

reserves. So I hope that the act will be left as it is. And, furthermore, there is the question as to whether, at this time, when we are in the middle of a depression, it is wise to burden industry more than is outlined.

The **CHAIRMAN**. The committee thanks you for your contribution, Mr. Harriman.

Mr. **HARRIMAN**. Thank you.

The **CHAIRMAN**. Mr. Lloyd A. Peck has asked to speak for 5 minutes. Mr. Peck is representing Mr. Coneby, and he is also representing the Laundry Owners National Association.

STATEMENT OF LLOYD A. PECK, **JOLIET**, ILL., REPRESENTING THE LAUNDRYOWNERS NATIONAL ASSOCIATION

Mr. **PECK**. Mr. Chairman and members of the committee, I am general manager of the Laundryowners National Association, with a membership of power laundries doing approximately 70 percent of the volume of business handled by this industry. According to the Bureau of the Census, this industry employed approximately 190,000 people during the year 1933.

We will not endeavor to comment in detail in connection with the proposed economic-security legislation represented by this bill under consideration. Our comments will be restricted to a statement of general opinion and recommendation in view of the probable results of this legislation on our industry, representing as it does, an investment of approximately a half billion dollars, and nearly 200,000 employees.

We are intensely interested in all of those conditions and proposals which will immediately alleviate the suffering caused by unemployment, but do not believe it is sound policy to enact legislation at this time which cannot possibly contribute to the correction of the unemployment problem immediately.

The tremendous burden proposed for employers to carry, through a pay-roll tax, will act as a definite curb on business expansion, and will likely eliminate many businesses now on the verge of bankruptcy. We contend that the portion of the burden to be carried by employees will further curtail their purchasing power, thereby increasing their difficulties in meeting actual living expenses. Therefore, this proposed social-security legislation will stifle recovery forces now at work and increase unemployment which the legislation is supposed to ultimately alleviate.

Speaking more directly for the laundry industry which we are charged to represent in matters of this kind by our membership, the vast majority of establishments cannot carry this additional burden without most serious consequences. According to the quite complete information assembled by our association in October 1934, a cross section of the more efficiently operated units in our industry showed a loss of 4.15 percent.

Senator **KING**. Is that a deficit or a loss from former standards of profits?

Mr. **PECK**.

Senator **C**. Is that due to competitive conditions?

PECK It is due to a great many factors, not particularly competitive conditions. prices to maintain business and employment where it now stands.

Senator KING. Are you not under the code?

Mr. PECK. There is a code for our industry; yes, sir.

Senator KING. Under that code was not there some sort of agreement to not reduce prices?

Mr. PECK. No; that was never effective.

Senator KING. Did you maintain a uniformity of prices?

Mr. PECK. The code did not have any effect on prices, in connection with competitive conditions. There has been, I would say, some reduction in price voluntarily and in some cases cooperatively, in endeavoring to maintain some of our volume, to continue our units in business, and to continue employment for our people.

Senator BLACK. There has been some considerable increase in volume in many places., hasn't there?

Mr. PECK. Not considerable increases. 1934 showed few increases, from 5 to 10 percent in volume, which is a bare bend in the 50 percent, approximately, that was lost an volume.

Senator BLACK. I understand you to say, from your own information, the laundry industry has not increased its prices since its code went into effect.

Mr. PECK. No, sir. It is a rare case if they have.

The CHAIRMAN. All right, Mr. Peck, please continue.

Mr. PECK. This same data discloses the fact that exclusive of executive salaries the total pay roll averages 52.5 percent of the total sale. Under these conditions it is obvious that any tax on pay rolls of the proportion now proposed would result in most serious consequences. This particularly for the reason that our business is competitive with our own customers, laundering can be done in the home, which accounts for the loss of approximately 50 percent of our 1929 volume.

The CHAIRMAN. Have you taken into consideration the Chinese laundries? Do the Chinese laundries come in there?

Mr. PECK. There is Chinese hand laundry competition., yes, sir, but that is not a serious factor from our industry standpoint. It is the question of doing the laundry at home when the prices are such that they cannot afford to use the laundry; that is our greatest competition.

Senator KING. There has been an increase in home laundry then?

Mr. PECK. That is correct, much as they do not like to do it in the home. We cannot raise prices to absorb costs of operation.

The second important point which we wish to emphasize to this committee is our recommendation that those businesses that afford steady year-round employment be given separate consideration. Our business is not subject to much variation and, therefore, those people employed by this industry are assured of steady employment 52 weeks in the year.

Senator COUZENS. That is rather inconsistent with your previous statement that your business dropped off 50 percent.

Mr. PECK. I say the people who are employed by the industry have steady employment.

Senator COUZENS. When your business dropped off 50 percent, as you said, did not you drop off any employees?

Mr. PECK. That is incorrect.

Senator COUZENS. Is not that a variation in employment then?

Mr. PECK.

depression conditions, but in our employment, the people we can seasonal employment.

Senator KING. Is there very much reduction in the number of employees by reason of your 50-percent loss of output?

Mr. PECK. Of course there had to be some to maintain the industry.

Senator KING. I was just wondering what percent it was.

Mr. PECK. I can say for our industry that it responded to the ("share-the-work " movement in the early days of the depression and maintained employees that they did not need. Economic pressure, of course, made necessary these reductions in the number of employees to a point where they are in such a serious financial condition at the moment that any increased cost is a drain.

Senator BARKLEY. That has no relationship to the "share-your-wealth " business?

Mr. PECK. No. We believe it is the attitude of the employers to build up loyal, satisfied organizations, and to accept their responsibility in the economic scheme of things.

Senator BLACK. Have you the figures on employment in the laundry business in March 1932 and now?

Mr. PECK. I do not have those here with me now.

Senator BLACK. Can you send them to us?

Mr. PECK. I can get those for you. You want March 1932?

Senator BLACK. Yes; and now.

Mr. PECK. I can give you the employment figures, the number of employees for 1931 as compared with 1933, which are census figures.

Senator BLACK. What is that?

Mr. PECK. The number of wage earners in 1931 was 217,000 and in 1933 it was 175,000. There is a little difference there in the classification by the Bureau of Census of about 14,000, which would make apparently around 190,000 in 1933 as compared with 217,000 in 1931. I will say this, that employment has not dropped in our industry to anywhere near the degree that sales have dropped.

The CHAIRMAN. Will you furnish for the record the other figures desired by Senator Black?

Mr. PECK. Yes, sir.

Senator BLACK. Can you also give us the average hours worked in 1931 and 1933?

Mr. PECK. No, sir; but there has been a rather marked reduction in hours over the past 3 or 4 years.

Senator HASTINGS. Can you give us any idea of the average wage earned by these employees?

Mr. PECK. That would be a rather involved statement. I haven't it complete because it varies by various sections of the country. It happens that ours is an industry where the wage rates vary very markedly in different sections of the country.

The CHAIRMAN. Have you about finished your statement Mr. Peck?

Mr. PECK. Very nearly, sir.

The CHAIRMAN. I may say to you if you want to elaborate and put into the record any further statements you may do so.

Mr. PECK. If I may continue about 1 minute, sir?

The CHAIRMAN. All right.

Mr. PECK. It does not seem fair for industries such as ours to be required to set up reserves and carry the load for seasonal or fluctuating businesses, which do not afford steady employment to their employees.

In general we submit that, first, too ambitious and comprehensive a program has been proposed which, if enacted, might develop problems unforeseen at the moment and fail in the objectives contemplated, and, certainly, because neither employees nor employers in our industry can afford to carry such a burden at this time; and, further, the benefits from such a program will not become effective for a considerable time, and it will curb recovery so much needed at the moment, therefore, we strongly recommend postponement of legislation to establish the social-security program.

The CHAIRMAN. Thank you, Mr. Peck.

Mr. James A. Emery, representing the National Association of Manufacturers.

STATEMENT OF JAMES A. EMERY, NATIONAL ASSOCIATION OF MANUFACTURERS, WASHINGTON, D. C.

Mr. EMERY. Mr. Chairman and gentlemen of the committee, with your permission I would like to make a general statement with respect to the position of the association and present to you two witnesses on special features of the legislation, one dealing, from personal observation and study, with the British experience as applied to this proposal, and the second, the economist of the association with respect to the operating effect of the tax in the form proposed.

The CHAIRMAN. Mr. Emery, those witnesses proposed are not on the calendar for today. How long will they take?

Mr. EMERY. That would depend upon the committee in part, Mr. Chairman.

The CHAIRMAN. The committee will adjourn at 12 o'clock.

Mr. EMERY. There may be some inquiries with respect to the statements made.

The CHAIRMAN. About how much time will these two gentlemen want?

Senator KING. If we do not interrupt them.

Mr. EMERY. I will say for Mr. Gall that his statement would take substantially about 20 minutes, and as to the economist of the association, he might perhaps take quite as long or a little longer.

The CHAIRMAN. They will have to be heard some other time;

Mr. EMERY. I would like to have them follow me, if I may, because it makes a connected statement with reference to the subject matter under consideration.

The CHAIRMAN. You may proceed, Mr. Emery.

Mr. EMERY. Mr. Chairman, in order to make the general position of the association clear, with respect to the principles involved in this legislation, I would like to call your attention to the fact that their position with respect to it was adopted at a convention of the association held in December, at which were present some 1,460 manufacturers from all parts of the United States, representing every variety of industry and operating in more than 40 States of the Union,

Their position is one of general sympathy with the objectives to which the legislation is aimed; that is, to provide assistance and a measure of reasonable security against the major hazards of life, so