

This demand is in the workers' unemployment-insurance bill, which is known as the Lundeen bill, H. R. 2827. In our opinion, the workers' bill provides for the needs of the unemployed workers. It makes immediate provision, as against the Wagner-Lewis bill, which provides for a small amount of benefit sometime in the future, limited only to certain sections of the workers and excluding large groups of the toiling population.

Mr. Chairman, I conclude, and I state the following, that the local unions of the American Federation of Labor have expressed themselves in favor of the workers' unemployment-insurance bill; and therefore, we believe that the Wagner-Lewis bill should be rejected and, instead H. R. 2827 should be adopted.

The CHAIRMAN. We thank you for your appearance and the information which you have given the committee.

STATEMENT OF HERBERT BENJAMIN, REPRESENTING THE NATIONAL COUNCIL FOR UNEMPLOYMENT AND SOCIAL INSURANCE

Mr. BENJAMIN. My name is Herbert Benjamin, 799 Broadway, New York City.

It is necessary to point out at the outset that I represent millions of employed and unemployed victims of the present crisis and of the economic insecurity which has been so sharply revealed in the course of the past 5 years. I represent the masses who for 5 years and more have suffered untold and indescribable privation, hunger, and misery in this the richest country in the world. Moreover, I represent the great and growing movement which has attempted by means of militant struggle to secure serious consideration for our plight and enactment of an adequate system of unemployment and social insurance by the Congress of the United States.

It is my duty and privilege to convey to this committee, and through you to Congress, the bitterness and resentment which we feel against those who have disregarded our dire needs and persistent demands, and who even now are attempting to evade the obligation of the Government to properly safeguard our very existence. It is not possible for us to speak to you in carefully chosen, polite phrases such as have been employed by the comfortable ladies and gentlemen who preceded us in these hearings.

We take this to be our right, and must, therefore, insist that we be permitted to present our position in our own way, without interruption. When our statement has been submitted, we will be glad to answer questions.

We feel that this preface is especially necessary here and now because we know why the administration has entrusted the Wagner-Lewis bill to you and not to the Committee on Labor, where such measures would ordinarily be referred. We take it that you are expected to discourage expression of opposition opinion. We, however, insist on our right to be heard.

Those who represent and speak for the group that owns the wealth and controls the Government of this country have graciously agreed that the problem is no longer "are we for or against unemployment and social insurance?"

Now, in the sixth year of unparalleled crisis, they have progressed to the point where they are willing to pose as the question, "What kind of social insurance?" In view of the program that has been submitted in their behalf, it would be well to also ask, social security for whom?

It is clear that under the present system an economic crisis jeopardizes the position and profits of the class that owns wealth as well as the livelihood of the great mass that depends upon wages, salary, and earnings from self-employment. On the basis of the charts and reports issued by the President's Committee on Economic Security we might roughly define the two groups as one: A group aggregating 650,000 families whose total savings in 1929 amounted to \$10,250,000,000. The other group includes 21,250,000 families whose status ranged from those 5,750,000 families whose income of \$1,000 a year and less did not permit them to put aside any savings at all, up to the 5,000,000 families whose income of up to \$3,000 a year permitted them to lay aside 1½ billion dollars. An additional 10,500,000 families whose earnings ranged from \$1,000 to \$2,000 per year had between them aggregate savings of only \$750,000,000.

Various statements of administration spokesmen have more or less frankly suggested that the policies of Mr. Roosevelt, the so-called "new deal", were and are designed to safeguard the profits and privileges of the 675,000 families, who are less than 3 percent of the population of this country, but who own 58 percent of the savings.

Only a few days ago Mr. Donald Richberg, in a speech defending the N. I. R. A. and other "new deal" measures, pointed out that these were essential to the preservation of the profit system. Every recent message and speech of the President has harped upon the single idea that the safeguarding of profits and the profit system are to be the decisive consideration in connection with Government policy.

Thus, in his speech to the bankers' convention on October 24, 1934, which, according to the New York Times, was greeted with a great ovation, President Roosevelt placed the emphasis on the acceptance of the profit system. In his first message to the present Congress he again emphasized that "No wise man has any intention of destroying what is known as the 'profit motive.'"

And, when we consider the concrete program for so-called "social security" which is embodied in the President's recent message on this subject, in the report of his committee and in the Wagner-Lewis bill which is now before us, it becomes clear that these documents suggest a program of security for wealth and profit; a program for safeguarding the security of the few who have possessed themselves of the wealth of this country from the demands of the masses for assurance that they will not face privation while there is plenty.

The CHAIRMAN. Your time has expired, Mr. Benjamin.

Mr. BENJAMIN. I ask, Mr. Chairman, as I did in the original preface of my remarks, that as a representative of those who are most vitally concerned with the problem before this committee and as a representative of that group which for 5 years has conducted a struggle in an effort to get consideration from Congress for demands for adequate unemployment social insurance, I be granted the opportunity of presenting the point of view of the unemployed and employed workers in this matter.

I say, in other words, that it is clear that the gag rule that you adopted on your first day of Congress is to be applied in this committee to prevent the hearing of demands for the unemployed.

The **CHAIRMAN**. The statement of the witness has just developed into a tirade against the committee and the President of the United States.

Mr. BENJAMIN. I demand to know why we are denied a hearing, and I demand that the people who are unemployed be given the opportunity to speak here. If you do not do that, you do not wish to consider the needs of the unemployed but only your own particular purposes. I am asking for an extension of my time. I am asking to be provided the opportunity to present my point of view. I am asking to be provided the opportunity to present the point of view of the unemployed here.

The **CHAIRMAN**. Your time has expired, Mr. Benjamin.

(Mr. Benjamin submitted the following extension of his remarks:)

As we examine more fully the present situation, the policy of the administration and especially the provisions of the arguments for the Wagner-Lewis bill, it must become clear and undisputable that the Government is only concerned with plans that will remove the hazards to wealth and profit and not with plans to provide against the economic hazards that face the masses.

Of course, apologists for this policy declare that the only road back to prosperity is via "increased confidence" on the part of big business. This is the justification for the subsidies that are so generously provided to business through the Reconstruction Finance Corporation and other agencies. This, too, is the justification for the assistance given to the employers who cut wages, increase productivity of workers by means of life-destroying speed-up methods, raise prices, eliminate the competition of the little merchant, and by various other such means assure profits and dividends to the high-income group despite the prevailing crisis. Also this is the alibi of those who oppose demands for social insurance, for payment of the bonus, for increased relief, for shorter hours, etc. These admonish Congress not to "rock the boat", not to frighten business with even the suggestion that a redistribution of income and wealth is necessary, not to impose further taxes upon profit and income; but, rather, to impose new taxes upon the masses, such as sales and processing taxes.

But this precisely was the program of Mr. Hoover. This was the basis for the policy of giving billions in relief to the bankers, the industrialists, the railroad and insurance corporations so that "prosperity would thus eventually trickle down to the masses." In the early period of the present administration the President professed to take issue with this policy by declaring that we must prime the pump from below. The fact that President Roosevelt now dresses his policy in flowery phrases in no way alters the results. As a matter of recorded fact profits have been increased by as much as 600 percent while the income of the masses continues to decline.

We are emphatically opposed to the Wagner-Lewis bill because it is a measure that proceeds out of the theory that that wealth and profit is inviolable and that sacrifices must be made only by the workers, the farmers, the professionals, and others in the low-income groups. We demand a Federal system of unemployment and social insurance that will compensate all workers for all loss of time and earnings due to hazards that are inherent in the present economic system. We demand of Congress the immediate enactment of a system of social insurance that will safeguard the livelihood, the home, the living standards, the purchasing power, the very existence of those who through no fault of their own are deprived of the opportunity to work and those who are denied, even when they work, the opportunity to provide for their future security. We declare that although such a system of social insurance can be provided even within the framework of the profit system, its enactment requires, however, that Congress shall give first consideration to the needs of the masses, to their right to live, rather than as now, to the wealth of the few and to their right to make profit.

Since the Wagner-Lewis bill bases itself on the premise that the first obligation of the Government is to make sure that profits are not threatened, it

attempts to insure profits rather than the existence of the masses. Since its deliberate purpose is to block and sidetrack the growing demand for genuine social insurance, it would be ridiculous to attempt to amend it. Those who offer amendments to this bill, as Mr. Green and others have done, demonstrate once again thereby that they are in essential agreement with its premise and purpose. As a matter of fact, the Wagner-Lewis bill has served to rally the former outspoken opponents of unemployment and social insurance along with those who saw long ago that some such spurious measure as this would be needed to offset the developing mass demand for a system consistent with present-day needs of the masses.

Only a little over 3 years ago, in the fall of 1931, the majority of those who now sing paens of praise for President Roosevelt's "social-security" program and for the Wagner-Lewis bill, were trying to outdo Hoover in shouting that "Unemployment insurance is un-American", that it is a "dole", that it would "degrade the American worker" and destroy his "rugged individualism." Mr. William Green, for example, not only employed these phrases in the attempt to prevent action by the membership of the American Federation of Labor, but at the Vancouver Convention of the American Federation of Labor, he boldly proclaimed that "unemployment insurance would be a death blow to the trade-union movement." Today, these very people accept the principles of the Wagner-Lewis bill, declare that its enactment is necessary, and urge upon the masses support of this so-called "unemployment insurance" as an "American plan."

How did this remarkable change come about? How were these people convinced? The answer is: There is no change. The National Association of Manufacturers, the United States Chamber of Commerce, the Republican Party, the Democratic Party, Mr. William Green, and all for whom they speak were opposed to unemployment and social insurance in 1931, and they are still opposed. They fought against unemployment insurance in 1931 and they still fight against it today. They have merely changed the tactics of their fight. The objective is the same. In 1931, Hoovers' program was the American—profit-saving, hunger—plan. In 1935 the Wagner-Lewis bill is the same "American plan."

The very same forces that directed the fight against the workers' demands for unemployment and social insurance in 1931, gave the signal for a change in tactics when this became necessary. For proof of this let us quote the following statement of the National Industrial Conference Board:

"The movement for unemployment-insurance legislation has gained great momentum in recent years. It is promoted by well-organized propoganda, greatly aided by distressful unemployment conditions resulting from the prolonged depression.

"* * * * Industry cannot afford to pursue a policy of inaction. * * * Agreement should be reached among employers on the fundamentals of a program of unemployment reserves that might reasonably be offered as a substitute for unemployment insurance."

In this statement we have the original source of inspiration and outline of purpose for all the plans that are so popular among those whose aim in life is to preserve the inviolability of the profit system regardless of the misery and destitution this creates among the masses.

Every lickspittle agent of big business now seeks the honor, and emolument, that goes to those who can deliver the goods, who can do the job that big business wants done. And big business now wants a program of "unemployment reserves" put over "as a substitute for unemployment insurance."

Is it any wonder, then, that such a practical politician as Mr. Roosevelt admittedly is, found the courage to initiate and sponsor the "six-governor plan" at the very moment when his Presidential ambitions began to blossom? And was not President Roosevelt promising to deliver the goods at the proper moment when he declared in his book, *Looking Forward*, that "We shall come to unemployment insurance in this country. It is clear that unemployment insurance must be placed on an actuarial basis, and that contributions must be made by the workers themselves. The payment of each employer is to constitute the employment reserve of his own firm"? And is not President Roosevelt, who promised to chase the money changers from the temples, delivering the goods to the money changers when he chooses such gentlemen as Gerard P. Swope, of the Morgan-controlled General Electric Co.; Morris E. Leeds, president of Leeds & Northrup Co.; Sam Lewisohn, vice president of Miami Copper Co.; William C. Teagle, president of Standard Oil Co. of New Jersey; Marion B. Folsom, of the Eastman Kodak Co., to constitute the advisory

board that determines what kind of measure to frame and enact? And does not the Wagner-Lewis bill turn out to be just what could be expected as the product of such a committee? Yes; the Wagner-Lewis bill is an "American plan." It is a plan framed by those who own America and who arrogate to themselves the right to determine what is American. It is an American plan in the same sense that the open-shop plan, which was formulated by the American Manufacturers Association, was labeled and advertised as the "American plan." But for precisely this reason it has nothing in common with the needs and demands of the American masses who produce, but do not own, the wealth of America.

If time permitted much more could be said about the origin and general character of the Wagner-Lewis bill and the President's social-security program which it embodies. It might then be possible to comment in the light of the above on the meaning of some of those highly praised, high-sounding phrases which President Roosevelt so frequently employs for the benefit of those who still choose to believe that Mr. Roosevelt is the extraordinary type of politician who means what he says. It is sufficient to point out, however, that the careful reader need have no difficulty in ascertaining in whose interest the President's social-security program was framed, and the fundamental philosophy that underlies it. In introducing and listing the various factors that must be considered when framing a social-security program the President's message on this subject mentions that his proposals will "appeal to the sound sense of the American people." That "it has not attempted the impossible." That "sound caution and consideration has been exercised for the rights and responsibilities of the States, the capacity of industry to assume financial responsibility and the need to avoid extravagant action." Only one little thing has been left out of consideration, namely, "What do the masses need?"

Under these circumstances it is not at all remarkable that the Wagner-Lewis bill, in all its 64 pages, fails to answer the life-and-death problems of the millions who are in most immediate need—the 16,000,000 who are still unemployed after more than 5 years of vain searching for work. These 16,000,000 are thus doomed to permanent existence on either the less-than-subsistence relief, which is already now the sole means of existence for more than 20,000,000, one-sixth of our population. Furthermore, the Wagner-Lewis bill is part of a program which proposes to deprive at least 1½ million of the unemployed and their three to four million dependents of even such relief as they have been getting up to now. This was clearly foreshadowed by the statement in the President's message to Congress January 4 that "the Government must and will quit this business of relief." This message frankly announced a return to ex-President Hoover's policy of abandoning the unemployed to the kind mercy of the bankrupt cities, towns, and counties. In the words of the President, "Local responsibility can and will be resumed." One part of this plan has already been rushed through the House of Representatives with the help of the administration's gag rule and steam roller.

We can take this occasion to tell you that it will not be so easy to gag and crush the opposition of the masses. We will not submit to a plan that will convert three and a half million additional workers into forced laborers. Nor will we submit to allowing at least an additional million and a half workers and their dependents to be cut off relief altogether. Even now the majority of the unemployed get no relief at all and are left to eke out an existence as best as they can on what they earn through an occasional odd job, or what they can share with friends and relatives who do get relief or still have a job at greatly reduced wages. Even now, workers are left to starve to death in the cities and towns or are driven to such acts of desperation as the recently reported horrible murder and suicide in Chicago. Even now the mayors of all principal cities answer the pleas and demands of the unemployed with statements that the city cannot carry the load and the State and Federal Government refuses adequate relief funds." Yet, you propose to withdraw Federal funds altogether, from those whom you designate as unemployables.

The exclusion of the unemployed from your so-called "unemployment insurance bill", the declaration that the "Federal Government must and shall quit this business of relief", the proposal to force three and a half million unemployed to enter into competition with workers still employed in privately owned enterprises, along with the President's recent proposal for an "industrial truce" represent part of the well-calculated attack upon wage and relief standards which is undertaken in compliance with the demands of the Liberty

League and the orders of the powerful bankers and industrialists who recently met in White Sulphur Springs, W. Va. It represents the fulfillment of the promises made and implied when the President addressed the bankers convention last October. It is no accident that the President's speech to the so-called "Conference on Social Security" was timed within 1 week after the elections. This first post-election speech was intended to assure the bankers, who gave him such an enthusiastic ovation on the 24th of October, that he would abide by his agreement with them, despite the generally recognized fact that the Democratic landslide of November 6 represented a mass demand for fulfillment of promises uttered and implied in previous fireside speeches.

The lecture that Postmaster General Farley read to the newly elected Congressmen, 6 days later on November 19, was a further warning to those of you who might be inclined to remember your pre-election promises. Mr. (Job-Master General) Farley told you then that if you come to Congress with any intention of keeping these promises you will be as bad as "a juryman who goes into court pledged in advance to a particular verdict." Nor did Mr. Farley or the President take any chances. They did not confine themselves to merely warning Congressmen not to resist. The gag rule which you adopted represents the first step taken to forestall such resistance and opposition, even if some of you under the pressure of the masses in your home districts would want to offer resistance. But, if you intend to use this as an alibi we remind you that you voluntarily sold your prerogatives in return for the pork and patronage which Mr. Farley can throw your way. Nor can you evade responsibility for the fact that you are systematically turning dictatorial power over to the President as you did in the vote on the \$4,800,000,000 appropriation measure.

All of these actions represent the steady advance toward Fascism. These advances are dictated by big business forces who know that only by the brutal suppressive methods of Fascism will they be able to put over the further attacks upon the living standards of the employed and unemployed masses.

The exclusion of the millions who are now unemployed from all benefits under the Wagner-Lewis bill is the most glaring proof of the fact that this bill is not a social-security, not an unemployment-insurance measure, but a measure that seeks by methods of parliamentary trickery to block the movement and demand for unemployment insurance. At the same time it serves to make most clear the difference between unemployment and social insurance and unemployment reserves.

When the masses demand unemployment and social insurance, they mean a system of compensation for losses suffered in consequence of social hazards that are not subject to individual control. They mean a system that will afford them continuity of income as long as they are willing and able to work. They mean protection against the danger that they may be suddenly left stranded and without means of livelihood by reason of the employer's inability or unwillingness to provide them with the opportunity to work. They mean assurance that their efforts to establish a home and a family will not be suddenly and arbitrarily undermined. They mean assurance that after laboring, struggling, and sacrificing to raise their standards of living they shall not be suddenly converted into destitute paupers. They mean that their labor which produces wealth shall give them more than the satisfaction of knowing that they are thereby helping to pile up wealth and profit for a few, but that they are thereby producing the means of livelihood for themselves and their fellow producers.

It is true that the masses as a whole do not yet realize that social security cannot be achieved under a system where production is directed for the profit of a few rather than the benefit of the many. But they do realize that even the minimum safeguards against present economic hazards which they demand are possible only if those who can do so are forced to pay the cost of maintaining such safeguards.

That is why we do not here and now demand social security which would be tantamount to a demand that Congress shall vote for the immediate scrapping of the profit system. Much as we desire the scrapping of this system, confident as we are that eventually this must and will be done, we nevertheless realize that this will be done despite, rather than with the help of Congress. But, while we cannot and do not demand that Congress shall scrap the profit system and thus assure social security for the masses, we can and do demand that Congress shall compel those who now possess a superabundance of wealth and income to pay for adequate compensation to those who suffer and stand

in danger of losing their established means of existence. We do demand that the economic hazards that are inherent in the system from which the few profit shall not result in a further degradation of the living standards of the masses.

That is what we mean by unemployment and social insurance. Those are the objectives of the workers' unemployment, old-age and social insurance bill. And it is against these objectives that the Wagner-Lewis bill and all reserves plans direct themselves.

Genuine social insurance must undertake to safeguard all who are subject to economic hazards. The Wagner-Lewis bill, on the contrary, devotes itself to excluding the largest possible numbers from any and all benefits. We have already shown that the bill excludes the 16,000,000 who are now unemployed. In addition it excludes (1) all workers who reside in States that will refuse to be "encouraged" to adopt such legislation, (2) all workers who are employed in enterprises where fewer than four workers are normally employed. This provision immediately and completely excludes all domestic workers, most professional workers, and most service and commercial employees. It especially serves to exclude the Negro workers who are forced to confine themselves to these marginal occupations. (3) It excludes all Government employees and all who work on railroads and ships engaged in interstate and international commerce. This by no means exhausts the list of those to be specifically excluded. Each of the 48 States will no doubt add more workers to this exclusion list. One large group, the agricultural workers, share croppers, etc., which again includes large numbers of Negroes, is by inference and by provisions of residence, length of employment, and the established system of discrimination to which they are always subject, bound to be among those excluded.

These exclusions cannot be eliminated by amendment to the Wagner-Lewis bill. The bill is framed with a view to assuring such exclusions, because it denies the responsibility and obligations of the Federal Government to do anything except levy an excise tax and control the fund to be created. It leaves to each of the 48 States the task of establishing such provisions as they see fit. It concerns itself with actuarial problems rather than with the problem of assuring the right to live. It therefore denies benefits to those who are most impoverished and have the greatest need for social insurance, because precisely these have not participated in building up a reserve and cannot do so.

As against this, the workers' unemployment, old-age, and social-insurance bill (H. R. 2827) embodies the principle that no one who is in need of such protection shall be denied social insurance benefits. It includes workers in all occupations and industries, whether they be industrial, agricultural, professional, or commercial workers, regardless of race, nationality, place of residence, religious or political opinion.

Truly it has been well said by the President's Committee on Economic Security that "unemployment compensation as we conceive it is * * * especially valuable for those who are ordinarily steadily employed." It is impossible, even after wading through the 64 pages of the Wagner-Lewis bill several times, to discover what unemployed worker could manage to qualify under this so-called "unemployment-insurance" plan.

In this respect the bill conforms to the type of insurance which has served as the basis for the wealth of many of our now respectable millionaires. It is related that some of these people used to sell an accident insurance policy which guaranteed to the holder that he would receive \$2,000 in case of accident. The premium was very modest—\$1 or \$2. But with all that, these policies could be sold only by high-pressure and none too scrupulous salesmen and only to illiterate persons. For anyone who could and would take the trouble to read the policy would discover that the amount of the policy would be paid only in the event of the following combination of circumstances: First, you had to be hit by a Mack truck (and no other); second, you had to be thrown 200 feet (no more, no less); third, on landing you had to strike a whitewashed picket fence (no other kind); and, finally, you had to suffer the fracture of the index finger on your left hand. The Wagner-Lewis bill is very much like that, kind of a gold brick. But this evidently conforms to the expert opinions of the actuaries. This is the President's idea of "sound caution", "consideration of all the facts concerned", and of "proceeding in a manner that will merit the enthusiastic support of citizens of all sorts."

Just as it is impossible to accept the principles of the Wagner-Lewis bill as a basis of determining who shall get benefits, just so it is also impossible to

accept it as a basis for determining when benefits shall be paid and in what amounts. Those in whose interest this measure was drawn propose to take no chances. If some worker manages by some miracle to become eligible for benefits, in spite of every precaution, the generous sponsors of the Wagner-Lewis bill propose that ample time be provided for a thorough investigation to establish that this is a genuine miracle. For this reason, a worker must wait 4 weeks before he can get any benefits at all. If after this period of investigation he qualifies, the Wagner-Lewis bill kindly consents to let him live on half rations, providing it does not amount to more than \$15 a week. But even the most generous capitalist has his limitations. Realizing this, the Wagner-Lewis bill makes haste to relieve the insurance fund of further obligation—and incidentally, the worker of means of existence—at the end of 16 weeks.

This by no means exhausts the administration's capacity for "sound caution and consideration of all the facts concerned." We must remember that the President had mentioned yet another factor—"the capacity of industry to assume financial responsibilities." After all, in the present break-down of the capitalist system, miracles are apt to multiply. Quite a number of workers will yet be thrown into the army of the unemployed. While the President chooses to "stand or fall by my refusal to accept permanent unemployment as a necessary condition for our future", economic advisers of big business prefer not to take such chances. These maintain that even if production is restored to the peak level of 1927, at least 7,000,000 are bound to remain part of a permanent army of unemployed. Under such conditions, and on the basis of the law of averages, even the number of workers who can perform the miracle of qualifying for the benefits of the Wagner-Lewis bill is likely to become embarrassingly large.

Therefore the Wagner-Lewis bill proposes to insure industry against financial responsibilities. It provides that such benefits as are to be paid shall be paid out of funds which are to be raised by means of either or both direct and indirect tax on the workers themselves. The indirect tax will be a tax upon employers' pay rolls, which they will, as usual, pass unto the worker by charging it against the cost of consumers' goods. The more direct tax is suggested for the benefit of the timid employers who are fearful lest they may have to pay something. In such case, States are advised that they may tax the miserable pay envelopes of those workers who still have jobs.

Here again we do not propose, as does Mr. William Green and other friends of the employers and the administration, to merely suggest a few amendments. We do not wish to help conceal the essential viciousness and antilabor character of the Wagner-Lewis bill by offering, as does Mr. Green, some fancy trimmings in the form of meaningless amendments.

We refuse to endorse the Wagner-Lewis bill, whether it provides for a 4-week waiting period, or a 1-week period such as Mr. Green suggests. We refuse to support this bill whether it proposes benefits of \$15 as a maximum or as a minimum. We know, from our experience with the N. R. A. codes, that the minimum becomes in practice a maximum. We refuse to lend sanction to this bill whether it says that workers are to be permitted to starve after 16 weeks or, as suggested by Mr. Green, after 26 weeks. We refuse to support a bill which proposes to give the workers the privilege of paying themselves unemployment insurance and relieves the Government and employers of the obligation to do so. Mr. Green cannot convince the workers in general, and the membership of the A. F. of L. in particular, that this measure is acceptable providing that workers are only taxed indirectly instead of directly.

We demand that unemployment- and social-insurance compensation shall be paid immediately to all workers, including particularly those now unemployed, in an amount equal to average wages, for all time lost. We maintain that workers are entitled to this compensation, because it merely represents the return of some of the surplus wealth which we have produced but were not permitted to repurchase because we were paid inadequate wages even when we were working. We maintain that there is no reason why we should permit further reduction of our standard of living when, even according to the President's Committee, 21,000,000 American families were living at or below the minimum of comfort, subsistence, and poverty level, even in the peak year of 1929. Compensation equal to average wages would provide no more than that. And that is the least to which we who produce all the wealth of this country should be entitled.

Why should we—and how can we—pay for unemployment when we do not receive, even when we are working, enough to meet our needs?

You pretend to recognize that it is necessary to increase purchasing power. Yet you continue to prepare new attacks upon the wages which are the source of mass purchasing power. You refuse to pay the back wages due to the veterans which would again serve to add to purchasing power. You plan to cut further the miserable relief of the unemployed, which means to withdraw more purchasing power from the market. And now you propose to compel workers who must spend every cent they earn on the necessities of life, and still are unable to buy most of these necessities, to put some of their starvation wages into your reserve funds.

This you are doing in order to help those who are already constipated with an overabundance of wealth. Your own economists are forced to admit that as against the 21,000,000 families who must spend practically all of their income, there are 750,000 families who, between them, withhold more than \$10,000,000,000 from circulation. Why tax the pitiful earnings of the masses in order to build up reserves, when one of the chief reasons for the present serious crisis is precisely the fact that so much of wealth is held in reserve and withheld from circulation? Tax these reserves, tax the high incomes which are the source of these reserves, and you can begin to pay adequate unemployment and social insurance right now. Redistribute some of this wealth in the form of compensation for unemployment, industrial accident and sickness, old-age and maternity benefits, and you will see to what an extent the masses have gone without the necessities of life by the rush they will make to begin purchasing these necessities.

We demand social insurance that will provide compensation for every day of enforced idleness. We want such compensation to begin from the day we are forced to cease working and continue up to the day we are restored to employment at decent wage rates.

That is the reason why we reject the Wagner-Lewis fraud. That is why we demand immediate enactment of the workers' unemployment, old-age, and social-insurance bill.

We need not pause overlong to discuss the other phases of President Roosevelt's so-called "social-security" program as embodied in the Wagner-Lewis bill. Since they emanate from the same source and are motivated by the same purpose which we have already described, they are of an identical character with the parts already described and analyzed. It is clear that the old-age pension plan and, even more so, the compulsory-pension system are the product of the same "brain trust" as the one that devised all the empty phrases and all the vicious attacks that have been imposed upon the masses as part of the "new deal."

Under this part of the Wagner-Lewis bill persons who have devoted their lifetime to productive toil will, upon reaching the age of 70 years (65 years after 1940), be entitled to the munificent sum of a dollar a day if the State in which they reside agrees to accept the suggestion of the Federal Government that it is cheaper to do this than to maintain an aged person in a poor-house. In this connection, those who denounce all proposals for high taxes upon large estates and inheritances do not hesitate to take a lien on the home and estate of the aged recipient of such a pension and to enforce it upon his death.

In order to qualify for these questionable benefits, one must have lived 5 years of the past 10 years in the given State. If he traveled about to look for work, he is disqualified. For the many other qualifications that will no doubt be made, it is necessary to await the pleasure of the 48 different State legislatures.

The even more vicious part of this measure establishes the first Federal tax on wages of workers whose earnings are less than \$250 per month. According to this plan, a worker who earns an average of \$100 a month from the age of 20 until he reaches the age of 65 years will have paid on account of this tax the sum of \$1,075. His employer will have paid a similar amount (which as all such taxes will be added to the cost of production). The actuaries who have advised the committee which framed this measure base themselves on statistics that show that most persons live less than 1 year after reaching the age of 65. The benefits to be provided will amount to at most \$40 per month. Thus a worker, if he can perform the miracle of keeping alive until the age of 65, will get an average of \$440 after paying in nearly \$1,100!

It is quite evident from this and other provisions of the Wagner-Lewis bill that Senator Wagner was not exaggerating when he stated in the article introducing his bill that there is "not a single dictate of business judgment that has been neglected in framing this legislation." To add to this would be painting the lily!

Since sponsors and apologists for this bill have had so much to say before this committee, and through other mediums about opponents whom they described as impractical visionaries and spinners of fantastic plans, it is necessary that we deal in closing with the problem of practicability and realizability. In this connection, too, it is necessary that we state our position with regard to the Townsend plan with which the workers' bill has been bracketed.

We who fight for genuine unemployment and social insurance have nothing in common with Dr. Townsend or his plan. We do not wish, nor is it necessary, to examine into his motives. We know that many demagogues who seek only personal self-aggrandizement are exploiting or attempting to exploit the dire needs and fervent hopes of the masses. Every city, county, and State boasts of a local Huey Long, Father Coughlin, Upton Sinclair, or Dr. Townsend. Every city, too, has it would-be Roosevelt, Perkins, Ickes, and Hopkins. All of these are trying to channel the discontent of the masses. Each offers a so-called "plan" and "solution" which we are urged to adopt as a painless way of reaching the millenium. The one thing that all of them have in common is that they direct various kinds of verbal attacks against capitalists, even while they bend all their efforts to the task of saving the capitalist system. On examination it is therefore possible to determine that in one respect all of these are at least partly correct. Their plans are painless—for the capitalists whom they pretend to attack.

While, therefore, we may forego consideration of motives, it is nevertheless necessary to establish clearly the objective content of the plans and also to differentiate between the merit of the plan and its sponsor and the movement behind the plan.

Certainly the movement behind the Townsend "OARP", like the movement behind Huey Long, Father Coughlin, et al. (and we might add, like the recent Democratic landslide), reflects the great but misdirected discontent of the masses who are already in or on the brink of the bottomless abyss of economic ruin. They are not yet aware of the nature of the forces that drive them toward this abyss. They, therefore, cannot clearly understand and determine the way out. They are still subject to exploitation and misleadership by various charlatans and demagogues. For the moment, millions can still be fooled by such slogans as "new deal", "forgotten man", "share wealth", "economic security", "EPIO", and "EPIA", and "OARP." But make no mistake as to what the masses want. They want the right to live! They want to be free of the constant dread of unrelieved destitution. They know that the problem they face is not to be met by individual initiative. They begin to realize that it is a social problem and they look for action by the only body that can enact social measures—the Congress and Government of the United States.

It is true that the old-age revolving fund is a fantastic measure. What is more important is that it is a measure that furthers the purpose of those who seek to put new burdens upon the backs of the masses. While it is clear that a 10-percent sales tax would not provide even on the basis of 1929 sales the sum required to pay \$200 a month to one-eighth of our population, it is even more true that propaganda for such a tax helps to popularize the program of those who want to direct attention away from demands for higher taxes on large incomes, gifts, and inheritances. That is why, although the Townsend plan is so fantastic and has less organized support than the demand for enactment of the workers' unemployment, old-age and social-insurance bill, those in control of the press are doing their utmost to popularize it. And that is why administration leaders who studiously avoid mentioning the workers' bill freely discuss the fantastic Townsend plan.

Yes! We are most decidedly opposed to the Townsend plan. But we are opposed to it for quite other reasons than those given by various other opponents. We are opposed to it because we know that social insurance must be provided for all who need it and not only for those who reach the age of 60. We are opposed to it because it is another of those "painless" measures—painless for those who alone can afford to pay for old-age pensions and other forms of social insurance. Therefore, very painful and not at all helpful for the masses.

This goes for all other panaceas, whether they be proposed by dentists, priests, or professional demagogues. And it applies with especial force to the famous "new deal" and "social security" nostrums of President Roosevelt.

It is precisely because we are practical that we have not sought for a "painless" method of safeguarding the masses against the economic hazards of present-day society. We know that what is involved is the problem of securing for the producers a greater share of their product. This of necessity means that the owners must be forced to content themselves with a smaller share. This is painful—for those who are to get the smaller share.

But it is not visionary, fantastic, or impractical. The wealth is here within the borders of this country and within reach of the Government. If more needs be produced, we workers are willing to work and produce it. The land is fertile and rich in mineral resources. The factories, machinery, means of transportation, everything is at hand. You who are the Government are compelled to use force in order to keep us from applying our labor to productive purposes. You must resort to bribes in order to keep the farmer from cultivating his land and gathering his harvest. You employ force to keep our hungry and ragged families away from the overcrowded warehouses.

We of the working class have reason to know that a program which is painful to those who own the wealth cannot be realized without pain and sacrifice on our part. We are not looking for an "easy" way out. We are looking for an "effective" way. We have never got something for nothing. Every time we sought a little larger share of the wealth we produced we have had to fight for it. Every time we wanted a bit more bread for ourselves, our wives, and our children we have had to risk our very lives for it. Some are still looking for an easy way out. Some are still hoping that the genial President who has been so generous with promises will eventually become equally generous in performance. Some are still pinning their hopes on the Hitler-like promises of Huey Long, Father Coughlin, and other budding Fascists. Some are still deluded into believing that you, the gentlemen of Congress, will voluntarily and out of the kindness of your hearts present "social security" to the masses on a silver platter.

But we who have been members of trade unions for years, we who have organized and fought for everything we ever gained, we who faced your guns in this very Capital City when we considered it necessary to bring our demand for unemployment and social insurance to you, we have no such illusions. We know that our demands are practical, are reasonable. But we also know that we will win our demands only in the course of persistent, courageous, determined, uncompromising daily struggle because ours is a movement that represents the basic needs of the masses, because it consists of the most enlightened and advanced among those who are discontented and unwilling to suffer hunger and the dread of hunger in the midst of plenty, because it includes a great body of veteran fighters who have been hardened in numerous battles for the right to decent existence. We feel confident that regardless of the action you may take on the Wagner-Lewis bill our fight for genuine unemployment and social insurance as represented by the workers bill (H. R. 2827) will go on and will end only when either you have been forced to enact it or when the masses of this country will have found other means of assuring to themselves the right to live.

STATEMENT OF GEORGE E. HAYNES, REPRESENTING THE FEDERAL COUNCIL OF CHURCHES OF CHRIST IN AMERICA

Mr. HAYNES. My name is George Edmund Haynes. I am the executive secretary of the department of race relations of the Federal Council of Churches.

Mr. Chairman, before I begin I have tried to condense in writing what I have to say in support of our request for a clause in this bill against discrimination to protect those who are discriminated against under existing legislation of similar type. I would like to have, representing as I do, millions of constituents, more than the 5 minutes to present this statement, because it presents our research into facts that have not been presented in any of this legislation.