is on part-time employment, which is partial unemployment.

Mr. KNUTSON. About 2 weeks ago there were some officials down here from the city of Minneapolis conferring with the relief agencies. They made the statement that the number of families on the relief rolls in that city had increased from 11,000 plus to 16,000 plus in the last 12 months. I am just wondering if that condition is general throughout the country.

Mr. LASSER. I would not say it is entirely due to increased unemployment. It is due to the progressive exhaustion of resources of the people who heretofore had not applied for relief. For example, in New York City the number of people on the relief rolls has reached a new all-time peak of some 350,000 families, I believe, in New York City alone. This is due to the fact that as the depression continues, they exhaust their savings, they take their last dollar out of the bank, their last dollar out of insurance policies, they hock the radio, they sell the piano, they move to cheaper quarters; then, when they cannot go any further, they apply for relief, because they have to be absolutely down at the bottom before they will be accepted for relief.

Mr. KNUTSON. Do you think it would materially aid in recovery if the President were to set aside, say, a billion or two of the money that has been voted or will be voted and call industry in and tell them to go on to a normal productive basis for a period of, say, 6 months, and that the Government would guarantee them against loss? Would that aid recovery?

Mr. LASSER. I do not profess to be an economic expert, but if I give you the point of view of the people, the people have already had too much of the financing of the people at the top and too little financing the people at the bottom. If you want to aid recovery, put purchasing power in the hands of the people.

Mr. KNUTSON. Would you not restore purchasing power by putting the people back to work?

Mr. LASSER. Here is the one way I think it might be done: Let the President say to industry, "Here are 12,000,000 people out of work. You refuse to reemploy them. If you do not employ them, we, the Government, will employ them on socially useful works, will pay them a living wage, will give unemployment insurance to those whom we cannot place at work, and will charge the bill to you, to industry." I think that would bring industry to terms quicker than anything else.

Mr. KNUTSON. Do you not think that industry would be glad to resume normal operations at the earliest possible moment? Do you know of anyone who is profiting by this condition?

Mr. LASSER. I think that people are employed when it is profitable to employ them. They are disemployed when it is profitable to disemploy them, and that has no relationship to the welfare of the people as a whole.

Mr. KNUTSON. It becomes profitable to disemploy them when there is no market for the product, is not that true?

Mr. LASSER. I gathered one figure which I think is a very interesting one. In 1923, the total value of manufactured products was some \$60,000,000,000, and the wages paid to the workers were \$11,000,000,000 of that \$60,000,000,000. In 1929, the peak of prosperity, the value of products was \$70,000,000,000, an increase of \$10,-

is not opposed to the portion of the bill as to the old-age pension or health insurance, but I am talking about that point particularly. The organization believes that this bill offers an incentive, in the devising of the tax, that will encourage the States to do what they have not done since it began, in 1922, the campaign for this type of legislation.

I am filing with you the statement of the organization on this.
(The statement referred to follows:)

STATEMENT BY THE NATIONAL CONSUMERS' LEAGUE ON THE UNEMPLOYMENT-INSURANCE PROVISIONS OF THE WAGNER-LEWIS BILL

The National Consumers' League, which for 35 years has worked to improve living conditions of working people, is heartily in favor of the President's social-security program. It welcomes these plans as a far-sighted recognition of our needs and as a long step forward toward a stabilized social order. The National Consumers' League urges its immediate enactment into the law of the country by the passage of the Wagner-Lewis bill. Its provisions on unemployment insurance will give a much-needed stimulus to State action.

The proposed act encourages each State to initiate its own system of unemployment benefits, creating machinery to suit its local needs. Constitutional difficulties are avoided and greater flexibility gained by leaving each State free to experiment with its own choice of legislation, so long as this complies with certain general requirements. To eliminate the fear of competitive disadvantage which has delayed the progress of State unemployment-insurance laws, the Wagner-Lewis bill (H. R. 4142) offers positive and tangible inducement to such legislation.

After 5 years of bitter experience with prolonged unemployment and widespread public and private relief, American citizens have come to realize the need for definite plans and for readily accessible funds to meet a period of depression.

The National Consumers' League pledges its support to these proposals of the Wagner-Lewis bill (H. R. 4142), and will not only work for its passage in the United States Congress, but will also support State unemployment-insurance measures in accordance with the program.

Mrs. KITTLE. Mr. Chairman, the next speaker is Miss Elizabeth Eastman, who is here but cannot speak because of a hard cold. May I read her statement? Is that in order?

The CHAIRMAN. That will be all right.

Mrs. KITTLE. This is the statement which Miss Elizabeth Eastman, Washington, D. C., representing the National Y. W. C. A., wishes to place before you:

Through official action at its national convention, the Young Women's Christian Association of the United States of America is on record as supporting compulsory unemployment insurance and old-age pensions.

The amount of study of unemployment insurance which we have done, and an analysis of the experiences of our own industrial and business women membership, lead us to the conviction that the following corrections should be made in bill H. R. 4142, introduced by Representative Lewis:

1. The bill should be revised to establish minimum standards for benefits, amount, duration, waiting period, and so forth, to be paid by the States. Standards are the crux of a sound unemployment insurance scheme. A statement in the bill that model legislation is being drafted to be submitted to States is not followed by any recommendation that minimum standards will have to be adopted. The old contention that industry will be "driven from the States" will be used by the opponents of unemployment insurance if one State