

REMARKS OF HON. JOHN E. FOGARTY IN HOUSE OF REPRESENTATIVES, MONDAY
MARCH 24, 1947., ON SUBJECT OF FEDERAL BUDGET.

Until the sudden emergence of an important issue in foreign affairs, it is safe to say the attention of the entire country was focused on the importance of stable industrial relations. The present majority party in Congress, in speeches, press-releases, proposed legislation and countless other ways, pointed up this importance of harmonious relations between Labor and Management.

The chief agency in the Federal system for the promotion of these harmonious relations is the Department of Labor - a branch of the Government of Cabinet rank - having intimate and complex relations with all phases of our industrial life.

This Department, under the Committee's recommendations, suffers a slash in its budget for the 1948 fiscal year which will render it almost impotent.

The committee report refers to the need for economy but there is such a thing as being penny wise and pound foolish and the Committee's recommendations in this bill fall into that category. In this department, one of the most vital branches of the Federal Government, the committee proposes a reduction in its operating funds of practically 44 per cent below 1947.

This reduction - cutting the Department of Labor almost in half comes at a time when the majority party is recommending new legislation and amendments to old laws which it claims will promote industrial stability. Who is going to administer these laws? Who is going to carry into effect the already expressed will, of Congress? How can it be supposed that Labor will believe it can get a square deal from this Congress when the Department of Labor is emasculated in the manner suggested in this appropriation bill.

The Committee has wiped out entirely the Division of Labor Standards. One of the principal functions of this Division is to cooperate with the States - in reality to encourage the states - to establish and maintain proper working conditions - to promote safety in industrial establishments - cut down accidents and deaths due to the failure to observe proper standards of safety.

The loss of this Division of the Labor Department will be a serious blow and will result in substantial losses in our National income instead of promoting economy.

Our economy is geared to a high level of National income. Industrial accidents constitute the greatest interference with the level of production which is necessary to maintain that high level of National income. One witness before the committee reported from statistics that there are two billion accidents a year in industry. They cost American industry and labor better than three billion dollars a year. That's lost purchasing power, producing power, tax-paying power. That's tragic waste which the division of labor standards has been working to eliminate.

It has been argued that this kind of function is properly the responsibility of the States. All the operations of this division were in cooperation with the States. The States have demonstrated that they are unable or unwilling to undertake to do this job properly. The Division of Labor standards has demonstrated on the other hand that it can and will get the job done.

The Division has also acted as a clearing house for information and material having to do with the education of employers and employees in their respective rights and responsibilities.

Through its educational functions the division has worked hard to promote intelligent cooperation between management and labor. Its influence has been felt in schools, universities and civic associations of many kinds throughout the country.

We talk about the desirability of an honest approach to the intricate problems of industrial relations. This division aimed at charting a clear, wide path through all the problems which affect these relations. It is making headway. Such service is needed and wanted. It should not be curtailed now, when it is more necessary than ever in the past.

The National Labor Relations Board came before the committee asking for funds with which to clean up a terrific back-log of unfinished cases. I think it is common knowledge that the workload of this Board increased greatly right after the cessation of hostilities.

The inability of the Board to get its cases cleared promptly and fairly resulted in many instances in uncertainty and doubt, both in the minds of management representatives and officers of labor unions. This uncertainty was galling to employees and work-stoppages resulted in a great many instances, stoppages which could have been avoided if the Board had adequate personnel to keep abreast of the incoming appeals. I think it was evident from the testimony presented at the committee hearings that the Board needed some help if it is to do the job Congress itself carved out for it. Yet, the Committee recommends cutting the funds it requested by three and a half million dollars.

This Board it should be remembered has no control over the number of cases it will hear. It is the expressed will of Congress that this Board should settle industrial disputes wherever possible. It is to be expected and hoped that disputes will be taken to the board before they get to the

stage where a work-stoppage is threatened. Yet the Majority Party would prevent the Board from handling the cases of all who would seek consideration.

The present majority party also proposes amendments to the National Labor Relations Act which, if enacted, are bound to increase the work of the Board. One proposal suggests giving employers a right to appeal to the Board. Some suggest more intensive investigation by the board.

But in the fact of these proposals, instead of providing funds which are sorely needed to clean the slate of old cases - the Committee recommends the Board be deprived of funds and so forces it to become more bogged down in the normal run of appeals.

This, clearly, is just the reverse of the kind of action necessary to promote industrial peace.

Perhaps the most startling action of the Appropriations Committee - at least to those who believe it is important that we try to prevent work-stoppages - is the violent manhandling given the Conciliation Service of the Labor Department. This branch of the Department is practically washed up by the recommendations of the Committee.

I have heard many people criticize various actions of Government agencies. With some of the criticism I heartily agreed. But while all the attacks were being made on Bureaucracy during recent years - there was always a good word for the Conciliation Service. In fact, during the war the chief criticism of the Government's activities in labor disputes centered around the fact that there were too many outfits handling labor problems - and not enough freedom of action was given to the Conciliation Service.

Regardless of one's attitude on Labor legislation - or unions - or

management attitudes, it is a fact that the Conciliation Service has compiled a record that is brilliant.. Not alone have the men of the Conciliation service settled controversies in a fair and honest manner - but of far greater importance - they have been able to resolve differences of opinion between employer and employees before those differences resulted in the threat of a strike or lock-out. Here is an important and beneficial function of the Federal Government. This is a function which contributes in a tangible way to steady and sound productive effort in our industrial life. Under no circumstances should it be put to the axe as the Committee report proposes.

The hearing before the Appropriations Subcommittee set out in detail the number and type of cases which have been handled by the Conciliation Service. I recommend this portion of the hearings sincerely to all Members of the House who are interested in increased production through stable industrial relations.

Because of the work of the Conciliation Service almost all of the cases which are referred to it result in settlement without work-stoppages. In the cases where work-stoppages have occurred before the Conciliation Service came into the picture - solutions have been worked out and production resumed in short order.

The experience and reputation of the Conciliation Service is growing. The faith of employees and employers in this Service is expanding. There is great work which the Service can do. It should be permitted and encouraged to play a leading role in preserving intelligent and harmonious industrial relations. If it is hamstrung at this juncture - as industry expands in the post-war era - our industrial life will suffer a severe

jolt and this Congress will long regret the action it has taken.

As justification for the blow at the Conciliation Service criticism has been directed at the present Director, Mr. Warren. I do not know Mr. Warren personally and I don't think it is my province to defend him -- or object to the criticisms made of his personal character. However, I do strongly object to the practice of throwing an individual out of a job through the devious method of cutting off the appropriation for his particular position. Whether that appropriation cut is honestly stated as a method of getting rid of a disliked federal employee -- or through the underhanded method of cloaking the move with the name of economy -- it is bad business.

For many years the Majority Party here has objected violently to what it claimed was Executive interference in matters within the province of Legislature. Here is an example of the Legislature interfering with the Executive functions in a manner which is improper in the extreme.

If the man is guilty of an offense he should be charged. He should be given an opportunity to defend his character against those charges. The Executive and the Judicial branches of the Government have already demonstrated their willingness and ability to deal properly with the type of charges which have been leveled at the Director of the Conciliation Service.

The Congress has no right to brand him and banish him in the manner proposed under the appropriation for this Service. If this action of the Committee is approved a dangerous precedent is being established. We should not go along with it.

I am sure most Members will recall the terrific furore which attended the enactment of legislation designed to return the Employment Service

to the individual states. We were told then, as you will recall, that this was an economy move - one attended with practical considerations and that its opponents were the abject slaves of pressure groups throughout the country who had some sinister motive in keeping the U. S. Employment Service in operation - keeping this vital function in the hands of the Federal Government.

Instead of the economy we were promised - it developed at the hearings - and you will find it in the printed record - that certain "pressure groups" were successful in keeping their own pet portion of this program vested in the Federal Government - to the tune of a twenty-five or twenty-six million dollar loss to the people of the United States. Why was this done by certain "pressure groups" which are referred to in the Hearings? Largely to protect their selfish interest in the importation of foreign labor.

This special service - I hesitate to use the expression special privilege, because it is a disliked term - but this special concession, let us say, was placed in the hands of the Department of Agriculture and through its operations it duplicates the exact service being rendered by the U. S. Employment Service. Its people sit side by side with U. S. people. It uses the same quarters but because of its special type of service it is impossible to make the Unemployment Compensation Law function as was originally intended - and an unemployed individual - who can claim the protection of this special service - need not be exposed to a job - but can collect compensation free of the regulations which surround the average industrial employee.

It was apparent in the hearings before the subcommittee that the transfer of these functions to the U. S. Employment Service would result

in a substantial saving to the Treasury. This was acknowledged and at the same time it was also acknowledged that such a saving could not be affected because of the pressure group which must be served at all costs.

The net result is - savings must be affected by slashing the budget of other federal services; Federal services which have the misfortune of being supported by the less popular "pressure groups".

One such service, apparently, is the Office of Vocational Rehabilitation. The committee recommends this office take a cut of almost 2 million dollars.

This is a service which seems to spend considerable sums - but I think of its expenditures in terms of investment in the future of my country.

Any person of employable age whose physical or mental handicap impairs his ability to find or hold a regular job is a potential client of the Office of Vocational Rehabilitation.

Now when we talk about the greatness of our country; when we talk about the importance of helping the peoples of other lands to enjoy the benefits of our system of government - doesn't it strike you that this is a program which merits the greatest possible degree of encouragement and assistance? This is a program which helps our own to enjoy democracy at its finest. At the same time it enables our own - those who have been unable to play their proper roles in our democratic system - to take their places in the ranks and carry their share of the load of maintaining our government.

Even a casual examination of the accomplishments of this office, as set out in the Committee hearings, will clearly demonstrate that the funds expended in maintaining the Office of Vocational Rehabilitation are funds well spent.

Seventy-five per cent of these who were rehabilitated by this office

in 1946 were people who were unemployed at the time they first came within the view of this office. Of the other 25% - most earned about \$20 per week.

After rehabilitation the total annual earnings of the group amounted to Fifty-six million dollars - representing an increase of almost 45 million dollars in purchasing power. Remarkable in this record is the fact that only 9.3% of those rehabilitated were placed in unskilled jobs. Almost all were placed in professional, sales, service and other similar skilled occupations.

Many of these individuals were taken from public assistance rolls and made into tax-paying, productive, citizens.

Many of them had dependents all of whom were supported by relatives friends or the community. Now they support themselves and their own, and contribute their share to the support of those less fortunate than themselves.

Here is something good that is being done. Its results speak for themselves and I submit the Office of Vocational Rehabilitation should be encouraged and supported generously.

Another worthwhile program which takes a severe cut under the Committee's recommendation is the Tuberculosis control work of the Public Health Service. Almost half a million dollars is taken away at a time when the program is in need of expansion and development. Close to my home in Rhode Island is one of the finest Tuberculosis Hospitals in the Country. Through my relations with the staff of this hospital I have come to know something of this great problem and the great work which is being done to control it.

While economy is a fine and necessary thing - this is no place

to start practising this kind of saving. The money spent in this program is money invested in the well-being of the citizens of the Republic. It is not by any stretch of the imagination a coddling program. Its work is essential and like the Vocational Rehabilitation Service it achieves results which enhance the Federal Treasury through the strength and ability of healthy, productive citizens.

The U. S. Employment Service requested six and a half million dollars. This sum is slightly less than the total amount anticipated for 1947.

The U. S. Employment Service is charged with the administration of two enactments of the Congress of the United States. one the Wagner-Payser Act of 1933 - and the other, the veterans employment service provided by the Servicemen's Readjustment Act of 1944.

The Committee provides almost seventy-two millions for grants to the States for public employment offices - because of the provisions of the Wagner-Payser Act - but then reduces the funds of the Service for General Administration and the Veterans Placement Service by approximately four million dollars. Of this sum one million, seven hundred fifty-six thousand, eight hundred dollars is earmarked for the Veterans Placement Service - leaving nine hundred thousand dollars for general Administration of the Employment Service.

This figure, \$900,000. will provide little more than enough - if in fact there is enough - to merely dole out the funds provided for as State Grants.

It will be impossible for the Service to conduct an inquiry into the compliance of the various states with the Standards which have been set up for the protection of the Federal Government. It will not be possible

for the Service to check the requests of the various states in order to determine the need and the use of the funds asked for.

It is the expressed will of Congress - through the Wagner-Peyser Act that the U. S. Employment Service co-ordinate the activities of State employment Agencies throughout the Country. It is the expressed will of the Congress that the U. S. Employment Service supervise the allocation of funds to the various states - to guarantee they conform to certain definite standards. In the fact of that directive from the Congress, the Committee now recommends a 77 per cent cut in the funds provided for the functioning of this service.

If the Committee's recommendation is adopted by the Congress then it will be physically impossible for the U. S. Employment Service to carry out this expressed will of the Congress. It will have all it can do to maintain a bookkeeping function to record which state gets how much and when.

In addition the Congress expressly provided for the Veterans Placement Service with the framework of the Federal Government. This must have been because of the ability to cross State Lines and artificial barriers between various regions. This Veterans Placement Service is acknowledged as a valuable and vital function of the Federal Government. The record contains letters of Lloyd F. Oleson, National Commander of the DAV, and Louis E. Starr, Commander in Chief of the VFW, urging sympathetic consideration for this Veterans' Service. The Budget for this service has already been cut close to half a million dollars when it came before the committee for consideration.

The Employment service asked for \$2,650,600. for this service to the Veterans - Not a handout, or a reward or something for nothing. But an

honest to goodness effort to help them fit themselves back into the productive life of the country. To help them regain their positions as wealth producing, happy civilians. I believe this service is important. It is necessary. The last Congress acted in sound judgement in providing it. It should have the funds necessary to carry out the intent of the 79th Congress - and this Congress in continuing this legislation in effect.

However, the Committee recommends a cut in its funds of 34 per cent.

I fail to see how this slash can be looked upon with favor.

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