This subject covers a broad field and it is impossible to do it justice in the limited time at my disposal. It is a subject of great importance and one in which I have long been interested. Rather than try to cover too large a field superficially, I am going to confine my remarks to two specific suggestions, where I believe the government can assist in stabilizing employment.

The primary responsibility for stabilizing employment is on business and industry, but the government can retard it by unwise and punitive legislation and, on the other hand, can do much to stimulate and encourage stabilization.

I believe wholeheartedly in the need for Social Security legislation, and am in particular accord with the section covering old-age benefits, which I think today stands as a great forward-looking and constructive achievement of this Administration.

In initiating such legislation, the United States is not embarking on uncharted seas; almost all countries in Europe have had old-age benefits for their workers for many years, and on a contributory basis, that is supported by approximately equal contributions by the employee, the employer and the government. In this country, I think the burden is correctly placed, with joint and equal contributions by employee and employer; it is uniform throughout the states in its applications and in its interpretations. In my opinion, certain improvements can be made to liberalize and extend this law, but these changes would not affect the fundamental principles.
plan becomes fully effective, it will greatly alleviate the problem of the older man seeking work in industry. When these provisions for old age are in full effect, the question of age of an employee will be secondary from the standpoint of the employer; it will simply be a question of the man's physical wellbeing, his skill and ability to perform the work. This will help largely in stabilizing work for the older man and give him a feeling of greater security and assurance that there is useful work for him to do.

But the unemployment provisions of the Social Security Law are entirely different from those in the old-age section. Here the laws, if enacted at all, are enacted by the different states and may be quite different in character, although all have to be approved by the Social Security Board in Washington as satisfying certain fundamentals. Unemployment compensation, at best, can only ameliorate the difficult and tragic circumstances of unemployment. The constructive thing to do, in every industry possible, is to stabilize employment, to give a guarantee of employment or a minimum annual wage. This the law, as it is enacted today in most of the states, fails to encourage - notwithstanding the fact that the first state to introduce unemployment compensation recognized the necessity of encouraging the employer to stabilize employment, by incorporating in its law that the employer's tax would be reduced if he lessened unemployment. This is the State of Wisconsin, whose law went into effect on July 1, 1933 and is still in effect. Some states have followed the example of Wisconsin and others have done so tentatively, saying they will study the question and if certain employers decrease unemployment, or stabilize employment, a reduction in the tax of those employers will be recommended. But
other states, notably my own of New York, make no provision for this. The worst and best employers, the most difficult and easiest industries to stabilize, are treated exactly the same. The maximum tax is collected from all alike and put in a common fund; if one company, or one industry, has no unemployment whatsoever, it pays the same tax as another company or industry where unemployment is excessive.

If it is the desire of government to encourage industry and business to stabilize employment, this section of the law does not accomplish the purpose, indeed it beclouds the issue. An employer in a hazardous industry must bear the burdens of those hazards, under the Workmen's Compensation Law; and, similarly, a company or industry with irregular employment should bear the burden of unemployment by paying a higher tax than that company or industry where employment is more stable. The increased costs of the more hazardous industries and those with irregular employment, would then be reflected in the cost of their products and included in the price society must pay if it uses the products of that industry. The result of the law as it now stands is to increase the costs in a business or industry where there may be no unemployment; therefore, the burden is a vicarious one, being borne by all businesses and industries, whether difficult or relatively easy to stabilize.

It seems to me one of the most obvious and most constructive things the government - federal and state - could do would be to offer encouragement and incentive to industries and employers to stabilize employment, or give assurance of a minimum annual wage, by providing that the tax they have to pay toward unemployment compensation will be reduced in line with their success in stabilizing employment...
I want to make this point as clear as I can and therefore will give a specific instance. In the General Electric Company, during the most difficult period of the depression - from the beginning of 1931 through 1936 - in certain parts of the Company, with thousands of employees and payrolls amounting to upwards of $15,000,000, we gave a minimum guarantee of employment, or guaranteed a minimum annual wage to the employees. As no provision was made in the law to encourage such guarantees, these plans were discontinued.

One other point - as I said before, the old-age provisions are based upon joint and equal contributions from employee and employer, but in the unemployment compensation, in many states the employee makes no contribution. To my mind, the greatest benefits will be derived if these contributions are made by both the employer and the employee. Many contend that the contributions should be joint and equal, as under the old-age provisions, but to me recognition of the fundamental of carrying this burden together is more important than the proportion in which it is borne. A number of the states have recognized this, in varying proportions, but here again the great Empire State of New York places the entire burden upon the employer.

I approach this not primarily to reduce the amount the employer shall pay. I would see no objection, if found necessary, to the employer's contribution remaining as it is, but the employee should also contribute - which would increase the amount available for benefits. The important thing, it seems to me, is to have the employee vitally interested in this, especially in our country where we want to continue and perpetuate the responsibility of the individual citizen and encourage him to make suggestions and criticisms.
of the way things in our democracy are conducted. If the employee
makes no contribution to the support of the plan, he will merely
accept what is given to him, and never give any thought or make any
suggestions as to how unemployment can be avoided, or reduced.
But if he, also, contributes, then he will feel he has a direct
interest, will give thought to it, make suggestions and look much
more critically, intelligently and constructively upon the
administration of the plan.

In my own experience, our employees have given us many valuable
suggestions for improvements in our plans, and particularly great
assistance in their administration. I have never heard one word of
criticism or complaint from the employees who have borne a portion
of the cost of unemployment compensation. The workers have been
perfectly willing to contribute from their earnings to help their
associates who were less fortunate than themselves. Indeed, long
before unemployment compensation was considered in our Company, or
in this country, the workers in one of our plants voted to tax
themselves a certain portion of their earnings - with no request
that the Company share the burden - and these funds were used for
the assistance of their associates who were out of work and in need.

These are two fundamental points; first, to have industry, or
the employer, know that the tax burden is going to be lessened if
it reduces unemployment and stabilizes employment; and second,
stimulate the employee's active interest by having him bear a portion of the cost. Here is an opportunity for constructive work on the part of the government, to promote stabilization of employment by encouraging employers and employees to direct their attention to methods for stabilizing employment, and come nearer to the ideal of a minimum annual wage for every employee.