

press and platform would advocate it, and I have talked to a great many people—to have a very much broader base on your income tax. It would be a fine thing if you could get that and get it accepted. Your revenue would be a steadier flow, and you would have more people paying it, and you would have more revenue.

The **CHAIRMAN**. You mean by a broader base, to reduce the exemptions?

Mr. **REYBURN**. Yes; reduce exemptions very low down.

Senator **COUZENS**. What would you say about an excess-profits tax?

Mr. **REYBURN**. I think excess-profits tax works two or three ways. Our tax laws since the war have really gotten so that they have contributed largely to the troubles of this depression. I think excess-profits tax as I observed it, and maybe as I have used it, caused an increase of administration of business, because they see that money is going to pile up, it has to go to the taxgatherers, and they put in improvements that they do not need. Of course, that buys material and pays for some labor, or they have big advertising, but the trouble of it is they set a standard that when the excess profits are gone, they are too extravagant in the administration of their business.

Senator **BLACK**. You mean they would like to pay large salaries and large bonuses?

Mr. **REYBURN**. Yes.

Senator **BLACK**. What would you think about a tax on large salaries and large bonuses, if that is the method of getting away from it?

Mr. **REYBURN**. I always thought the taxes on my salary were very much too heavy.

Senator **BLACK**. You would be opposed if they raised the salaries and the bonuses beyond reasonable limits; you would be opposed to a tax on them?

Mr. **REYBURN**. I have grumbled about my taxes but I have paid them. I have never been in any trouble until 1932. I am called in on the carpet now in the captain's office, but I think that people with money and with income are cheerful about paying. Most of them that I talked to would like to see the base broader because your income would be surer and larger, too.

The **CHAIRMAN**. You feel that excess-profits tax encourages waste and extravagance in the conduct of business?

Mr. **REYBURN**. Yes, it does, and you cannot stop it when you do not have the excess profits next year.

The **CHAIRMAN**. Thank you, Mr. Reburn.

The next witness is Mr. Albert D. Hutzler, of Baltimore, Md.

STATEMENT OF ALBERT D. HUTZLER, BALTIMORE, MD., VICE CHAIRMAN OF NATIONAL RETAIL DRY GOODS ASSOCIATION

Mr. **HUTZLER**. My business is Hutzler Bros. Co., of Baltimore.

Senator **BARKLEY**. What is the nature of that business?

Mr. **HUTZLER**. The nature of that business is a retail store. We happen to be an independent store. It has been in the same family for 77 years on the same site.

Senator **BARKLEY**. A department store?

Mr. **HUTZLER**. A department store; yes, sir.

I simply want to bring out three points concerning this retailers' resolution and the bill before you. The first point is this—that retailers generally are in accord with the spirit and objective of this bill,

and that the retailers are a large section of the business life of the country.

The second point is that though we are quite in accord with the old-age assistance to those who are now old age, we believe that the provision for old-age insurance for those who are at present not old age, has not been developed sufficiently to be passed with this bill, as the rounding out of that provision will undoubtedly delay the passage of the rest of the measures of the bill.

The third is certain points in unemployment-insurance provisions which we think should be altered.

Regarding the first point, I think that if you will look at this resolution that was passed before the President's proposal or introduction of this bill, you will find that the spirit of it is very much in accord. The drafters of the bill are on the last page. The committee, if you will notice, covered stores from all parts of the country that were available, from the Middle West, from the South, from the North, large stores and small stores, and in the National Retail Dry Goods Association more than half of the members are small stores.

Many provisions in the bill are so similar, those for maternal aid, for child care, for assistance to those who require help by the Government—that we have no differences, although we might differ in all details.

As far as the health problem is concerned, we believe that eventually health insurance should take place, and we understand that a commission is studying that subject.

As far as the second point is concerned, and that is the old-age insurance for those who are at present not old, we think that should be eliminated from the bill, because we do not believe it has been worked out on an actuarial basis, that it would be sound in its present form, and the point that Mr. Reyburn was making that on top of the pay-roll tax and the unemployment insurance provision, which we do not object to, there is applied another tax on the pay roll in the old-age insurance for those who are not now old, and the putting of these two taxes one on top of the other we believe would truly make a real encouragement for the employers to have labor-saving machinery; in other words, where labor is cheaper than machinery without the two taxes, the machinery may be cheaper than labor in a great many cases with the two taxes. We certainly do not want to put a premium on labor-saving devices.

We believe that, in order to get the bill through as rapidly as possible, particularly in those provisions where the cooperation of the States is needed, and with a great many legislatures in session, that in order to get these other things through rapidly, that are worked out, we should eliminate this one section from the bill.

The unemployment insurance we are in general accord on, but there are several things that we do think should be modified. The retailers have studied this at great length and they have come to a conclusion that in the State funds, while they believe that a national law should be passed so that interstate competition will be the same, they believe that the funds should be contributed to by the employer, the employee, and the State. The State should contribute at least enough to defray the cost of administration, because then there will be a positive effort whereby the State administrations, to keep that administration to the lowest figure, and the benefits from the fund

will be the amount paid in by the employer and the employee. The way this bill is drafted, it seems to discourage that sort of assessment in a three-way degree by the individual State laws. To a much greater extent in unemployment insurance, we feel that the provision—I think it is on top of page 50—that no differentials based upon experience, no credit, can be allowed in this tax, because of differentials based on experience until after 5 years. I think it is line 15, page 50.

We believe that is too long to wait. What we want to do, what we want to accomplish, is stabilization of employment rather than payment of benefits from this fund. We want to give real encouragement to employers to stabilize their employment seasonally in other ways, and those employers who would take wage-saving measures that might throw employees into this fund should be penalized by keeping the full rate while those employers who use their own establishment and manage to stabilize the employment either seasonally or by not taking drastic labor-saving measures, should have the benefit of that stabilization earlier than at the end of 5 years. And we think that the word "five" should be eliminated from that provision and "two" substituted, which will give 1 year for accumulating the fund and 1 year for experience. Those differentials can be made slowly, so that by the various State laws they do not operate too quickly and not too short an experience, but they should be made early so that as in other forms of insurance, you get the benefit of good performance, but of course as a corollary to that, provision should be put in the law giving minimum standards of benefits to the workers, so that a partially cooperating State cannot give differentials to its industries and give them a competitive disadvantage.

To sum up, we want to emphasize first that we are in general agreement with the situation and with the objectives of the bill; secondly, that we think as a means of a passage of the rest of the bill earlier, that the old-age insurance for those who are not now old should be eliminated, and that these changes should be made in the unemployment features of the bill.

The CHAIRMAN. Thank you very much.

The next witness is Elmer F. Andrews, State industrial commissioner of New York.

STATEMENT OF ELMER F. ANDREWS, NEW YORK CITY, STATE INDUSTRIAL COMMISSIONER OF NEW YORK

Mr. ANDREWS. Mr. Chairman and gentlemen of the committee, I am here representing Governor Lehman, and also the committee in New York State which prepared the administration unemployment-insurance bill now before the State legislature. That committee consisted of Prof. John P. Chamberlain, of Columbia University; Prof. Herman Gray, of New York University; George Meany, president, New York State Federation of Labor; Justine Wise Tullm, assistant corporation counsel of New York City; James A. Corcoran, assistant secretary, New York State Department of Labor.

The views which I express for the Governor and this committee are related solely to those sections of the bill under discussion having to do with unemployment compensation.

May I say that we feel that the bill as a whole represents a tremendously important step forward in social legislation for the United States. The suggestions to be made with reference to it are intended