

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

Mr. REYBURN. Mr. Chairman and members of the Ways and Means Committee, I am here representing the National Retail Dry Goods Association. It is an association of about 5,480 stores. Membership comes from all the States of the Union. Those stores do probably \$3,500,000,000 of business, and they employ something like 700,000 people. They are in very, very close contact with the consumer.

Retail stores, as a rule, are not concerned about political problems unless they get to be very big problems, and unless they affect the people, their customers.

Among the members of this association are a great many men who have studied this problem for a number of years. However, a wide and intensive study of it was begun last summer. As a result of that study, the minds of a great many of the members of this association met and at a recent convention they adopted a resolution. We have had copies printed and brought here to you.

The amazing thing about that resolution which was adopted one day before the President's message was delivered, was the great similarity between the suggestions therein and many of the provisions suggested by the Economic Security Committee. However, there are some differences and we wish to call your attention to some of them. But it is not my province to do that. I am probably enough of a lawyer to know that the credibility of a witness should be tested, and I am here to speak of the association's interest, to give you this pamphlet, to quote a few passages from it, and then I want to ask you to hear another merchant.

I might say that as a merchant I am interested in 8 stores, one as far west as Minneapolis; another one in Louisville, Ky.; another one in Baltimore, Md.; and 2 in Buffalo, N. Y.

I think the man who will follow me, who is a merchant from Baltimore, where he was born, where his father and mother were born, and where they have been in this business of retail distribution for at least two generations, Mr. Hutzler, has appeared before a subcommittee of this committee on this subject. I think it was last spring. He is one of the students among the merchants who has given this question serious attention for some years.

I am only going to say a few more words, and then I would like the committee to hear him. This is what I want to say, and it is a quotation from this pamphlet:

We merchants believe that 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 of its 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.

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.

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 the 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. 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, within 2 years, 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. The incentive to regular employment will be greatly augmented by the differential in the rates.

Gentlemen, I thank you very much, and I should like to introduce Mr. Hutzler.

Mr. HILL. What do you mean by differential rates?

Mr. REYBURN. You take, for instance, newspapers, banks, retail stores; perhaps many service corporations having more continuity of regular employment—in fact, in retail stores there is not so much unemployment as there is extra employment. While we know that all of those agencies should contribute something to those manufacturers who cannot, in the very nature of things, maintain a continuity of employment, still we do not think we ought to be on an equal basis. We should make some contribution for the general welfare, but I do think it is a wise provision for you gentlemen to make these distinctions.

Mr. HILL. How are you going to classify them; how are you going to make the distinction?

Mr. REYBURN. I think that would be quite easy, with this 2 years of collecting and 1 year of distribution. You will find out a great deal in that time. We could furnish you a great deal of evidence now, and I imagine the newspapers can.

You take a newspaper. Probably 50 percent of its revenues goes in pay rolls. You take most retail stores. Probably 20 percent of their revenues go in pay rolls.

Whatever tax you make is going to increase their expenses, or contributions, I believe it is called. It will be a very big contribution for the newspapers.

If they can maintain a regular employment, they ought to get the benefits of it to some extent. We do not object to these favored classes. They have not arrived at that state of employment conditions of their own merit. It is a social condition that brings it about.

But, at the same time, their margin of profit is small and they are contributing a service to society and we think that that distinction ought to be made.

It is made in life insurance; it is made in fire insurance. In fire insurance my information is that there are four or five basic rates. Then, each business is classed within those rates, and then there are certain other hazards, and the final rate is built up by considering those. We think that principle would apply here.

Mr. HILL. What general language could be used in the bill that would enable the administrator of this unemployment-compensation fund to determine who would be entitled to these differential rates? Can you fix that for us?

Mr. REYBURN. That can be fixed by experience, just as the fire-insurance rates are fixed now. As a matter of fact, these companies can give you a lot of information right now from their studies. Of course, to have a flat rate for 2 years, at the end of that time you will begin to get your official evidence which will be very much more convincing to the public.

Mr. VINSON. Will the gentleman yield to me there?

Mr. HILL. In just a moment. I have one more question, and then I shall be glad to yield.

Speaking of these preferential or differential rates, you have in mind the tax that is to be levied?

Mr. REYBURN. Yes.

Mr. HILL. I yield now to the gentleman from Kentucky.

Mr. VINSON. As I understand it, this plan, entitled "Retailers' Economic Security Plan", was adopted at the twenty-fourth annual convention of the National Retail Dry Goods Association?

Mr. REYBURN. Yes, sir.

Mr. VINSON. On January 15, 1935?

Mr. REYBURN. Yes, sir.

Mr. VINSON. That was just prior to the President's message and the introduction of the basic bill.

Mr. REYBURN. Yes; and they would not give us any information about what was contained in their report. We did not know what they were going to report.

Mr. VINSON. Have you made a request that this plan be incorporated in your statement?

Mr. REYBURN. I should like to have that done.

Mr. VINSON. I think it would be well to have it.

The CHAIRMAN. Without objection, it will be made a part of the record.

(The document referred to is as follows:)

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 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—

(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 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 workers' 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 which 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, R. H. Macy & Co., New York, N. Y., chairman; F. W. Aldred, 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 Bros. Co., Baltimore, Md.; Edgar J. Kaufmann, Kaufmann Department Stores, Inc., Pittsburgh, Pa.; Louis E. Kirstein, William Filene's Sons Co., Boston, Mass.; Fred Lazarus, Jr., The F. & R. Lazarus & Co., Columbus, Ohio; Ward Melville, 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. VINSON. I understand you to say that if you had a differential rate the experience would determine just how these divisions would be made.

Mr. REYBURN. Yes.

Mr. VINSON. Is not that in conflict with your own printed plan?

Mr. REYBURN. No; it is in there.

Mr. VINSON. Let us see. On page 4, paragraph 4, you say—and this is under the heading "Unemployment reserves"—

In the initial stages, the contributions from the various industries and establishments should be at the same basic rate. * * *

Mr. REYBURN. That is right.

Mr. VINSON (reading):

As soon as experience with the incidence of unemployment is built up, provision should be made whereby differential rates can be established.

Mr. REYBURN. That is true.

Mr. VINSON. Is not that exactly the reverse of what you said?

Mr. REYBURN. No.

Mr. VINSON. Your plan here suggests that the contributions from the various industries and establishments in the beginning should be at the same basic rates and then a study would be made, with the experiences of the initial stages at hand, and then the differential rates might apply.

Mr. REYBURN. I have put a time element in it that is not contained in this resolution—

Mr. VINSON. How is that?

Mr. REYBURN. I put a time element of 2 years in this, because your bill seems to indicate that you are going to run on the same basic rates for 5 years.

Mr. VINSON. This plan here does not say anything about 2 years. This plan says that in the initial stages the same rates should prevail on all employment and then after that initial stage, which now, since this plan was adopted, you think should be 2 years, the differential rate might be determined.

Mr. REYBURN. Since this was adopted—

Mr. VINSON. Since what was adopted?

Mr. REYBURN. Since this resolution was adopted, this bill was introduced in Congress, and it seems to us that is going to allow the initial rate to run for 5 years and we think that is too long. We think it will work an injury not only to industry but to the public.

As I said in the last two sentences of my other statement, "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. The incentive to regular employment will be greatly augmented by the differential in the rates."

The merchants who have met since your bill was introduced, and who have tried to compare the bill with this resolution, think that 5 years is too long a period and that you would have a 3-year period there that would be unnecessary; that you can get your experience statistics out of records that already exist and out of records that will be accumulated by the States and the Federal Government that will enable you to act.

Mr. VINSON. Have the differential rates at the beginning, you mean?

Mr. REYBURN. Have the differential rates in 2 years.

Mr. VINSON. Did you make that statement a moment ago?

Mr. REYBURN. Oh, yes. I think a moment ago I said—

Mr. VINSON. I mean before my inquiry. I was listening very carefully, and I got the impression that your statement, which I assume to contain conclusions reached since the preparation of this report—

Mr. REYBURN. Yes.

Mr. VINSON. Was in direct conflict with the printed language of the report.

Mr. REYBURN. No. It is quite consistent with it.

Now, Mr. Chairman, a special committee was appointed, and perhaps I might read the names of the merchants who were appointed to it—to represent this association at this Ways and Means Committee. I am chairman of it, Samuel W. Reyburn. Mr. Albert D. Hutzler is vice chairman. We wanted to have two, so we could take advantage of your calendar, whenever you gave us the opportunity to appear. If I was in Chicago, perhaps he would be in Baltimore and could get here quickly. You see, we are representing a lot of people when we come here.

Louis E. Kirstein, of Boston; Frank H. Neely; Beardsley Ruml, of New York; and Edgar Kaufmann, of Pittsburgh.

We would have had a larger and more widely scattered committee, except it is so hard to get merchants to attend meetings.

Mr. VINSON. Let us get back to this differential rate, if you will.

Mr. REYBURN. Yes.

Mr. VINSON. Do I understand you now to say that it is the conclusion of your organization and the committee that has been designated to appear here for them, that through the initial stages, for a period of 2 years, you now say, the contributions from the various industries and establishments should be at the same basic rate?

Mr. REYBURN. Yes, sir; for those 2 years. If you would insert the words in this economic-security plan "within 2 years", right after the word "up" in that fourth paragraph, that would meet it. We think 5 years, indicated by the bill, is too long, and it will not do the public any good, and it may do a great many worthy distributors and producers some harm.

Mr. HILL. I want to ask just one more question: When you say that the unemployment reserves should be built from a tax on the employer and a tax on the employee and from contributions by the State, do you mean the fund that the State itself builds up or do you have reference to this Federal fund?

Mr. REYBURN. I mean both the Federal and the State; they must cooperate, in our opinion.

Mr. HILL. This plan contemplates that the State itself shall set up a system of unemployment insurance.

Mr. REYBURN. I think you are very wise in being concerned about free employment agencies. I think they ought to be fairly uniform throughout the country. I think Congress ought to continue to stimulate an interest in that and help the State to get this law over. We have a great economic and social reform before us, and we do not want to fail.

So it ought to start out as efficiently as possible in the beginning and the Federal Government has got to keep up an interest in it, and every State government, and with them every county and village, must be interested in it.

Mr. HILL. Do you approve the general plan?

Mr. REYBURN. Oh, I should have said that in the beginning. You will see that the resolution that we adopted does approve your general plan, and we only are here today to make a few suggestions. I think Mr. Hutzler can make those better than I can. I do not want to monopolize all this time. I want to get some of these other merchants here, and I will get as many as you will allow me, if you give me the time.

Mr. TREADWAY. I should like to ask one or two questions. I understood you to say that your organization has 5,480 stores.

Mr. REYBURN. Yes.

Mr. TREADWAY. And employs 700,000 people?

Mr. REYBURN. That is—

Mr. TREADWAY. Roughly.

Mr. REYBURN. That is just an estimate, but I think that is right; it may be 600,000, it may be 750,000.

Mr. TREADWAY. I just wanted to be sure that I understood you.

Mr. REYBURN. Yes, sir.

Mr. TREADWAY. You say you are connected with a half dozen stores yourself?

Mr. REYBURN. Eight stores.

Mr. TREADWAY. I suppose, then, that this figure of 5,480 does not represent that many actual owners or groups, but individual stores.

Mr. REYBURN. Oh, yes. Our stores are members. They each have separate membership.

Mr. TREADWAY. How many of these stores or employees have any old-age or other employment insurance?

You said you did not have much unemployment.

Mr. REYBURN. Yes. We have more extra employment.

Mr. TREADWAY. That is, you put on extra clerks now and then. In other words, you have a basic staff.

Mr. REYBURN. The basic crowd is kept pretty well through.

Mr. REYBURN. The basic staff is kept pretty well through.

Mr. TREADWAY. Irrespective of the actual flow of business?

Mr. REYBURN. That is, it is a fairly uniform flow of employment. But at Easter, for example, we employ extras, and at Christmas we employ extras.

Mr. TREADWAY. So that the unemployment feature of the bill before us is not the main factor in your appearing as a witness here. That is, the aid in the matter of unemployment that this bill covers.

Mr. REYBURN. We have specialized on unemployment in our studies in the last few months. A great many of us have taken in the whole comprehensive program.

Mr. TREADWAY. The whole of the program that you submit here?

Mr. REYBURN. Yes.

Mr. TREADWAY. I understood you to say that while this program, to a very large degree, covers the same ground as the President's message—

Mr. REYBURN. It does.

Mr. TREADWAY. It was entirely independent, and you had no knowledge of what was to be contained in that message?

Mr. REYBURN. We could get no knowledge of what they thought. I tried a number of times, and I think other merchants did.

Mr. TREADWAY. What I am driving at is this. How many of your 700,000 employees are today receiving benefits through your organization, either of unemployment or old-age security?

Mr. REYBURN. I could not tell you that. I should say that the margin of profit is so thin with so many of them that perhaps some of them have no general provisions at all. But a great many, and most of the old stores, the large stores, have pension policies and pension a great many people.

Mr. TREADWAY. Let us take an illustration. We all know of Woodward & Lothrop, we all know of Garfinckel's. Take half a dozen of the large concerns right here in Washington. Have they any special form of unemployment or old-age insurance or pension?

Mr. REYBURN. I cannot tell you about them. I did not gather statistics of that kind. You must remember that only the stores that have been prosperous, that have been far enough ahead of the sheriff to have something to pay, have done that. All the stores that I represent have paid pensions for the last 21 years that I have been at the head of the organization.

Mr. TREADWAY. What percentage?

Mr. REYBURN. A very small percentage, because we keep people that are pretty old; many of them can do duties around the store until they are—well, I think we sometimes keep them on the regular pay roll until they are 75 years old. None of them ever want to go on a pension.

Mr. TREADWAY. You do not force the retirement unless the mental or physical condition of the employee makes it necessary?

Mr. REYBURN. Unless they begin to injure business. Sometimes you will find that a man or woman at 55 gets so that they offend or antagonize more customers than they please, and you have to take them out. You give them a pension, or maybe you help to get them a job somewhere else.

Mr. TREADWAY. Are those systems that are in force in your stores, for instance, contributory?

Mr. REYBURN. No.

Mr. TREADWAY. Contributory on the part of the employer and the employee both?

Mr. REYBURN. No. We have never asked employees to contribute, and the reason for that in my organization is this: I took charge of stores that had been operating a long time, and they were operating under charters to do business. As a matter of fact, the officers and

directors had no authority to contribute any money to pensions, and they only do it as an employment policy; it helps the efficiency of those people who remain. But all the assets are at the risk of the business, and to promise a plan and make other people contribute to it might put us in the position that the Armour Packing Co. got into when they got into financial difficulties. Their employees and the public generally had bragged about their great pension system for years, and when the company failed it was gone.

We never could under our charter make a contract of that kind, and we have not done it. So even the assets that we pay these pensions out of are at the risk of the business; and if we should fail, the pensions, of course, would stop.

Mr. TREADWAY. In other words, you are not setting up a reserve.

Mr. REYBURN. No.

Mr. TREADWAY. Such as we were told about yesterday. We had a gentleman here yesterday afternoon who described various wholesale establishments. He described two classes—those that had a reserve and those that did not. Your class of business has no reserve for emergencies in the future.

Mr. REYBURN. And no other businesses that do business on a small margin of profit have. Those reserves have been set up in a good many companies. They have many manufacturers who are, perhaps, protected in patents and in other ways who have those reserves. My contention has always been that it ought not to be the promise of the company that is engaged in trade. It ought to be a segregated amount to be set aside and controlled, like insurance funds are controlled, under the supervision of the State.

Mr. TREADWAY. Assuming that you represent the stores employing 700,000 people, how many of that number are there who would come under the provisions such as you have in your store?

Mr. REYBURN. We have no figures on that.

Mr. TREADWAY. You would not know?

Mr. REYBURN. We do not know.

Mr. TREADWAY. Whether it is 100,000 or 50,000 of those employees?

Mr. REYBURN. Many of us have studied the records of the past 2 or 3 years—

Mr. TREADWAY. So that your recommendation to this committee is one of study of the problem rather than of practical experience with it?

Mr. REYBURN. Yes.

Mr. TREADWAY. Is that correct?

Mr. REYBURN. I think we can make a start. But I think a lot of people have got to be concerned with the study of it.

Mr. TREADWAY. I would like one expression from you in relation to your memorandum. At the bottom of page 4 there is this sentence:

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.

Mr. REYBURN. That is true.

Mr. TREADWAY. Whether you are referring to the manner in which it would be governed by the States or the Federal Government is not quite plain, but I am under the impression that you are referring to the State administration.

Mr. REYBURN. Well, to both of them. Your law that will encourage this sort of legislation in the States should be concerned enough about what the State does to see that they get sound policies in that cooperation.

Mr. TREADWAY. That leads me to ask your opinion as to a provision that is incorporated in this draft before us, which I judge you have examined with some care. In general, the idea is that the Government will make a contribution of \$15 to match \$15 by the State, and that they could extend that as much higher as they wanted to go.

Mr. REYBURN. You are talking about pensions now.

Mr. TREADWAY. Either system. Let us get your idea on the general proposition.

The bill itself carries with it the idea of leaving the regulatory features to the States.

Mr. REYBURN. That is true.

Mr. TREADWAY. The language so far as the Government is concerned is pretty broad, but there is a provision that the States must comply with the Government regulations.

Mr. REYBURN. Yes.

Mr. TREADWAY. Do you approve in toto that program?

Mr. REYBURN. Yes; we are in accord. We think the States, and even we ought to go down to the county. For many years I have been a director of the A. I. C. P. of New York. That is the Association for Improving the Condition of the Poor.

Mr. TREADWAY. That is an alphabetical agency we have not had around here. I thought we had all the possible combinations.

Mr. REYBURN. I think that set the example for you. That was started five or six generations ago. They began to use the alphabet then.

Mr. TREADWAY. Yes.

Mr. REYBURN. So there is nothing new in your recent invention down here. It is like everything else; it has been used before. But there we have had this problem up, and I think it is the belief of the committee that studied it that even the administration of pensions ought to go down to the county units, because there are many counties there where a pension of \$25 or even a pension of \$20 would maintain a person in that degree of social security and economic security that they have always had and that the neighborhood is used to. I think that is the general belief of those people that studied it.

Mr. TREADWAY. I gather, then, Mr. Reyburn, that your approval of this program, as a representative of the dry-goods business of the country, is one of general approval, from experience.

Mr. REYBURN. Oh, yes.

Mr. TREADWAY. The gentleman I was speaking of a moment ago brought in a suggestion to us yesterday that we exempt these companies from the tax levied in this bill because they have set up their own programs and it would be in the form of double taxation if they kept up their pensions, health provisions, and so forth. But your experience as a dry-goods man is a little different from that?

Mr. REYBURN. Yes.

Mr. TREADWAY. You are urging this on the Government and the State?

Mr. REYBURN. National and State action; yes.

Mr. TREADWAY. In order that your employees may be benefited. Have you ever carried out these provisions and found out whether or not they are practical?

Mr. REYBURN. I think this—this is my personal opinion; I have no right to speak for all these other men—that any organization that is making a big profit and can be more generous to its employees than the law requires is helping society. They ought to be permitted to do that any time, provided they segregate those assets and do not leave them at the risk of their business.

Mr. TREADWAY. That is getting to be a pretty complicated proposition when you talk about high profits. I am afraid the pensioners would be suffering right now if they were all based on high profits of the last few years.

Mr. REYBURN. That is true. But there still are companies that for years—I think the Eastman Kodak Co. has had some system for a number of years, and with the money they made they have been more generous. The result of it was they probably got better employees. And Ford, with his great profits—you can remember several years ago when he raised wages. He got a tremendous advantage out of it, and finally, all employees were benefited by it.

Mr. TREADWAY. Thank you.

Mr. VINSON. In the case of Armour & Co., to which you have referred, there was no segregation of funds there?

Mr. REYBURN. No segregation of funds.

Mr. VINSON. And when business went down the pension went down?

Mr. REYBURN. The pension went down; yes.

The CHAIRMAN. Thank you, Mr. Reyburn, for your appearance and for the information you have given the committee.

STATEMENT OF ALBERT D. HUTZLER, REPRESENTING THE NATIONAL RETAIL DRY-GOODS ASSOCIATION

Mr. HUTZLER. I am vice chairman of Mr. Reyburn's committee. Mr. Reyburn told you of the result. You have been reading that. I wish the whole thing could have been read. It was interesting to see how closely the document follows the bill, both in spirit and, in many places, in recommendation. There are many titles in the bill that might have been written by the retail committee itself; for instance, the whole subject of child welfare, the maternal and child care. Assistance to those who are now old was so substantially in accord with the document of the retail association that there is no need in our short time to discuss any details on which we might differ.

However, as far as the problem of health is concerned, this does not go as far as the retailers' platform. We understand that there is a special commission studying health insurance. We feel that that is important to be followed up.

As far as the question of old-age insurance for those who are not yet old, when we had our meeting and after our various studies, we were somewhat stumped. The problem has not been developed as far as the other subjects, particularly unemployment insurance. While studying the provisions of this bill, we feel that the framers