

Waiting period.—No benefits are paid until the wage loss equals 3 weeks full-time wages. Only one such waiting period shall be required in any 12 months. The waiting period is doubled for an employee who has been discharged for just cause or has voluntarily quit without just cause.

Seasonal industries.—In seasonal industries the right to benefit shall apply only to the longest seasonal period which the best practice of such industry will reasonably permit. The commission is to determine such seasonal period and fix the proportionate number of weeks required for qualification and the proportionate number of weeks for which benefits may be paid.

Insurance fund.—All contributions are pooled in one fund from which benefits, the expenses of administration, and the cost of free public employment bureaus are to be paid.

Administration.—An unemployment commission of three members is provided to administer the system. Branch offices and local free employment offices are provided. Appeals from decisions of local managers may be taken to local appeal boards and then to the commission. An appeal may be taken from the decision of the commission to the court of common pleas.

The CHAIRMAN. Thank you very much.

The next witness is E. J. Harding, of the Associated General Contractors of America.

Mr. W. A. SNOW. I am here representing Mr. Harding.

STATEMENT OF W. A. SNOW, REPRESENTING THE ASSOCIATED
GENERAL CONTRACTORS OF AMERICA

Mr. SNOW. I am a member of the national staff of the Associated General Contractors. I have a statement here I would like to present to the committee on behalf of the association and in the interest of brevity if you so decide, I will turn it over to the reporter.

The CHAIRMAN. Thank you very much.

Mr. SNOW. The Associated General Contractors of America, whom I represent, desires to place before your honorable committee certain facts pertaining to the probable effect on the business of general contracting and construction industry, which will result if and when the present provisions of S. 1130 are enacted into Federal Law.

(1) Section 606 under title VI exempts governmental agencies from the definition "employer" who is required to pay the excise tax as specified in section 601.

General contractors, in bidding on public work, will have to include this excise tax as a part of their cost. On the contrary, the governmental agency when compiling its estimate of cost is relieved of this cost item, thus setting up an unfair competitive situation between the general contractor and the governmental agency, all in favor of the latter. This is due to the fact that governmental agencies most generally resort to the day-labor method of construction when they believe that, based on their estimates, the work in question can be done by themselves at a less cost than the lowest responsible bid received from general contractors.

We therefore recommend that the bill be so changed as to provide that when any governmental agency performs construction operations with its own forces, that is, utilizes the day-labor method, it shall contribute to State and Federal social-insurance funds in an amount equal to that which a general contractor would have had to contribute if he had performed the same construction operation under contract. And further, that such contribution be made from the appropriation for the specific construction project and become a part of the cost thereof.

Any further tendency of governmental agencies to impose upon private industry taxes, restrictions, and regulations which are not to be equally binding on governmental agencies if and when they compete with private industry, will only serve to further depress industry and seriously retard national recovery.

We are apprehensive as to the result of the broad enabling provision of section 407, title V. It would appear that the various States coming under the act might create reserves in the form of a pool for each industry. General contractors in a State where the act applied, would contribute to the construction industry pool in the form of a State unemployment insurance tax. State, county, and municipal agencies engaged in construction utilizing the day-labor method would not so contribute to the pool. Private investors in construction then would bear the entire tax contribution for the construction reserve pool, which would in times of stress inure to the benefit of not only construction workers whose employers had paid the tax, but also to those construction workers employed by the tax-exempt governmental agencies.

It must be borne in mind that it has been estimated that approximately 87 percent of the unemployed of all industries who have been put to work have been injected into the construction industry in competition with regular trained and experienced construction workers. If reserves are set up in each State, one for each industry, we recommend that in order to provide for fair and equitable distribution of unemployment benefits, the construction industry be permitted to clearly define its own workers. The construction industry should be required to build up unemployment reserve funds only for the benefit of its own employees so defined.

The failure of a governmental agency to make contributions to a construction industry pool when it engages in the construction industry would make the contribution requirements of the private employer engaged in construction so high as to place a completely unfair penalty on all the private investors in construction.

(2) Another point that we herewith wish to present is the case of the so-called "transients" or "interstate" construction worker. He is a man who moves over the country, obtaining work wherever he can. It is not clear in our mind just how the proposed unemployment compensation funds will be disbursed on his behalf. May we recommend that the bill provide some means whereby the Federal Government will take the responsibility for providing unemployment benefits to an employee in the construction industry who may have worked a sufficient length of time to entitle him to such benefits, but whose employment has been within several States. Such a function by the Federal Government would render a most valuable service to both the States and such transient workers.

The CHAIRMAN. The next witness is J. F. Kolb, representing the National Metal Trades Association.

STATEMENT OF J. F. KOLB, DIRECTOR OF INDUSTRIAL RELATIONS
NATIONAL METAL TRADES ASSOCIATION, CHICAGO, ILL.

MR. KOLB. Mr. Chairman and gentlemen of the committee, I represent somewhat over 900 manufacturers of metal products of the United States in our association.