

Hence it is imperative that employers give immediate thought to the problem and determine for themselves whether they agree with the recommendations made here.

If they believe that the American plan is the most constructive, they should promptly, through their various trade organizations, join with labor in supporting legislation for the establishment of the American system of unemployment reserves and compensation.

The CHAIRMAN. The next witness is George B. Chandler, of the Ohio Chamber of Commerce.

STATEMENT OF GEORGE B. CHANDLER, REPRESENTING THE
OHIO CHAMBER OF COMMERCE

Mr. CHANDLER. May I state, Mr. Chairman, that as you know, I come from a State which is fourth in point of wealth and population in this Union and third in point of production, and I represent the largest State-wide business organization in the State, comprising every line of business, including agriculture, the learned professions, manufacturing, banking, and those groups which enter into normal society. I represent some 4,000 members, and I represent over 100 local chambers of commerce which are members of our organization; therefore we come to your committee respectfully, and I am sure you will listen to some of our views even though they are not in accordance with the obvious views of this committee.

May I first be permitted to indulge in two general observations: first, that Ohio business protests against the coercion of the States by the Federal Government as represented by the assessment on pay rolls and in other ways. We deem this procedure repugnant to American institutions, destructive of the historical relationships between State and Nation, and calculated in the end to do permanent harm and little immediate good.

Senator KING. Will you pardon me if I ask a question?

Mr. CHANDLER. Yes.

Senator KING. Didn't your State levy a tax on pay rolls for insurance?

Mr. CHANDLER. For unemployment insurance?

Senator KING. Yes.

Mr. CHANDLER. We have not yet. It is being considered.

Senator KING. Is that not expressed in a report and in a bill which was passed?

Mr. CHANDLER. In a bill which was passed? There has been no bill passed by the Ohio Legislature.

Senator KING. That was recommended in a report?

Mr. CHANDLER. It was recommended in the report of a committee appointed by Governor George White.

Senator COSTIGAN. Are you opposing that measure?

Mr. CHANDLER. We did at the last session of the general assembly, because it would place us in competition with other States adversely. The second observation is of a general nature, and I hope you will be patient with me although it seems more or less platitudinous. Ohio business believes that legislation of this class will permanently weaken the fibre of the American people. Self-reliance has been the key to American success. It has been the initiative, thrift, and

:self-sacrificing foresight of the individual and the family which has brought this country to its proud position. And I say, "proud position" advisedly even in the midst of this depression. We are incomparably in a better position than any other nation in the world.

This legislation starts this country on a pathway from which there will be no retreat in the course of the next two generations. When the time comes, as it surely will, to reverse these policies, incalculable harm will have been done to the character of the population.

Only the other day when there was a blizzard in New York, it was impossible in this period of unemployment to get men to work. I live in a suburb of Columbus, where men used to apply at the door every day for work and we tried to give them work. No more apply any more; there is no application for work.

Gentlemen of this committee, I want to say in all seriousness that this Nation can recover and will recover from the economic depression in which we are now floundering. We recovered in the panic of 1873, which ran for 6 years and was about as serious as this. We recovered under our own power; but, gentlemen, the loss to the morale of the people through this period and through the methods which have been adopted to alleviate it is something which I will not say is incurable, but whose result will persist for one or two generations; it is the most grave situation which this Nation is facing. And, to enter upon a broad policy whereby the individual is relieved of the responsibility for his unemployment, for his old age, for the care of his children, you are entering upon a pathway which has destroyed other nations. The downfall of Rome started with corn laws, and legislation of that type. I say that and I hope you will be patient with these general observations.

While Ohio business as represented by our organization opposes this legislation by the Government in Washington in toto, it respectfully makes certain suggestions in the event that it is the will of the Congress that this legislation be passed.

The CHAIRMAN. Has this been submitted to the various branches of your organization?

Mr. CHANDLER. Yes; and I am glad you asked that question. Every conclusion of our chamber must pass through four stages; first, research by the staff of the research department of the organization; second, reference of the subject to a special committee, in this instance through our committee on stabilization; finally, an action by the board of directors of the chamber, which is a body of 60 members, a miniature legislature which determines the business policy, and where ordered by the board of directors, a referendum of the members. We had a referendum on this general subject of unemployment insurance about 2 years ago. In other words, it goes through a very thorough study.

The CHAIRMAN. Did your organization oppose your State law on unemployment insurance?

Mr. CHANDLER. We did, 2 years ago.

The CHAIRMAN. Did your organization oppose the old-age pension in your State?

Mr. CHANDLER. Yes, sir; for reasons which I have stated here.

Senator **COUZENS**. Were your membership unanimous in their conclusions?

Mr. **CHANDLER**. On the referendum, if I remember right, it was overwhelming, but never unanimous, of course.

Senator **COSTIGAN**. Do you oppose old-age insurance on the ground that it would weaken the fiber of the American people?

Mr. **CHANDLER**. Absolutely.

Senator **COUZENS**. What is your position with the Ohio Chamber of Commerce?

Mr. **CHANDLER**. I am the manager, the secretary of the chamber, and the statement which read comes from our membership and is signed by the president of the organization. However, I am here to discuss unemployment insurance primarily.

When you take away from mankind the impulse to save for his own old age, you have destroyed one of the fundamental elements of human character.

We are in agreement with the authorities here in Washington, the President's Commission, that the funds if you pass the bill; should be deposited with the United States Treasury.

The **CHAIRMAN**. You are in disagreement with the United States Chamber of Commerce, are you not?

Mr. **CHANDLER**. I do not think so.

The **CHAIRMAN**. Mr. Harriman representing them the other day was very broad and very liberal in his observations in reference to this matter.

Mr. **CHANDLER**. Quite likely. I am not speaking for Mr. Harriman.

The **CHAIRMAN**. Mr. Harriman was speaking as the president of the United States Chamber of Commerce.

Mr. **CHANDLER**. Yes.

The **CHAIRMAN**. You are a member of that organization?

Mr. **CHANDLER**. Oh, yes; but we are not bound by the conclusions of that organization, and I would be very much surprised if Mr. Harriman's views regarding the general policy were not largely in accord with our utterances, although he may have been somewhat more tactful in his statement.

Senator **KING**. You still have some regard for the rights of States in business as well as politically?

Mr. **CHANDLER**. We have a lingering regard, Senator.

We are in agreement with the plan that it should be administered through employment offices. We are in general agreement regarding the provisions with regard to employees who are engaged in labor disputes. We believe that it is generally fairly well phrased. We do believe, however, that a person who declines to accept the wage provided in the minimum wage laws or in industry in which a minimum wage agreement is in effect, should not be a beneficiary of this fund.

That was an agreement of our committee.

We are in thorough agreement that a man should not be barred from joining a labor union of his own choosing, and we make no distinctions between company unions and the National Federation of Labor.

Senator **KING**. Or not joining any union?

Mr. CHANDLER. Or not joining any union; yes. We believe in the free right of American citizens to do as they please.

We believe that the States should be given a wide latitude in the passage of unemployment-insurance legislation, and that rigid rules should not be laid down by the Federal Government to govern them in the adoption of such laws.

We feel strongly, gentlemen, and I do not know that it is within the jurisdiction of this committee, but you as Senators are interested in it—we feel strongly that in the event that you levy a 3-percent tax upon the pay roll, and then if I read this somewhat bewildering bill correctly, in another place, about 1941, it will be a 2½-percent tax for another purpose, making a 5- or 6-percent tax on pay rolls—and if that is so, some tariff measure should be adopted to offset the differential, because I come from a State which adjoins Canada across the lake. We are in keen competition with Canada. In our organization some of the factories of our members are moving over across the Canada border. We cannot stand a 5-percent differential. We just passed a 3-percent sales tax in Ohio, and it operates in certain ways which I do not care to take time to explain here, so that we find that our industries cannot stand a 3-percent differential. So in the event that this legislation goes through, something should be done to protect American industry in competition with other nations.

Senator KING. You have not forgotten the fact, have you Mr. Chandler, that until the Smoot-Hawley Tariff Act was passed, you were selling to Canada from \$850,000,000 to \$900,000,000 worth of our products, and many of them manufactured in Ohio, and Canada did not protest against it, notwithstanding the fact that she was only selling to us between \$400,000,000 and \$500,000,000. The differential there was against Canada, was it not, and in our favor?

Mr. CHANDLER. That was trade supremacy, was it not? An actual trade supremacy of a stronger industrial nation. There were not artificial differentials, were there?

Senator KING. There was a tariff.

Mr. CHANDLER. Yes.

Senator KING. I understood from your observation that we should have practically a prohibition against any imports.

Mr. CHANDLER. We should make up the difference.

The CHAIRMAN. Did the Ohio Chamber of Commerce at that-time take a position against those tariff increases?

Mr. CHANDLER. I do not remember. What was the date of the Smoot-Hawley tariff?

Senator COUZENS. In 1930.

Mr. CHANDLER. We are in favor of a high tariff.

The CHAIRMAN. You are in accord with that.

Mr. CHANDLER. In strict accord with it.

Senator COSTIGAN. Is not one of the chief reasons for the movement of American factories to Canada the desire of American manufacturers to utilize the Canadian and other markets outside the tariff walls and within the Canadian tariff walls?

Mr. CHANDLER. I presume that is a motivating factor. And the labor conditions. There are numerous reasons which cause the factories to move, but a 5-percent differential will be a very serious handicap to impose upon Ohio business.

Coming now to the matter of old-age pensions——

The **CHAIRMAN** (interposing). Pardon me. Did you know that Canada has a 2 percent turnover tax?

Mr. **CHANDLER**. I am not familiar with that.

Senator **COUZENS**. It is a 6 percent gross manufacturers' sales tax.

Mr. **CHANDLER**. I am not familiar with that. I am not familiar with the Canadian system, so I cannot answer your question.

In the matter of old-age pensions, we have an old-age pension law in Ohio. We do not ask for any grants in aid from the Federal Government. We will operate it and see how it works out.

Senator **COUZENS**. How many have you? That is, on that old-age pension roll; do you know?

Mr. **CHANDLER**. No; but I know that the appropriation was about \$5,000,000 for the remainder of the year in which it went into effect.

The **CHAIRMAN**. Is it operating successfully?

Mr. **CHANDLER**. I think so; yes. Successfully in the sense that people are getting money who did not get it; that seems to be the order of the day.

We do protest, however, against the supplementary part of the old-age pension proposal, in which the United States Government will be projected into the insurance field in a large way. We believe in providing for the future by the ordinary and well-known and easily ascertained avenues of saving. That can be done through innumerable private institutions, and just why the Federal Government should go into the insurance business any more than it should go into numerous other lines of business, I cannot quite see; in other words, we are strongly opposed to the general incursion of the Government into private business.

Regarding the other aspects of social legislation—and I am speaking for myself and my own personal philosophy now—it seems to me that the one form of this type of legislation which is defensible, is mothers' pensions, because it is our philosophy that the family is the unit of society and not the state which these other people dream about. The State is not the unit of society—the family is the unit of society, and the mothers pension maintains the solidarity and integrity of the family unit. We have had it for years in Ohio, and it has always seemed to me to be a sound philosophy. Just how far the State should go in supervising and aiding in maternity cases and child cases is a matter for this committee to determine.

Senator **KING**. When you say the State, you mean the Federal Government ?

Mr. **CHANDLER**. The Federal Government. There is a limit to this you know, you have got to leave something for the individuals to do, Mr. Chairman. We are going to create a society in which all a person has to do is to be born and die, and the State is going to do it for him. You will destroy the fiber of any civilization in that way.

I thank you for your courteous attention.

I have a statement here which contains the essence of our viewpoint.

The **CHAIRMAN**. It will be put in the record.

(The statement referred to is as follows:)

STATEMENT OF THE OHIO CHAMBER OF COMMERCE IN RE THE WAGNER-LEWIS BILL AND THE FEDERAL ECONOMIC SECURITY PROGRAM

The Ohio Chamber of Commerce, representing all classes of business in a State which ranks fourth in the American Union in population and wealth, and third in point of industrial importance, respectfully submits the following observations and conclusions regarding the economic security program of the Federal Government and the Wagner-Lewis bill.

First, Ohio business protests against the coercion of the States by the Federal Government as represented by the assessment on pay rolls and in other ways. This procedure is repugnant to American institutions, destructive of the historical relationships between State and Nation, and calculated in the end to do permanent harm and little immediate good.

Second, Ohio business believes that legislation of this class will permanently weaken the fibre of the American people. Self-reliance has been the key to American success. It has been the initiative, thrift and self-sacrificing foresight of the individual and the family which has brought this country to its proud position. This legislation starts this country on a pathway from which there will be no retreat in the course of the next two generations. When the time comes—as it surely will—to reverse these policies incalculable harm will have been done to the character of the population.

CONTINGENT RECOMMENDATIONS OF THE CHAMBER

While Ohio business opposes this legislation in toto, it respectfully submits the following recommendations, in the event that it is the will of the Congress that some such legislation be passed:

(a) The chamber recommends that the Federal legislation on unemployment insurance should provide that all contributions collected by the States shall be placed in the custody of the United States Treasury and be used exclusively for payment of unemployment compensation.

(b) The chamber recommends that any Federal legislation for unemployment insurance should provide that the payment of unemployment benefits must be made through public employment offices operated by the States in cooperation with and under the supervision of the United States Employment Service, in accordance with the terms of the present Federal Employment Exchange Act.

(c) The chamber recommends that Federal legislation on unemployment insurance should provide that an employee shall be disqualified from receiving benefits for any period during which he has left and is out of employment because of a trade dispute still in active progress where he was employed; that an employee be disqualified from receiving benefits if because of wages and hour schedule he refuses to accept work in any industry in which a code is in effect providing for a minimum wage, or in which industry a minimum wage agreement is in effect or in which minimum wage provisions are established by law.

(d) The chamber recommends that Federal legislation on unemployment insurance should provide that no employee shall be disqualified from receiving benefits because of refusal to join any union or because of holding membership in a labor union of his own choosing.

(e) The chamber recommends that in any Federal legislation on unemployment insurance the contributions received from the employers of a State shall be credited to and maintained as a separate account for said State; and that the unemployment trust fund in custody of the United States Treasury shall be invested and liquidated by the Secretary of the Treasury, who shall disburse to a State, from that State's own account only, the sums needed for current benefit payments under the provisions of said State's law.

(f) The chamber recommends that, in order not to void plans already in operation, Federal legislation on unemployment insurance shall establish by law systems of unemployment insurance which, when complied with by employers, will exempt such employers within such States from the Federal pay-roll tax and shall permit the States to fix the amount of premium payments, whether the contribution is to be from the employer only or employee only, or both, and make rules as to distribution of benefits, waiting periods, and such other administrative provisions as are necessary.

(g) The chamber recommends that in case of the enactment of national unemployment insurance legislation levying a Nation-wide pay-roll tax, that the tariff be adjusted to protect American industries against the differential created by the national pay-roll tax for unemployment insurance.

OLD-AGE PENSIONS

In view of the fact that Ohio already has an old-age-pension law, the Ohio Chamber of Commerce opposes the pending Federal legislation proposing immediate Federal grants in aid to States for additional payment of pensions to persons now past 65.

The chamber registers its disapproval of the entry of the Federal Government into the field hitherto occupied by private insurance by the two following votes:

(a) The Ohio Chamber of Commerce disapproves and opposes the Federal compulsory contributory pension plan.

(b) The Ohio Chamber of Commerce disapproves of the Federal plan for old-age annuities whereby the Federal Government would sell to individuals on a cost basis life annuities similar to those now issued by private life insurance companies.

OTHER SOCIAL LEGISLATION

The board of directors of the Ohio chamber deferred to a future meeting the question of proposed national legislation dealing with maternal and child health, care of crippled children, aid to child-welfare services, and public health.

THE FOREGOING CONCLUSIONS BASED UPON MATURE STUDY

The Ohio Chamber of Commerce has been studying unemployment insurance, old-age pensions, and related subjects for 5 years. In the summer of 1932, through our important "committee on stabilization", we issued a report entitled "Ohio at the Parting of the Ways." We also issued various other statements bearing on this subject.

When, on January 17, the press announced the Federal economic security program, it was stated that ample time would be given to business to study the subject. The Ohio Chamber of Commerce acted with all possible expedition.

The Wagner bill and the Federal report were first reviewed by the research department of the Ohio Chamber of Commerce and a copy of such review was mailed to all members of the chamber's committee on stabilization. Then the chamber's committee on stabilization met on February 1, 1935, analyzed these subjects and made a report to the board of directors. Finally, on February 13, the board of directors met, considered the report, and made certain pronouncements.

To give to this subject the respectful consideration which it deserves, it would not have been possible to move faster. We found, however, that hearings before the House Committee on Ways and Means were closed and the door of the Lower House apparently barred. Fortunately, the Senate Committee on Finance had not completed its hearings and our chamber is given a hearing before your committee today (Feb. 18).

HOW THE OHIO CHAMBER OF COMMERCE MAKES UP ITS MIND

Our chamber does not indulge in snap judgments. Every major conclusion-passes through the following states:

First. A factual investigation and report by the research department and staff of the chamber.

Second. Reference to the appropriate committee or committees.

Third. Action on such committee report by the board of directors.

Fourth. A referendum of the membership, when ordered by the board.

The board of directors, which is the policy-making body of the chamber, is a miniature legislature. There are 63 members, of whom 15 represent the geographical district of the State, 8 represent chambers of commerce in the major cities, 1 represents the Ohio Association of Commercial Organization Secretaries, 1 represents the Junior Chamber of Commerce of the State, 3 represent manufacturing, 2 represent agriculture, 2 represent banking, 2 represent education, 2 represent insurance, 2 represent motor transportation, 2 represent natural-resource production, 2 represent the press, 2 represent the professions, 2 represent public utilities, 2 represent rail transportation, 2 represent real estate, 2 represent trade,

2 represent water transportation, and 1 is the immediate past president of the chamber. There are also 8 officers of the chamber who are ex-officio members of the board, to wit: The president, first vice president, treasurer, and five district vice presidents.

We respectfully submit that the conclusions reached in this thorough way, by a body of this character, in a State of the magnitude and traditions of Ohio, are worthy of your serious consideration.

The CHAIRMAN. The next witness is Mr. Henry E. Jackson, of New York.

STATEMENT OF HENRY E. JACKSON, PRESIDENT SOCIAL ENGINEERING INSTITUTE, NEW YORK CITY

Mr. JACKSON. Mr. Chairman and gentlemen: For 5 years I was working in the Federal Government in the Department of the Interior under Franklin K. Lane, as a social engineer, working in the Federal Government in the field of government and community organization. Since then I have been working as a social engineer in connection with large industries, trying to persuade them to adopt voluntarily just such a protection plan as this bill aims to compel them to adopt. For example, 5 years ago I drafted and installed for the Westinghouse Manufacturing Co. in Pittsburgh a plan covering 40,000 employees, a scientific trustee community plan, which has been working successfully for 5 years, and they are so pleased with it that they have extended it to three additional subsidiary companies. They are not only pleased with it but they have discovered that it is not only not a burden from expense but that it is a means of saving them expense.

Senator KING. You are directing your remarks principally to the unemployment insurance, are you, now?

Mr. JACKSON. I am speaking at this moment on the retirement annuities.

Senator KING. Pensions?

Mr. JACKSON. Pensions. I merely say that to indicate that I have drawn some matured conclusions based on a rather large experience with industry, and after some very careful thought.

Senator COSTIGAN. Are there any evidences that your plan for the Westinghouse employees was breaking down the moral fiber of those employees?

Mr. JACKSON. On the contrary, it is stimulating it. It is on a 50-50 basis, the employer paying half, the employee paying half, so that the employees are preserving their self-respect and they are taking part in its administration as well.

The CHAIRMAN. Is that largely on the same plan that the Eastman Kodak people operate?

Mr. JACKSON. Somewhat; excepting that Westinghouse is operating it wholly itself on a trustee basis involving no insurance company and saving itself a very large sum of money on that account.

I did not ask for an opportunity to come here and speak to you, but in speaking to a friend of mine, a Senator, he urged me to do it and he wanted me to come.

The CHAIRMAN. We are glad to hear you.

Mr. JACKSON. Thank you, sir. I hesitated to come because I thought you were already deluged with great numbers of suggestions.

The CHAIRMAN. That is quite true, too. [Laughter.]