out of work and rob many of our citizens of the wealth that they created.

The CHAIRMAN. If there are no further questions, we thank you for the information you have given the committee.

The next witness is C. A. Hathway, New York, representing the Communist Party in the United States.

STATEMENT OF C. A. HATHWAY, REPRESENTING THE COMMUNIST PARTY IN THE UNITED STATES, NEW YORK CITY

Mr. HATHWAY. Mr. Chairman and gentlemen, my name is C. A. Hathway, 50 East Thirteenth Street, New York City, representing the Communist Party in the United States.

The CHAIRMAN. We are proceeding under the 5-minute rule, Mr. Hathway, but your time may be extended by unanimous consent of the committee.

Mr. HATHWAY. I will make the statement of our position brief and to the point.

The Communist Party is opposed in toto to the administration's economic-security bill as introduced by Senator Wagner and to its underlying provisions. We do not believe that this bill can be amended in the interests of the workers.

The Communist Party counterposes to this and urges the adoption of the workers' unemployment, old-age, and social-insurance bill, H. R. 2827.

In our opinion, the Wagner bill is not designed to provide social security for the masses of the people. In our opinion this bill is designed, rather, to provide security for the rich who dominate the country.

The aims of the sponsors of the Wagner bill, in our opinion, are, first, to quiet the masses who are today increasingly expressing their discontent with the crisis conditions that exist by offering them a sham measure that will give them in reality nothing.

Secondly, the sponsors see in this the possibility of lowering the cost of caring for the millions of unemployed in the country today; and, thirdly, by lowering the cost of caring for the unemployed the sponsors of the bill see the possibility in this of lowering the living standards of the American people as a whole, in order to increase the profits of the rich.

Specifically, the theory that each State should insist on its own law in relation to unemployment insurance is a negation of all effective social-insurance legislation.

In the first place, if one waits for the States, each one, to adopt an unemployment-insurance bill, the workers of the United States will be running around for the next 20 years waiting for unemployment insurance, as they have waited for all other forms of social legislation.

This bill will not serve quickly to give to the millions of unemployed real unemployment insurance.

Secondly, the basing of insurance on the States will involve the problem of residence not only for actors, as was pointed out by a previous speaker, but for literally millions of workers, because workers, particularly in periods of unsettled industrial conditions, move from one city to another in a desperate hope of finding jobs. You

will find one worker after another barred from the unemployment features of the legislation as well as from the old-age feature, by the simple process of being compelled to move from one city to another in search of work.

A simple example: An automobile worker in Toledo thinks that there is a possibility of a job in Detroit. He packs up and leaves Toledo, goes to Detroit, and, in doing so, he cancels both his opportunity to get unemployment insurance and also the possibility of getting old-age insurance.

Secondly, the unemployment-reserves theory that is embodied in all administration proposals is unsound. The reserves theory eliminates the 15 or 16 million who are now unemployed from any consideration under an unemployment-insurance scheme that is adopted. It would only apply, at best, to those workers who are now employed in a factory, or who are employed after the system goes into effect. Even those would only benefit providing reserves were built up on a plant basis, providing they had been employed in the plant for a definite period of time, providing they had contributed toward the building up of these reserves, and a whole series of other factors.

So the effect would be that only a very small number of workers out of the total working population of the country would ever benefit from an unemployment-reserves system brought forward as a substitute for insurance.

Thirdly, the old-age pension proposals contained in the Wagner bill, starting at 65 and limited to $7 a week, are a joke to the millions of workers who are today being thrown out of American industry in the most ruthless manner as soon as they reach the age of 50. Throughout the mass-production industries a worker at 50 can no longer hold a job. He is thrown out. But he has to wait 15 years before he is included in a scheme such as this, and even then he is limited to a very small amount each week, $7, unless the States make other provision.

Finally, the graduated-tax theory, as contained in the Wagner proposal, is an evasion of the fundmental problems with which the Government is now confronted in caring for the unemployed.

In the first place, the tax is too small. The tax will not provide for the demands that will be made by the unemployed and that will continue for a long period of time.

Secondly, the fact that the application of the full tax is conditional on an improvement in industrial conditions is also a negation of the whole problem of caring for the unemployed, because precisely when there is a crisis, when the unemployed is at the largest number, when the greatest amount of money is needed to care for the unemployed, then the tax is only partially applied, and the full tax is held in abeyance until conditions improve.

For these and many other reasons that might be stated, the Communist Party is opposed to the underlying theory back of this bill, and we propose that the workers' bill, H. R. 2827, be substituted for this and adopted in the present session of Congress.

The CHAIRMAN. The time of the gentleman has expired.

Mr. McCORMACK. I ask unanimous consent that the witness' time be extended 2 additional minutes.

The CHAIRMAN. Without objection, the witness may proceed for 2 minutes.

Mr. HATHWAY. Briefly, to state the principles of the workers' bill, as distinct from that of the Wagner bill:

This provides payment to all unemployed workers without any waiting period, basing itself on the theory that the welfare of the people is the first consideration and that, regardless of how long a worker may have been unemployed, regardless of residential requirements, regardless of his contact or attachment to one or another factory or industry, this worker is entitled to unemployment insurance inasmuch as he is not responsible for the fact that he is unemployed. He is ready and anxious to take a job. He has no job only because industry is unwilling to give him a job, with the profit motive the determining factor in employment at the present time.

Secondly, the workers' bill provides for caring for all unemployed workers entirely at the expense of those who can afford to pay, those who are responsible for the industrial system in America. We propose, in short, to tax the bankers, the manufacturers, et cetera, and they, together with the Government, assume full responsibility for the care of the unemployed.

Thirdly, the workers' bill provides for full average wages for the workers with a minimum of $10 to any unemployed worker, and an additional amount for workers with dependents.

Finally, the workers' bill, as distinct from the Wagner bill, provides for the administration of unemployment insurance by the workers themselves, through the workers' organizations, through the trade unions, et cetera, the only sound principle on which unemployment insurance can be administered for the benefit of the workers.

Mr. VINSON. Do you have any tax features in the workers' bill?

Mr. HATHWAY. Yes; the tax features in this embody direct taxes on the rich, and the specific amounts you can get by looking at the bill.

Mr. VINSON. How do you arrive at your figure of $7 a week for old-age pensions under the bill that we are considering?

Mr. HATHWAY. It proposes that the Federal Government shall provide to the States an amount of $3.50 a week and that this shall be matched, dollar for dollar, by the States, giving, of course, to the State, the opportunity, if they wish, to grant an additional amount.

Mr. VINSON. How do you arrive, under any condition, at that figure? How do you arrive at your conclusion that the bill under consideration provides an old-age pension of $7 a week? Point to the language in the bill.

Mr. HATHWAY. You see, I have had about 25 years of experience in the working-class fight and I know from that experience that they never give me anything. If the bill provides for a maximum Federal appropriation of $3.50 a week or, I think, $15 a month, to be matched dollar for dollar by the State, the States are not, out of the kindness of their hearts, going to add very many dollars to it.

Mr. VINSON. You say you do not favor employment reserves. Did I understand you correctly?

Mr. HATHWAY. That is correct.

Mr. VINSON. By that you are referring to the private reserves that may be set up under the bill?

Mr. HATHWAY. I am referring to the whole theory that has developed in the United States during the recent period, that is embodied in the Wisconsin law and is now being brought forward

by all of the various Commissions in the various States, and by the Federal Commission, that is the Commission appointed by Roosevelt, as the basis for insurance in the United States.

Mr. VINSON. As I understand you, employment reserves, as used by you, would mean any reserves which might be set up in the Federal Government under unemployment insurance?

Mr. HATHWAY. No, no. I am referring to a very definite theory that has already been worked out and which is embodied in the Wisconsin act.

Mr. VINSON. Employment reserves, as used by you, refers to employment reserves set up under the Wisconsin law?

Mr. HATHWAY. Yes.

Mr. VINSON. I understood you to say that you opposed the Wagner bill in toto?

Mr. HATHWAY. Correct.

Mr. VINSON. I take it that that means that you oppose H. R. 4120, the companion bill in the House, in toto? And I understand from that statement that you are opposed to any Federal contribution toward maternal and child health.

Mr. HATHWAY. On the contrary. In the workers' bill, H. R. 2827, we include a complete system of social insurance that cares for unemployment, for old age, for sickness, for maternity, and all other forms of social security.

Mr. VINSON. Then I do not understand that you oppose an appropriation in this bill for maternal and child health?

Mr. HATHWAY. We counterpose to this our bill with the appropriations as provided by us.

Mr. VINSON. Have you any objection to the provisions in title VII, which refers to maternal and child health?

Mr. HATHWAY. It is not a question of the specific——

Mr. VINSON. Please say whether you do or not.

Mr. HATHWAY. It is not a question of a specific sentence. If you ask me whether I am in favor of caring for the old, or for the sick, and so forth, most assuredly I am. But I am opposed to the specific bills that are brought forward, and I counterpose to them a very definite bill that is now before Congress.

Mr. VINSON. You say you oppose this bill under consideration in toto. Does that mean that you oppose Federal contribution to the aid of crippled children?

Mr. HATHWAY. I have already explained very clearly exactly what I meant. I proposed the adoption of H. R. 2827, which includes all of the cases that are provided for in this bill, but provides for them in a better way, a more thorough way for the workers, and places the responsibility for providing the funds directly on the class that can afford to pay it.

Mr. VINSON. Is there anything in the Lundeen bill that refers to any Federal contribution for crippled children or public health?

Mr. HATHWAY. This bill, as I stated, includes all aspects of certain welfare, of certain needs.

Mr. VINSON. You say it includes crippled children and public health?

Mr. HATHWAY. Yes; if you think there are deficiencies in the bill in that respect, we invite your support and such amendments as will include it.

Mr. McCormack. Mr. Hathway, you said that there are a large number of workers who, by reason of economic conditions, are compelled to go from State to State and might lose the advantages of the settlement clause. That impresses me very much, in view of what the previous witness has said. I was looking at it from a broader field than that. I rather visualized a situation where it might affect a large number of persons.

Under the State plans, where it is distinctly a State plan such as we have now in some States, that can be controlled within the cities and towns by simply going back to the last city or town where there was a settlement. I know up in Massachusetts, if a man lives in Boston for 20 years and then moves to Worcester and lives there for 2 years, he is not entitled to benefits in Worcester, but they trace it right back to Boston, where he gets the settlement, where he would get his old-age pension or his welfare relief. But that would be rather difficult in the case of States, it seems to me.

Can you give us any idea as to the number that might be involved or affected unless some such provisions were included in some law?

Mr. Hathway. It is not possible for me offhand to give numbers; that is, any approximate number.

Mr. McCormack. It is your opinion it would be an appreciable amount?

Mr. Hathway. A very large amount. I can state from my own experience, having worked in American factories for a large number of years, that I moved from Toledo to Detroit, to Minneapolis, to New Jersey, and so forth, in pursuit of my trade as a machinist and in search of work.

Mr. McCormack. And every time you move from one place to another you thought you had what would be, probably, permanent work?

Mr. Hathway. Yes.

Mr. McCormack. You then divested yourself of your residence in the other States?

Mr. Hathway. In each case moving furniture, family, and so forth, with me.

Mr. McCormack. The intent is inferred from the acts.

Mr. Hathway. Then a seasonal drop takes place in industry, layoffs take place, and then you seek work in another branch of the metal trades, in auto today, steel tomorrow, railroad the next day, and so forth.

Mr. McCormack. Is it your opinion that there would be an appreciable number of those who would be affected and not receive the benefits of this legislation?

Mr. Hathway. It would affect hundreds of thousands of workers every year.

Mr. Cooper (presiding). We thank you for your appearance and the information you have given the committee.

STATEMENT OF SHERWOOD L. REEDER, REPRESENTING THE UNITED STATES CONFERENCE OF MAYORS

Mr. Reeder. Mr. Chairman and gentlemen of the committee, my name is Sherwood Reeder, 734 Jackson Place, Washington, D. C. I am assistant director of the United States Conference of Mayors and