

Mr. MARSH. That is a matter upon which you have more information than I have.

Senator COUZENS. That is the reason I am questioning your judgment.

Mr. MARSH. I would point out that the Government had been able to do some things reasonably cheaper.

Senator KING. What, for instance? I have not discovered it yet.

Mr. MARSH. Before the advent of Saint Jim Farley, they ran the post office pretty well.

Senator KING. Not very cheaply. They had a deficit, notwithstanding the high prices, a deficit of about \$150,000,000 a year.

Mr. MARSH. Under which administration?

Senator KING. The deficit was under all administrations.

Mr. MARSH. A Republican administration will always find a deficit under Democratic administrations, and a Democrat administration will always find deficits under Republican administrations.

The CHAIRMAN. I am trying to accommodate everybody today; we have a large calendar. Will you proceed, Mr. Marsh?

Mr. MARSH. I am answering questions. I will confine myself to the unemployment feature and security.

Before Senator Couzens raised the question of what the Government would do, I had mentioned the establishment of a housing-corporation and buy land cheaply; secondly, it will have to go into those industries where there is vast unemployment, because of over-capitalization, commandeer them, write down the capitalization and put people to work. It will have to go all down the line and do that, and it is going to have to do that within a year or have to spend 4 or 5 billion dollars, and as the National City Bank pointed out, our real debt of the 31 of June next year, the national debt is going to be nearly \$39,000,000,000. You cannot keep on feeding them; the Government has got to employ them.

I have made the practical suggestions as to this bill, and I suggest that you substitute the principles of the Lundeen bill and stop talking about unemployment insurance when that term is now 10 years too late. If we had started 10 years ago, it might be insurance. Now, the only thing, you can do is, for the Government to get prepared to insure income or to maintain people without doing any work, and if this administration cannot I am confident the American people will find their administration that can in the next election. We shall have to socialize ground rent, all natural resources and natural monopolies, and basic industries.

The CHAIRMAN. Thank you. Is Miss Taylor here?

**STATEMENT OF MISS LEA D. TAYLOR, CHICAGO, ILL., REPRESENTING THE ILLINOIS COMMITTEE ON SOCIAL SECURITY**

MISS TAYLOR. I am representing the Illinois Committee on Social Security, a State-wide organization on which there is representation from those connected with civic, educational, religious, agricultural, social service, labor groups and individuals, and employers, such as the Woman's Trade Union League, Amalgamated Clothing Workers, Illinois Federation of Labor, Chicago Church Federation, Chicago Federation of Settlements, the Urban League of Chicago, the committee on social legislation of the Governor's committee on unem-

ployment, the League of Women Voters, the City Club of Chicago, and the National Council of Jewish Women, in addition to other groups, and such individuals as Father Maguire, Dr. John A. Lapp, Henry P. Chandler, Paul Douglas, and others.

They wish me to express their whole-hearted support of the principle of social-security legislation, if it provides security to the worker.

They feel strongly that the 3-percent pay-roll tax provided for in title VI of the social-security bill is entirely inadequate and does not provide security to the worker. The waiting period would be tragically long for those whose wage does not permit saving against unemployment, and that the length of the benefit period is too short to meet the basic principles upon which unemployment insurance should be based.

They urge the necessity of adding to the 3-percent pay-roll tax a Government subsidy of 2 percent, making a total of 5 percent, which would reduce the waiting period to a reasonable length and increase the benefit period.

They urge that standards of security be incorporated in the bill which would be required of States in their local legislation and insure the protection of the worker. Such standards should be based upon the provisions not less than the local standard of living calls for.

They feel that in section 608 there is danger that employers may 'build up an exemption from' premium payment, which may defeat the purpose of the bill in that industry.

Knowing well the effect of even short-time unemployment on family life, when insecurity breeds distress and fear, which cuts the family off from normal community life, reduces food budgets to a danger point, deprives young people of their chance for education, and creates community hazards, the Illinois Committee on Social Security wishes to emphasize the fact that the pay-roll tax of 3 percent would necessitate the use of relief funds in many instances to tide over the waiting period, and to supplement the low-insurance rate and the short benefit period. The cost of this in money not only, but in the depreciation of human values and in security: will be a burden on the community and may defeat the purpose of the social-security legislation.

Speaking from personal experience of social work in an area of Chicago now in its sixth year of serious unemployment., I can testify to what adequate social insurance would have done in the early days of the depression, in keeping alive purchasing power in a neighborhood where it would have counted for much, in maintaining family stability and self-respect, in giving that social security which would have taken the edge off of fear which undermined the family life of the community in the tidal wave of unemployment that swept all before it.

Our Illinois committee hopes that the Senate committee will recognize these facts and will see that security is provided for the worker in whose interests such legislation should be drafted.

We have provided security for the funds by putting them in Federal hands, we have provided some security to industry by providing for the payment of taxes, for security of the worker? however, that is left to 48 States with no standard set up by which we may be sure that there may be some provision which will at least meet minimum

standards of living for the workers in those States. We do not regard social security as a cure-all, but we do regard it as a necessary part of industry.

The CHAIRMAN. Mr. Williams.

STATEMENT OF ERNEST WELLS WILLIAMS, WASHINGTON, D. C.

The CHAIRMAN. How much time do you want?

Mr. WILLIAMS. Possibly 15 minutes.

Senator KING. Are you one of the witnesses that Mr. Emery referred to yesterday?

Mr. WILLIAMS. I could not say.

The CHAIRMAN. Be as brief as you can, Mr. Williams.

Mr. WILLIAMS. May I refer to these charts in my brief talk?

The CHAIRMAN. Yes.

Mr. WILLIAMS. Mr. Chairman, Senators of the committee, ladies and gentlemen.

I should? perhaps, briefly introduce myself, regardless of the limitation of time in this hearing. My name is Ernest Wells Williams, my address is 1228 I Street, Washington, and I appear in what I hope may be considered somewhat of a technical capacity. Although I have never publicly admitted to being an economist, political or otherwise, several discoveries which I am suspected to have made, affecting the views of an unknown number of people as to the relations between government, people, business, and capital, have led to my being accused of being some kind of an economist.

I may say, however, that what I myself, and some others also, consider the most vital of these discoveries, or rather the uncovering of certain economic principles, involve directly the most fundamental principles and purposes of this economic security bill, not only as to its taxation features, but elsewhere.

May I also say that the name of this bill indicates plainly its true nature and purpose. It should be the second chapter of the national recovery plan. There is admitted to be a desperately urgent need for a fundamental and great change in economic conditions. If a fundamental and important economic error, about the evil effects of which there could be no question, could be discovered and pointed out to this Congress, that error might be safely corrected, with the result that a safe, immediate and beneficial change would be possible.

May I now have the privilege of for the first time making public an economic error of just that sort—a basic error, which led, as such basic errors must always lead, to further errors and a host of evil economic consequences, all of vast magnitude? All the means for the correction of that error are in your hands—honest, lawful means for effecting this change; and this proposed change appears, further, to be exactly in accord with the fundamental principles and I might say “ideals” which the framers of the American Constitution and the founders of the American Government must have had in mind.

With the correction of this error, I believe a very great wrong to the American people, to the Congress, and to the American Government will have been righted. It is not required that this wrong be corrected in a vengeful manner, which it may deserve, but only permanently corrected.