

The National Congress for Unemployment and Social Insurance — And After

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A CONGRESS based upon one of the most important issues facing the working class will be held in Washington, D. C., on January 5, 6 and 7. This is the National Congress for Unemployment and Social Insurance—a broad united front Congress initiated by the National Unemployment Council and organized by a broad National Arrangements Committee, which includes people of all trades, professions, and political affiliations.

This Congress has been made possible and necessary by the growing destitution in the country. With the unemployment figure remaining at fully 16,000,000, and with a prospect of a further rise during the coming months, it is obvious that the issue of social insurance, which has been raised so militantly by the Communist Party, the N.U.C. and the militant organizations, will cause wide reverberations.

This has been reflected also in government circles. As a result of the campaign for the Workers Unemployment and Social Insurance Bill, which has drawn to its support four to five million people, in the form of endorsements by locals of the A. F. of L., Railroad Brotherhoods, independent and T.U.U.L. unions, prominent national fraternal orders, professional, farm, veteran, Negro and youth organizations as well as 68 municipal councils and county commissions, etc., Roosevelt was compelled to make a demagogic gesture just before the closing of the 73rd U. S. Congress. In his message to Congress, he declared:

"The security of the home, the security of livelihood and the security of social insurance are, it seems to me, a minimum promise that we can offer to the American people."

To effect this, Roosevelt appointed a so-called "National Committee on Economic Security", which includes leading lights of his cabinet.

On June 28, Roosevelt evidently felt that his "promise" was already bearing fruit. In a radio broadcast he cynically asked the

following questions, presumably of the whole population of the country:

"Are you better off than you were last year? Are your debts less burdensome? Is your bank account more secure? Are your working conditions better? Is your faith in your own individual future more firmly grounded?"

These questions would have been, and in their own minds were, answered in the negative, not only by the millions of unemployed, but also by the millions of part-time workers, professionals, small farmers, businessmen, etc. (The radio is quite a convenient medium through which to ask such questions!)

This constituted the inauguration of the election campaign, giving the cast to the slogans and the platform. The Democratic Party set the pace by a continuation of "promises", as of 1932. The Republican Party, which up to this year had opposed all ideas of unemployment or social insurance, endorsed unemployment insurance. The other parties—the Farmer-Labor Party of Minnesota had endorsed the Workers Bill; the Socialist Party had no bill of its own, but put unemployment insurance into its platform. Only the Communist Party carried on a real campaign for the Workers' Bill, making it the center of its election campaign.

Roosevelt's election promises brought forth an avalanche of opposition from the big capitalists. They pretended not to know whether Roosevelt inclined towards the "Left" or towards the "Right". The demagoguery of the election campaign—Upton Sinclair in California; Olsen, now no longer a "progressive", but a "radical", advocating a "change of the system" in Minnesota; Zimmerman in Oregon; and LaFollette in Wisconsin—worried the bankers and big manufacturers of the country. On October 24, therefore—before the elections—at the convention of the American Bankers' Association, Roosevelt was compelled to state his position explicitly. He stood for the retention of the capitalist system; he believed in profit; he would do nothing to prevent "recovery"; he could be counted on to increase earnings and dividends.

The demagogic declarations to the masses, however, continued—and *continues*—as part of the whole policy of strengthening, as far as possible, finance capital in the deepening crisis.

On November 14—after the elections—and after he had received a so-called "mandate from the people", Roosevelt declared his position more openly. At the conference called by the "National Committee on Economic Security" in Washington, Roosevelt, following his theme of "first things first", stated that he would sponsor a system only of "unemployment insurance". Health insurance, old age pensions, etc., were postponed to a future date. The conference

had been called to act as a sounding board for the proposals of the "National Committee" on the "security" problems, and their solution, promised to the last session of the U. S. Congress by Roosevelt. Bankers, businessmen, labor leaders, social workers attended the conference, awaiting the word of the president. The "word" caused consternation. How could the president forget his promises to the masses? How could he ignore the "mandate" given him in the elections?

The apologists immediately went into action. Miss Perkins "interpreted" his speech as including *all* forms of social insurance in the program. It was on the assurance that this was embodied in Roosevelt's program that her speeches were fired with enthusiasm, as were the speeches of her co-workers in the National Committee and of others invited to address the conference—speeches which were issued to the conferees at the conference.

Thus it was clear that, with the elections settled, the bankers' demands, which were backed up by the National Manufacturers' Association and other groups of big capital, were being openly met by Roosevelt. That the demands of the bankers were insistent was evident further in the assertions of General Smedley Butler, who had been called upon to head a fascist organization, the strings of which lead to the doorsteps of J. P. Morgan. Still more evident are the hysterical attacks made by the fascist Hearst press upon the militant labor movement, and the rapid growth of open fascist organizations, such as the American Liberty League, American Union for Social Justice (Father Coughlin), etc.

It is not easy, however, for Roosevelt to fulfill the demands of the bankers, in view of the developing crisis. During and since the elections, the capitalists have been trying to create an "atmosphere" of "growing confidence". They point to increasing profits. On the anniversary of the New Deal, both Senator Wagner and Donald Richberg heralded a "new era" in the tremendously increased earnings of the big corporations. This has continued. (On Dec. 10 the U. S. Treasury Department reported that 26 more people had made incomes of over \$1,000,000 between Mar. 1933 and Jan. 1934, while incomes below \$5,000 declined.)

Montgomery, Ward & Co., increased its earnings in nine months from \$570,000 in 1933, to \$7,182,000 in 1934—an increase of 1,260 *per cent*; Standard Oil from \$128,938,000 in 1933 to \$168,000,000 in 1934—an increase of 30 *per cent*. Six hundred and seventy-five companies increased their dividends in one month from \$148,083,000 in October, of this year, to \$347,246,000 in November—*nearly* 235 *per cent*. Many extra dividends were paid during that month. Finally, while the destitution of the masses is growing,

interest and dividends of corporations for the years 1933 and 1934 are estimated by the Journal of Commerce of New York at \$6,385,000,000 and \$6,340,000,000 respectively. Thus finance capital has no reason to deplore the "New Deal" or to fear President Roosevelt. And when it is reported by the Federal Deposit Insurance Corporation that 800,000 out of the 50,000,000 depositors in the United States control two-thirds of the \$36,465,000,000 in deposits, then again it is clear that the bankers can agree with Roosevelt's policy—not the policy *professed to the masses*, but the policy *enacted for the ruling class*.

In this situation, the U. S. Chamber of Commerce states that there is "evidence of improving business sentiment and a basis for it" (N. Y. Times, Nov. 24). While putting more pressure upon Roosevelt, particularly with regard to "tapering off costs of production" (read: *wages*), the American Bankers Association and the U. S. Chamber of Commerce express confidence in "recovery".

With this so-called "recovery" taking place, the masses have nothing in common. On the contrary, in the month of November unemployment increased by 550,000, according to the report of the American Federation of Labor. Green states that there are 11,000,000 unemployed in the country. But Green's figure does not take into account various factors. There are among the unemployed in the United States, 250,000 teachers, hundreds of thousands of architects (95 per cent), engineers and technicians (85 per cent), tens of thousands of doctors, artists, writers, journalists, etc. The adoption of the Agricultural Adjustment Act with its "plow-under" program, resulted in the elimination of 300,000 cotton growers (sharecroppers and tenant farmers) in Texas alone. The result is 1,500,000 people on relief from that source alone.

The United States Department of Education has announced that during the five years of the crisis, about 7,000,000 boys and girls have graduated from the high schools and colleges. No more than one-third of these boys and girls have obtained work during this period, and then only at part-time and miserable wages (Newton D. Baker). This means that about 5,000,000 youth are totally unemployed.

Thus the figure of 16,000,000 unemployed is more nearly correct. The prospect for the coming months is not better. On the contrary, the steel industry, despite all the ballyhoo, is only operating at 29½ per cent of capacity (Dec. 10). The railroad, building construction, auto industries, etc., which means the basic industries, are purchasing no steel. But even increased production does not necessarily denote increased employment. Thus, the *Blue Eagle News*, official organ of the National Recovery Administration, re-

ports (Nov. 26, 1934) that from May to September, 1934, employment in the chemical industry declined only slightly, the payroll dropped somewhat more, but *production rose 27 per cent.* Speed-up and stretch-out are increasing in every industry. The employers, protesting against the minimum scales in the codes, using every method to evade them, and fearing no prosecution at the hands of the government, are introducing labor-saving machinery, thus economizing on wages.

Roosevelt has made it perfectly clear that the responsibility for relief for the millions of unemployed can no longer rest on the federal government, but must be shifted to the states and municipalities. The "community fund" campaigns, with the open blessing of Roosevelt, are in full progress, representing a direct tax on the wages of workers in shops, mines, offices. Pleading poverty and demanding economy, the state and city legislative bodies are imposing general sales taxes. They refuse to tax the rich; they refuse to declare a moratorium on the debt service of tens of millions of dollars to the bankers. No, the legislative bodies are for more "democratic" methods in taxation. Sales, wages, transit taxes are being levied, or stand immediately ahead of us.

While unemployment is increasing, the relief authorities are throwing tens of thousands off the relief rolls. Thus, in Alabama, the number on the relief rolls was cut from 103,000 to 54,000. In the cities, tens of thousands are being removed—but at the same time the number of *new* applicants is increasing, so that the total on the rolls is growing. Donald Richberg, reporting to Roosevelt, stated that 4,200,000 are on the relief rolls, but by next February the number will be 5,000,000. There are tens of thousands of new applicants who have never applied for relief, being "too proud", but who now are driven by desperation to do so.

About 100,000 single and young workers are in the transient camps, working for their food, shelter and—90 cents a week! There are more than 200 camps, and they are being increased. The government has extended the C.C.C. camps, and is recruiting 370,000 for service in the camps (an increase of 70,000 in these military camps!). This is the only part of the so-called "relief" program of the government that Roosevelt wishes continued, and the only part approved by the American Bankers' Association and the National Manufacturers' Association! This is part of the war program of the Wall Street government—a program that it is being put through under the guise of "public works"!

The government continues its own so-called "public works". The number of men employed is declining, but the purpose of these "public works" and the pay granted the men are illuminating. Thus,

the total number of men working on federal construction projects on Sept. 15 (latest report) was 390,000. The average pay amounted to \$56.14 *a month*, this including highly skilled mechanics. On F.E.R.A. projects there were 549,000 men (a decline of 75,000) receiving an average wage of \$9.62 *a week*. On this the worker must live and pay for his food, rent, light, clothing, etc. The total payroll for 14 months amounted to \$261,000,000, while the government expended \$505,000,000 for "materials". What are these "materials"? They include \$8,500,000 for "aircraft and aircraft parts", \$51,000,000 for "foundry and machine shop products", \$34,000,000 for "freight cars", etc. (This shows the method of preparing for *war* under the mask of "public works".)

While the government ballyhoos about "recovery" in spite of the definite prospect of a sharp decline during the coming months, and while Richberg declares that there has been an increase in the payroll of 8.5 per cent, we have but to note the government figures on individual earnings. Thus, the 3,439,000 workers in 24,206 manufacturing establishments earned, on the average, \$18.55 per week (report as of September, 1934—latest report), compared with \$18.40 a year ago. In some industries, it is far lower, as for instance, in the cotton goods industry, where the average pay was only \$12.55 a week. But even the pretended gain is totally wiped out by the increase in the cost of living, a fact attested to by the increased earnings of the big corporations. According to the Department of Agriculture, the cost of farm products has gone up about 30 per cent. This will rise still more, owing to the drought, which the food speculators are taking advantage of, so that from Secretary of Agriculture Wallace we get the warning of rising prices during the winter.

This is to be noted further in the purchase of food stuffs by the workers. Thus, retail trade in 1933 declined 47 *per cent* compared with 1929. The Butler Company, one of the oldest chain food stores in the United States is closing up a large proportion of its stores because of the drop in sales. This is to be noted also in the purchase of milk. In New York State, there was a reduction of 12,000,000 quarts in ten weeks, and in New York City, of 5,000,000 quarts during the month of October alone, when a "Buy More Milk" month was proclaimed by the governor. The low pay of the workers and the cuts in relief make it impossible for the workers to buy foodstuffs, with the result that, above all, the children are slowly starving—25 per cent are undernourished (U. S. Children's Bureau), 75 per cent have bad teeth, 80 per cent suffer from defective eyesight.

While the working class has to meet these attacks on its living

standards, the Brookings Institute announces that, if the present capacity of industry were used to the maximum, there would be an income of *nearly \$5,000 per family* (provided it were properly distributed—something which cannot happen under the capitalist system). At the same time, Dr. Ezekiel of the U. S. Department of Agriculture announces that \$2,500 is needed for a “moderately full life” in the United States. But 71 *per cent* of all families cannot even approach this sum, as is evident from the average earnings given above.

In this situation of growing misery, and in the face of the so-called “mandate of approval” of the Roosevelt “New Deal” governmental program, which in reality only constituted a rejection of the program of “rugged individualism” of Hoover and the Republican Party, the government again comes forward with “promises”. Although at different times, particularly during the election campaign, the people were promised federal expenditures reaching up to the fabulous sum of 25 to 50 billion dollars, the sum has been sobered down to four billions.

The “program” of the government consists of the following items: (1) *Slum clearance*, (2) *Public works*, (3) *Subsistence homesteads*, (4) *Transient camps*, (5) *Extension of the C.C.C. camps*, (6) *Unemployment Insurance*. Let us examine all these items.

Slums exist in all American cities. They are the breeding ground of disease, degeneracy, and crime. In the United States, which boasts of having the “highest culture”, millions of homes have no modern sanitary appliances. Tens of thousands of American “homes” have rooms without light or air. The National Unemployment Council, after making a study, discovered that 67 *billion dollars’ worth of home building, construction of hospitals, schools, playgrounds*, is needed to give decent housing to American workers. In undertaking the modest task of slum clearance, however, the government immediately announced that the project could be considered only on the condition that the building trades workers would cooperate—in the matter of *wages*. The government promised “more work” and a “higher all-year wage” provided scales would be reduced. William Green promised cooperation. This means an offensive against the wages of the millions of building trades workers. But even then, the price per room will be beyond the reach of the workers, so that, as experience has already shown, they will not benefit by the slum clearance program, but will be compelled to move into the less favorable apartments.

Public works will continue, as in the past, to consist of the building of war vessels, airplanes, etc. The threat of the U. S. government to build “two vessels to every one” that Japan plans, is the open position of the government. An airfleet of 2,400 planes is

now under construction; more battleships and other armaments are part of the program. This is "public works"!

"In my opinion, the subsistence homesteads are the most important part of the whole New Deal program." So stated H. M. Wilson, head of that division of the U. S. government, at a recent conference. Let us look into this question. The government proposes to transport 1,000,000 families to these homesteads. They will be parceled out on small tracts of land. The government will buy up large areas and divide them into parcels of from one to four acres, on each of which the government will erect homes. The patches of land and the homes will cost from \$2,000 to \$3,500 each. The future occupant will be compelled to make a down payment, for the government makes it very clear that it is not making a gift.

The homesteader will raise fruit and vegetables for his own consumption, not for sale. He must pay about \$200 a year in installments, over a period of 20 to 25 years. To earn the necessary money for this purpose, and also to furnish his family with other food, with clothing, electricity, gas, etc., he will work in a factory already existing or in one to be erected near the site. He will receive *relief wages*. Harry L. Hopkins, federal relief director, has abolished all standard rates on relief projects, declaring that henceforth rates shall be those prevailing. This means in some localities 15 to 20 cents an hour; for the Negroes in the South it means 5, 6 or 7 *cents an hour*. This program is especially favored by Henry Ford, and Mr. Harriman, president of the U. S. Chamber of Commerce.

Thus a new group of farmers will be created, displacing and driving off the farms tens of thousands more farmers. A new group of "employed" will be created, driving into unemployment hundreds of thousands more workers now employed. But the worst feature of this "brain trust" idiocy is that these million homesteaders will be used in the wage offensive against the workers in the shops, in an effort to slash wages all around. The real aim of these homesteads is to *drive the unemployed out of the cities, to keep them from organizing and conducting a fight for adequate relief and unemployment insurance; to tie them to their homesteads and to relieve the government of the responsibility of providing for them.*

The transient and C.C.C. camps will be extended, as already noted.

The "promise" of unemployment insurance remains a promise. Although Roosevelt pledged immediate legislation, the joint committee of the American Bankers' Association and of the National Manufacturers' Association demand further study before any legislation is attempted. At the "National Congress of American Industry", held in New York City on December 5, this most power-

ful body, representing 130,000 manufacturers of the United States, was very emphatic in its demands. Richberg and Secretary Roper spoke at the congress, and assured the manufacturers that the government wants their cooperation. This cooperation will be given—on the terms laid down by the bankers and manufacturers. And Roosevelt will cooperate, no matter how much he will pretend to be fighting the bankers and industrialists.

On December 11, William Green announced his own unemployment "insurance" plan. According to this plan, all workers *now employed*, with the exception of domestic and agricultural workers, professionals and government employees, would be entitled to compensation amounting to at least 50 per cent of their average pay, but *not less than \$15 a week*, for a period of 26 weeks in a year. Workers would not be compelled to accept strike-breaking work or labor under conditions lower than their normal work. Contributions to the unemployment "insurance" fund would be made exclusively by the employers, at the rate of 6 per cent of the payroll. The committee in charge of the fund would be composed equally of representatives of labor and capital.

This proposal is purely demagogic, and has as its intent to keep the workers from support of the National Congress and of the Workers' Bill. The demagoguery consists of Green's proposal that *the unemployed should receive no less than \$15 a week*, while he consented without a struggle to minimum wages under the codes of \$11, \$12 or \$13 a week for 35 to 40 hours of work. Secondly, the proposal of a tax of 5 per cent of the payroll means to increase the price of the product, which the worker has to pay as a consumer.

The most shameful plank in the proposal is to the effect that

"Workers who quit work without good cause or who are discharged for misconduct shall not thereby forfeit benefits beyond a reasonable period."

Misconduct in a shop has a definite meaning today. Workers who talk organization in the shop, or actually carry it out, are discharged. The auto, steel, textile, rubber workers already have a history of blacklisting, which would exclude them from benefit under this insurance plan. Further, "quitting without good cause" would have to be decided by the unemployment insurance commission, which is weighted against the worker. In other words, Green's bill would have a *strike-breaking* effect.

Four days later, the so-called Advisory Council of the National Committee on Economic Security announced its plan. Among the members of this Council are Green, Gerard Swope of General Electric, Walter Teagle of Standard Oil, Morris E. Leeds of Leeds

and Northrup, S. Lewisohn of the Miami Copper Co., Marion B. Folsom of the Eastman Kodak Co., and a group of liberals, who supported the Council proposal. In opposition were such people as Paul Sharrenberg, of the California State Federation of Labor; George Berry, president of the International Printing Pressmen's Union; J. G. Winant, chairman of the National Textile Board and governor of New Hampshire, where a most reactionary bill is being proposed; Louis J. Taber, master of the National Grange; G. M. Harrison, president of the Railway and Steamship Clerks.

The Advisory Council bill, which, it is stated, "carries out in detail the wishes of Roosevelt", has been announced only sketchily. It provides for a 3 per cent tax on payrolls, which the worker will shoulder in that "his share of the tax will be attached to the things he buys". The amount of benefit will be "50 per cent of the worker's average weekly wage, with a *maximum* compensation of \$15 a week" (quite a distinction from Green's bill). However, the worker (the unemployed are all excluded) will only receive "on a ratio of *one week's benefit for every four weeks of previous employment*". Thus, if he has worked 20 weeks, he will be entitled to only 5 weeks of compensation. "*At the end of such period, the insurance would be exhausted and the payments would stop.*" And even then, the worker would get no compensation during a waiting period of two to four weeks (the exact time is not yet announced).

The worker is not assured the stipulated amount of compensation under all conditions. "To finance these payments, it is provided that if business, measured by the Federal Reserve Board's index, does not average 90 per cent of normal in 1935, the tax rate in 1936 shall be only 1 per cent." The amount of unemployment compensation depends on the tax paid by the employer. If the tax rate is reduced, owing to business not "averaging 90 per cent of normal", then the amount of unemployment compensation will be cut correspondingly. And finally, the bill cannot go into effect until *October, 1936*.

This bill is to be administered by a commission composed of the Secretary of Labor, Secretary of Commerce, and five persons appointed by Roosevelt.

Green apparently has accepted this proposal in place of his own. This bill, which also supplants the Wagner-Lewis bill, is another attempt of the government supported by reactionary and liberal forces to foist a fake bill upon the workers. Against this bill as well, the national conference of bankers and manufacturers in Sulphur Springs on December 19 has taken up the fight.

In this situation, the forthcoming National Congress for Unemployment and Social Insurance is of the greatest significance. As

a united front of broad dimensions, it represents the effort of all who are sincerely interested in the enactment of a genuine unemployment and social insurance bill, to get together. It is becoming clear to larger sections of industrial, white collar, and professional workers that the makeshifts of the government are being attempted and carried through at the expense of the masses. There is only the widest insecurity for the toilers. With the deepening and prolongation of the crisis, the situation becomes intolerable, and the movement to force the government to pass a genuine unemployment and social insurance bill is growing correspondingly.

It cannot be stated that all organizations will have been reached in the preparations for the Congress. On the contrary, the Party and the Left-wing organizations continue to underestimate the possibilities in this campaign. Today there is *no issue of broader appeal* than the issue of unemployment insurance. Whereas one or two years ago, the government could demagogically refer to unemployment insurance, and the organizations of bankers and industrialists could ignore it, the introduction of the Workers' Unemployment and Social Insurance Bill on February 2, 1934, followed quite deliberately by the introduction of the Roosevelt-sponsored Wagner-Lewis Bill only three days later, has brought the issue before the masses as never before. The friends and foes of genuine insurance are taking a stand.

The tremendous support for the Workers' Bill *can* and *must* be *amplified*. This can be done, as is manifest where any effort has been made to reach the working class organizations. The reformist leaders of some organizations continue their attack on the Workers' Bill. The Socialist Party has adopted the general slogan of unemployment insurance, but advocates insurance on a state scale. Thus, it supports Roosevelt's program, which has the aim of preventing the enactment of a genuine unemployment insurance bill. In New York State, the S.P. leaders openly sponsor bills which deprive the unemployed of any unemployment compensation.

The Socialist and the Muste-controlled unemployed organizations have practically all endorsed the Workers' Bill, but the Muste and Socialist leaders have refused to participate in the preparations for the National Congress. On November 24, they organized so-called "nation-wide" demonstrations for the Workers' Bill and other demands, but refused to accept the participation of the National Unemployment Council. The N.U.C. participated on a local scale, again proving its desire for unity. The Socialist and Musteite leaders continue to pursue their policy of splitting the working class also on this most vital, burning issue of unemployment and social insurance.

The National Congress is not the end-all of the work to be done.

On the contrary, the Congress will improve and amplify the Workers' Bill and will map out a campaign to win the support of ever wider masses of workers and their organizations. The proposal of the government is for a "Federal-State" bill. The state legislatures will meet this January in 43 states. They will have before them various bills. Thus, it becomes of increasing importance that forces be directed not only against the federal but also the state governments. The program of rallying the workers and their organizations to struggle against these plans and for the Workers' Bill will be one of the most important tasks of the National Congress. The establishment of a National Continuations Committee to carry on the work, State Continuations Committees, County and Local Committees for Unemployment and Social Insurance (with the nucleus composed of the local sponsoring committees set up in preparation for the National Congress)—these will be some of the tasks before the National Congress. Pressure through delegations, demonstrations, discussions, endorsements, resolutions, hunger marches, strikes, etc., must be developed. This winter will test our ability to build a united front on the broadest, most burning issue before the American masses.

The outlook for the winter is a serious one; the prospect of "recovery" is fantastic and absurd. Everything points to the deepening of the crisis which let up somewhat last year, with another imperialist slaughter as the only way out for the capitalists. This, the capitalists comprehend very well, at the same time that they shout "recovery" through the radio, press, movies, etc. "Recovery before reform," says Roosevelt. Continued profits, mounting profits—no help for the starving masses beyond what is needed to keep them quiet, disorganized, subdued.

Against this program, as part of our whole revolutionary program, is the need of rallying ever broader masses for the Workers' Bill, for increased wages, for the right to strike, picket, and demonstrate, against fascism and war. Every force must be thrown into the fight, in the course of which we must build the mass organizations, and above all the Party and Y.C.L. We must not leave one single organization untouched. The masses, despite their lingering illusions as regards Roosevelt's promises, are ready to fight. Our job is, on the basis of the united front, to present them with a program that will involve them and lead them into militant battle. The National Congress is a decisive step in this direction.