

Mrs. BALDWIN. I cannot say that we have made a survey in each case, because we have a State league in only about 39 States at the present time, but we are very conscious of the fact that in many of the rural communities there is a decided lack of not only medical services but nursing services. I remember quite well, in doing nutrition extension work with the Department of Agriculture, of going into rural community after rural community where there was no nurse available at all to the women and children in those communities.

Senator LONERGAN. Well, had the work of your organization disclosed that the States in each case failed to furnish the necessary service?

Mrs. BALDWIN. I could not answer that question, Senator, I am sorry to say.

Senator BARKLEY. Of what State are you a citizen, Mrs. Baldwin?

Mrs. BALDWIN. Well, that is very hard for me to say. I have been a resident of Washington ever since I got out of college.

Senator BARKLEY. Well, that has not been so very long.

Mrs. BALDWIN. You are very kind, Senator, but I am a native of the State of Massachusetts, and if I should vote I would probably vote in the State of New Jersey.

The CHAIRMAN. Thank you very much.

The next witness is Samuel W. Reyburn, of the National Retail Dry Goods Association of New York City.

STATEMENT OF SAMUEL W. REYBURN, NEW YORK CITY,
NATIONAL RETAIL DRY GOODS ASSOCIATION

Mr. REYBURN. I am also head of the Associated Dry Goods Corporation of New York City and chairman of a committee representing the National Retail Dry Goods Association.

Gentlemen, the retailer is very close to the consumer; therefore, to the average citizen. For some years many retailers have been concerned about this problem. A few months ago they began to study some phases of it quite intensively. The association I represent has 5,478 members. They have members, I think, in every State in the Union.

Senator LONERGAN. Pardon me. What constitutes a membership?

Mr. REYBURN. A store. It might be a corporate, or an individual, or a partnership, but the people operating stores who want the facilities of the organization.

Senator LONERGAN. Thank you.

Mr. REYBURN. They are reasonably large stores in most communities, and stores with more or less modern methods of accounting and training and probably, on the average, the more progressive stores.

They do probably \$3,500,000,000 of business. They must employ six or seven hundred thousand people. Out of their studies came a resolution at their convention in January of this year. We have asked the clerk to place before the Senators a copy of that resolution. While it is short, I would rather not take the time to read it, but I would like to have it printed in the record.

The CHAIRMAN. Those copies are before us. It will be placed in the record.

RETAILERS' ECONOMIC SECURITY PLAN

GENERAL

The United States has sufficient resources, productive capacity, human energy, and skill to provide at least a fair minimum standard of life continuously for all the people. The relations of the United States with the rest of the world are tranquil. It is not torn by internal political or class strife. There is no natural basis for the present disorganized state of economic affairs. All conditions exist for renewed prosperity and progress.

All production and consequent employment is in response to current or expected consumer demand. Effective demand can occur only when the consumer has money or credit. But only through production and distribution can the money or credit which is necessary to create consumer demand become available. Distortion in these relations causes the vicious circle of expansion and depression.

The objective of this study is to explore certain suggestions that have been made for general economic security. These cover the hazards of unemployment, old age, sickness, disability, and dependency. Any plan must meet the test of practicability. In the last analysis, this test is the effect of any proposed measure in breaking the vicious circle of expansion and depression. Powerful influences that will protect society against the dislocation caused by these economic extremes must be sought, both by the Government and by business.

We must distinguish between a desired ultimate objective, with respect to economic security, and the necessities caused by the situation in which we find ourselves. With respect to the administration program for meeting the present situation on an emergency basis through providing, as proposed by the administration, work when possible and relief when necessary, we are in accord. But we must not permit ourselves to accept these emergency measures as permanent solutions.

Our objective should be to give the worker work and, through adequate reserves and insurances, protection against the hazards of unemployment, old age, sickness, disability, and dependency. Unfortunately, the building up of reserves for each of these purposes reduces purchasing power, particularly in its initial stages. This, however, should not cause us to delay the development of programs, nor should it prevent us from taking the initial steps and of progressively increasing a general program of economic security.

UNEMPLOYMENT RESERVES

The purposes of unemployment reserves are to alleviate the shock of unemployment, to increase continuity of employment, and to aid in the stabilizing of consumption.

Unemployment reserves can be built up which will take care of unemployment resulting from seasonal and other variations in the use of the products of an industry, from technical improvements in the methods of production, and from the initial effects of cyclical unemployment. Such reserves can be made to apply to the large majority of industrial and commercial workers. A program of unemployment reserves, to be of national benefit, must be created by Federal law. Such law must result in eliminating undue benefits for particular States that might be unwilling to meet a minimum national standard. At the same time, it should be flexible enough to allow for administrative variation, to correspond with local needs and preferences, and to provide much-needed practical experimentation.

The unemployment reserve fund, in our opinion, should be built up by contributions by the employer, the employee, and the State. The State should contribute at least the expenses of administration, in order that the full amount contributed by employers and employees may be available as benefits.

In the initial stages, the contributions from the various industries and establishments should be at the same basic rate. As soon as experience with the incidence of unemployment is built up, provision should be made whereby differential rates can be established. This would be an inducement to employers to exercise their ingenuity and initiative in stabilizing employment and would discourage them from throwing workers upon the unemployment fund as a measure of labor economy.

No matter how just a plan may be, nor how skillfully its other provisions may be drawn, it cannot survive an unsound administrative arrangement. The administrative agency in the State charged with the disbursement of funds accumulated for unemployment benefits should be a nonpolitical commission, responsible to no other administrative agency save only to the Governor, and

with no other duties whatsoever. The law should be specific as to the rules under which the commission should operate; and latitude for administrative discretion, although generally wise, should here be rigorously limited.

All funds reserved for unemployment benefits should be deposited with an appropriate Federal agency, so that the effect of these accumulations on the general monetary position can be adequately safeguarded. No one can foretell the exact effect of these accumulated funds at different phases of the credit cycle. No one except the Federal Government should be asked to assume responsibility for the solvency of these funds.

A plan of unemployment reserves presupposes an efficient and widely distributed system of public employment offices. In recent months there has been a certain improvement of this important public service, but further progress must be made to meet the needs that will arise. The Federal Government should continue its interest and support of State public employment offices, and should be supported in its efforts to provide a workable Federal-State system.

While unemployment reserves will take the first brunt of cyclical depression, full plans should be made ready for public works and for measures of relief that will more promptly than has been the case in the present depression restore the purchasing power upon which industry depends. We are in sympathy with the efforts being made by the Federal Government, in cooperation with the States, to plan constructive public projects for the future.

OLD-AGE SECURITY

We must distinguish between-

- (u) The development of a plan for insurance at old age for those still in the prime of life; and
- (b) The immediate problem of relieving the condition of persons already of advanced years.

The huge liability already existing with respect to the latter group precludes the consideration of ordinary insurance for it. The necessary relief to the present aged can be given only as old-age pensions, not as insurance, and public funds must be drawn upon to provide these pensions.

We suggest a program of Federal and State cooperation, in the provision of the resources necessary for pensions, with flexibility that will permit each State to arrange the terms and conditions in accordance with local needs.

Old age is a universal hazard. No program of old-age insurance should be contemplated which does not make provision for every citizen. If in the near future a program of old-age pensions can be adopted there will then be time to consider the more difficult problem of setting up a plan of old-age insurance, which eventually should come.

PROVISIONS FOR SICKNESS AND DISABILITY

The losses to the individual and to the community from sickness and disability are in the aggregate very large. No plan for economic security can in the long run ignore these losses. We believe that in principle, insurance against such losses is so sound that there should be no delay in the working out of concrete legislative proposals to effectuate this purpose. We advocate the appointment of a Federal commission to study this problem with an open mind, as respects the needs and possibilities for the people of the United States, and to report definite recommendations that can be put into practice as soon as conditions warrant.

MOTHERS' AND WIDOWS' PENSIONS

In spite of the increased economic security that the above measures will provide, there remains the problem of the dependents of the deceased worker's family. We have in this country at the present time an established tradition with respect to mothers' and widows' pensions. Unfortunately, these pensions are less general than is desirable. We suggest that the Federal Government in cooperation with the States, establish minimum standards of benefits, toward which the Federal Government may make an appropriate financial contribution.

RELIEF AND WELFARE

We realize only too well that after all the mentioned hazards have been taken care of, there remain many people for whom relief is necessary. We agree with the administration that these should be provided for by each individual State, in accordance with recognized social service standards.

We submit these views in the hope that they will be helpful as representing the point of view of a large body of American business.

(Note.-The committee that prepared this plan was appointed by the president of the National Retail Dry Goods Association, with the authority of the executive committee, at a meeting held on January 3, 1935. The members of the committee are: Percy S. Straus, chairman; R. H. Macy & Co., New York, N. Y.; F. W. Alfred, Gladding's, Inc., Providence, R. I.; C. B. Clark, the J. L. Hudson Co., Detroit, Mich.; Lew Hahn, New York, N. Y.; Albert D. Hutzler, Hutzler Brothers Co., Baltimore, Md.; Edgar J. Kaufmann, Kaufmann Department Stores, Inc., Pittsburgh, Pa.; Louis E. Kirstein, Wm. Filene's Sons Co., Boston, Mass.; Fred Lazarus, Jr., the F. & R. Lazarus & Co., Columbus, Ohio; Ward Melville Shoe Corporation, New York, N. Y.; Frank H. Neely, Rich's, Inc., Atlanta, Ga.; Dr. Paul H. Nystrom, Limited Price Variety Stores Association, Inc., New York, N. Y.; David Owens, J. B. Ivey & Co., Charlotte, N. C.; Samuel W. Reyburn, Associated Dry Goods Corporation, New York, N. Y.; Oscar Webber, the J. L. Hudson Co., Detroit, Mich.; Gen. R. E. Wood, Sears, Roebuck & Co., Chicago, Ill.)

Mr. REYBURN. In just a few general statements, I want to represent the retailers, because I will be followed by another merchant from Baltimore who will go into some specific details.

The general principle we approve. As we look at it, fortunately we now seemed to have reached the time when the mass mood is changing from a feeling of pessimism and helplessness. The new mood is not the unfounded optimism which existed just before the beginning of the depression. It is not the futile wish we held in 1930 for a lucky turn of events to restore better times. It is not a belief that the Government can create wealth and lift all troubles from our shoulders. It is a more healthy state of mind and feeling than any of these; courage, self-reliance, and confidence are reviving. On every hand we see evidence of a return to the good old American belief that as individuals we who have jobs can take care of ourselves and assist our neighbors who have met with misfortunes and give intelligent aid to our Government.

Consumers are showing a greater willingness to buy, which is consumption's way of commanding production and distribution to increase employment.

The old cycle is ended and the new has begun. Better times are on the way.

The rate and degree of progress will, in a large measure, depend on our cooperation in thought and deed. Each one must feel his responsibility and endeavor to do his part. We must become less self-centered, more aware that what is for the good of the whole group is, in the end, better for each individual than that thing which would seem to be more immediately profitable to him.

Leaders of thought in every field-labor, industry, commerce, the pulpit, the press, and in the professions-have a very great responsibility at this time. They should endeavor to put aside anything of narrowness, envy, intolerance. They must investigate, search for and evaluate facts with honest, open, and courteous minds. They must give freely of their mental, moral, and annual strength in this period when faith and courage are returning.

In the study of social insurance we should not think of it as something new. The principle is as old as Adam and Joseph and has been taught by leaders down through the ages. Its practical value is based on that constant conflict of hopes and fears, feelings and beliefs, which exists in every normal human breast, and on the constant variations of natural forces which have influenced this old

planet from year to year for untold centuries. It is a recognition of the fact that these varying moods of the human being coupled with these constant changes in physical nature will always give us seasons of plenty, alternating with seasons of famine. This proposed legislation following an old principle is a new device designed to fit into these complex times through which investor, management, and worker shall each be compelled to follow an old principle and lay aside part of income in normal times to mitigate distress when hardships come.

In those days of the individualism of pastoral and agricultural economy the head of each family was urged to follow the principle. In these times of big corporations and large organizations, industrial economy requires compulsory cooperation of all employers and workers.

The merchants in their study of old-age security distinguished between (a) the development of a plan for insurance at old age for those still in the prime of life and (b) the immediate problem of relieving the condition of persons already advanced in years.

In regard to the latter (b), they believe the State and the Nation, out of general funds and with no specific charge on industry and commerce, should meet these obligations.

As to the former (a), they called attention to the fact that old age was a universal hazard. Everyone who lived long enough enjoyed it or suffered it. Therefore any program for this group should make provision for every citizen who would ever need it. Of course there should be a "means" test.

While all of us who have jobs will either pay for it in prices of goods we consume or in our tax bills, we think it should be a responsibility from year to year of every political administration. We differ very definitely with provisions of the bill and with the views expressed by Secretary Morgenthau before the Ways and Means Committee of Congress I believe, on the 4th instant, and reported in the press of Wednesday, February 6, in which he advocated excise tax on pay roll and income tax on wages for this purpose.

The merchants with whom I have talked and many men other than merchants in industry and commerce believe this to be a proper charge against general revenues of States and nations.

SENATOR CONNALLY. Are you not confusing the unemployment with the old-age pension? The old-age pension, as I understand this bill, is not paid for by the tax on pay rolls at all, but comes from general revenue?

MR. REYBURN. Look at section 301.

SENATOR BLACK. The second phase of the old-age pension is different, as I understand it. It is in line with what he suggested.

SENATOR CONNALLY. I beg your pardon.

MR. REYBURN. The old-age annuity, the bill calls it. It is dealt with in section 301.

SENATOR CONNALLY. Above 65 is what we refer to generally as the old-age pension.

MR. REYBURN. We divided them into the groups that now have need of assistance, which the State and the Nation should take immediate care of, and in the other group, the younger people who some day will become old, we think, perhaps you should take further time and study that. My own thought is—I cannot speak for the mer-

chants, because you must recognize that our program was adopted on the 15th, I think 2 days before the economic security report was made to the President, and we had framed that on the 12th of the month after this long study I spoke of. They are quite similar in many respects, but we had no bill before us to deal with, but I cannot definitely speak for all of those merchants as to particular problems in the bill. I can only go back to the text of that. But my own thought is that that part of it could be eliminated for further study.

Senator WALSH. Who were the merchants that made this study?

Mr. REYBURN. There was a special committee of 26, a voluntary committee.

Senator WALSH. I do not care to know who the 26 were. Were there any 2 or 3 members that made a special study?

Mr. REYBURN. I appeared as early as 1931 against action at that time before the New York Legislature. I had been reading about it for some years.

Senator WALSH. I thought perhaps you made a special study at the present time.

Mr. REYBURN. As chairman both of the National Retail Dry Goods Committee and this special committee of 26 since the 1st of October.

Senator WALSH. Mr. Lincoln Filene asked to appear before the committee.

Mr. REYBURN. Yes.

Senator WALSH. Is he a member of the association?

Mr. REYBURN. Yes, he is a member of the association.

Senator WALSH. Are you expressing his views?

Mr. REYBURN. No.

Senator WALSH. Does he entertain different views from yours?

Mr. REYBURN. He does in some respects with reference to this bill.

Senator WALSH. I just wanted to know.

Mr. REYBURN. He and his brother differ, and then their partner, Mr. Kirstein, still has another point of view. The attitude of the members of that firm indicates the complexity of the question.

Senator BLACK. May I suggest to the witness in connection with a statement made a while ago that section 301 provides for the tax to which he refers for old-age pension, and section 405 designates it not as pensions, but as annuities, so that it does impose a tax to what he pays on the pay roll for old-age annuities for the second phase of the bill. You will find it at page 15 of the bill and page 25 of the bill.

Senator BARKLEY. I did not get from you what your official connection with the National Retail Dry Goods Association is?

Mr. REYBURN. I have been a member of it since I became a merchant, 21 years ago, and I have been a director at various times, and now I have been chairman of their committee since last October when they appointed a committee on this subject of economic security.

Senator BARKLEY. I see that you are connected with the Associated Dry Goods Corporation.

Mr. REYBURN. Yes, I am president of that.

Senator BARKLEY. What is that organization?

Mr. REYBURN. It owns 8 department stores in 5 States. One them is in your town of Louisville.

Senator BARKLEY. Under what name?

Mr. REYBURN. Stewart Dry Goods Co.

Senator COUZENS. Are these all held through a holding company?

Mr. REYBURN. Yes; a holding company owns these eight stores. However, they are locally managed; there is no question about that. I am the partner of the heads of the different stores, but only a junior partner or consulting partner.

Senator CONNALLY. Is each one a separate corporation?

Mr. REYBURN. It is a separate corporation; yes, sir.

Senator BARKLEY. Dividends are paid to the stockholders of each separate corporation and also to the stockholders of the holding company?

Mr. REYBURN. All the stores but one are wholly owned, and so the dividends go to the holding company and from there to the stockholders.

Senator BARKLEY. I was wondering whether the dividends are pyramided, that is, separate dividends to each separate corporation's stockholders, and then the stockholders of the holding company are supposed to get dividends.

Mr. REYBURN. That is beside this question, but I would like to explain it if you have time.

Senator BARKLEY. The holding company owns all of the stock in the corporation?

Mr. REYBURN. All except one of the stores, there is a little outstanding stock.

Senator BARKLEY. So the dividends all go to the holding company?

Mr. REYBURN. Yes. May I say just a word on holding companies? You know we business men discover safety in our ventures by distributing our risks, just as insurance companies do, and the justification of the department store is that principle of distributing risks. It has many stores in one. Some of them are in black this time and in the red next time, but altogether, going along together, with the advantages of watching results and developing better plans and better principles, presumably they are all benefited and the investor is benefited. That same principle applies to a holding company like ours. It was the consolidation of two other holding companies when I took charge of it. It has never been changed as far as the principle of representing the stockholders is concerned, and it remains now just as it did 21 years ago, and our risk is distributed in each store among 60 or 70 departments, and then the risk is distributed in 8 different stores in 8 different localities. That was the principle on which it was set up.

Senator BARKLEY. Let me ask you this: I have been somewhat familiar with the National Retail Dry Goods Association over a number of years—I have addressed its meetings. I would like to ask you what is the genesis of the interest of the National Retail Dry Goods Association in this type of legislation if you can tell us again?

Mr. REYBURN. The interest of the retailer is the interest of the consumer, which is practically the interest of the citizen. In prosperous times he got his political obligations and his religious and social obligations kind of mixed up and he paid very little attention to politics. He realized after a while that while he ought not to interfere with a man's religion because the freedom of that was guaranteed to him, or free speech, or his social aspirations, he has begun to realize that his political duties are separated from those and he ought to attend to them, and he got into this, as I expressed it in one of my speeches—business got so interesting back in 19 19

that I began to neglect my political duties, so I lost my name. I am trying to get my name back. This was a thing where I thought I could help my business and help my country, and I began to talk about it, and the first thing you knew, they wished a chairmanship on me, so I have been a journeyman country saver most of the time since last October. That is about as near as I can answer you as to how they got interested. A number of other men were thinking as I did, so we got together and expressed it in this resolution.

Senator WALSH. Your interest was somewhat based upon the possible effect on your pay roll?

Mr. REYBURN. We are willing to stand taxes. We would like them to interfere as little as possible with industry and employment.

Senator WALSH. It is a proper attitude.

The CHAIRMAN. We are glad to get your views and will consider your suggestions.

Mr. REYBURN. Thank you Senator. I just have one paragraph that I did not read of this memorandum.

We think the Federal Government should participate in such a program to bring about uniformity throughout the Nation. However, flat rates for benefits should not be paid. The cost of maintaining social and economic standards vary greatly in different States and in different counties and municipalities in the States. Such practical differentials in living standards should be taken into consideration. Otherwise in those counties and municipalities where living is simple, wholesome, and less expensive, payment of benefits on flat rates would in fact be given advantages that would amount to a preferential over those people who live in localities where the necessities of life were more expensive.

In other words, the distribution of such funds should be made on some plan that would provide an equality of real income rather than monetary equality.

Senator BARKLEY. Are you speaking now of the pension features, or unemployment features?

Mr. REYBURN. In the schedule here.

Senator BARKLEY. What do you think of the wisdom and propriety, purely as a matter of government, of levying a tax on the people of one State for a definite and specific purpose and then if the State does not pass legislation that would bring it within the meaning of the law, to expend the money for that purpose, in general governmental purposes and not the purposes indicated in the act?

Mr. REYBURN. I am entirely a States' Righter. I think local people can look after local affairs better than some people far away, but you know the interstate commerce knows no State lines, credit knows no State lines, and in our modern industrial civilization, these problems of social security will have to recognize that fact and not be bound down by State lines. I may not be able to defend it as a high moral principle, but I see no objection to it in a thing of this kind. It may be a dangerous thing, and I do not mean to endorse it, but at this particular time—and I am speaking only for myself and trying to answer your question—a law that would seem fair generally and would be permitted by the Constitution that looked to compelling the States to contribute, even though it penalized those States who did not come forward, and in that event would give more money to the States that did cooperate in the law, might be fair.

Senator BARKLEY. That is not what is going to happen. Let us assume that we pass this act within the next 2 or 3 months and that the legislatures of half the States take advantage of it by providing laws of their own, which would bring back to them 90 percent of the S-percent tax that is levied on their pay rolls. The other half of the States for one reason or another do not enact that legislation, but the 3-percent tax is levied on their pay rolls just the same. That 3 percent collected from half the States that do not enact their own laws does not go, not a nickel of it, into unemployment insurance in the other half of the States but it is covered into the Treasury and may be used for any purpose for which money may be appropriated.

The point that I have in mind and that sticks in my craw is that there ought to be some earmarking of this unemployment money that is collected from the States that for one reason or another might not be able to enact this law within a year or two, so that when it does come in, that money would be available and not just take it away from them and put it into salaries and general expenses, highways, or any other Government purposes. It seems to me if it is collected for unemployment insurance it ought to be spent for unemployment insurance, and if the State is, by reason of the delay in its legislative session or for any other reason it cannot overnight comply with the requirements, that the money collected from it ought to be held against the day when it can comply or will, so that it will get the benefit of it. That is my idea. I would like to get your reaction to it.

Mr. REYBURN. I will give you my reaction. It seems to me there is much justice in what you say. I have not a definite opinion on that, but not doubt you have given it a good deal of thought.

Senator BARKLEY. I would not want to do anything by which the State would be encouraged to delay its law. I cannot see just how that would, because it has to pay the tax anyhow, and yet I do see that it seems to me that we have gone out here perhaps to raise a fund for unemployment, that that money ought to go to unemployment and not something else.

Senator BLACK. I am very interested in your statement, as I understood you, that your association favored the idea of collecting as much of this as possible for general revenue rather than from the payroll tax. Was I correct in that understanding?

Mr. REYBURN. In all the pension problems, we think that ought to be done. Everyone suffers from old age and everyone ought to get that benefit. Industry all by itself ought not to pay them. If you pay it out of general revenues, it will be a matter of legislation from year to year, and that will educate the public better, and it will educate the various administrations to carry on that responsibility, and I believe it will get a better and more economic administration of that law.

Senator BLACK. You then will have to pay the taxes either way, under general revenues of the pay roll?

Mr. REYBURN. Yes.

Senator BLACK. But you believe a better method would be from general revenue sources?

Mr. REYBURN. I know the difficulties you gentlemen are up against in revenue. Everybody resists it, but I think the public opinion of these probably 37,000,000 who have jobs now and who are struggling with this problem, would very readily accept and support you if the

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. Reyburn.

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,