Public Hearing

ASSEMBLY COMMITTEE ON LABOR AND INDUSTRIAL RELATIONS

ON SENATE NO. 400 - 1967

COMMITTEE MEMBERS

ASSEMBLYMAN JOSEPH DOREN, Chairman
ASSEMBLYMAN BARRY PARKER
ASSEMBLYMAN GEORGE WHITE
ASSEMBLYMAN DAVID FRIEDLAND
ASSEMBLYMAN EDWARD SWEENEY

TRANSCRIPT of proceedings of the public hearing in the above-entitled matter, taken at the State House, Trenton, New Jersey, on Thursday, April 6, 1967, commencing at 10:00 in the forenoon and terminating at 11:00 in the p. m.

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BY: HEYWOOD WAGA, C.S.R.

ASSEMBLYMAN DOREN: We are about to commence the public hearing on Senate Bill No. 400 which is commonly known as the Unemployment Compensation Bill and the Strike Benefits Bill.

May I please suggest to the people in the audience that, of course, there are going to be things said here that you may not agree with. There are opponents and proponents. I hope that we will not have any outbursts. No applause is going to be permitted in this room. We want to continue this hearing in an orderly fashion. If anyone feels that they cannot stand whatever testimony is given, please leave the room because we want to conduct it in a very orderly fashion. We are not going to tolerate any sounds, any applause, as I stated.

To introduce the members on the Labor Committee, to the left is Mr. Sweeney from Mercer County. Then we have Mr. Parker to my left from Burlington County, and Mr. Friedland from Hudson County. We have Assemblyman White from Gloucester County.

I would like at this time -- I believe it is only fair and I am sure the Committee will agree with me -- to call as the first witness Charles Marciante, who has worked on this Bill and is very interested. I think we ought to call on him first to give his explanation of the Bill.

Mr. Marciante. If you have a prepared statement or any statements, will you give it to the secretary and please speak into the microphone. Give your name, the organization you represent and your address, please.

MR. MARCIANTE: My name is Charles Marciante. I represent the New Jersey State AFL-CIO. Our offices are at 700 Broad Street in Newark.

The New Jersey State AFL-CIO appreciates the opportunity of presenting to your committee its point of view with respect to Senate Bill No. 400. We have felt that the many issues concerning a proposed revision of the Unemployment Compensation Act have been presented to the members of the Legislature on so many occasions as to obviate the need for hearing. However, we recognize that the principles of democracy require that people desiring to be heard should be heard and that the democratic process is thus being carried out by the holding of this hearing.

A full understanding of the various amendments proposed by Senate Bill 400 requires a background of understanding with respect to the history of the law and the policies established when the law was first adopted. We shall attempt to explain each proposed amendment in the light of our original proposal as contained in Assembly Bill 2 and Senate Bill 40 for which Senate Bill 400 is an administration substitute.

At the outset it is important to note that the extra

benefit costs proposed by Assembly 2 and Senate 40 would have totaled $50.5 million while Senate 400 proposed to increase the benefits by only $26.5 million. In other words, our original proposal has been reduced by almost 50 per cent. Yet, because Senate 400 represents a substantial step forward in Social Security thinking, we support it strongly.

Let us, therefore, consider the various changes which we originally proposed and what is done concerning these changes by Senate 400. We have taken the liberty to print a summary of these proposals and the various costs involved and are presenting to the committee copies of this summary.

We, therefore, ask leave to refer shortly to each item:

1. Weekly Benefit Rate

At present the benefit rate is established on the basis of a schedule. This shcedule establishes a weekly benefit rate for individuals based upon their average weekly wages during the preceding year. The schedule establishes benefits in almost every instance substantially lower than two thirds of the individual's weekly wage.

When the law was first adopted, and until recently when the schedule was adopted, the benefit rate was fixed at two thirds of the individual's average. This has been based upon the concept, recognized in the insurance industry that the receipt of two thirds of wages in benefits

does not encourage malingering.

We objected to the establishment of the schedule when it was adopted and urged that the original concept of two thirds of the individual's wages be re-established. Assembly 2 and Senate 40 and also Senate 400 re-establish this proposal in line with the original act.

In addition the question of maximum benefit rate must be considered. The original concept in 1936 was that the maximum benefit rate should equal approximately two thirds of the average wage rate in the State. At that time the average wage rate was $23, and the maximum rate was, therefore, fixed at $15.

The difficulty was that the maximum was established in terms of dollars rather than percentages. As a result, the maximum benefit rate very quickly became out of line with the average earnings. The Legislature, naturally slow to act, constantly failed to revise the maximum amount so that for many years the maximum benefit represented the lowest percentage of average wages provided by any State in the United States.

Organized labor recognized that there was only one proper way of curing this defect, namely, to provide a maximum benefit rate based upon a percentage of average state-wide earnings. In line with the original act we have recommended and still recommend a maximum of two thirds of the state-wide earnings.

Assembly 2 and Senate 40 both contain this provision. The cost of this item alone would be $39.3 million.

Senate 400, which we support, adopts the concept of the variable maximum based on a percentage of average wages but fixes the per cent at 50 per cent rather than two thirds. We regard this as an inadequate percentage but as the adoption of a basic principle which can go far to correct inequities. We, therefore, support this change.

2. Total Maximum Benefits.

When the act was passed, it provided for a total maximum benefit equal to one third of the base year earnings of the individual. In 1953, the "Bodine amendments" eliminated this test and provided instead for three weeks of benefits for each four credit weeks earned in the base year. For the lower wage and more steadily employed workers this is not an unreasonable test. Yet a highly paid but seasonal worker earning, for example, $300 a week, can earn $2400 in eight weeks. On this basis (overlooking for the moment the 17 week requirement) such a worker would receive only six weeks of benefits or, at the present maximum, only $300 as against a maximum of $800, or 16 weeks of benefits, under the original formula.

In other words the three fourths weeks provision is injurious to seasonal skilled workers. The test of one third base year earnings should be returned as an alternative proposal.

The proposal was included in Assembly 2 and Senate 40 and is also incorporated in Senate 400. The cost is estimated at $2.1 million.

3. Duration of Benefits.

An unintentional error was included in Section 3(d)(2) of the law when it was amended. It was provided that no individual shall be entitled to receive benefits "for more than 26 weeks."

A worker working part time is entitled under the law to partial benefits yet if he receives as little as $5 per week in benefits this counts as an entire week and he could be limited to $5 times 26, or $130 in benefits instead of 26 weeks of benefits at his full benefit rate which could equal as high as $50 per week. Everyone has admitted that this was an error and was unintended. It should be changed by eliminating the words "for more than 26 weeks" and substituting the words, "in excess of 26 times his weekly benefit rate." This would correct the error and provide for the proper maximum amount of benefits. A man would not be denied full payment of benefits at his regular rate simply because during one or more weeks he secured partial instead of regular benefits.

The cost of this is inconsiderable. It has been estimated at $200,000 a year.

4. "Active Search for Work."

Assembly 2 and Senate 40 would have eliminated the re-

quirement of "active search for work." This has been misunderstood by many people who have believed that we wish to eliminate the requirement that a claimant must seek work. This is not true. Our sole purpose was to revive the active nature of the Employment Service and to require employers and employees alike to use that Service rather than to evade it as is being done at the present time.

Because of this misunderstanding our proposal was deleted from Senate 400 although included in Assembly 2 and Senate 40. It would not have cost any amount of money in benefits but is still subject to public misunderstanding. We, therefore, are not pressing it.

5. Eligibility.

Assembly 2 and Senate 40 proposed that as an alternative to the 17 base week requirement, a claimant will be eligible if he has earned $500 in the base year. (The "17 base week requirement" provides for eligibility if one has earned $15 in each of 17 different weeks.)

The present requirement discriminates against the skilled and seasonal workers. When the Act was first adopted the sole eligibility requirement was the earning of $85 in the base year. This was modified in various manners in ways too numerous to mention. We have for the past few years suggested that there be an alternative eligibility test, requiring the earning of $500 in the base year. It has been pointed out, however, that many workers could earn this

amount in a little bit more than two weeks.

A computation was suggested which we accepted as conforming with our general concept of variable benefit maximum. The suggestion was to take two thirds of the average weekly earnings and multiply it by 17 weeks thus arriving at a dollar figure which must be earned for eligibility. This came in round numbers to $1350. This is the figure that is included in Senate 400 as an alternative method of establishing eligibility. It is estimated that the cost of this would be approximately $350,000 a year, but it does provide an elimination of the inequity for the highly paid seasonal workers.

6. "Attirbutable to Work."

Assembly 2 and Senate 40 would have eliminated the requirement that the good cause for voluntary quit must be "attributable to work."

We will not protract the committee hearing by explaining our reasoning except to point out that this sole phrase is costing employees $3.3 million a year and is, we believe, entirely unreasonable.

However, Senate 400 does not delete this phrase. Reluctantly we accept this point and strongly support the bill notwithstanding our failure to secure this relief.

7. Definition of "Discharge."

The word "discharge" has been construed as including the word "suspended", even though a suspended employee is

to return to work and, therefore, is unable to secure jobs in the interim. This was never intended. The definition of the word "discharged" contained in Senate 400 would correct this inequity. There is no cost involved in this amendment nor is any employer's account or the fund subject to any cost by reason of it.

8. Disqualification for "Labor Dispute."

Assembly 2, Senate 40 and Senate 400 modify the disqualification for unemployment due to a "labor dispute." There are certain restrictions in Senate 400 that are not contained in Assembly 2 and Senate 40.

Under Senate 400 persons locked out by their employer are not disqualified. Persons on strike would be disqualified for six weeks plus the waiting period. Thus, they would commence collecting benefits after the end of the eighth week and, at the earliest during the ninth week, of a strike. There are certain conditions, however, requiring good faith bargaining certified by the Labor Commissioner, and consent to mediation or in the alternative, to arbitration.

The cost of this item would be $800,000 a year, according to the computation of the Division of Employment Security.

The opponents of the bill have hit upon this item alone to raise an attempted sensational dispute. The employer opponents are speaking in the alleged name of unorganized

employees to protest this item. However, the facts still remain as follows:

> Strikes lasting more than 7 weeks invariably result from unreasoning refusals to compromise, usually on the part of the employer. If the wives and children of the striking workers are not to starve, there should be this degree of compensation for their unemployment.
>
> Heretofore workers have been contributing $14 million per year for many years. Prior to these years and while they contributed a full 1 per cent of their payroll the amount was very much greater (the present contribution if one quarter of 1 per cent). We estimate that employees in the past have contributed to the Unemployment Compensation Fund (exclusive of T.D.B.) certainly far in excess of $500 million.
>
> The organized workers of New Jersey equal not less than one third of the total number, so that the organized workers have in the past contributed not less than $160 million and probably in excess of $250 million since the fund commenced.
>
> It must be remembered that New Jersey is one of the two states in the country (other than Alaska) where employees pay contributions.
>
> New York and Rhode Island where employees

do not pay contributions have the same disqualification provisions as Senate 400 proposes. Yet, in New York it would appear that such benefits have averaged approximately 1/1 per cent of all benefits and in Rhode Island they have averaged one half of 1 per cent. The extra contributions which will be paid by organized workers alone as a result of the increased taxable wage base will equal over $1 million per year as compared with the estimated $800,000 per year extra expense of this item.

Our opponents are attempting to make it appear that unorganized workers will be paying for benefits paid during strikes. In the first place we have shown that the extra contributions of organized workers alone will pay for these benefits. In the second place and even more importantly, the struggles and suffering of organized workers in their attempt to improve wages and conditions are directly beneficial to unorganized workers who almost invariable enjoy a free ride. Their wages go up because of the increases earned by strikes of union workers. Their vacations, holidays and hours of work are all improved primarily as a result of the suffering of the organized workers. Thus, even if unorganized workers were

required to share some portion of the expense, this would not be unreasonable. The entire concept of social security or insurance in general has in mind that some of the insured will never collect benefits and thus on an actuarial basis re-enforce the solvency of the fund. The fact that some do not collect benefits does not mean that the Social Security principles would be violated. The fact is, however, that organized workers alone will pay more than the cost and that in the states of New York and Rhode Island workers do not pay any part of this cost.

9. Full Coverage.

For many years, in fact since 1937, we have fought to cover all employees regardless of the number employed by their employer. The original Unemployment Compensation Commission was on record in favor of this. The Employment Security Advisory Commission has consistently recommended it. There has been no valid reason offered by employees of small employers do not need unemployment and sickness benefits equally as much as employees of large employers.

Senate 400 would put full coverage into effect as is proposed by Assembly 2 and Senate 40. There is no cost involved in this item.

10. Miscellaneous.

There are three additional items to be considered:

(1) Immediate coverage of employers elected to become covered. Senate 400 would carry out the proposals of Assembly 2 and Senate 40 in this respect. There are many employers who, by agreement with their unions, voluntarily elect coverage under the Act but because of the delays required by the present law do not become covered in a manner so as to protect their employees. Senate 400 would require immediate coverage upon voluntary election.

(2) Coverage of agricultural and domestic workers. Labor does not believe in the exclusion of any groups of workers and feels that agricultural and domestic workers should be covered. We were unable to secure agreement upon this point, and Senate 400 does not provide for this coverage.

(3) Assembly 2 and Senate 40 would return the administration of the act to the original Unemployment Compensation Commission, a tripartite body with authority of administration. This is not included in Senate 400.

11. Financing.

The sole change in financing requirements would be the expansion of the present $3,000 maximum taxable wage base to $3600. This imposes an additional tax on employees as well as employers. Bearing in mind that New Jersey is one of the two states requiring any employee contributions, this

proposal would impose a tax of some $16 million or $17 million upon employees for Unemployment Compensation -- an increase of about $3 million. In fact we were prepared in the event that we could secure additional benefits to those above referred to in Senate 400, to go even further but this can be considered at a later time.

It must be remembered that the increase in the taxable wage base does not, in effect, increase the employer contributions at all. If the wage base were not increased, the employer contributions would automatically be increased by a uniform percentage at any time when the fund became reduced sufficiently to require it. Thus, the employers would bear the load of any increase without employees contributing any added money at all.

The increase in the taxable wage base merely results in somewhat of a redistribution of the employer costs, based upon the wage rates paid by the various employers. The total cost of the program to employers will be reduced by the increase in the employee contributions -- a situation not applying in any other State but one.

Fairness requires a redistribution of the burden, based upon an increased wage base. The $3,000 wage base went into effect in 1937, 20 years ago, and certainly with the enormous increase of average wages since that time there should be an increase in the wage base. The $3,600 wage base is now in effect in many states.

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Many of us do not remember or realize that in 1948 employers were induced to consent to the T.D.B. law by means of a reduction in their contributions. In 1948 alone this meant a $26 million reduction. The total reduction of contributions arising from the formula adopted in 1948 now equals substantially more than $600 million -- an amount but for the 1948 law would have been paid in the fund by employers. In the light of these facts it is certainly not unreasonable to expect that the cost of a reasonable Unemployment Compensation law which is not defrayed by the added contributions of the workers will be paid by employers who still will not be paying a contribution rate equal to what they were paying in 1948 before the change.

For the foregoing reasons we strongly urge that this Committee approve Senate Bill No. 400 and that the Legislature adopt it at the earliest possible time.

I thank you.

ASSEMBLYMAN DOREN: I would like to present our General Counsel, Tom Parsonnet. He may have a brief statement that he would like to make.

MR. THOMAS L. PARSONNET: At this time I have nothing to add to the presentation but I would request the opportunity in the event that it may be necessary, to offer some rebuttal to any testimony that is given.

ASSEMBLYMAN DOREN: Fine. When that time comes, you just notify us. Do you have any questions, Mr. Parker?

ASSEMBLYMAN PARKER: Mr. Marciante, as I understand Senate Bill 400, the strike benefits that are going to be paid will come from or be segregated from employer contributions; is that correct?

MR. MARCIANTE: No, it is not correct.

ASSEMBLYMAN PARKER: How is that formula worked or how is that going to be handled?

MR. MARCIANTE: Well, under the present Unemployment Compensation Law which was adopted by the Federal Government, you are not permitted to segregate the funds. However, in 1942 the Nolan Act permitted that a portion of the funds be set aside for sickness benefits. But this is the only segregation of that fund.

It would be improper, actually, to segregate the funds of unionized employees as opposed to ununionized employees because of your Taft-Hartley Law and your Landrum-Griffin Law which definitely point out that only those members of a union may pay dues to a union, and this concept is most improper and unfair.

ASSEMBLYMAN PARKER: Am I correct in stating that the employer contributions then will be used on strike benefits, for paying the strike benefits under the provision of 400?

MR. MARCIANTE: What we have maintained, Mr. Parker, is that the union contribution, the union employee contribution into the fund based on the figures submitted to us by D.E.S., will far outweigh the proposed draw of the labor dis-

pute section of Senate 400.

This fund, it is one general fund.

MR. PARSONNET: May I respond to that in a little different way? The Bill does provide that benefits paid during periods of unemployment resulting from strikes. We don't call them strike benefits and I think it is improper to define them that way. They are truly simply benefits for unemployment resulting from strikes. That is a different story.

Let me point out that those benefits will not be charged against any employers' account. We have a system in Unemployment Compensation whereby the benefits paid to a claimant are normally charged against the account of his last employer. So that his employer may be required to pay an additional percentage as a result of that payment. This would not happen with respect to benefits paid for this kind of unemployment. It would come out of the general fund.

We are simply pointing out that the increases being paid by organized workers alone would be enough to pay for that.

ASSEMBLYMAN PARKER: I understand that it amounts. I just wanted to get straight in my mind if there was a segregation, whether it was permitted and how it was going to work. So I think you have answered my question.

MR. PARSONNET: Thank you.

ASSEMBLYMAN PARKER: I have one other question. Mr.

Marciante, I believe there were nine states that had this provision providing for payments during the course of a lockout or labor dispute. Do you know why all but two of those states have repealed these?

MR. MARCIANTE: I'd like counsel to answer that question.

MR. PARSONNET: We heard stories that it was said last Monday that four states had withdrawn from this practice, not nine. I contacted Washington. The only information I could get on the subject up to this time -- I haven't heard the states named. The two states that I did hear named were Pennsylvania and Louisiana.

I did ask why and they said there was simply a change of administration to a more conservative group in the Legislature.

ASSEMBLYMAN DOREN: Thank you very much, Mr. Marciante.

ASSEMBLYMAN SWEENEY: I have a question to ask Mr. Parsonnet. Is it true that companies that have lost money during strikes have received refunds from the Federal Government because of tax?

MR. PARSONNET: That's a very strong point, Mr. Sweeney. There is the provision in the Federal Tax Laws that enables companies which suffer losses as a result of strikes to make up the difference in their future tax payments, as a result of which ultimately they make up the complete loss that they have suffered as a result of the strike, plus, by the way,

six per cent interest which Mr. Marciante reminds me of. This is the law and does protect companies against loss due to strikes, or lockouts due to labor disputes.

So that what we have here is a situation where a company, over a period of time, can recoup its losses completely plus six per cent, whereas employees are compelled in many instances to suffer the pangs of hunger and dispossession and the like because they are unable to recoup any.

ASSEMBLYMAN WHITE: I have a question for either Mr. Marciante or Mr. Parsonnet. Is it true that if one particular union in a company goes on strike and other labor groups or other unions within the company honor the picket line, that these other unions will not receive benefits under this Bill? Is this your understanding?

MR. PARSONNET: Under the present law?

ASSEMBLYMAN WHITE: Under S-400.

MR. PARSONNET: This hadn't occurred to me to look into, but I'm reasonably certain that that would not occur.

ASSEMBLYMAN WHITE: In other words, you are saying then that if one union strikes for one reason or another, other unions, shall I say, honor the picket line. Those other unions will also draw these benefits?

MR. PARSONNET: You must remember that the disqualification because of unemployment due to a strike is terminated at the end of six weeks plus the waiting period. Even if it were true that under present circumstances, under the present

law unions honoring the picket lines of others would be denied the benefits. Yet the termination of that disqualification would occur at the same time. They might be denied benefits during the period if they participated some way in the strike by honoring picket lines. But at the end of the period they would not be denied the benefits any more than the strikers.

ASSEMBLYMAN WHITE: Thank you.

ASSEMBLYMAN DOREN: Thank you very much.

At this time I am going to extend the courtesy of taking one of our Senators who has requested to make a statement at this time due to the fact that he must go to the Appropriation Committee meeting in a few minutes. That is Senator Keegan. I am sure you have no objection.

SENATOR JOSEPH M. KEEGAN: Mr. Chairman and distinguished gentlemen, and if I may also impose upon the next witness and the order or presentation this morning.

I am very grateful, as sponsor of S-400, to have the opportunity to make what I assure you will be a brief statement as far as the Bill is concerned. I might point that parenthetically I left here last night at 9:30, having sat all day in this Chamber on a hearing on A-21. I note that the hall is just about as crowded today as it was yesterday. So it looks like you gentlemen have a very full day ahead of you.

I thought that rather than to confine my remarks to

any of the technical provisions of the Bill, which I'm very sure have been very clearly elucidatively set out by the first witness that I heard, Mr. Marciante, with the able help of Mr. Parsonnet -- and I'm very sure that other proponents of the Bill will give you the details of it. I thought that perhaps your Committee, Mr. Chairman, and my fellow legislators, might be interested as far as the files and records of the Senate Committee, Labor and Industrial Relations Committee are concerned as to what we have had, and certainly to offer to your Committee, sir, any of the information which we have.

I think that you will find that in practically all respects it is duplicated. But you should know that myself, as the sponsor of this Bill, have been referred to the principal sponsor of the Bill, and as the former Marine, I have been given to understand what some of my former enemies used to call the kamikaze spirit.

I have received over the course of the last week and a half some 540 letters. Of these 540 letters it is important that your Committee consider that the 540 letters are very definitely of the type that all of us as legislators are familiar with. Their very terse, concise statements that I am opposed to S-400.

Of these 540 there would be approximately 130, 135 which are represented, I think -- and I take a look around the room here and I see many of the men who have become some of

my favorite correspondents over the past two legislative years that I have been the Chairman of the Labor and Industrial Relations Committee. Of these 135 letters you will find that they set out concisely the position of, if I could use the term, the industrial employer outlook on the matter.

The other part of those 540 letters which are against the measure, as I say, are the ones that are generated obviously by members of staff organizations. There are some 60 letters, interestingly enough, that have come in as a result of the hiring in the past week and a half of a public relations firm. I have no objections to public relations people making a living, and certainly they make my living as a legislator a little easier because all the people do is clip the ad out of the newspaper, put their name on it and send it in to you and you promptly file it in the round file.

There are 118 letters in favor of S-400. These letters come in written by men and people who have the employees' viewpoint on this. Interestingly enough, and you should know, gentlemen -- and I am prepared to leave these with your Committee if you feel you want them -- though I'm sure you have your own records -- that there are no postcards, nothing of the printed material. These 118 letters were sent in by people who were in favor of these things.

All of these matters have been weighed carefully by the Committee and the bait was held in the Senate because

of your own very important and weighty duties here in the Assembly. I know that very few of you if none of you, if any, have had the opportunity to attend that hearing. It was quite full. It was an extended debate. It took some two hours. Frankly, I felt that as a sponsor of the Bill, all of the points that could possibly have been covered by legislators who espoused various viewpoints have been very adequately covered.

The one point that did strike me -- and I wanted to emphasize this because you should know that as all of us do as Legislators, we try to weigh these things on a factual basis, keeping the emotion out.

The campaign which was waged in the past two weeks on behalf of the so-called unorganized worker who suddenly became organized in the past ten days through this public relations firm, stressed the fact that it was going to be the unorganizaed man who was going to pay a tax, and therefore, because he was paying the taxes going to finance the strike benefits, that someone who had waited seven weeks after negotiations with the rest of the inhibitions that are in the Bill, was going to be paid, completely overlooking the fact that all of us as taxpayers very often -- and for the majority of the taxes that we do pay when we pay them -- we pay them into a general fund and then out of this money the benefits are then paid to our fellow citizens.

We have heard yesterday, as I say, about a concomi-

tant problem where people have felt that perhaps they are paying taxes for school purposes. But of their own free election, they elect not to use the school system that is the beneficiary of the tax system, that being up to them. I would assume that, as every analogy limps, this one is perhaps a little weak but it does have some bearing here. There are workers who will perhaps be paying into an unemployment fund, and they will not be on strike, if that's their matter of choice. I emphasize their matter of choice.

The only reason I want to come before your Committee, also, Mr. Chairman -- and you should know this -- is because of the fact that I wanted to stress, if I could, as a fellow Legislator, the matter of pressing ahead on this. Realizing that you have many, many matters to consider, realizing, too, that we are all, so to speak, under the legislative gun, this is a matter that none of us who have served in the Legislature over the past ten years are unfamiliar with. I have served with several of you gentlemen for a number of years in this House. I look with great fondness upon the service in this House. I have voted with you on unemployment compensation bills in the past. I would respectfully urge that you take advantage of, as I know you will, the facilities of our State Library through the very able assistance of Mr. Joseph Pizzullo who had made available to the Senate Committee, as he will to your Committee, all of the matters of hearing, all of the matters of reports that

have been on file, and most especially have been on file and have been brought up to date. They are current. They are running forward from 1961, with the information that you have in your State Library, with the information that the State Committee will make available to you, if you feel that you need it, though I feel I could represent that it would be repetitive; with the information that you get today respectfully as sponsor of the Bill and as a man who is not in any sense dedicated to labor as opposed to employer-management, but as a man who has worked on the problem over the course of the past four years.

I would urge that the purpose of the Committee, of course, be served by looking and getting your information and then acting upon the same as expeditiously as is possible in this legislative year. I am very grateful, Mr. Chairman, for the opportunity to appear and to make this brief statement. Thank you very much.

ASSEMBLYMAN WHITE: Senator, if I may, is there any reason behind the fact that the Bill was introduced on March 20th in the Senate, was referred to the Labor Committee on the same day and was reported out and given second reading on the same date?

SENATOR KEEGAN: The only reason that you have that, sir, is because -- no reflection on any other Chairman -- I am the first Chairman of a Labor and Industrial Relations Committee in the Senate. I am the first one who has acted

upon -- never mind this Bill, but any Bill. That Committee started functioning last year, sir. There was one reason for it, and one reason alone. It is that the Committee did its job as I see a legislative committee doing.

ASSEMBLYMAN PARKER: Senator, I am having a little difficulty with your analogy for the school busing bill. That is 400. Maybe you can help me out.

Under the school busing bill everybody is paying in through their taxes and everybody has the same benefit for the busing provision as a result of the school busing bill. I think it is A-21. Whereas, in S-400 you have everybody paying in and not everybody getting out in the case of the lockout or labor dispute. I don't see the analogy.

SENATOR KEEGAN: I think I prefaced it, Assemblyman, by saying that every analogy limps. Perhaps you can say that that one had a fractured leg.

Be that as it may, if it is a poor analogy, I apologize for it.

I might point out that we have had about the end of the winter flounder over the last weekend.

ASSEMBLYMAN PARKER: I haven't been down there, Senator.

SENATOR KEEGAN: I got about six small ones.

ASSEMBLYMAN FRIEDLAND: Senator, before we abandon the analogy, I am not sure that I agree with the inference contained in the question which was put by Assemblyman Parker. That is that there are people who will not be receiving

benefits from this Bill. I think he has reference, if I may read his mind, to the question of the unorganized workers.

Is there any disqualification in this Bill which in any way prevents unorganized workers from receiving the same benefits which are allotted to organized workers?

SENATOR KEEGAN: Absolutely none, sir. It doesn't change the general laws that were provided. I had assumed that that was within the knowledge.

ASSEMBLYMAN FRIEDLAND: Is it not true, too, that under the existing legislative pattern, organized workers provide payments for benefits which are supplied to unorganized workers?

SENATOR KEEGAN: Well, yes, sir. This is the obverse of the same coin. As I said, I didn't want to get into the details of it, figuring that certainly over the course of hearing what looked to me to be some fifty or sixty witnesses, that I'm sure all of these details will be worked out. My only purpose in appearing was to make the general statement. Certainly, if there is any help that is required as far as our Committee is concerned, we would be happy to give it to you. We feel that we have committed our obligation and confidentally expect that your Committee will.

Thank you very much.

ASSEMBLYMAN DOREN: Thank you very much, Senator.

Is Mr. Tobin here? For the record, please state your name.

MR. JAMES R. TOBIN: My name is James R. Tobin. I am corporate Employee Benefit Manager for Becton, Dickinson Company, Rutherford, New Jersey. My Company is a manufacturer of medical instruments and supplies. I appear today in my capacity as Chairman of the Employment Security Committee of the New Jersey Manufacturers Association. The Association has a current membership of more than 14,000 manufacturing, commercial and service companies which vary in size from very small to very large and thus represent a substantial cross-section of the nearly 69,000 employer accounts subject to the New Jersey employment security statutes.

Before I go on with my formal statement, I would like to congratulate my old friend Joe Keegan on his remarkable ability to give credence to the 180 statements that agree with him and completely disregard the other two thirds of the letters which disagree with him. This is rather an interesting ability to rationalize rather quickly, I would think.

Unemployment compensation has an important purpose to serve, and we know you are fully aware of this. However, to guarantee continuing income to those involuntarily unemployed, the program must maintain its actuarial ability to respond to varying needs of more than two and one-half million covered workers. Its resources must not be needlessly dissipated in directions of nominal effect. Hastily considered extensions of law, in a misdirected spirit of

liberalism, will curtail the replacement income available to bona fide primary unemployed wage earners.

You have for consideration Senate Bill No. 400. Its provisions, in brief, are:

1. An individual's weekly benefit amount would be determined as 2/3 of his average weekly wage. The present wage and compensation schedule would be abandoned.

2. The maximum weekly benefit amount for both unemployment compensation and temporary disability benefits would be increased to approximately $62 beginning January 1, 1968 (50 per cent of state-wide average weekly remuneration paid to workers by employers subject to the UC Law). Benefit maximum would be recomputed annually by the Commissioner of Labor and Industry.

3. Maximum total benefits would be either 1/3 of total wages in the base year or 3/4 of the base weeks multiplied by the weekly benefit rate, whichever is higher.

4. An individual with part-time employment would be entitled to 26 times his weekly benefit rate thus extending the duration of his benefit payments -- now just 26 weeks whether he receives his weekly benefit rate or less.

5. An alternative earnings requirement of $1,350

in a base year would be substituted for the present requirement of 17 base weeks of work in order to qualify for unemployment compensation benefits.

6. A requirement that an employee be "finally discharged" would be established in order to apply the discharge for misconduct disqualification.

7. Would pay lockout benefits.

8. Would limit a disqualification for a labor dispute to the first 42 days (in addition to the waiting period). Benefits would be paid out of worker contributions. No benefits would be paid where workers have "refused to voluntarily arbitrate" or refused federal or state mediation services. An administrative determination would be made by the Commissioner of Labor and Industry that the workers were bargaining in good faith or were prepared to do so to resolve the dispute.

9. The taxable wage base would be increased from the present $3,000 to $3,600 on and after January 1, 1968.

10. Coverage under the Act, as well as retroactive coverage where there is a voluntary election by an employer, would be immediate. The 10-day provision during which employees may now object to such coverage would be eliminated. The authority of the Division of Employment Security to approve voluntary

elections, except for periods earlier than the filing date, would also be abolished.

11. Payment of temporary disability benefits for the waiting week would be mandatory, if benefits were payable for three consecutive weeks of disability.

12. Would provide 26 weeks of temporary disability benefits for any period of disability of 1/3 of total wages in a base year, whichever is the lesser. The 26-week limitation of benefits which can now be received during any 52-week period would be eliminated.

13. Medical care eligibility under the Temporary Disability Benefits Law would be extended to include a dentist, chiropodist or a chiropractor.

14. Coverage would be extended to employers of one or more employees with payrolls of $1,000 or more of wages for any calendar year after January 1, 1969.

Summarizing the foregoing amendments, there are:

1. Nine amendments to increase benefits.

2. Four amendments to loosen eligibility requirements or disqualifications.

3. One amendment to increase revenue.

During the Senate debate on S-400, the bill was repeatedly characterized as a "compromise". A compromise suggests

that opposing parties in interest have met, argued and agreed. By no stretch of the imagination does S-400 approach what could be considered a "compromise". In simple terms, what happened was that the majority party met with labor officials and they, ignoring management who will be called upon to maintain the solvency of the Unemployment Compensation Trust Fund, agreed on S-400. The dispatch with which it was introduced and rushed through the Senate to coincide with a previously scheduled labor meeting in Trenton is contemporary history.

Labor leaders, pursuing their understandable objectives, have already made this observation in the March issue of the "New Jersey Labor Herald" concerning the percentage formula and automatic annual escalation, "Now that the principle is establsihed, the AFL-CIO officers will continue to strive for an improvement of the percentage to the full 66 2/3". . . This article in last month's issue accepts S-400 as an accomplished fact.

To those of us who subscribe to the printed bills service, although formally introduced on March 20, S-400, became available first on March 30 and was not generally available until Monday, April 3, the same day it was given final passage in the Senate. Notice of this hearing was received forty-eight hours ago. The bill carries an effective date 9 months hence, is 35 pages long, deals with highly complex and new subject matter and concerns the well-being of

more than 2½ million workers.

Many items in S-400 are so controversial that adequate time should be made available for full consideration. We should, for example, explore not only the experience of the two states which have the strike benefit provision, but also the four states which have seen fit to repeal this feature of their law. If New Jersey enacts S-400 as presently written, it will be the first state to insert such a provision into this 30-year old program. The states which have repealed and the two states which have retained strike benefits adopted them as part of their original enactment, without any experience basis and in the flush of labor organization of the thirties.

To use employee contributions to pay strike benefits ignores a fundamental fact. Available data show that approximately 700,000 New Jersey workers are organized, leaving about 1,900,000 who do not belong to unions. We have already heard that large numbers of workers object to the use of their contributions for payment of strike benefits. There is little justice or moral principle in providing strike benefits or special privileges to one segment of the labor force at the expense of the majority, who have a right to expect their taxes to add to the stability of the Unemployment Trust Fund, which would enable the continuance of payment of adequate benefits during periods of economic downturn.

The proposal that only workers taxes will carry strike benefits and none of the burden will fall on employers appears to indicate a misunderstanding of the mechanics of unemployment compensation financing. Employer taxes are established through development of two reserve ratios. One ratio, the Unemployment Trust Fund Reserve Ratio, determines which one of six tax tables will be in use for a fiscal year and the other, the Employer Reserve Ratio, determines the specific tax rate within that table that the employer must pay. The latter tax rate is based on the employers tax payments alone. The former is based on all contributions to the Fund including interest earnings. Strike payments from this fund could affect this reserve ratio at the same time influencing the use of a particular tax table. The net result affects employer tax rates. Employes taxes have enabled the Division of Employment Security to dispense more than 2 billion, 300 million dollars of benefits since the inception of unemployment compensation program.

The principle that all employee contributions may be reserved for the payment of benefits to a special class of employees raises a related question with respect to the contributions of employers. For example, should employer contributions be available to those employers who need help over a temporary period of insolvency?

In the limited time available to us, we have obtained information which strongly suggests there is need for deeper

exploration of the strike benefit provision. Special studies made in New York for selected years 1946, 1947 and 1954 indicated benefits paid to strikers amounted to $4,000,000 a year. The maximum benefits for these years were $21.00 in 1946, $21.00 in 1947 and $30 in 1954. We could obtain only partial data for the years 1959 and 1963. In 1959, the steel strike alone accounted for $9,000,000 of payments and in 1963 the newspaper strike involving 10,000 to 11,000 claimants made up for $4,000,000.

Estimates that a strike benefits provision in New Jersey would only cost $1 million are misleading. If these estimates are based on 1965 data, they fail to take into consideration the potential effect of thirteen strikes, (6 per cent of the strikes that year) which lasted more than 90 days involving 5,310 workers. The potential cost under S-400 for 26 weeks of strike benefits to this group alone would have exceeded $6 million. Moreover, approximately 20 per cent of the strikes during 1965 lasted longer than seven weeks. Weekly strike benefits providing up to 81 per cent of take-home pay would leave little incentive for early settlement of a dispute.

Forty-eight states and three territories now have an absolute benefit disqualification during labor disputes. Those who have the economic well-being of all our almost seven million citizens foremost in mind should weigh carefully the competitive considerations involved in placing New

Jersey with the minority.

The original enactment which began payments in 1939 had as its objective replacement of two-thirds of spendable income. In that year, gross and take-home wages were substantially the same. There were no tax or other deductions of significance. In 1967, the gap between gross and take-home is indeed a wide one. The following table illustrates the effect of the proposed and present benefit formulae:

The proposed formula with $90 of wages, $15.54 worth of tax deductions gives you a net wage of $74.46. The weekly unemployment benefit would be $60, which is 66 2/3 per cent of gross wages, but 80.6 per cent of take-home pay.

Under the present law the $90 with the $15.54 tax deduction gives you the $74.46 net wage, with a weekly benefit of $50, which would be 55.5 per cent of gross wages, and would give you a percentage of take-home pay of 67.2 per cent, rather close to the 2/3 that has been talked about.

Under the proposed formula an individual would receive a benefit equivalent to 80.6 per cent of spendable pay, a difference of only $14.46 between take-home pay and tax free benefits. Under the present law such individual would receive 67.2 per cent of spendable pay. Where the benefit maximum is too closely related to take-home pay there is little incentive for one to return to work, particularly if an occasional odd job is sufficient to make up the differ-

ence between the two. We urge you to retain the present wage-benefit table.

By the way, in the original 1939 law when it was enacted, it also contained a pension offset, and the duration of benefits was for only 15 weeks.

Maximum Benefits.

S400 would establish the maximum benefit as 50 per cent of the State-wide average weekly remuneration paid to workers by employers subject to the Unemployment Compensation Law, to be recomputed on or before September 1 of each year. Weekly wages paid per covered job in the 1966 Annual Report of the Division of Employment Security are shown as $123.67. On this figure the benefit amount would be $61.84. We recognize that benefit levels should not remain static. We are mindful, however, that benefit increases in the Unemployment Compensation Law also bring about a concurrent increase in Temporary Disability Benefits. Moreover, the use of an annual escalating benefit provision introduces in both programs a cost factor in addition to those costs occasioned by annually increasing wages. Placing the determination of the maximum benefit in the hands of an administrator removes it from the active review of the Legislature. We would hope that the New Jersey Legislature, sensitive to problems peculiar to New Jersey, would continue to do a constructive job in this program.

Because the draftsmanship of S400 leaves something to

be desired, we would bring to your attention that there is no such statistic as "State-wide average weekly remuneration paid to workers by employers."

Discharge for Misconduct.

S-400 would require that an employee be "finally discharged" before the disqualification for misconduct could be applied. Most employers have reprimand procedures where employees either repeatedly violate rules or commit other infractions at their place of employment. After several such reprimands, the employer under the terms of a collectively bargained agreement will employ corrective discipline and suspend such employee for a short period in order to impress him with the gravity of the shop violations.

Under the suggested amendment in S-400, the suspension would not be a discharge subject to disqualification as it is under present law. The amendment would negate the effect of any disciplinary actions agreed to under any collectively bargained agreement.

As we have already indicated this is a complex proposal. Time permits discussion of only a few provisions. There is much more and this Committee may wish to consider extension of these hearings to permit more detailed examination.

New Jersey's population, now approaching seven million, is increasing at a rapid rate. We have more people per square mile than any other state in the nation. This burgeoning population must be supported by a sound and con-

stantly expanding economic base. Whether such objective is attained is, in some respects, a matter of arithmetic, in others a sensing of attitude, both sometimes embraced in the term "economic climate."

In considering wage replacement programs, most people, understandably, seek 100 per cent to cover every kind of unemployment. However, maintaining a favorable position in the market place is importantly a matter of sales prices as a reflection of production costs. New Jersey employers now carry, by far, the major share of three employee money-benefit programs -- imposed by statute in only three other states. It is essential that any changes in these programs be made only after careful examination of their impact. A "rush to judgment" by any arm of government has much to do with the second half of the economic climate equation -- a sensing of governmental attitude in respect of the need for a constantly expanding business community. In short, more jobs and the ability to attract more industry to our state.

The New Jersey Manufacturers Association appreciates and welcomes the opportunity to present its views before your Committee and will follow closely your deliberations concerning this legislation so important to employee and employer alike and, in a very real sense, to all of our citizens.

Thank you.

While our talk has been limited, there are many other

employers who will supply additional information on many facets of the Bill. We would, however, request the right, as Mr. Marciante did, to rebut at some later point.

Thank you.

ASSEMBLYMAN DOREN: You will have that opportunity, sir.

MR. TOBIN: Thank you.

ASSEMBLYMAN DOREN: Any questions from the Committee?

ASSEMBLYMAN FRIEDLAND: I have just the one or perhaps several questions relating to the one.

As I take it, your position is that the law should remain just as it is without any further changes?

MR. TOBIN: Where did you gather that from, sir? I indicate in my statement that we are in favor of expanding the benefit maximums and in favor of several other positions, and if we had been allowed time to present the employer position before the Bills were drafted, you would have found that we were in favor of a great many areas of employment.

ASSEMBLYMAN FRIEDLAND: Do you know when the first Bill dealing with the strike, as it is called, labor dispute benefit bill was introduced in the New Jersey Legislature, how many years ago?

MR. TOBIN: Pardon me. Were you talking before only about the strike benefit provision or about the total law? I was answering to the total.

ASSEMBLYMAN FRIEDLAND: I was referring to the strike benefits provisions.

MR. TOBIN: I was answering to S-400 in total not in the strike benefit provision.

ASSEMBLYMAN FRIEDLAND: Do you know how many years ago the first strike disqualification provision was inserted, was posted in New Jersey?

MR. TOBIN: I'm not really able to go far enough back in history, but I know that around 1955 there was this type of thing being discussed. I can't give you the exact facts.

ASSEMBLYMAN FRIEDLAND: If my memory serves me correctly -- and I think you can check me out on this -- such bills have been introduced in New Jersey Legislature beginning with 1939 and have been reintroduced every year and referred to Committee every year. It isn't until this year that such a Bill has been released from the Committee.

Isn't that correct?

MR. TOBIN: That is correct. I don't know whether it goes back to 1939. I wasn't around then. I will take your word for it.

ASSEMBLYMAN FRIEDLAND: So we have really had, in terms of history, this issue before the New Jersey Legislature since about 1939. At least this limited issue.

MR. TOBIN: Before one of the Committees, yes. Not before the whole Legislature.

ASSEMBLYMAN FRIEDLAND: How much time do you think ought to be given to study this limited issue?

MR. TOBIN: I think sufficient time should be given be-

yond the Committee to study this issue. I think this year sufficient time should be taken to examine and determine the reasons that four states have seen fit to remove this provision. Mr. Parsonnet indicates that he doesn't even know the four states that had. According to our information, Pennsylvania, Tennessee, Alaska and Louisiana were the four states that had it and removed it.

ASSEMBLYMAN FRIEDLAND: I think Mr. Parsonnet gave you the answer. Didn't he say or really imply that if there hadn't been a change of administration in the State of New Jersey, this Bill may never have been considered by the Legislature?

MR. TOBIN: Well, if an item has been given sufficient examination that one of labor's chief spokesmen doesn't even know the names of the four states that took it out, how can we consider that it has been sufficiently examined, sir?

ASSEMBLYMAN FRIEDLAND: I think we are concerned or at least I am concerned -- I can't speak for the other members of the Committee -- about conceptual problems that the Bill presents rather than the question which you pose. In this area, conceptual problems which are posed, I do have a bit of difficulty with that. There is a provision of the Bill -- and I know you are aware of it because your memoranda refers to it -- which permits the payment of benefits to employees who are discharged for just cause after dis-

qualification period. In other words, under the current law if an employee steals from his employer, the theory of the Legislature has been for many years now that he is only disqualified as a disqualification period of six weeks, but he is still paid benefits after a six week period.

So that as I gather it, the current theme of the law does not rest upon a theory of fault or apportioning fault. It rests upon the theory of insurance. Do you agree with that?

MR. JOHN BACHALIS: I am Vice President of New Jersey Manufacturers Association. I'm sorry I'm a little hoarse. I am Secretary to the New Jersey Manufacturers Employment Security Committee.

Sir, in answering your question, I would like to indicate that, one, I don't see why you have the difficulty of finding any incompatibility with the two suggestions.

In the first place, an individual who is disqualified is disqualified on the basis of a unilateral act, his own act. Therefore, he is disqualified. He has taken the action.

If there is good cause, generally, he gets paid benefits. If he doesn't, if there is no good cause, then he does not get paid benefits. Therefore, the individual acts alone in that capacity.

ASSEMBLYMAN FRIEDLAND: He does get paid benefits after a period of six weeks?

MR. BACHALIS: That's correct.

ASSEMBLYMAN FRIEDLAND: And there is reference in the statement which was presented to us, that the theory of the law only deals with the involuntarily unemployed.

MR. BACHALIS: That's right, sir.

ASSEMBLYMAN FRIEDLAND: I notice this in several statements we have received. I wonder whether or not a man who slugs his boss in the mouth and thereby is fired is involuntarily unemployed. He is still paid benefits.

MR. TOBIN: I think you pointed out an area that should be corrected. I think this is obviously another weakening of the principle rather than pointing to the fact that the principle does not apply.

ASSEMBLYMAN FRIEDLAND: Do you think that any provision ought to be made for people who are unemployed after six weeks regardless of cause? What should the State have? How should the State of New Jersey treat such people after they are unemployed for six weeks?

MR. BACHALIS: Mr. Friedland, let me indicate that on a referendum petition submitted to the people in Maryland, 1961 and '62, a number of provisions were on that particular ballot and one was that an individual who has refused work, who has been discharged for misconduct or who has been voluntarily quit shall not be paid any benefits until he again finds other work. This is done by the people themselves.

ASSEMBLYMAN FRIEDLAND: You would suggest these people not be paid any benefits by the State of New Jersey at all;

is that correct?

MR. BACHALIS: We are suggesting, sir, that in the area where the individual acts in his own way, which is detrimental to his own interests, there should be a stronger disqualification period.

ASSEMBLYMAN FRIEDLAND: One other question. I know we have many witnesses and I don't want to lengthen this period, but don't we have an adverse, very adverse business situation, adverse effect on the business climate where either a long strike exists or a great number of people are unemployed? Doesn't this adversely affect local businesses in the sense that a local grocery man gets less business because there are people in the community who are not earning wages? Doesn't it affect the laundry man and the candy store operator? Many small businesses are affected in a community when a substantial number of people are unemployed.

My question is, if the Legislature passes this Bill, wouldn't we, in a sense, be aiding these local businesses by providing at least some income for the people in these local communities?

MR. TOBIN: Only, sir, if you were not willing to accept the premise that the basics of collective bargaining are that the two parties at issue suffer some detriment. If you replace up to eighty per cent of a man's income, you substantially reduce the necessity for him to return to work and you thereby hurt the community by prolonging that labor dis-

pute that much longer.

ASSEMBLYMAN FRIEDLAND: Just this last question in view of your last answer.

Is there any provision which you know of now in State law which requires good faith collective bargaining by unions where these unions are not involved in interstate commerce?

MR. TOBIN: I don't know.

ASSEMBLYMAN FRIEDLAND: Doesn't this law provide an incentive to good faith collective bargaining in intra-state commerce because it provides benefits after a six week period only where there has been good faith collective bargaining?

MR. TOBIN: How can a Bill which thwarts the basic concept of collective bargaining, which is the economic detriment of both parties? How can any Bill which does this improve collective bargaining? This can only have an effect, no matter how you reason around it, of interfering with free collective bargaining where the strike is the ultimate weapon and where the strike is the weapon that is invoked to cause economic detriment to both sides. This is the basic premise of free collective bargaining. You weaken it when you remove the economic detriment from one side.

ASSEMBLYMAN FRIEDLAND: Wasn't that answered a little earlier when it was suggested the carry back-carry forward provisions of the Federal Tax Code actually permit an employer to recoup losses as a result of these kinds of labor

disputes?

MR. TOBIN: I don't think the answer given there was at all realistic in a view of actual facts in the tax laws. Actually, under the tax laws only tax carryovers can only be used if there has been a loss year. In other words, only if an employer is forced to a point at which he has losses can he carry them forward. If his business is reduced from a net return of X to an income of Y, there is no tax carry forward, sir.

The more severe economic consequences of a strike to an employer, then the potential for a loss in a given year is the loss of business which is never recovered. All of us in business know that where there is substitutability of product or service, and certainly in this economy there are many, many substitutes for almost any product you can envision. Where there is substitutability, people go to the substituted product and frequently or a large percentage of them do not return.

To take, for example, our experience in the bus strikes in New York City. As you may know from examining all this as we studied it for many years, that the business industry in New York City has experienced a continuing declining number of passengers after each work stoppage. People have found substitute methods of transportation. They don't return. The buses in New York find themselves in economic deprivation because of this. This is the impact on the busi-

ness community.

Even the newspapers have found out that when you are out of business for a while, they find a substitute product.

ASSEMBLYMAN FRIEDLAND: This is the general problem anytime a strike occurs.

MR. TOBIN: But it does prove that the economic detriment to the community, to the business community is not relieved by tax carry forwards.

ASSEMBLYMAN FRIEDLAND: I have no further questions.

MR. TOBIN: Thank you, sir.

ASSEMBLYMAN PARKER: I'd like to stay on this tax thing for a minute. I'm not sure that I quite understood it. Maybe I did.

There has to be a net loss in any given year? In other words, this is not a deduction from gross income in computing your net income?

MR. BACHALIS: Under the tax laws, the only time an employer can either carry back or carry forward is where he shows a figure that completely exceeds his gross income. There has to be a total loss. In other words, if the employer, during a regular season, would experience a profit, that profit has to be completely eliminated and there has to be a loss by reason of other cost factors. This is not a recoupment for any one particular type of provision as a strike benefit. There has to be a total loss of the en-

tire gross income that the employers had for a particular year before there can be a carry back or carry forward.

ASSEMBLYMAN PARKER: To put it simply, they have to be in the red for that year?

MR. BACHALIS: Yes, they have to be in the red.

ASSEMBLYMAN DOREN: Any other questions?

ASSEMBLYMAN PARKER: Yes. I would like to hear your comment on Mr. Friedland's comments with Senator Keegan, about the lockout and labor dispute provision in this Bill being available to everyone including unorganized labor, if they want to avail themselves of this provision.

MR. TOBIN: I think that this presupposes that it is the right of everyone, as it is, to organize, and except where limited by Taft-Hartley and other labor laws, everyone does have the right to organize.

So what Senator Keegan is saying is that why doesn't everybody go join a union and then you can all take advantage if you want to strike.

ASSEMBLYMAN PARKER: This is not really so. Assuming they are not organized and they are not forced to make this choice. Is it not still available to those people?

MR. BACHALIS: May I, Jim, please.

MR. TOBIN: Yes.

MR. BACHALIS: This is a two part program here. I think the question that was raised by Mr. Friedland, raised the question of whether -- Mr. White I think it was

-- said something to the effect that if there are more than two unions in a particular establishment and only one union strikes, can the other unions obtain benefits. As I review the particular Bill, there is still a particular disqualification for the greater class of employers participating in the strike, and if the individuals do not cross a picket line they are participating in the strike and they would be disqualified for only the six weeks.

Going back to your question now and extending the same thought that while you do have unions -- if you have unorganized individuals in a particular establishment, if they are not in a closed shop -- we have these in New Jersey -- then these individuals, if they do not go into work, would be in the same category as the organized workers. Under this particular provision certainly they would recover benefits after the six week period.

ASSEMBLYMAN PARKER: Forgetting that analogy, John, just a minute. Even those that are not, say, participating collaterally in a labor dispute, isn't it still available to all these employees if they want to avail themselves of it?

MR. TOBIN: Do you mean if they have a concerted work stoppage?

ASSEMBLYMAN PARKER: Even if they don't.

MR. TOBIN: If a person doesn't have a concerted work stoppage, how does he make himself not available for work for

his employer without quitting? The only weapon available to this individual is to sell his services elsewhere. If he does not do so, then how does he avail himself of it?

In other words, he would have to voluntarily quit. A voluntary quit would be disqualified. Generally, the administration interprets them that way.

MR. BACHALIS: May I just supplement this a little bit. Was the burden of your question directed to the fact that if you have a plant that is not organized, that the individual there can proceed to go out on strike and so on? Is that what you had in mind and thereby collect benefits?

ASSEMBLYMAN PARKER: Yes. This is still available. What I am trying to get at, does this in fact discriminate against the unorganized employee? Does this Bill or does it not?

MR. BACHALIS: I think you have to look at this in the light of the experience of ones in labor disputes. Labor disputes invariably and with very, very little exception, from some of the data we have been able to get in the past two days, are formed by organized workers. In some of the past years there have been some small groups of employers who had a small employment force, where you have had a wildcat type walkout that lasts as much as two days. I would say to answer it would be nothing more than purely theoretical. Theoretically, I have to admit that the benefits of the provision that are here would be available.

But the chances of them ever using it are nil.

ASSEMBLYMAN PARKER: So as a practical matter, then, there is a discrimination? Is that your answer?

MR. TOBIN: I think that is our point. I think it would be hard to find in recent New Jersey history, a concerted work stoppage of more than six weeks duration of an unorganized group. This is a little hard to conceive.

ASSEMBLYMAN FRIEDLAND: I just want to get back to one thing which we discussed earlier, if I may. I sense in your statements in underlying theory that the whole collective bargaining depends really on an economic equation of the parties. That is an underlying premise that good and healthy collective bargaining could not take place unless both parties are on the same economic footing, the same or near economic footing.

I wonder whether or not that practice is actually consistent with the Federal Labor Law premise, or actually consistent with practice in fact. No one would surely equate the bargaining power, for example, of organized labor with some of the giant corporations in the country. You might find some instances where this could be equated, others where it wouldn't. But surely you wouldn't indict the whole process of collective bargaining, or suggest that good faith collective bargaining could not take place merely because the parties were in different economic status.

MR. TOBIN: I think it is your premise, sir, rather

than one you got from me that economic quality is necessary.

ASSEMBLYMAN FRIEDLAND: I don't know that it is even theoretically related. It may be practically related.

MR. TOBIN: I again suggest this is something you read into it. I don't suggest this as the basic theory of bargaining, which you don't want to debate. I didn't impugn that to it. You also, of course, have the availability of strike funds. If the labor organization needs something to protect the worker against economic detriment, it would appear to me as a reasonable premise that this should be their own function to develop. It would appear to me that unions could, should and in point of fact very often do develop strike funds in anticipation of work stoppages in the same way that managements develop inventories of goods in anticipation of these stoppages.

ASSEMBLYMAN FRIEDLAND: Picking up the same line of questioning, you would surely recognize that the unorganized workers of the State do not now have available to them such strike funds, and that this Bill would, in a sense, provide them with the same benefits which the organized workers have?

MR. TOBIN: I also think we could refer back to our previous answer, that it is theoretically fine but practically non-existent to have unorganized workers having work stoppages of sufficient duration to qualify. You know, this is a theoretical sophistication which I don't think

we could find experience in the practical realm in this or any of the other states in which I have worked in the last several years.

ASSEMBLYMAN SWEENEY: Mr. Tobin, John, you are trying to give us the impression that this Bill has been railroaded through, came through the Senate in a hurry. I have been in this Assembly for eight years. I was on the Labor Committee for six years. I came down here in 1950 for ten years previous to that, and this Bill has been in these Chambers for the last fifteen, eighteen years. I sat on in Committees. We discussed this Bill, a Bill which was twice as good as the one they are trying to put through now.

MR. TOBIN: Twice as good from whose viewpoint, sir? From the labor viewpoint, okay.

ASSEMBLYMAN SWEENEY: People who have written to me. Do you want to talk or will I talk? Do you want to put words in my mouth? Can I have the floor?

ASSEMBLYMAN DOREN: Ask the question.

ASSEMBLYMAN SWEENEY: Why do you say and why do you give the impression to the Committee and the people in the State of New Jersey that this Bill has been railroaded through when I have discussed this Bill with John and other people for years and years? Why do you do that?

MR. TOBIN: I do it -- since he has discussed it with you, John, do you want to answer first?

MR. BACHALIS: I must confess, Mr. Sweeney, that per-

haps my memory is short. I don't remember ever discussing a strike benefit bill with you. I want to point out one other thing.

ASSEMBLYMAN DOREN: He gave you the opportunity. Let him finish.

MR. BACHALIS: Let me indicate, sir, that at the outset of our presentation here Mr. Tobin indicated that we are representative of a little over 14,000 employers in the State.

Sir, as an active individual who follows the legislative process, the Legislature during the past years have been putting in about 1,500 bills. There are numerous bills that need watching. Of course, any individual who comes down here is not going to waste very much time looking at bills where the temperament seems to indicate that the bill is not going to move through the legislative process. This is exactly what has happened with the strike benefits proposal. It would be. It would just be a little bit of chopping off my head with my own employer if I were to devote my time to an uneconomic effort.

This is why we do indicate that this Bill did -- it was introduced on March the 20th. It didn't become available to us until March 30th in printed form. We began reviewing it. On the day it was introduced, April the 3rd, formally, and became available to the public, the Bill was in Committee, out of Committee and on its way. When we

had the formal copies on April the 3rd, the Bill was passed by the Senate.

Sir, I don't like to use the term "railroading" but I would certainly say this is precipitous action if nothing less than that. Now, within two days after a Bill is passed, we are asked to present a hearing with voluminous data affecting the four states that rescinded it. I could give you some information on that because it was very easy to pick up some information.

The Tennessee Supreme Court -- I know labor will say they have nothing in common with this, with Tennessee. It was said up on the Floor that they had nothing in common. But there is something in common on the basis of opinions of the Appellate individuals in the Court system. The individuals I believe do express their own free will in the Court systems. In this particular decision they indicated that -- and I am going to paraphrase a particular point that sticks in my mind. The individuals -- and this was concerning the payment of strike benefits -- that the individuals themselves relied on a statute which they had a right to do, and they probably would never have called the strike much less prolonged it as long as it went on.

I think this clearly indicates in the minds of these particular judges, and subsequent to this the particular statute was rescinded -- and I don't know whether it had anything to do with form of government. Apparently, it created a very unhealthy situation, and in the minds of

Legislators they chopped it out.

In Pennsylvania during the coal strike -- and some of this data is pretty old because some of these statutes were rescinded sometime ago. When the rest of the nation was experiencing one of the best prosperity levels, Pennsylvania with its coal strike in the coal mines experienced a twenty per cent increase in claims, and right subsequent to that they chopped it out.

I would say there are certain conditions which need greater exploration. To say that in the period of time the Bills have been -- I don't know if they have been in since 1939. I know the Assembly has passed the Bill twice out of the last three years. Each time the sentiments seemed to indicate the Bill wasn't going to go. So there was no sense wasting any time on it.

So, sir, this is my answer.

ASSEMBLYMAN DOREN: Do you have it, Mr. Sweeney?

ASSEMBLYMAN SWEENEY: Yes. I have discussed this Bill with John right here in this Chamber, up in the room, up in the Committee room. People from management have appeared in front of our Committee discussing this Bill, A-2 and S-400, which is a watered down Bill. They have discussed this Bill for year-in, year-out. This is nothing new. This has been in the Assembly and in the Senate for years and years. That is why I say this is not a brand new Bill, is not railroaded through or pushed through so fast that nobody knows anything

about it. So that is the reason I am stating this.

John, if you don't remember -- on many a time I talked to you right out here about many a bill, and they were similar bills.

The strike benefits weren't in the Unemployment Compensation Bill for a few years. It was a separate bill altogether, and it passed this House a few times. I talked to other people from management about the Bill. This is nothing new. So I don't understand why you say it is being put through in a hurry.

MR. TOBIN: I think I can answer the question you directed to me. Why do I, as a representative of management, say that we feel that this has been precipitously introduced and passed? I don't quite understand -- I haven't been in the legislative process anywhere near as you have, sir, with your great experience, but I can't take S-400 and say because it contains features that were contained in other Bills, that it is the same Bill; that this Bill has been introduced many, many times. Features of these Bills have been introduced. But from a management viewpoint, it would seem to me that sufficient time to evaluate the economic impact of this total Bill which the administration has told us is a new Bill, a compromise Bill, we were not allowed sufficient time to examine the new and compromised Bill before it was pushed through the Senate, before these hearings were scheduled. This, to us, is what is wrong with it. Whether the specific

provisions, whether we have had floating benefit maximum provisions to examine before or strike benefit provisions to examine before, or quit clause to examine before -- we have, and we have discussed them with you people. We have not discussed or had a chance to present our total view on S-400.

To we in the business community who have experienced a rise in manufacturing jobs last year have only one per cent in what was one of the best economic years we have had in the United States. I take the one per cent figure from Governor Hughes himself. So I assume it is correct. I can't help but feel that the economic climate of New Jersey has not been bettered by the kind of legislation that has been passed recently. I must, therefore, evaluate the total concept of the Bill and not individual provisions from past years. If we have sufficient information, sir, on the strike situation, perhaps somebody could make it available to us.

For example, what are the reasons that the four states saw fit to revoke strike benefit provisions? What was the reason for New York City's Council of Economic Advisors to the Governor to recommend that strike benefits be removed from the New York law? These questions, I don't have enough of the answers to, so I don't feel I have had sufficient time to gather the data. If it is available, I wish they would make it available to us.

ASSEMBLYMAN SWEENEY: I think the answer was given

earlier because of a change in administration from one party to another.

Another thing is, I am glad to see you. I haven't seen you before in my life here until today. So I am glad they sent somebody new down to talk because I have talked to a lot of other people.

ASSEMBLYMAN DOREN: Let's stick to the question.

ASSEMBLYMAN PARKER: To follow through with the comments you have just concluded with here as to the economic climate and the one per cent growth in New Jersey last year.

Do you have any figures for our neighboring states as to what their economic growth was last year, Pennsylvania, Delaware? Did that exceed, did their growth exceed that of the State of New Jersey?

MR. TOBIN: New York, of course, didn't. We took a lot of our jobs from New York State. This is the reason we are able to get a one per cent growth. We were able to take some jobs from New York State. But manufacturing in general in the United States has enjoyed an increase well in excess of that.

I think if you are going to view our competitive climate you must view it totally. Any statistics available from the Department of Labor will indicate that the growth in manufacturing employment in the year 1966 on an average throughout the United States was substantially in excess of that.

ASSEMBLYMAN PARKER: Maybe John can answer this. Are

we below the national average in New Jersey at the present time? Is that correct?

MR. BACHALIS: Mr. Parker, I am sorry I cannot speak with respect to the other states because we came here to discuss an unemployment compensation bill and not the economic climate. However, it just so happens that I did have some data. I was in the process of preparing it in the last several days, from 1939 through 1966 in areas of total employment versus New Jersey, and in areas of manufacturing employment in the United States versus New Jersey, and New Jersey has constantly lagged behind the national average. We have not approached in every year approximately with certain minor exceptions.

For example, if the United States has had a loss of 9/10, New Jersey experienced a loss of 6/10 or 7/10, something like that. So we are a percentage point more. But generally speaking, New Jersey has been lagging. In fact, in manufacturing employment we have reached what appears to be somewhat of a plateau with only nominal increases despite the rapidly burgeoning population.

ASSEMBLYMAN FRIEDLAND: May I just say this: I think that every member of this Committee -- and I'm sure that every member of the Legislature appreciates the fact that business in the State of New Jersey has a substantial and a legitimate concern for the enactment of any legislation whatsoever which affects it. There isn't a member of the Legislature who doesn't fully appreciate both politically

and from the standpoint of examining good legislation and bad legislation, doesn't appreciate and want the views which you have expressed. We want to have them.

But I must also say that I believe that every member of the Legislature of the State of New Jersey has a Constitutional right to have his legislation voted upon and brought before the Legislature for consideration in order that the elected people in the State of New Jersey may have their say upon such legislation. I do not support and never will support any system by which a Committee or a corpus rule can kill any legislation. I would support any Bill, for example, that any of your organizations might want to have voted upon. I just wanted to express my view on this lest that silence be considered an agreement that the Committee system might be used as it sometimes may have been in the past, to prevent votes by Legislators upon legislation.

MR. TOBIN: I think you people have allowed me an opportunity to testify down here several times in the past, and I fully do appreciate that. I recognize very fully that this public hearing is an expression of your willingness to do so in the face of any other person's attempt not to allow full expression.

ASSEMBLYMAN WHITE: Mr. Tobin, we have spent a lot of time on strike benefits and their impact on the State. I wonder if you would care to give us any comment on the addi-

tional provision in the Bill which states that any employer having one or more employees would be subject to this law. Of course, I am referring to compensation. I notice that on page 3 of your statement. Do you have any additional comment you would care to make on that?

MR. TOBIN: I think the only comment we could make on that is that the New Jersey Manufacturers Association is on record and has been on record even with the House Ways and Means Committee of the United States in support of one or more. Our testimony in regard to HR-8282 last year clearly supported the principle of coverage of one or more. This has been in many of our statements to the Employment Security Council.

ASSEMBLYMAN SWEENEY: I have one more question, Mr. Tobin. You stated that 700,000 people, organized people would be benefited by this Bill, and 1,900,000 would not be benefited because of strikes. Would they be benefited by the unemployment if they were laid off from work? Would they be benefited by it?

MR. TOBIN: If you will re-examine my statement, sir, I referred to the 700,000 being benefited by the specific provision, not by the total Bill. So my answer is that my statement would blearly support the concept that the 700,000 are provided benefits under the strike benefits provision for the detriment of other workers.

The rest of my statement gives our opinion about the

impact on the total work force of this precipitous legislation.

ASSEMBLYMAN SWEENEY: My question is, would 1,900,000 people be benefited by this if they were laid off?

MR. TOBIN: Would they be benefited by this Bill or this provision?

ASSEMBLYMAN SWEENEY: This Bill. That is what I am talking about.

MR. TOBIN: If you accept the facts, sir, which I haven't accepted, if this is a good Bill, then, yes, they would be benefited. If you phrase the question specifically to the fact that will a person get higher benefit levels regardless of whether he is a member of the labor union or not by the Bill, the answer is, again, obviously yes, he would. The Bill does not, in my opinion, and in my statement, benefit the workers of New Jersey. It merely provides an increase in benefits to the possible economic detriment of all of them, sir.

MR. BACHALIS: May I just indicate one little thing, Mr. Sweeney. Under this particular Bill, you have an individual replacement of two thirds of individual's gross wage. The benefit maximum is established at fifty per cent of the average wage. The average wage is about $123 as we indicated in our report. The man who is at $123 will not benefit to the extent that those in approximately the earnings of $91 and under are going to benefit. They will be getting

up to about 81 per cent of their take-home pay. The individual at the average wage of $123 will be getting 50 per cent of his gross. That is the benefit amount, and something slightly more of his take-home pay.

So, therefore, you are benefiting a small group, I would say, many of whom perhaps by choice do not want to work full time. Let's face it. There are people of that nature.

Additionally, the full time, the man who earns the greater wage would not receive that same extent of benefit. So there are some differences in this. Of course, the other factor, Mr. Sweeney -- and I will terminate -- is that the cost factor in this is a major factor.

ASSEMBLYMAN SWEENEY: If you are telling me that a person makes $120 a week or more -- some people make $200 in the building trades and in the unions -- they will take an unemployment benefit of $61 rather than going out and work. I think you are just -- it is beyond me.

MR. BACHALIS: Mr. Sweeney, I'm sorry you seem to have drawn that impression from me. You said how will these people benefit. I said there are differences of benefit. You are overbenefiting a certain group and you are underbenefiting others.

ASSEMBLYMAN DOREN: Let's give the stenographer a five minute break.

(A short recess is taken.)

ASSEMBLYMAN DOREN: Mr. Hoffman, please.

MR. PHILIP B. HOFFMANN: Mr. Chairman, ladies and gentlemen, I am pleased to come before you today to take advantage of this invitation to express my views on S-400.

There are those who suggest that the decision on this Bill has already been made -- and that this hearing is merely an attempt to appease opponents of this Bill.

I have confidence in your integrity and I firmly believe that you are basically motivated by a desire to do what is best for all of the people of this State.

It has been my privilege to live in New Jersey many years -- and to be a taxpayer -- a voter -- and one who devotes a considerable amount of time to civic activities. I believe that each of us has a moral obligation to do what he can to help make this a better state in which to live and work.

Today, I also appear before you in my capacity as Chairman of the Board and Chief Executive Officer of Johnson and Johnson, a New Jersey-based Corporation whose history in this State goes back more than 80 years. Throughout this time we have built clean and attractive plants in New Jersey, provided good jobs, paid our fair share of taxes and proudly performed more than our share of civic duties.

In my dual role as citizen and employer I am strenuously opposed to this appalling legislation, and I am

shocked by the adverse impact that S-400 could have on the economic future and business climate in New Jersey.

I stand before you as a man charged with the responsibility of protecting the welfare of 33,000 employees and their families, more than 9,000 of whom are residents of New Jersey.

It would have been much easier for me to have asked any one of a number of competent executives in my firm to appear here today, but I chose to come myself in the hope that I could emphasize to you my strong feelings about this legislation, and my grave concern for the position in which you put not only the employers of New Jersey, but the men and women presently contributing to the Unemployment Compensation Fund.

S-400 violates the very spirit, and possibly the legality, of the Unemployment Compensation Fund.

S-400 jeopardizes the protection the Unemployment Compensation Fund offers to men and women who, through no fault of their own, find themselves out of a job.

S-400 puts these men and women in the untenable position of financing a strike that could conceivable close their places of employment and put them out of jobs.

I am sure, gentlemen, that if you were to ask for and listen to the sentiments of all -- and I repeat -- all of the people you represent in the state, you would hear an overwhelming objection to this Bill.

I ask you as responsible officials not to vote on this Bill until you have heard from all of the people -- not only the business leaders, not only the labor leaders -- but from those men and women who have placed their faith and confidence in you as their elected representatives.

In the long run, we know that the will of the people shall prevail. I am convinced that the majority of the citizens of New Jersey are unalterably opposed to S-400.

I ask you one last question. If you permitted the citizens of New Jersey to vote yes or no on this question, how do you in your conscience believe they would vote? Since it is such a controversial issue, why not give them that chance with a referendum. America's greatness was founded in that fashion. We must not lose the democratic ideals that men at this moment are dying for. Think, gentlemen, and act for the good of the great State you represent. That is your solemn oath of office.

Thank you for permitting me to appear before you today.

ASSEMBLYMAN DOREN: Are there any questions? I see no questions. Thank you very kindly, sir.

ASSEMBLYMAN SWEENEY: Can we have a copy of that?

MR. HOFMANN: Yes.

ASSEMBLYMAN DOREN: Mr. Hall, please.

MR. EDWARD J. HALL: I am Director of the Division of Employment Security in the Department of Labor and Industry, State of New Jersey.

I understand that I have been requested to come here to comment briefly on estimates of the cost of S-400. We know just the same as anybody else that estimating is not an exact or precise science. But it does depend upon the amount of material you have, the experience working in a particular field.

I feel that over the years, thrity years of operation of Employment Security Agency, we have collected a wealth of material and we do have the talent to use that wealth.

So we did make estimates and requests of the Governor's Office. We provided the same estimates to the AFL-CIO, the same estimates to the State Chamber of Commerce. We have seen in the paper a wide divergence. I would like to comment briefly on the items here.

There are two items that more or less go together. One is adding given benefits to an individual who does not have 17 weeks of employment but does have $1,350 in the base year.

The other one is that the maximum benefits is now an alternative. It is not three quarters of the weeks of employment. It is now three quarters or one third of total wages.

On the first item all that would be involved would be those individuals who worked less than 17 weeks and had more than $1,350 in earnings. We know from our wage pat-

terns that there are relatively few of them, and we estimate that cost at not higher than one half a million dollars. These figures are all based on 1966 experience.

The other one would not only involve the other ones in the first operation, but would include all the ones that had short periods of unemployment but high wages. The normal steady wage earner would still be controlled by the three quarters.

The other one would be the three quarters. There our estimate is 2.1 million dollars. In both of these instances I feel our estimates are very close.

We then go on to the maximum benefits of 26 times the weekly rate. That is insignificant, about 2/10ths of a million.

Incidentally, the coverage of one or more, as one of the gentlemen referred to, we estimate that that would be an offset. There would be no increase in cost. The added contributions coming in from the new employers would offset any benefits paid to their employees.

The denial of benefits for the two weeks immediately following detachment from any maritime services performed on shipping articles, we didn't even bother to put a price on that, it is so negligible.

Now we get to the significant ones. Weekly benefit rate of 2/3 of individuals averaged weekly wage up to a maximum of 15 per cent of outstanding average weekly wage.

Talk about material upon which we base our estimates. We know everybody up to who is getting up to $49 in benefits, and we know what percentage of them is getting 10 and what percentage of them is getting 15 right up to 49. We also know the percentage of those getting $50. It is a simple factual matter of taking the rates presently in the law and finding out how much more that individual was going to get, and it is straight multiplication. The only ones who are going to get higher than $50 -- and let's assume that the maximum wage would be $60. The only ones who are going to gain anything on that are the ones who are presently getting $50.

We have a pretty good wage pattern on those and hence, I would say, unless contradicted in some way, that this too represents a fairly firm estimate.

Now we get one which seems to be the controversial one, benefits to workers who strike more than six weeks. We originally gave an estimate of 1.1 million for the year '66. We saw other estimates in the paper. The Governor's Office asked us to make an estimate of what the costs would be in 1965 if we used Rutgers' Report. We had previously given our estimate of $2 million for 1965, $1.1 million for 1966, $2 million for 1965. We got in touch with the Rutgers people, and they didn't have a list of the employers who were involved in 1965. However, they merely got the raw material from the Bureau of Labor Statistics in Washington. We got the list of the employers involved, went over it, compared

it with the list that we used to develop our estimate. There were differences. Over-all it came out that it would be $3.7 million for the strike benefits in 1965. However, we went into it further. We accumulated statistics for a good many purposes. We found out that two of the largest disputes that were recorded in 1965 actually ran most of their costs in '64, and both of them spilled over into 1965.

The policy of the B.L.S. is to take all weeks and count them in 1965. Those two strikes alone would probably cost about $3 million, and most of that was in 1964.

We also know that on the present law individuals who are not directly interested or financing or concerned with the Bill are given Unemployment insurance. However, they are counted as unemployed people because of a labor dispute by the B.L.S. We also checked and found out that one big strike was the longshoremen's which was 160-odd days. We checked into that and found out that the first 80 days of that was a cooling off period under the Taft-Hartley Law, and actually they were working. So that cuts that practically in half.

We finally figured that our figure of $2 million was firmer than the ones we could get from any other source. Just to check, we called New York, who supposedly has experience on this. How much did they pay out in strike benefits under a similar law? They didn't have any direct statistics, but their head of research advised us they had

made estimates, and those estimates indicated it would vary from year to year, from $2 million to $7 million.

We generally consider New York State as a comparison of employment security agencies, three or four times larger than New Jersey. So if you take that measure, you will concede that we cannot be very far off.

That brings up a total of an increase over the expenditure in 1966 of $28.2 million, which represents a percentage increase of 26.7.

Now we go to the cost estimate of temporary disability. Here, too, it is the 1966 experience we are using, but here, too, it wouldn't vary too much from year to year. Under the State Plan we would indicate a $5.1 million increase or 23 per cent. Under Section 4F of the statute which is that which permits the payment to unemployed workers, we estimated that that would be $1.3 million, also 23 per cent. It is for a total of $6.4 million. Naturally, 24 per cent.

The other item, payment for waiting week after qualifying for five consecutive weeks of benefits. Incidentally, I might add that we feel quite confident in the last statistics I read to you, the estimates of the added cost of disability.

This other item is probably the one in which we can be most confident because we have made more studies and we can pick out the actual facts on this. That comes out, as I say, to $2.6 million or 11.6 per cent. So the total would

be 9.0 million dollars and 32.3 per cent.

Now we go to added income. This is to increase taxable wage based at $3,600 from the $3,000. We estimate $2.2 million derived from that, from the worker. This is based on 14. This is 14.7 per cent. Here is another way you have of checking. If we assume that every worker who is presently making $3,000 was also making $3,600, there would be $600 of taxable wages added for each employee.

Now, $600 over $31,000, the present base, would mean 1/5 or 20 per cent, so the thing can't possibly run over 20 per cent.

Yet our figures and our wage patterns indicate that some people only get $3,100, some $3,200, some $3,300, and hence, it is very logical that the 20 per cent would be reduced approximately 5 per cent.

For the employer based on the same reasoning, $19.5 million. Obviously, the same percentage, 14.7 per cent, for a total of $21.5 million, percentage 14.7 per cent.

Temporary Disability Benefits Law, we assume that the worker, and we estimate that the worker will contribute $2.1 million or 14.7 per cent. The employer, $1.2 million, also 14.7 per cent for a total of $13.3 million or 14.7 per cent.

Those, gentlemen, I think, are all the estimates we made and have now. I would be glad to comment if there

are any questions.

ASSEMBLYMAN DOREN: Any questions, please?

ASSEMBLYMAN FRIEDLAND: Just one. What do you estimate the employee contributions to be for the year 1968?

MR. HALL: For 1968 I would say somewheres about $17 million, $18 million.

ASSEMBLYMAN FRIEDLAND: Thank you.

ASSEMBLYMAN DOREN: Any other questions?

MR. HALL: Last year it was $14 million. This additional tax base raise would put it up around $16 million. Naturally, it will grow next year.

ASSEMBLYMAN DOREN: Thank you very kindly.

Mr. Burk, please. He has only a very short presentation he would like to make at this time.

MR. JOHN W. BURK: Thank you, Mr. Chairman.

I am General Manager of the Evening News in Perth Amboy, New Jersey, which is a 51,000 daily circulated newspaper. However, I represent the New Jersey Press Association, Legislative Committee here today, which is comprised of 27 dailies and 150 some odd weekly newspapers, representing in excess of 2.5 million circulation.

I just have a brief statement I would like to make on behalf of the Association.

We feel that the S-400 in its present form was moved with much rapidity through the Senate, and further feel it was not given due deliberation and the proper study we feel

might be helpful before it is presented to the State Assembly.

The State Association wants to make this main point. We feel that the Bill, as it stands, is not in the best interest of all the people, all of the workers of the State of New Jersey because the Bill provides that all workers, 2 million some odd workers, must contribute to the Unemployment Compensation Fund, from which strike benefits may be paid if the Bill is passed in its present form. These funds, of course, were being made available only to the labor unions. We feel the Bill is somewhat discriminatory.

We further feel that the maintenance of such a fund, Strike Benefits Fund by the State, in effect, aligns the State of New Jersey Unemployment Fund with labor in disputes with management. We feel that the Bill in its present form with the strike benefit clause will help prolong strikes.

We further would comment that we think that the Bill will have a decided effect upon influx of industry, new business to the State of New Jersey, thereby having a detrimental effect on the business climate.

I would like to point out in conclusion that we as an Association are in agreement that there should be revision upwards in unemployment compensation benefits. However, we feel that the Unemployment Fund should be maintained truly for the unemployed and not used as a Bill to have labor have a wedge against the business climate. We urge the Bill be held for further study and not be passed in its

present form. That's all, gentlemen.

ASSEMBLYMAN DOREN: Any questions, please?

ASSEMBLYMAN FRIEDLAND: Just one, sir. As I understand it, it is the considered opinion of your Association that the Bill is a bad Bill and ought not to be passed?

MR. BURK: Just on the points that I outlined, that we are objecting, the Association is objecting to the Bill.

ASSEMBLYMAN FRIEDLAND: Do you think you have had sufficient time to come to the conclusion that the Bill is a bad Bill?

MR. BURK: I didn't make the statement, sir, that the Bill is a bad Bill. I said in its present form we feel it needs further deliberation.

ASSEMBLYMAN FRIEDLAND: Thank you.

ASSEMBLYMAN DOREN: Any other questions, please. You had some presentation, I think.

MR. BURK: I have with me 28 editorials from the various dailies in the State which I would like to leave for the record.

ASSEMBLYMAN DOREN: Thank you.

Mr. Fagan, please.

MR. JAMES E. FAGAN: My name is James Fagan. I am Chairman of the Management Employee Relations Committee, New Jersey State Chamber of Commerce.

Mr. Chairman, I have given the Committee members a transcript of my report. Today you are going to be hearing

the same arguments repeated and repeated time and time again. In order to expedite the hearing, I might depart from my printed script, if you will pardon me.

My remarks are going to be directed merely to the proposed amendments of the Bill that authorize unemployment compensation to employees engaged in a strike or work stoppage against their employer, and which in my opinion, because the State, to intrude upon labor management relations in a collective bargaining process -- this is a sensitive portion of the Bill.

All collective bargaining processes are sensitive. There is a balance there that is tough to maintain, and it's got to be maintained if collective bargaining is going to be a success.

Now, presently striking employees are disqualified for receiving unemployment benefits.

Senate 400 would eliminate that disqualification after a work stoppage strike for 42 days in addition to the waiting period.

Now, lockouts, my friend Thomas Parsonnet said get it immediately. After a strike of 42 days and a waiting period, you get the strike benefits. Any labor dispute and there is a strike, and you get the unemployment benefits. There is no difference made, where friends of mine in the labor unions are embarrassed because of wildcats and unauthorized strikes where the employees breach in a col-

lective bargaining agreement.

The Bill makes no differentiation. A labor dispute is a labor dispute. We look at the definition of the anit-injunction state and you find it. If there is a wildcat strike, it applies, what I am talking about, applies effectively in a wildcat strike as it does in anything else.

An enactment of this Bill would result in the encouragement, in my opinion, in the prolonging of strikes with the disruption of the economic opportunity in the State. Since the basic purpose of the unemployment statute itself is to afford relief to employees who are unemployed involuntarily, out of their own doing, this amendment is contrary to the very purpose of the statute.

Particularly if they ignore their own union and walk out on a wildcat, they get a benefit, under this Bill, as presently read.

Now I want it understood right here, my position. No one wants a strike. A strike, we are going to hear a lot of words. But we can sum a strike up in three words: It is economic warfare. Nobody gains from a strike. Speaking for employers, we don't want it.

Perhaps in another era when we all are more enlightened, when we know how to stop this problem of strikes and threat of strikes, there will not be a factor in our economic system.

I have met with American Bar Association Committees,

met with friends of mine who are in this room in labor, and we have talked of trying to find ways and resolve them when the public interest in affected.

In emergency situations such as the subway in New York, where not only the employee -- I am talking about here who everybody is concerned about here today -- but the general public is concerned. We can have nothing that is going to prolong or encourage any strike situation. Everytime we try to find a way to resolve these public interest strikes, we run into road blocks. Why? Because it takes away the right to strike.

I say, as a representative at management appearing here before you today and just representing companies, I don't want to take away the right to strike. I want nothing to take it away. How to solve it so the public isn't hurt, the employee isn't hurt and the employer isn't hurt, I don't know. When people say how to do it, I tell them to repeat after me, "Hail Mary, full of Christ, pray."

There is no wisdom yet that any Legislature has put out that can do that. Instead of a Bill like this to get a strike benefit and devoting our time and responsibilities, under both sides of the picture, invite us in the room and sit down together and try to find that solution. Then I would love to do it with you, members of this Committee and members of labor that are friends of mine in this room.

Let's go on for a second. Unfortunately, the main fact

of life today is that strikes and threats of strikes are necessary ingredients in and for, and are a result of free collective bargaining. We have to have strikes if we have free collective bargaining. It is the strength of labor. It is the strength of the employee. The employer has to take it.

Taft-Hartley Act says the employer could have equal opportunity of having a lockout. Lockouts are seldom upheld by Supreme Court decisions, as my friend Tom Parsonnet will tell you later. Equal right is upheld under the Federal Law. This will break that balance, take away that equality right here. You are taking sides when you finance. Anytime you finance under any conditions, you are taking a side. You are taking a side where there is a delicate economic balance that I am going to describe to you later as I go on.

I am not here just opposed. I am here trying to find a solution, because I am as interested in the public, and as a member of the public as I am as a representative at management here to you, to find a way to duck these things, instead of encourage them, such as I think this Bill would do and prolong them, such as I think this Bill would do.

Workers strike in the hope of obtaining increased pay and other improved conditions of employment. Employers take strikes because they believe in a fairness of the position, or maybe because they can't give more, more. They are at the point of no return and they have to take it.

By striking, the worker sacrifices wages. I admit that. It is his hope that the economic loss to the employer would compel the employer to yield to his demands. The fact that both the employer and the employee are willing to sustain this loss that results from a strike is the economic test, is the result of free economic bargaining, free collective bargaining. Each has a right to take its stand.

S-400, Senate 400, would minimize the sacrifice to striking employees by insuring them against a total loss of wages by paying unemployment compensation after 42 days of strikes in addition to the waiting period.

It further appears that benefits would be paid after the waiting period in the even of a lockout.

You say this is harsh, is going to take away unemployment benefits from a striker to have economic force. This is the economic warfare. This is one of the disadvantages of the society, of this system that we live in. It is harsh. I admit it. I am not here asking -- and I will have my friend later, I guess, ask me the question about the tax rebate. I am not here saying that there isn't a loss. But I am not here to petition that two thirds of the employers loss be paid by the State Legislature in the event there is a lockout. I am not asking for it. I will have to take it. Unfortunately, under our economic system they should take it. Because it is what you encourage. It is what the Federal Government encourages as we go on.

We have another Bill in this Assembly, A-446. We are not here talking against that. A-446 has passed this Assembly and you heard no opposition. A hardship case or something comes up and we don't want to see anybody starve, not in this America. Don't put it on that that you make the employer starve. Don't do it that you kill the goose. Remember, he has got a right in this show, too, and it's his eggs you are eating. We got to keep this goose going and keep this goose healthy in this capitalistic system.

Let's look a little further here. The rights and duties of the union and employees and employers who are involved in labor disputes are exhaustively covered by the National Labor Relations Act. The right of employees to strike and the right of the employer to resort to a lockout as an economic factor, as an economic factor has been treated by the National Labor Relations Act and the decisions of that Board and the Court, including the United States Supreme Court. One of the prime purposes of the National Labor Relations Act is to foster an equality of economic bargaining powers between employers and employees. That's the Federal policy. You have the same policy here in the State.

Article 1, Paragraph 19 of the State Constitution recognizes that in private employement there is a right to bargain, a right to organize and to bargain collectively. A recognition of this right to bargain collectively means that the bargainer takes two to waltz, takes two to bar-

gain, takes two to dance. There has to be an equality of position when we are bargaining. It's to maintain that equal, that delicate balance that we have to do.

An enactment of this Bill, with its provision I am complaining of would constitute a dangerous meddling to conduct the collective bargaining process and undermine the rationale of the Federal Act, and the State Constitution, what the State Constitution contemplates. The State would be taking side in an issue.

The sad part of it is, the State may also take side in an issue that is a strike that the labor union itself disarms, because it is unauthorized, wildcat, a wrong strike. But the State will be taking side in that particular issue. This does not require any extensive logic on our part to recognize the employees who are aware that they receive two thirds of their regular pay and free strike benefits will be less disposed to settle a strike if they were assured of these benefits.

Already in bargaining -- and I do a lot of bargaining -- I say I have a labor contract a week. On the bargaining that I am doing, I don't have as much trouble discussing the merits by free collective bargaining that the people on the other side of the table, namely the Committee and the union representatives -- believe me, everybody is treating labor and management today as their adolescent. We have grown out of that adolescent stage. We are adults.

We know how to deal with each other fairly. I will make a deal and a fair deal across the table with the people on the other side of the table. They will agree with me, the union representative and he knows he is taking every penny and has milked every drop the company has to give. We will go back. Somebody in a ratification meeting lets out their lungs and says, vote it down, vote it down. Economic pressure and everything else, there are more strikes performed.

You talk to your own Mediation Service, which, by the way, is a very good Mediation Service in the State and ask them today what the tendency is. How many contracts aren't ratified when they come back after the labor people have worked on the employer and given us a workout? You pass this Act and you've got more money coming and labor will have more trouble getting their contracts fairly negotiated than they had before. Believe me, this is from practical experience that I am talking.

It has been my experience that where a strike continues beyond six or seven weeks, there is a real difficulty there. It is a life or death situation. It is for the company itself, for the company itself. You people know little businesses are going out. They can't survive today. In the last year I have only had one strike that went beyond six weeks. In that one strike since that time that employer merged into a bigger company because he said he could never survive another strike. He couldn't survive this one.

That's why he has merged. That was in this State within last August. It started in June and the strike wasn't settled until the latter part of August. The man said he couldn't survive another strike like that and couldn't afford to stay a small company.

Small companies are being driven out of business. They need help and equality and need equality at bargaining power. Unions have strength today. They have grown up. They even have more strength than a good many of the employers they are doing business with.

It is the philosophy of the National Labor Relations Act and the collective bargaining process that the parties themselves will be induced to work out a solution to their problem at the bargaining table. I have faith in the collective bargaining process because I have seen it work. However, the minute strike benefits are brought into the picture the equalization of power which the Federal Act seeks to foster -- and which this State, our State Constitution contemplated and recognized -- is destroyed and the collective bargaining process becomes impaired. In effect, the striker becomes subsidized by the State and ultimately by every other employee who contributes to the unemployment insurance fund. Obviously, any diminution of the sacrifice for either party removes a deterrent to settlement of the strike and, in fact, encourages a prolongation of the strike.

Gentlemen, by this Bill you put the State in an awkward position. You would put this State in a very inconsistent position. The State on one hand is striving for peace in the industrial fund. If a work stoppage occurs, the State quickly dispatches skilled mediators to the scene to bring upon the strike to an early end, to bring the parties together in an endeavor to keep them together, so the public won't be hurt, so the strike would be settled, so the employees won't be hurt, so the employer could survive.

I want to say you have a good Mediation Service and you have been tight with your budget for a good many years. I am putting a plug in for that. You haven't put them in where the Federal people are, and you should. They are as good as the Federal people, and the Federal people are darned good. You got the service and you say get it over. Then what do you do? You try to pass this Bill. You hold out and it prolongs the strike itself.

As I said before, you might be financing a wildcat. These two policies are in direct conflict. It is hard to make any sense out of the State's attitude as to what role it wants to play during a labor dispute. It is hard to determine what the State want to do in the labor dispute. I will tell you what the State should do, encourage collective bargaining and stay impartial. Stay out of it. Keep their money. There is enough economic loss to the public. You

are going to be hurting the public by prolonging a strike.

It was mentioned before that six states had it at that time, four of them repealed. I understand the four were Pennsylvania, Alaska, Tennessee and Louisiana. Alaska was a territory. New York and Ohio retained. Nevertheless, that's the history as far as these states are concerned.

Let's look a little further. There are a couple of conditions in this Bill. Conditions are supposed to be here for protection. Let's examine it and see whether they make sense. There are conditions in the Bill which in my opinion are fantasies, like window dressing, lulus. In New York State that would be a bad term. Here it is not as bad. But these are lulus.

First the proposed amendment provides that no benefit would be paid when the workers or the representatives have refused to voluntarily arbitrate the dispute or any alternative to refuse the services of a mediation agency. As far as arbitration is concerned, this word arbitration is the number one lulu, voluntary arbitrative dispute. As far as the arbitration is concerned, the requirement to submit contract terms to a disinterested person who is not completely familiar with the problems of the union, the employer or employees is repugnant not only to companies but to unions themselves. The requirement to arbitrate terms of renewal labor contract is contrary to the spirit of free collective bargaining. Nobody is compelled. Here you

compel them to get their strike benefits. You gave a disjunctive, I admit that. You put it in and it is put in. It doesn't mean a thing. Labor doesn't want to arbitrate in terms of a collective bargaining agreement. They are resisting compulsory arbitration and so am I.

In public interest strikes, in the airline situation, in the New York situation, no compulsory arbitration, whether we are friends of labor or not. If we go for free collective bargaining there is no compulsory arbitration. This is meaningless as far as that provision in the Bill is concerned.

Next, significantly under this proposed statute the striking employees have, can make a choice, whether to arbitrate or submit the dispute to mediation. The language in this instance is disjunctive. You have the choice.

Although mediation serves a very useful service in contract negotiations, it is to be expected that parties to a strike which has lasted six weeks or more, have already sought and had the services of the mediation boards and that their services have been unsuccessful in resolving the dispute.

As soon as the strike occurs when knowledge comes, the mediation board is after you. I as an employer always invite them in, to have the assistance of them. When we required, when we were at deadlock in passe issues, I bring it in. We can name the names of the mediators. Allen

Weisenfeld is one. This is done after six weeks. This is the fact.

Mediation has been longing, has failed when the strike goes for six weeks. Let's look on a little further.

This is the number one lulu. This is the sleeper. This one here, Tom -- Tom raised hell with me, Tom Parsonnet at one other hearing. He will do it again today. After you listen to him, read this section that I am pointing to in this Bill right now.

The proposed amendment would also require the Commissioner of Labor and Industry -- you have the word "industry" in there. I said labor and industry -- to certify each week that the representatives of the worker or the workers claiming benefits, have bargained in good faith or were prepared to bargain in good faith. This is an unenviable task delegated to the Commissioner of Labor and Industry.

Each week he is to determine when the strike benefits are to be paid by the Unemployment Compensation Fund, whether they bargained in good faith or whether not, or they were prepared to bargain in good faith. This puts the Commissioner on the spot to make a factual determination which is as complex as any imposed on the National Labor Relations Board under the National Labor Relations Act.

The determination as to whether or not parties have bargained in good faith has been and is a frequent issue before the National Labor Relations Board, and there are

volumes of decisions, gentlemen, volumes of decisions by that Board and by the Courts attempting to define the term "good faith bargaining."

The National Labor Relations Board has a reputation of being expertise in its field. It has acquired knowledge, something our poor Commissioner of Labor hasn't had yet because he hasn't been involved in it. The National Labor Relations Board has been in existence for more than thirty years and has this duty for more than thirty years but it would not render and ordinarily doesn't render a decision in litigated cases for six to eight months under the occurrence.

Under that Board's procedure the parties are given a notice and are afforded a hearing and the opportunity to submit briefs and legal arguments in accordance with the basic concepts of due process and fair play as to whether there was fair play in bargaining. Yet, this Bill would require the Commissioner of Labor to make such a determination from week to week. Each week he makes it again.

It is impossible for the Commissioner to perform this function within the time limits furnished and at the same time afford the parties the due process which the law would require.

Gentlemen, this provision of the Bill itself raises serious Constitutional questions.

I have been in the field of labor management relations for most of my adult life. I didn't like that line when it

was written for me. I have been in it a good many years. I have friends on the other side of the labor treble, because we can talk with each other. Don't deal with personalities. We talk with each other to try to resolve issues. I don't want them financed. I don't want to be financed.

I say, gentlemen, that this Bill is a bad Bill; that this Bill wouldn't accomplish its purpose; that it would hurt the public; that it would embarrass labor unions when wildcat strikes go on that last for a period of time.

The Bill in its present form is undesirable as far as this provision I mentioned, and I ask you to give consideration not to pass it.

I want to thank you for your time and to also thank you for the public hearing. Frankly, I didn't think we were going to get it. I appreciate it.

ASSEMBLYMAN PARKER: Mr. Fagan, I would like to get one point clear. A wildcat strike by its nature would preclude these people from getting benefits.

MR. FAGAN: In my opinion, a wildcat strike is a labor dispute.

ASSEMBLYMAN PARKER: Yes, but then you get into your good faith. If they have walked out in violation of a contract and they are wildcat by its very nature --

MR. FAGAN: You have something there.

ASSEMBLYMAN PARKER: It violated the provision and --

MR. FAGAN: When I am wrong, I admit it. When the Senate is wrong, I hope they admit it, too. It is a good point and shows lack of good faith. When we go to the National Labor Relations Act, and there are several clauses, when strikes come up and they are wildcat, they are justified. Why? Safety, dangerous conditions, and a dozen other things where they say the employer provoked it by other unfair labor practices and violations. There comes a question of good faith. So in every instance of a wildcat, it wouldn't necessarily mean there would be a lack of good faith and another tremendous job for the Commissioner of Labor and Industry, Sam DiBaldi, who is an I.B.E.W. man, to resolve. You need a hearing on that, too, and it would be week by week.

ASSEMBLYMAN PARKER: Obviously you don't object because you referred to it before. I think you did. It is about strike funds. Some of these unions, internationals and some locals, I guess, have strike funds, and they are provided for. You don't object to that, right?

MR. FAGAN: Absolutely not. A union is there to protect its members and help each other. I say, go to it. Don't you as a State help them.

ASSEMBLYMAN PARKER: Suppose the fund was further segregated. As I understand this fund basically, it is somehow segregated so that employer contributions or a percentage of some kind keeps the employer's money from going against

him in support of the strike. Suppose it was further segregated under this Bill, and that the organized labor was permitted to have its own fund and draw from its own fund, and if they used that, that would be their business, and it would be used up. Do you object to that?

MR. FAGAN: Yes. It would still be a form of State aid. As a union member, it would still be a form of State aid from a fund that came as a result of a statute.

ASSEMBLYMAN PARKER: But it is their own money.

MR. FAGAN: Pardon me. Excuse me. It might be their own money, you see. But we have a concept of union shop in this State. I am not against union shop. I have given in and negotiated contracts. I will have an election where there is 250 people in the plant. The majority vote. Two hundred vote. Fifty don't. But by union shop they all have to go in. There would be a check-off that would prevent the free riders -- that was mentioned this morning -- and those fifty people would be contributing to finance to this Board. Just because it is a unionized shop it might be that some people weren't union inclined.

ASSEMBLYMAN PARKER: This is so. I don't want to get into the problem of whether or not we should have a union shop or closed shop or no shop.

MR. FAGAN: Neither am I. I am for union shop under certain circumstances.

ASSEMBLYMAN PARKER: That is clear. Frankly, I don't

understand your answer. If they had their own segregated fund, why would you be opposed to that as against the voluntary payments to its own organizations?

MR. FAGAN: Assemblyman, once a principle is established, it is quickly extended. Like the columnist came up here this morning and said that this Bill has been in the Legislature for years and years and years and years. Mr. Sweeney and others. He is right. It has been in here for years and years and years and years. The Legislature, in its wisdom, for years and years and years and years has never passed it.

ASSEMBLYMAN FRIEDLAND: Perhaps that why we have a new setup here.

MR. FAGAN: There is new wisdom today.

ASSEMBLYMAN DOREN: Any other questions?

Thank you very much.

ASSEMBLYMAN SWEENEY: This Bill passed the Assembly, not the State.

MR. FAGAN: I said the Legislature.

ASSEMBLYMAN DOREN: I think at this time we ought to recess for lunch. There is a question in my mind as to how long we should recess for. We have a lot of people here. With all the rest of us, you will have to take a walk. I think you all need some time. Suppose we come back at 2:15. Is that fair enough?

ASSEMBLYMAN PARKER: Yes.

(The luncheon recess is taken.)

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A F T E R N O O N S E S S I O N

ASSEMBLYMAN DOREN: The first witness for this afternoon's session will be Joel Jacobson.

MR. JOEL R. JACOBSON: My name is Joel R. Jacobson. I am President of New Jersey Industrial Union Council, AFL-CIO, accompanied by Mr. Milton Weihrauch. We are from a bi-state organization of some 120,000 workers.

ASSEMBLYMAN DOREN: Mr. Weihrauch is sitting to your right; is that correct?

MR. JACOBSON: Yes. He is president of District 3, International Union of Electrical Radio and Machine Workers, AFL-CIO.

Mr. Chairman, members of the commission, your two main previous speakers representing the organized business groups in this state, between them took a combined period of time, roughly close to two hours on this witness stand. Mr. Weihrauch and I plan to take less time and make more sense.

The opportunity to discuss 400 has already been presented to speakers of labor. In an attempt to avoid duplication I want to indicate that we support substantially the positions that have been presented here previously by labor spokesmen.

In an attempt to shorten the time of our testimony, I'm going to speak exclusively on that one provision of S-400 which would permit workers who are involved in labor disputes to draw unemployment compensation benefits. In response to the arguments of the opposition, I would offer that they have

2f presented three main arguments as to why this particular provision should not become law.

The first is that if you are to authorize the payment of unemployment benefits in labor or disputes, it would bankrupt the Fund.

The second is that it would foment strikes.

The third is that it would discriminate against unauthorized workers. I would like to deal with each of these three arguments in some depth.

The first argument that it would bankrupt the Fund can be appraised by one of two methods: You can evaluate the actual experience of the two States of New York and Rhode Island which have this provision in their law.

Secondly, you can estimate the cost of what it would be in New Jersey. Let me very briefly refer you to page 2 and 3 of the analysis I just handed you, sir, and indicate that in the State of Rhode Island, over a period of thirty years since the law was first passed, the total percentage of benefits paid under this particular provision amounts to less than one-half of one percent, over thirty years a sustained period of tremendous experience. The indication of each individual year is contained in that analysis.

In New York the situation is somewhat similar. The statistics of the actual operation of this provision in the two states which currently have it, indicate that the costs have had a meaningless impact upon the status of the Unemploy-

ment Compensation Fund in each respective state. The opposition to the inclusion of this provision by members of management is more emotional than factual.

What about New Jersey? What about the situation in New Jersey? You have heard estimates made this morning by Mr. Ed Hall, the head of the Division of Employment Security. He went back to 1965 and 1966. As of midnight last night I was able to complete an analysis of the State of New Jersey for the past fifteen years based upon the actual strike record which took place in this state. This is not conjecture. This is not speculation. This is the actual record of strikes which took place in this state. While I didn't have a chance to have it reproduced for submission to you this morning, I intend to do that, sir, and mail it to each member of the committee.

I would like to point out the highlights of this analysis. In so doing I will take two years, one year where the strike record was very heavy and the second year where the strike record was relatively minor. In 1959, if I may cite the statistics for this particular year, there were fifty strikes in New Jersey in 1959. Number of workers involved was 16,000 workers. Man days idle were 927,000 man days idle. The average day's loss per worker was fifty-eight. The number of strike benefit days for which strikers would have been available had this particular statute, S-400, been in effect, was 280. The total cost is computed at the 1967 benefit level--not the

4f level that existed in 1959--would have been in the neighborhood of $4,000,000.

I indicate to you that this was the year of the steel strike, a long and costly strike. This year, 1959, was the heaviest strike year since the end of World War II.

So with all the dire predictions and all the moaning and groaning about bankrupting the Fund, the heaviest strike year in our recent history would have cost the Fund of New Jersey in the neighborhood of $4,000,000. I would like to point out one further fact. This is the potential maximum that would be paid with this particular provision in effect. The actual record shows that when a strike lasts six or seven weeks, there are a great number of workers who do not continue to remain on strike. They get other jobs. They move on for a variety of reasons. Not everyone who is eligible for benefits will apply. The record in New York State indicates that the percentage is between 60 and 80%. Let's assume the maximum figure of what I am indicating to you.

If in 1959 S-400 were in effect at its current high benefit level, the total cost to the State of New Jersey Fund would have been less than $4,000,000, hardly something to get excited about as the way the dire predictions have been made by the representatives of management.

Let me take a like year in which there were relatively few strikes, the year of 1964. There were thirty-three

strikes. Number of workers involved were 15,000 workers. The man days idle were 482,000. The average day's loss per worker were thirty-two. The strike benefit days were twenty. The total cost to the State of New Jersey is the great monumental sum that would bust the Fund, and amounted to $332,000. Again the potential maximum, not the actual maximum.

So I indicate to you, gentlemen, that the argument that this will break up the Fund is more a fancy of somebody's imagination. It has no relation whatsoever to the facts of what has been in New York and Rhode Island or what would have been in New Jersey had this been in effect for the past fifteen years. I did one more thing, sir. I computed what have been the average annual costs to this Fund had it been in effect for the fifteen years. Again the potential maximum which could have been paid would amount to roughly one and a half million dollars per year under this particular Fund.

So I would indicate to you that the arguments of the employers and the argument that was raised by Senator Hyland on the floor of the Senate last Monday that this would cost $12,000,000 again has no relation whatsoever to the facts.

The second argument is that the institution of this provision would foment strikes. Let me again take the two years to which I just referred. In 1959, the year of the heavy strike, I prepared the record of man days lost for

6f New Jersey, New York and Rhode Island. If the argument of the employers had any validity, you would assume that because we do not have this provision on our books, that we should have a better strike record than the two states where they would be fomented to strike because of its presence.

The record, as you might expect, is precisely the opposite. In New York computed as a percentage of the man days idle, as a percentage of the total working time, New York has a record of .33. Rhode Island has a record of .18. New Jersey exceeds both with a record of .44. It wasn't true in 1959, the year of the heavy strike.

How about 1964, the year of the light strike. New York record, .11. Rhode Island, .09. New Jersey, .27. That is in the light year. The record of New Jersey's man days loss because of strikes again exceeded New York and Rhode Island. So I would indicate one further point. In both the heaviest and light years, New Jersey had a worse record of strikes. Throughout the last seven years each individual year New Jersey's record was worse than New York half of the time and worse than Rhode Island in six of the seven years.

I would again indicate to you that the argument that this would foment strikes has no relation to the facts as it indicated in both of these two states.

I would like to pose for you gentlemen a simulated situation. I would like you to consider that I as a union

7f leader would go before a local union meeting of some of my people, most of whom are making $150, $175, $200 a week. I go before my union meeting and I say, O.K., fellows, I think we ought to have a strike tomorrow morning. I want you to join me on the picket line tomorrow morning at six o'clock. The reason I want you to strike, brothers, is because we now have this new law. After you are out seven weeks without collecting a plugged nickel, we are then going to be able to collect $60 a week.

Do you think I'd have many people follow me out of that union hall and go out on strike? The truth of the matter is, sir, they would hand me my head. To indicate this is the reason for strikes, again, shows no indication of the value of a trade union or its operation.

I would like to state just parenthetically that I am sorry Mr. Hofmann of J & J has left. It appeared to me that he presented a rather wrong argument. Based upon my experience of strikes that have had long duration where workers have been out on strike for two months and pounding the sidewalk and working hard and walking hard, they develop a lot of callouses on their feet. Mr. Hofmann would have been much smarter, as the representative of J & J, if he had supported this Bill when the workers are out on strike two months they could at least go out and buy some bandaids to put on their feet.

The third argument that has been raised is that this

8f particular provision would discriminate against unorganized workers. I would emphasize now that this is an argument that is being made not by the unorganized workers but by the employers. I do understand that there will be presented some time at this microphone today groups of unorganized workers. It crosses my mind as an example of a rather peculiar situation, that people who are in the year of 1967 still working for an industry in an unorganized status should have had the ability within forty-eight hours to organize themselves to come here and present in an organized fashion opposition to this bill. You will pardon my cynicism if I lead you to believe that I don't really believe it is the unorganized workers who will be here today. The lyrics may be that of the unorganized workers, but the melody will be that of management.

I will be much touched of this concern of management for the status of the unorganized worker if I hadn't realized it was developed rather late in life for some of these gentlemen. If they were truly concerned of the status for the unorganized worker, these representatives of management, I would like to ask the question why were they not here at public hearings such as this, and why did they not urge you as representatives of the Legislature to vote for such bills to increase the minimum wage. There isn't a one organized worker in the State of New Jersey who will get any advance by the minimum wage. If they were concerned for the

9f unorganized workers, why weren't they pounding the table to ask you to pass the increase on minimum wage. The fact is they didn't and it was the labor movement who did.

Where were they when we asked for the higher benefits for Unemployment Compensation for the past twenty years, which affects all workers, organized and unorganized alike? Where were they when we were talking about improving Social Security, which affects all workers, unorganized and organized alike? I must manifest my rather cynical contention that the employers of management, the representatives of management who come here today to speak on behalf of the unorganized worker are somewhat insincere and somewhat inconsistent. If I weren't such a polite gentleman, I could reduce those two phrases to a single more precise word.

I would like to pursue this theory that the unorganized worker would be compelled to contribute to a fund which would be unable to draw from it, which is the major thrust of their argument. I would like to pursue it a little further. I understand the lawyers have a phrase where you take a fact and pursue it to its logical conclusion. So here you have a theory which is rather remarkable. The theory is that unless you derive an actual benefit from a tax, unless you yourself are touched by a benefit from a tax, you don't have to pay it. This is the theory, because if you are an unorganized worker and you are not possibly going to draw on these funds, therefore you should not be required to pay.

10f I would like to ask the representatives of management if they would then pursue it to this extent, that because I don't smoke I should not be able to benefit from any purposes to which the funds raised by the state cigarette tax are used. If I don't drink I should be unable to draw benefits from any project to which the funds raised by the State Alcoholic Tax is raised. Or if my aunt doesn't own a car and she doesn't drive and doesn't pay the motor vehicle tax and doesn't pay the gasoline tax, therefore she can't benefit from any program to which these funds are used. Or if I may pursue it to what I consider to be a ridiculous conclusion, that no individual in the State of New Jersey should be able to use the funds from the interest inheritance tax until he shows up with a certificate from the coroner that he has been certified dead.

It appears to me to be a rather ridiculous argument, that you must be touched by the benefit before you can pay.

Then I would ask the employers why aren't they a bit more logical. If they are going to raise that argument here, I could think of other places where they might have raised it with a great deal more logic. For example, why don't they complain about the childless home owner who has to pay municipal taxes to support a school system and doesn't have any kids to send to the school? Why should I pay taxes for a state mariner when I get seasick on a pier? I don't own a boat. Why support a library if I don't read? The

11f argument is ridiculous on its face.

I would like to name one further point. Here you have drawn a comparison of this issue with a tax. There is a more accurate situation. The Unemployment Compensation Fund is an insurance fund. It is an insurance fund. You contribute to the fund while you are working and you draw upon the fund on certain conditions when you are not working. I would like to know if the employers would be as consistent in placing upon other insurance programs the same limitations they would like to place upon this one. For example, would they maintain that the only individuals who should pay fire insurance is those whose homes have been burned? Would they maintain that the only individuals who should pay auto theft insurance are those whose cars have been stolen? Would you maintain, for example, that those employers who take out insurance against strikes, that the only ones who should pay for that are the only ones who have had strikes? Of course not. This is a complete negation of the basic principle of insurance, which is to spread your risk. That is precisely what is being done here.

The argument that this is a fund to which people are contributing that they would not be able to draw any money benefits is specious, faulty, inconsistent and a lot of other dirty words.

I would like to make a few more points and will be concluding in just a minute. I want to deny, after having

12f made this point, categorically that the unorganized workers will not benefit. They have already benefited to a great extent for years by the pattern which has been established by organized labor. It is an obvious economic fact that the prevailing wages and conditions which are set by contract negotiations between organized labor and the companies with whom we have contracts are the ones who set the pattern for the entire area. The brutal fact is for the unorganized employer, that he would be unable to recruit a working force if he didn't offer wages and conditions somewhat comparable to that of the trade union rule. So it is true that the unorganized worker earns less, but he still benefits considerably from the fight the unions put up. He has gained by labor's struggles over the years, but the unorganized worker, this man for whom so many hearts bleed today, takes none of the burdens, takes none of the risks and pays none of the bills. Whether he knows it or not, the best friend he has is the union. Would you believe it is possible that these great benefactors of the unorganized worker would have provided them with paid vacations, paid holiday, higher wages, decent conditions, hospitalization, a grievance machinery, health and welfare plans, call-in provisions, the dignity of working as a man? Do you think these things would have been provided by the unorganized employer for the unorganized worker if it wasn't for a trade union? I think the answer is rather obvious.

13f There is still one more reason why this should be passed for this one particular provision. Any strike which persists to the end of a second month is no longer a private ballot between one union and one company. In many instances the strike has a total impact upon the entire community. This is particularly true of strikes in the basic industries. There are many big firms in industry which are the sole source of major employment in the community. I could think of RCA in Camden, the Singer plant in Elizabeth, the Westinghouse plants in Bloomfield, Metuchen and Newark, the General Motors plant in Linden, the Ford plant, indicating to you a large plant with a strike of this plant lasting a period of two months would be a severe blow to the entire community.

When a strike in the plant lasts this long, it takes its toll. It takes its toll not only of the striker but of the community, of the butcher, the baker, the landlord, the insurance agent and the doctor, all of whom are affected by the precipitous loss in consumer purchasing power. So we don't ask you through this, because it would be good to labor, but we ask you because it would be wise for the entire community. I submit, isn't it much better to ask a worker who has been compelled to strike for as long as that to draw upon a fund to which he has contributed rather than to subject himself to the indignities of the municipal relief bill? It appears to me once again this is true.

S-400 would introduce compassion into such a situation.

14f No longer would hunger and deprivation be the employment upon which strikes are involved. No longer would the rule of the jungle apply. As Mr. Fagan has indicated earlier this morning, the resolution of industrial disputes would be based upon economic justice and not the employer's naked greed.

I was impressed, I was moved by one point made by Mr. Fagan. I don't know if he is here. I don't like to criticize a man when he is not within earshot, but I'm sure somebody will tell him. When he talked about the necessity to maintain equality between the two parties in a collective bargaining dispute, he is so right. Isn't it unfair to have a worker who is on strike for two months with a wife and four kids and a mortage and doctor bills and grocery bills and butcher bills in debt, isn't it unfair to give him an unfair advantage, to give him the leg up on the General Motors Corporation, which is pleading poverty all over the world? Isn't it absolutely unfair to give them that sort of equality? It reminds me of the remark that Mr. Voltaire said when he said the law in its majestic impartiality affords the right to both the rich and the poor to sleep under the bridges of the Seine River.

Mr. Fagan's equality leaves my heart cold.

The argument has been raised when workers have been out of work for no fault of their own, they should benefit. Isn't it strange that all of a sudden we hear this argument

15f raised by the employer, because if they expound such a theory now, it is an innovation and they haven't done so in the past. Why do we not have other books today which say when workers are locked out by their employer, when they shut the door in the face of the worker who shows up for work, that is to be deprived of benefits? Why do we not provide benefits for a worker who is on strike because the employer has violated a collective bargaining agreement? Why do we not pay benefits to workers for an employer who has violated the law? The answer is, we have highly selective argument represented by management.

In conclusion I would report to you gentlemen that those of us on this side of the collective bargaining table, very frequently hear appeals from representatives of management for industrial peace, for harmony, for the elimination of strife. I know no labor leader who likes to strike, no union man who likes to strike. It is a last resort, an act of desperation. I would say to these management people if they are truly concerned with the elimination of strikes, if they are truly concerned with the achievement of industrial peace, if they are truly concerned with generating harmony between labor and management, I would urge them to reverse their position on S-400 and support it so that they would now be fortified with the courage of labor's convictions. Thank you.

ASSEMBLYMAN DOREN: Any questions? Thank you very much.

MR. JACOBSON: I would like to put Mr. Weihrauch on the stand.

MR. MILTON WEIHRAUCH: I am not going to attempt to filibuster. I know that everybody in this room is knowledgeable. I just want to submit that I represent local unions with 126 companies in the State of New Jersey, about 55,000 people. In New York State, about 300 companies with 70,000 members.

I want to say that there is a great bugaboo about this S-400 being an incentive for strikes, and leaders and people are going to be willy-nilly about having strikes. I think we have to reflect for a moment and start to think that really the total lost time even this year as a result of disputes is probably less than plant shutdowns at the time of the recent blizzard; and surely less time than the absenteeism in the plants.

The subject matter of negotiations and safeguards in the runon the bank if this S-400 will be developed, local unions prepared negotiations and meet with their companies and collective bargain. If they run into some difficulties, they ask for some help, their international unions. Even at this point, even if the membership itself votes for a strike, in most cases the international constitution is, the locals have to get approval from the international union before a strike takes place so that the international union has an opportunity to send a new face in to deal with the company, to try to resolve the situation before it

17f becomes a dispute. Any unions and the companies make good use of the federal and state mediation service.

Of course, in recent years you have to recognize that even the federal cabinet members have been put to work, and as you read in the papers, you have seen Goldberg and seen Wirtz and seen Reynolds as top troubleshooters in negotiations and in disputes.

We represent some large companies in two states that
2 I'm privileged to represent and head up. Some of the companies are RCA--these are the large ones--Westinghouse, General Electric, ITT, Otis Elevator, General Motors, and yes, Mr. Tobin, even your Becton, Dickinson Company, where collective bargaining has successfully been conducted for over twenty-five years.

You must realize also that in this day and age, that most contracts, we don't come up to bat every single year. Most contracts now negotiate for a three-year period. So you don't have the repetitive proposition of settle your contract and getting ready for a dispute almost immediately after the contract has been settled.

I negotiate in both states. I negotiate in New Jersey and I negotiate in New York with the companies. I know the difference and the climate of collective bargaining in both these states. In New York, for the first couple of weeks you have some testing muscles and a dispute. Then the companies become suddenly reasonable and they get to

18f the table and they come to a quicker settlement so that the benefits they have in New York for the unemployment of striking workers are not paid. So that is a deterrent against the strike.

In New Jersey the strike is so much longer and they become more difficult. As the strike gets longer the workers become very hardened and very bitter. You know, these companies all of a sudden get awful tired of having this long strike. The Boards of Directors get together and they go to their industrial relations departments and their personnel people and they say this strike has been going too long. We have to do something about settling it. These companies come practically with their tongues up begging to try to get a settlement. Now the people are pretty hardened and they are bitter and they are mad. So it becomes pretty difficult.

I want to repeat again that the non-strike record of labor in companies is really purer when you take the total in Ivory Soap. Let's not forget just a minute the workers in New Jersey pay up to seven and a half dollars for this proposition where the workers in New York don't pay a cent. What are we asking for? We are only asking for a portion of our money, our money, so the workers can have a little degree of human dignity. Tell me, is there anyone here foolish enough to believe that workers look upon this bill as an incentive to meet their already strained family budget with only one-half of their normal pay? This one-half of

19f the normal pay, if this bill is passed, after a hardship waiting period of six weeks. Really the truth is that when a dispute does take place, the workers must support their families and the workers search out and seek and get temporary work. Now that does happen.

Even with this bill, the workers that receive this temporary work, they become ineligible to receive whatever the benefits are of this bill.

Now you take a long strike. You take a look at what a long strike has, the kind of impact it has on the community. The worker can't meet his mortgage on the house, car, appliances, the insurance. Since we are for a much better world, they can't even pay for their children's college educations that they have been committed to.

As I see this bill S-400--and at the best it is only an administrative compromise bill--it helps the workers keep off our relief rolls. In doing this S-400, it cuts relief costs to the community and the state. S-400 eliminates many strikes. S-400 surely eliminates long strikes. S-400 is not a substitute for real continued wages. S-400 is a driving incentive for real honest-to-goodness collective bargaining that would result in the speedy resolution of disputes. S-400 will keep workers on their jobs. S-400 is good for the employer.

Mr. Chairman, I want to thank you for this opportunity to present at least our side of the case. I submit to you

20f many thousands and thousands of petitioners in behalf of the bill S-400. Thank you.

ASSEMBLYMAN DOREN: Is there a question?

ASSEMBLYMAN PARKER: Mr. Jacobson, I have heard from various sources that it is very difficult through collective bargaining processes to obtain strike benefits in the collective bargaining agreement. Why is that? I know your internationals have it. Very few of your locals have any strike funds. Why is it so difficult to get this in the collective bargaining process from the employers?

MR. JACOBSON: I would answer that by stating that one of the reasons I think we have so much justice in urging disposition is because of the fact that the worker in New Jersey contributes. There is validity to the employer argument, that if the Fund is exclusive employer Fund, perhaps his strike is not--it is not an illogical argument. The same argument could be raised if the union indicates to the employer that he must pay those benefits. I do think it is something that is a responsibility of the union, and a long strike, that is a responsibility of the community.

ASSEMBLYMAN PARKER: Forgetting the community. I think you have adequately demonstrated that. In many of our communities this has created a problem. I can understand that. Why is that this is not and has not, as far as I can gather, crept into the collective bargaining process?

21f MR. JACOBSON: Very simple. The employer won't agree to it.

MR. WEIHRAUCH: However, I think it may be a good program for us to consider.

ASSEMBLYMAN PARKER: I have heard it stated--and I am serious--that this cannot be achieved. I have some difficulty in understanding why labor cannot seem to get that. We get welfare, pension and various other benefits, holidays, et cetera.

MR. JACOBSON: This sounds like an excellent goal for our next collective bargaining.

ASSEMBLYMAN DOREN: I want to apologize to Mr. Parsonnet because at the outset he had yielded his time. He desired to rebut after the New Jersey Manufacturers spoke.

Do you have anything that you want to add?

MR. PARSONNET: Yes, just a short remark. In the arguments in the Chamber of Commerce of the Manufacturers Association with respect to the labor dispute section have been so fully answered that I shall not take your time except for a moment or two, as I pass, to go into that subject again.

Frankly, I think the subject has been argued to death. However, there is one factual statement that perhaps only two people in this room are personally acquainted with. That is that we have introduced this bill with respect to benefits during labor disputes since 1939; that it was

passed in 1941 by the Assembly; that it was on the Board for a vote on the Senate Board one particular Monday night; that was why they had night sessions before they started day sessions; that we had a commitment of a majority of the Senators to pass the bill when unfortunately we ran into a left-wing picket line in front of the State House asking for the passage of the bill.

You remember the statement, if we have that kind of enemy, preserve us from our friends. Our friends ruined the bill. The Senate refused to pass it because of the left-wing picket line. It is that kind of thing that has been going on for not twenty but thirty years. We have been seeking this bill and almost had it passed until we were prevented by that peculiar coincidence.

It has been referred that Pennsylvania repealed its law, and it has been said that there was a 20% increase because of the coal strike. May I call to your attention that in Pennsylvania a tremendous portion of the industry at the time of that coal strike was in coal. We in New Jersey and in New York and in Rhode Island have highly diversified industries. There is no single industry that could have the effect upon the economy of this state that the coal industry did have with respect to Pennsylvania. We have nothing to be concerned about in that respect.

Reference was made by Mr. Tobin to a statement contained in the Labor Herald. We like the Labor Herald. It is a very

23f strong pro-labor paper but it is not published and does not publish articles by the officers of the state AFL-CIO. What it said we may agree or disagree with. We almost invariably agree with them. Let them not attribute what the Labor Herald says to what the AFL-CIO says. It is a different organization.

Now with respect to the question of unorganized workers, I think Mr. Jacobson has very fully explored that. I just wanted to hit on one particular item. It is true that unorganized workers do, without fear, but merely because of belief in the cause, refuse to pass a picket line and are denied unemployment compensation benefits. This is true. But under this bill their disqualification would be lifted when the disqualification of the strikers would be lifted.

Bear in mind that the secondary benefit would be handled in the same way as the primary benefit in those cases, and for that reason I don't think there is a particular problem there.

With respect to unorganized workers, Mr. Jacobson has well said that their fine livelihood and working conditions and wages in New Jersey are due to the activities of the workers, of the organized workers in securing improvements.

As far as costs are concerned, I was going to discuss that but I think Mr. Hall has very thoroughly covered it and should have covered it to the complete satisfaction of

24f the Committee. I will not go further into it.

Let me call your attention, however, to the argument made by Mr. Bachalis that this bill will result in an 86% payment of wages by way of benefits. Stop and think of this a minute. This relates--and Mr. Bachalis very fairly admitted it. This relates only to the people who make less than $80 or $90. It relates to the people who do not make as much as the average worker in the state makes, $120. Let's assume that. When it comes to the people making the average, $120, the most they can get is 50% of their gross because it is based upon a maximum of 50% of the average. This is the figure in the bill. People who make more than $120 will get very substantially less than 50% of their gross.

Who are the organized workers? These are the people who, on the average, make far more than the average in this state. They are one-third of the number of workers, a little bit more. But they are all or almost all in the top half or better of the wage earnings. I would not be surprised if the average union worker made something like $150 a week. If this is true, then what is this worry about strikes being prolonged because of this sixty-dollar benefit? They make $150. Are they going to prolong their strike because they are going to get $60? Gentlemen, I think is so unreasonable and such an appeal to a false emotion to be utterly answerable by this statement alone. The organized workers, those who do go on strike, are the

25f ones that make the higher rates of pay. They are the ones who would be paid a benefit not in excess of one-half of the average. They would not continue a strike in order to get that kind of benefit.

A reference has been made to the Maryland referendum. Just as a matter of amusement, gentlemen, when I was Corporation Counsel of Newark, the Star Ledger was trying to show that a referendum petition could be gotten for any purpose simply by putting it out on the street for signature. They therefore prepared a referendum, a petition that the Governor should execute each of the Commissioners of the City of Newark at noon the next day. They put it on the four corners of Newark for signature by the public. They got thousands of signatures in one day. People paid no attention to what they were signing. People pay a great deal less attention frequently to the kind of referendum that they are voting on. They vote on the basis of emotion and prejudice as is best exampled by the California referendum prohibiting fair housing in California. This kind of thing offers no argument at all. You know and I know that Gallup polls can get a favorable vote on any proposition he wants merely by wording the kind of question that he asks. This is what happened in Maryland.

As to the carry-back carry-forward tax, let me be perfectly clear. I don't want any misunderstanding about this tax. It is true that in order to be entitled to the

26f carry-back carry-forward tax relief, there must be a net loss in the year in question. But let me ask you gentlemen, what would you think of an employer who is forced to keep shut for two months and still make a profit? Would you not say, as I would say, that during the rest of the time he is profiteering at the expense of the public? The fact is that anyone who is shut down for two months, and two months is the correct figure, eight weeks, because if it is not eight weeks they don't get benefits. If they are shut down for eight weeks, they have lost. They are in the red for the year. So that the carry-back carry-forward provisions apply to all of these long strikes, or so many of them that the few that it doesn't apply to would be ineffective. So let's not get away from the idea that people who are subject to these long strikes cannot use this benefit provided by the government. They use it. They get away with it. In the meantime they are starving their employees into submission.

One more thing before I finish. Mr. Fagan very curiously said that it was the purpose of Taft-Hartley to equalize the rights of labor and management and their power to bargain collectively. He knows that the sole purpose of the Wagner Act, the Taft-Hartley Act and Landrum-Griffin was to encourage the organization of workers so that they could have equal bargaining power with employers, because without organization it wasn't possible.

27f Just to show you what the purpose is, I will read the concluding paragraph of the statement of purpose contained in the Taft-Hartley law. It is a short one. "It is hereby declared to be the policy of the United States to eliminate the causes of certain substantial obstructions to the free flow of commerce and to mitigate and eliminate these obstructions when they have occurred by encouraging the practice and procedure of collective bargaining and by protecting the exercise by workers, a full freedom of association, self-organization and designation of representatives of their own choosing for the purpose of negotiating the terms and conditions of their employment or of mutual aid or protection."

The function is to see to it that the workers get equal bargaining power with management, not the other way. That is never needed. Management always had it in the absence of Taft-Hartley.

I will not go into any further statements with one exception. Reference was made by Mr. Fagan to the clause in the contract relating to the requirement that there be either an agreement to arbitrate or mediate. He said that labor opposes, as he does, compulsory arbitration. This is true. We believe that compulsory arbitration substitutes somebody else for ourselves, and invariably results in forcing strikes rather than settling them. If this were in any way compulsory arbitration, we would be the first to

28f oppose the entire bill. It is so important. This is not compulsory arbitration. It gives to the labor movement the opportunity either to accept arbitration if they want to on a voluntary basis, or at least requires them to accept mediation which I assure you that 100% of the unions engaged in disputes accept gladly. It helps them settle cases.

This is all I wanted to do and say in answer to these arguments that have been made. I think I have covered every argument that has been made except the final one which I think was so fully covered by Mr. Hall. Thank you.

ASSEMBLYMAN DOREN: Thank you very much.

Mr. Checchio, please.

MR. M. A. CHECCHIO: I am chairman of the Unemployment Compensation Committee, statewide employers legislative committee for New Jersey.

Mr. Chairman, I will address these remarks. Our employers legislative group of county representatives are here. I want to state this for the record and that will clear part of the whole in any event.

It is getting toward the late part of the day and I won't make any speeches like my friend Joel did in his organization drive, but I would like to address a couple of remarks here to some of his comments.

I think if people like Mr. Jacobson are concerned about the blow to the community that results from their not being able to sustain benefits or wages in order to

29f deeply cover that, I think you ought to think about that before they take drastic actions because of the final action of the economic strength of the union. It is part of the process, the thinking I am talking about.

Also I would like to think that we could keep out of this hearing any jocular remarks, any remarks of the class struggle. We all know that. We learned it back at college, and limit ourselves to the merits or the demerits of this particular bill and the effect it would have on what we consider to be the economic climate of the state.

Presumably we are the businessman's representatives and we would like to think that we have our own ideas what is good. The Governor remarked at its meeting, you see what the unions asked for where the chart goes way up here and this is what we were able to knock it down for you guys, and the remark is this, that we appreciate this but we employers would like to have an opportunity to tell you legislators what it is that we would like to provide for an improved Unemployment Compensation Bill.

I think also it is a sad commentary on the legislative process that this hearing on major legislation is called so hastily as to preclude the proper attention and analysis that so many others of the general public could give it.

I know all of the answers that this thing was bandied around for years, and I have seen it bandied around for years. I am talking about a major piece of legislation

30f which will have economic consequences, psychological, economic, that we certainly ought to consider before we move hastily. I'm not saying we shouldn't move on it. That's for the electors to decide when they put the representatives in office. I think I should think very carefully that this is the field of economic climate, labor climate, jobs, benefits for employees. We are all concerned about that.

I happen to work for a company that is vitally concerned about that as the union leaders here who seem to think the only time you treat employees right is when there is an organized group in the plant. That certainly isn't true and I certainly wouldn't stand for that kind of a statement.

I am going to speak briefly on the violation of the fundamental purpose of the Unemployment Compensation by Bill S-400, but will address myself to some of the more glaring inequities and improprieties of this bill.

I quote from the New Jersey law book on the Court's understanding of the intent of the Unemployment Compensation Act. It has been reiterated time and again as public policy interpretation--and I quote from your law books, gentlemen:

"The purpose of the Unemployment Compensation Act is to insure a diligent worker against vicissitudes of enforced unemployment not voluntarily created by him."

I will continue to quote: "The commanding objective

31f of the Unemployment Compensation Law is to afford protection to society against the economic hazards of involuntary unemployment, not to furnish a welcome sedative to those who prefer to drift more comfortably on the tides of indolence."

Those are not my words. I quote them out of the law.

And I add, it appears to me to be in direct contradiction to the letter of the law to provide unemployment insurance funds to any employee who voluntarily selects to be idle or unemployed, whether he quits his job or chooses to vote to be on strike.

That's a decision he makes when he makes it. He is not involuntarily unemployed when he does that.

It is my opinion that this is a travesty on justice to provide strikers payments from the fund which is largely contributed by the employer against whom the strike is called, to say nothing of the raid on funds built up as unemployment insurance by the vast majority of employees, the non-union, executive, managerial, blue collar and white collar workers who have least occasion to use their funds, and will probably never resort to a strike fund raid on this insurance.

As to the provisions of Bill S-400 which are objectionable, from the point of view of the people I am representing as a committee, and I know you have had a great deal more

32f detail. I am not going to cover all of the provisions I think are objectionable simply because they have been covered here.

One, S-400 is economically unsound and costs inaccurately calculated. It is our opinion that the laxity of controls and the potential strike fund raid on the Fund could drain its reserves.

The Hughes administration has selected the excellent prosperous 1966 year on which to base its calculation of 35.6 million dollars. We say it is a minimum of 30% too low if you are fair and select a ten-year range, minus the bad year of 1958.

Let's face it. When you are passing a law which deals with public funds and you are trying to convince the people who select you for office here that you are passing good laws for them, for heaven's sakes, it seems to me it comes home to roost, if you try to pick selected years on which to base a sales type of cost.

Two, the concept of a floating individual maximum can encourage preferred idleness in lower wage brackets due to high percentage untaxed benefits. Legislative control of this figure, based on existing economic conditions is more stable and intelligent.

By that I mean in existing law, I understand--and I'm not a technician but I have one next door that can answer the question. I understand that a legislator can understand

33f what a level should be and they take all the facts into consideration and they vote high or low or whatever they wish to do. This is depending on this new law, whatever happens to be in the administrative department at the time, that this is how they will determine what the benefits will be. Those of us who have been down here in the State House long enough know that there are ways to make selected figures on which to base new base figures.

Three, detailed provisions are poorly drawn.

In this particular bill your detailed provisions do not accurately reflect even your own fundamental philosophy in this bill as set forth, and we do not agree with much of the underlying and applied philosophy of this bill's provisions.

However, your detail in your provisions don't even reflect properly for something that is going to be the law of the land in New Jersey, they don't reflect properly what it is the philosophy you are trying to increment.

Four, unwise administrative broadenings of the disqualifications provision have not been corrected.

I don't think there is a person in this room that doesn't know you get a certain amount of abuses when you pass legislation. We buy this legislation and philosophy because it is a good type of legislation. We pay for it and the employees pay for it, but there are abuses. These are the kind of people--like the rotten apple in the barrel.

34f There are good people. There are a lot of users of a good law like this. When you pass law this is the time to try to nail down some of these abuses. I don't think even the most rabid union leaders, some of whom were sitting in this room, would buy the idea that you should allow abuses to go along that can be corrected.

Five, part-time workers replacement wages are excessive under the liberal provisions of this bill. Unemployment compensation, as I read the law, has never intended to provide this kind of coverage. It was intended to provide coverage for people in steady employment and long arrangements.

Six, strikers' benefits. This use is a legal violation, in our opinion. It is an unethical raid on a public insurance fund. The cost effects are insidious and will be much higher than suggested by the proponents. Settlements will be higher, under threat, product costs will increase.

You get the old vicious cycle. Your product costs increase. Your costs go up. Your prices go up to the consumer and you just get into a vicious cycle.

I have been in labor bargaining negotiations. You can bet your boots if we knew, for example, that a membership had been asked to resort to an assessment on their dues, an extra assessment of a couple of bucks a month for a couple of years, and build up a few years for a strike fund, you'd think very long and hard before you think you might take that union on in an economic war, which is what

35f strike or lockout or whatever you want to call it happens to be. I suggest it doesn't make a great deal of sense for some public fund to be used for something that these guys do use as a matter of collective bargaining when they get before the bargaining table. I suggest that sentiments will be higher and these costs will never be reflected statistically as part of the cost of strikers' benefit fund. They will be buried in the higher settlements that are gained because somebody has a club in his hand and is able to use it.

The strike fund through unemployment compensation insurance is no different than existing union strike fund which the union representative provides himself with, properly, through voluntary, voted, assessment of the membership.

I know this assemblyman asked a question before and if he asks me I will tell him why they can't get voted strike funds. It is a problem. The difference is that through Bill S-400 provision is made to raid the Fund of the vast majority of employees who are not union affiliated. As everybody knows, I'm sure, organized employees in the state are in the minority.

It is something union leaders couldn't get away with with their members, so they use the State Legislature.

I suppose under the pressure of the deliverance of pressure or under what we call resort to what we are trying

36f to persuade our legislators that we think certain kind of legislation should be passed.

Of 1,090,000 man days lost in New Jersey in 1965--and these are the latest figures that are available from the United States Department of Labor--of 1,090,000 68.5% were lost in strikes of six weeks and over. That is according to the popular notion that very few strikes will be affected if there is a strike fund around.

Those of us who have been in labor relations know that if you can take a strike on to about the fourth or fifth week when it begins to crumble, and the union leaders--it takes a boy to bring him in and man to bring him back--and the backs are up and the gentlemen from the union sit, yes, a lot of them have got jobs and it is hard to get pickets out on line, et cetera, et cetera, et cetera. It is tough on the union leadership, too. I know that. At that point if all of these people know they can go out and get a replacement of 50% of the wages untaxed, let me tell you, gentlemen, it would be a pretty tough deal to settle this strike, a pretty tough deal.

I agree with the man that I think maybe large major companies can sustain it. They can have an economic war. We have plants all over the state. You can do without one of your branch plants and ship from your other plants and nobody benefits. There I will agree with what the union people said, that you will put a community out of business

37f and you may put a company out of business if it is small enough. With that I will make another point.

Suppose a union shop that has organized several plants, and there are many unions that represent several small local plants, decide that one of the locals or one of the employers doesn't happen to be acting just right. Then I can conceive, if they can build a moderate strike fund or some kind of an organizing fund, that they can pick out this little guy and say, well, we will get him into line. They will take his employees out on strike, tide them over for the five weeks and in the sixth week know that the state legislature is willing to tide them over with this bill. You can forget that small employer. We had some small employers here this morning. These are the people that are going to suffer, not my company in New Jersey or other companies in New Jersey, and which were referred to here today. The hundreds and thousands of small employers who can really suffer if you give this shotgun to the labor leaders.

Seven, the repugnant nature of strike benefits through public funds will repel new industrial expansion in our state.

I understand that there is a plant in Jersey City alone, for example, which has decided they will not build a big plant. There are a couple of others. I hope they get it into the testimony here. Some will expand out of

38f the state. For those of you who don't understand the detail of manufacturing plants, if you have a bank of machines and you have to make a decision, where is the best place to put your direction that might fall on the border between an eastern plant and a Chicago plant, and if you are shipping to Cleveland you can ship from either plant economically. There is some factor to be evaluated as to where you decide to put that plant and those jobs. That factor will be, if you pass a bill like this, this will be one of the factors that will evaluate it. By the same token, you can bet your boots that if this strike fund is put in the repertoire of the bargaining tools of a bargaining man on the labor side, it will be the same thing that a company bargaining man will have to account for when he is sitting down, that there is a strike fund that is going to hit him across the head at about the sixth week; that these things will become part of the planning strategy of the collective bargaining process. Don't make any mistakes that they won't. You can ask your union men that and they will tell you that if is there they will plan on it and so will the locals plan on it.

If this legislature, you legislators wish to succumb to the pressure of organized labor leaders to provide their strike funds, then we suggest you do it aboveboard and not sneak it into an employment insurance fund. Call it for what it is, and provide for collection from union treasuries which appear to be overflowing with potential political contributions. It is

39f amoral, unethical and perhaps illegal to tax the general working public for strike funds.

You guys are passing laws here. You should consider this. If this thing has the slightest possibility of being illegal it ought to be brought out and discussed.

It would be no different in principle than if you were to indemnify employers for losses resulting from a strike, taken from a public fund intended to stabilize the economy.

The Employers' Legislative Committee of New Jersey will stand forandrecommend a reasonable bill, with desirable benefit increases carefully drawn to curb abuses and resultant unsalutary costs, but without the insidious economic, philosophical and psychological effects on S-400. We simply ask to have the normal processing time of a bill within which to make constructive suggestions for a healthy economic climate.

We are willing to sit down and talk about a reasonable bill. I know I heard the Senate when it got passed and Senator Keegan who made a very impassioned speech, that this thing has been around for years, you had an opportunity to pass a bill. I am not going to apologize for either side of the political table. I am saying we have to talk about what is good for the State of New Jersey. I think everybody is in agreement that there are a few abuses that ought to be corrected. Benefits ought to be improved. I think we can sit down, we as the Employers' Legislative Committee in New Jersey, and we do stand for an improved bill and we can recommend one. We don't

40f need that much time either. I am just talking about the reasonable time.

You see, I know the costs. I know you can give me statistics that the costs are not high. Why, hell, you can just figure the little bit of time that we have had these long strikes in proportion to the total funds, and it is not high. But just think of the psychological effect of a guy who is going to locate a plant here. We all work towards getting plants located here because it helps broaden the tax base. I know you gentlemen and the Hughes administration is strong for attempting to develop a climate to attract plants. The psychological effect of strike benefits--which only two other states have--to me is so repugnant as to certainly develop a climate which is not receptive to anything except increased organized drives for labor unions. We simply ask to have the normal process in time of a bill within which to make constructive

3 suggestions for healthy economic climate.

To restate the intent of the existing law, Section 2 of the Unemployment Compensation Act says the public policy is to alleviate the hardships created by involuntary unemployment, involuntary unemployment.

How, in good conscience, can this legislature, any legislator, suggest that a group of union members who vote to go on strike voluntarily stop working, be involuntarily unemployed? How can they say that this person is involuntarily unemployed?

Any legislator who votes in favor of S-400 in the face of

41f clearly designated abuses as suggested by us in this report or the hearing, especially as regards the use of the working, tax-paying public's fund for strike benefits should be prepared to face an aroused and vengeful electorate.

I would say, gentlemen, and for the record for the legislators they ought to think carefully about the public good in this thing and not the private industry of business or organized labor. That is my statement.

Chairman, I certainly also would like to congratulate you on having called this hearing when most of us thought this thing was going to be railroaded right through both houses. I think it is certainly a wonderful thing that you could have called it. I wish it could have been a little further away, but I know there are a number of days toward the closing of the legislature and it isn't politically expedient at this time. I certainly do thank you for the chance to be heard here.

As I mentioned, I will certainly submit this. There are a few of the county groups from up above. Could you simply have them sit up here briefly to state their position in relation to our statement here? This represents the general committee's recommendations.

ASSEMBLYMAN PARKER: Mr. Checchio, is it your intention that S-400--I take it it is--that this violates the basic principle of the fund in that this is not voluntary or this is not involuntary when they are locked out or when there is an unfair labor dispute? This is the only time they can get

42f benefits, isn't it?

MR. CHECCHIO: I understand they can get benefits from this when they are on strike after six weeks.

ASSEMBLYMAN PARKER: But it is not voluntary at that point, is it, with a lockout?

MR. CHECCHIO: You mean can they come back to work to their jobs? I think they can come back, yes.

ASSEMBLYMAN PARKER: I am talking about a lockout or an unfair labor dispute. That is not voluntary, is it?

MR. CHECCHIO: A lockout?

ASSEMBLYMAN PARKER: Yes, if he locks him out.

MR. CHECCHIO: A lockout isn't.

ASSEMBLYMAN PARKER: How about when the employer has been determined to have been unfair, an unfair labor dispute. Is that voluntary then, that the employee is out?

MR. CHECCHIO: You mean because in this particular law it doesn't provide for strike benefits in the case of lockout? You see, if you are asking me a technical question with which I am not familiar, I would like to refer to Mr. Tobin. If you are sandbagging me, I'd like to know it.

ASSEMBLYMAN PARKER: I'm not trying to sandbag anybody. You stated this very basic principle of involuntary unemployment. I suggest to you or I ask you if it is your interpretation that a lockout or unemployment caused by an unfair labor dispute is voluntary.

MR. CHECCHIO: If the lockout you are referring to is,

43f for example, of an association of companies in which one company in the association locks out his employees or cooperates with its association to lock out employees as a result of whipsawing of labor unions, labor contract, those people are involuntarily out of work, yes.

ASSEMBLYMAN FRIEDLAND: I have a few questions.

Mr. Checchio, your statement begins, "It is a sad commentary on the legislative process that this hearing on major legislation is called so hastily as to preclude the proper attention and analysis that so many others of the general public could give it."

Since you have been so frank with us, I'd like to ask you directly, sir, whether or not your opinion on this bill would change if we gave you fifty years to reconsider it.

MR. CHECCHIO: My opinion on this bill?

ASSEMBLYMAN FRIEDLAND: Yes. You have called it a bad bill. Would you change your opinion if we waited for fifty years?

ASSEMBLYMAN DOREN: Let's not get excited now.

MR. CHECCHIO: No. He won't get me excited. Don't worry about that.

ASSEMBLYMAN FRIEDLAND: I am not trying to get the gentleman excited. His statement is self-evident.

MR. CHECCHIO: I will tell you what would change. I think the public right to know would have been allowed and you would have heard, I presume, a little more from the general

44f public about whether this bill is good or bad.

ASSEMBLYMAN FRIEDLAND: We have heard quite a bit from it. I have heard quite a bit from my constituents. We have had a gentleman this morning from the Press Association who submitted twenty-one editorials of every paper in the State of New Jersey. There have been extensive discussion over the subject matter in the newspapers for the past several months. I am just curious about the gentleman who come here and say we ought to have more time to discuss this problem and who apparently have had sufficient time themselves to come to an absolute opinion that the bill is an absolutely bad bill; and they are so convinced of this in the short period of time that they have had to study the bill. I wonder how you can be, if you will, so callous to the members of the legislature as to deny them the same qualifications which you assume for yourself in the examination of legislation.

MR. CHECCHIO: Well, I will answer that for you. I don't know your name. I know you are an assemblyman.

ASSEMBLYMAN FRIEDLAND: Mr. Friedland.

MR.CHECCHIO: Assemblyman Friedland, I hang around the legislature quite a bit and I see the way bills are passed. You get the word on what's happening.

ASSEMBLYMAN FRIEDLAND: I am curious about this, if I may interrupt you. I will give you a full opportunity to finish this. Are you about to tell me that in hanging around the legislature you found some legislators who don't study legislation

45f as you would study it and that you would prefer that they spend a little bit more time studying it? Is that what you are after?

MR. CHECCHIO: No, I wasn't about to tell you that, sir. If you would like me to have you tell you what I was going to tell you--I was about to tell you that this bill, I understand--and I haven't been around this legislature as long as some of the people who are a lot older than I am. This bill, I understand, is the first time a major piece of legislation was put into Committee, Joe Keegan's committee, Senator Keegan's committee, reported out on second reading, wasn't printed the Wednesday before the Monday on which it was passed. I will tell you if you want my private opinion--and I think I speak for a lot of people.

ASSEMBLYMAN FRIEDLAND: I'm sure you do.

MR.CHECCHIO: That is in my opinion a highhanded way to handle more major legislation.

ASSEMBLYMAN FRIEDLAND: Sir, I might say to you that there are people who could have fundamental ideas about extremely important legislation and who may have had these ideas for many years even before the legislation was presented, and who might be dismayed. Many of them have been dismayed in the past--at a system in this legislature which prevented such bills from ever reaching the floor. Indeed it was an issue in the State of New Jersey only last year that a caucus system be abolished to permit the free flow of legislation to

46f the floor. Opinions can be arrived at suddenly or after long periods of research. The opinion isn't formed the minute the bill is dropped into the hopper, sir. It may be formed over a lifetime of experience with the subject matter.

MR. CHECCHIO: I understand that the purpose of legislative committee is where the bill is--

ASSEMBLYMAN FRIEDLAND: I didn't want to get off the track but I did want to present at least my opinion concerning this because it has come up so often today.

MR. CHECCHIO: I thought it is the purpose of the public hearing for the people being heard to present their opinions to the committee.

ASSEMBLYMAN FRIEDLAND: And the purpose of the legislature is to permit legislation to be voted upon so that the people ultimately can have their say in the only forum which is available to them.

MR. CHECCHIO: To me--

ASSEMBLYMAN DOREN: Just one minute. Let's not get argumentative. You asked a question. Have you answered him? Do you have anything further?

MR. CHECCHIO: I'm sorry, Mr. Chairman. No. If there are any other questions, I will take them on.

ASSEMBLYMAN FRIEDLAND: I do have a few more. I will tell you why I may sound irritated.

MR. CHECCHIO: He is not asking me questions, Joe.

ASSEMBLYMAN FRIEDLAND: Do you have a private relation-

47f ship with the chairman of this committee?

ASSEMBLYMAN DOREN: I happen to know Mr. Checchio.

MR. CHECCHIO: He is from the county and I do know him. I guess I'll know you after this session.

(Applause.)

ASSEMBLYMAN FRIEDLAND: I hope you do.

In Paragraph No. 8 of your proposal you go on and say, "If this legislature, you legislators, wish to succumb to the pressure of organized labor leaders to provide their strike funds, then we suggest you do it aboveboard, and not sneak it into an employment insurance fund."

I think I have been very, very patient, frankly, with all of the witnesses who presented themselves this morning. I was anxious to hear facts presented to this committee, very anxious to hear facts presented. But I am dismayed, and I want to let you know this directly, when you suggest or infer or imply that any member of this committee is attempting to sneak anything into the laws of the State of New Jersey. Speaking for myself, if not for anybody else on this committee, I can tell you that I personally resent it, and you haven't convinced me with that type of implied accusation.

MR. CHECCHIO: All right. That's pretty clear language in there, and I will answer that. This is the reason why I think a bill of major proportion should be processed in pretty much the normal procedure. What happened Monday in the Senate to me is not normal procedure and you know it

48f isn't. What could happen here, thank God we had this public hearing. If it hasn't been a public hearing it would not have been normal procedure. I simply feel that if you really think that this is not being sneaked in, there is a way. All it has to do is meet the public test.

You are a legislator for the people of New Jersey, not to pass laws that you think are right, but to pass laws that are good for the State of New Jersey. That is your oath of office.

ASSEMBLYMAN FRIEDLAND: I am acutely aware of my oath of office, sir, and I think that my oath of office requires me to put before, as a member of this Committee, the legislature any proposals submitted to this committee which in my opinion are constitutional so that the people of the State of New Jersey may have an opportunity through their own forum to vote upon it. It may well be that a majority of the legislature will vote against this measure. They ought to have the opportunity to do so as the individuals or assemblymen who wish to vote for it ought also to have the opportunity to do so.

MR. CHECCHIO: All right. I happen to be from a county that swings back and forth. I don't know what county you are from, whether your political affiliations swing back and forth. You may not be. You may be from a county where no matter what, you would get voted in. That is perfectly all right. There is nothing wrong with that.

49f ASSEMBLYMAN DOREN: He is from the same county, Hudson County.

MR. CHECCHIO: Mr. Chairman, can't I finish one statement? You know I like him because he's a nice guy to fight. Let me finish. Then you tell me your statement.

I think if you came from a county like Union County where they swing back and forth the only way for a legislator to be responsive to what the people in his county or his municipality are doing, his constituency really believe is not to just simply assume that no matter what you do, the polls won't throw you out, the election process won't throw you out, but that you ought to try to get a reflection around the states. You are making a law for the state and not for Hudson County.

ASSEMBLYMAN FRIEDLAND: I have had the opportunity during the year to vote for bills which concerned other counties. I fully appreciate my responsibility in this respect. I might inform you that I don't have to be reminded of it.

ASSEMBLYMAN DOREN: Let's stick to the issue now. There are a lot of people patient out here. Any other questions on the bill?

ASSEMBLYMAN SWEENEY: I would like to ask a question here. What do you mean by "dough that is passed out by unions or by this person or that person"?

You made a statement about dough being passed out. I am

50f a union man. I ran in Mercer County for the last four terms and I have ended up as the victor. As a matter of fact, the unions gave me money to run. Every year they cut me down. I know that Mr. McDermott who sat over here in the Chambers here got $1000 from this person and $1000 from another person, and colleagues giving them money. They cut me down. Why should I be for you?

MR. CHECCHIO: You know why they cut you down, because your plurality is so high now that you are safe.

ASSEMBLYMAN SWEENEY: Not any more. I am in a different district.

ASSEMBLYMAN FRIEDLAND: I have one more question.

MR. CHECCHIO: That's the simple answer.

ASSEMBLYMAN DOREN: Just wait a minute. Let's run this orderly. This is not a party here. One will speak at a time, please. What do you have to say, Mr. Friedland?

ASSEMBLYMAN FRIEDLAND: I can tell you, sir, how I approach the problem. It seems to me that what appears to be developing here is a contest in a way between two great private power groups, labor and management, each on opposite sides, grow into great conflict with each other and a labor dispute erupts. The members of the legislature, it seems to me, are not directly concerned with the nature of this private dispute but they are concerned with the side effects which it produces in the society, for the side diseases which it casts upon us. That's why I had always understood that the whole

51f theory of unemployment compensation was that of insurance. We are getting prepared, as I understand it, to let you gentlemen fight with each other as you will. When people begin to, people with families begin to become unemployed and have no place to turn, then it becomes the concern of the state. Whether this bill accomplishes that result in a fair and impartial manner is another question. I think the principle is a correct one, that the state must be concerned for the victims of these private disputes. That I think is evidenced by this legislation and other legislation before us.

MR. CHECCHIO: I can answer directly to the question. It is pertinent to this. The principle involved here--I like to think that this law is not being passed for the management forces represented here or the labor forces. It is being passed for the good of the general public, the general working public to put into an insurance fund moneys to tide them over in case of involuntary unemployment. The law is very clear.

ASSEMBLYMAN FRIEDLAND: Just let me interrupt you. I surely will not interrupt you again as I have done so often, and I apologize to you for that.

MR. CHECCHIO: All right.

ASSEMBLYMAN FRIEDLAND: You call it involuntary unemployment. Surely you are aware of the provision of the law which permits an employee who has engaged in misconduct on the job. For example, slugging his boss in the mouth. He is

52f to collect unemployment insurance after a period of six weeks. This has been a part of the law for many years. Surely you wouldn't suggest that an individual who engages in job misconduct justifying appropriately his discharge is involuntarily unemployed? Yet we grant him benefits.

MR. CHECCHIO: He is involuntarily unemployed.

ASSEMBLYMAN FRIEDLAND: Then you are saying that a gentleman who hits his boss in the mouth doesn't know he is going to be fired. I am not sure I agree with you.

MR. CHECCHIO: My friend here who is a technician--and I don't think I agree with this. He says we agree that this is inconsistent in the law and should be changed.

ASSEMBLYMAN FRIEDLAND: But it is the law. You have been quoting it, the philosophy of the law.

MR. CHECCHIO: I wish to address the second part of my answer before you ask me another question, to this business of free collective bargaining. I don't know whether you have ever participated in negotiations.

ASSEMBLYMAN FRIEDLAND: I have handled them. I have been in negotiations, about 500 of them. I'm aware of what happens in them.

MR. CHECCHIO: I can't believe you represent management.

ASSEMBLYMAN FRIEDLAND: No, I don't. But it isn't a question of that because I might tell you that there are some labor organizations who don't support this legislation just as there are some employers who do.

53f MR. CHECCHIO: Right. I can tell you that I could sit here and agree with you as a fellow who knows some of the inner workings of collective bargaining labor relations that this may not hurt. However, this part of the issue I think is not germane here. What is germane is the psychological effect this will have on the part of the employers. What is germane is for those lousy unions--and I know there aren't too many of those--or those that might be bad and could raid it and could drain it at the expense of a lot of people, this kind of law is wrong. It is just amoral and to me it is an unethical law. As a matter of fact, we think it is illegal. I think it is illegal.

As far as the collective bargaining process is concerned, I don't know how anyone who has been a student of labor relations and free collective bargaining can possibly say that the ultimate resort of a strike by a labor union should be underpinned or be given a foundation through some public funds. That is the very guts of free collective bargaining.

If a company wants to prepare for a strike that is coming out it builds inventory. It starts shipping from other plants. If a union wants to it builds its own strike funds. I suggest let's keep it that free and clean. If you want to test it in the public I would agree, too, it ought to go on referendum or give it plenty of time to let the public reply to it. I'm not talking about the big ones. I'm talking about the little guy on the street who has to pay the tab.

54f ASSEMBLYMAN DOREN: Thank you very much. We, of course, have to take a few-minute recess for the stenographer here. I would appreciate during our break perhaps we could get our thoughts together and publicly limit the appearances here, say, to a couple of minutes, two to three minutes. There may be one group here. I know Mr. Dorn is here and has something. There are a couple of other groups. I would like to stop this bickering back and forth and get on with the business and stick on the bill and let's not try to be repetitious.

MR. CHECCHIO: Mr. Chairman, I think if we bring that group of ours in you can just pass them right on through.

ASSEMBLYMAN DOREN: But this young man has to get a break.

(A short recess is taken.)

ASSEMBLYMAN DOREN: If anyone here has a statement and would like to put it in the record rather than come up here and testify, we will be willing to accept it at this time. You can do it at any time you want.

The next witness will be Mr. Jennings.

MR. JOHN Q. JENNINGS: Thank you. My name is John Q. Jennings, employee relations consultant for the Singer Company, which, as you know, operates a major sewing machine factory in Elizabeth, New Jersey. I want to express my gratitude, Mr. Chairman, to you and your committee, for your graciousness in calling this hearing that we asked for among other things.

55f I am here today to give my reasons for opposing those portions of S-400 which would provide for the payment of unemployment benefits to strikers after they have been on strike for seven weeks. These provisions would destroy the delicate balance on which collective bargaining depends. It would force people who are not on strike, or who are not even union members to underwrite long strikes with their contributions to the Unemployment Insurance Fund, even though they may be unalterably opposed to the strike, its methods or its objectives.

It constitutes an example, which does not exist anywhere else in the United States--not even in New York and Rhode Island--of working people supplying money for the financial support of union activities over which they have absolutely no control. Let me illustrate this point with an example from our own Singer experience right here in New Jersey.

I am sure some of you gentlemen will recall the strike that took place at our factory in Elizabeth in 1949. It was something that our employees and the people of Elizabeth will never forget. It lasted six months and before it was over it had cost the economy of Elizabeth over $54 million.

But here is the most shocking thing about that strike. According to sworn testimony of one of the leaders of the strike, it was not even intended to be for the benefit of the strikers. It was, according to his testimony, a purely political strike, not for trade union purposes.

56f It was aimed at crippling U. S. production in the face of the then coming attack by Communists on United Nations forces in Korea. You will recall that that attack, for which the Communists were preparing in 1949, actually came in 1950.

The sworn testimony to which I refer was presented in Washington, D.C. on July 23, 1957, by William Wallace, an ex-Singer employee, ex-Communist, trained in Moscow and one of the leaders of the 1949 Singer strike. In addition to the above information, Mr. Wallace, in testifying before the Senate Internal Security Subcommittee said, and I quote him directly:

"It was easy to get the plant out on strike too. There were about 20 of us in the Singer Club (a Communist Club) at the plant and we pulled those 9000 men and women out of that plant without any trouble at all...It was real easy, five men could have pulled that plant out."

Let me repeat those words, gentlemen:

"...20 of us...pulled those 9000 men and women out... five of us could have pulled that plant out."

After that strike, Singer's employees threw that union out of the plant and the AFL-CIO threw it out of the Federation. But that union continues to function here in New Jersey, where it has bargaining rights at various plants of other companies.

Strangely enough, the same AFL-CIO officials who consider the union to which I refer such a "pariah" that they don't want it in their federation are, nevertheless, pushing

57f legislation which would subsidize the strikes of such a union out of funds provided by loyal members of AFL-CIO unions, to say nothing of funds furnished by workers who do not belong to any union.

In its present form S-400 could subsidize a strike that is not even for trade union purposes.

And please bear in mind that there is no way in which anybody can be sure when a strike starts that it is or is not a legitimate strike for trade union purposes. This information did not come to light in the Singer case until eight years after the strike. It did not come to light until one of the leaders of the strike became disillusioned with Communism and sought through service with the FBI to atone for guilt of which he had become ashamed.

Union rank and file do not always know for sure when a strike is instigated by Communists or by racketeers, both of whom were well publicized by the McClellan hearings.

As far as S-400 is concerned, any old strike will do to qualify strikers for unemployment insurance benefits. There doesn't have to be a secret strike vote, or even any free and open vote at all. The strike doesn't even have to be legal.

If the strike just lasts long enough, the strikers collect and others pay.

During the six-month Singer strike in 1949, the international union involved was forced to dip into its bountiful treasury to provide some relief to the strikers. This drain

58f on their treasury doubtless helped hasten their finally calling off that political strike. Had they been able instead to raid the Unemployment Insurance Fund for the last four and a half months of the strike, they would have had no incentive whatsoever for calling it off. Who can say how much longer that strike might have lasted if S-400 had existed in 1949?

Indeed, who can say whether or not Singer might long since have abandoned, as hopeless, its vigorous efforts to keep the Elizabeth factory alive in the face of brutal low-wage foreign competition.

Singer-Elizabeth is the sole remaining U. S. factory manufacturing household sewing machines. Before the Japanese sewing machine invasion there were a number of such factories operated by other companies and the Elizabeth factory was nearly three times its present size.

S-400 would permit strikers to collect as much as $62 a week in benefits while not working.

That is over twice the $30 per 40-hour week which Japanese factory workers making sewing machines are now averaging in total pay and benefits for working.

It is about nine times the $7.60 per 40-hour week now being averaged by Formosan sewing machine workers whose employers are now selling sewing machines for future delivery in the United States.

Gentlemen, I should like to suggest that the time has

59f come for us to come down out of the clouds and be a bit practical. There comes a point beyond which social legislation injures rather than helps the very people it is claimed to help.

S-400 might relieve some of the drain on the war chests of the big international unions which occur during long strikes. But it certainly would injure rather than help the future employment prospects of many New Jersey employees.

Our strike took place on the eve of the Korean conflict. Today we are engaged in another war.

It is immaterial whether you are in favor of or against our government's position in that war. I do want however to pay tribute to Singer's present union officials at Elizabeth who have so little regard for Communism that they took up a plant gate collection in both 1965 and 1966 in order to raise money to buy Christmas gifts for our boys in Viet Nam. Some of those boys are your friends or relatives. They did not ask to go but they are there doing the best that they can under the most adverse conditions.

One thing they certainly should never have to read about would be another strike of the kind Singer experienced in 1949.

Who here is either willing or able to guarantee that what happened once positively cannot or would not happen again? Who here being unable to provide such a guarantee can be clear of conscience in voting for a law which would make possible, however improbable it might be, the use of Employment

60f Insurance funds to support and prolong a strike against the best interest of the United States itself?

The testimony of William Wallace in 1957 about the 1949 Singer strike caused streamer headlines throughout the United States.

Think for a moment, if you will, of how much bigger and blacker those headlines would be if, at some time in the future, they should report that the legislature and the Governor of New Jersey had been parties to legislation which put the Unemployment Insurance Fund at the disposal of disreputable leaders of any kind--Communists, racketeers or just plain irresponsible people.

Perhaps some of you had the same experience when you were children that I had when I asked my father for something I wanted very much but which was very expensive. He would say, "But we can't afford it." And I would reply, "But Dad, if you don't have the money, why don't you just write a check." At that time I did not know that Dad first had to have money in the bank to cover the check.

My request to my Dad is similar to what union leaders in New Jersey are asking you to do, write a check, a blank check on the other side of which appears the warning to industry, just as clearly as if it were written in India ink, "If you are thinking of moving into New Jersey, don't. New Jersey political leaders are anti-business."

Singer is fighting to stay in New Jersey and to build up its employment at Elizabeth from its present level of

61f only 3600 employees back to 9000. It is because Singer is fighting to survive and grow in New Jersey that I am here today.

If you want Singer and other companies in our situation to feel that "the fight is worth the candle," and we ask you not to vote for the bill in its present form. I thank you and I'm sorry I have taken so long.

ASSEMBLYMAN DOREN: Thank you very much, Mr. Jennings.

A note here, a gentleman by the name of Paul Brienza states,"I only have a minute statement." Do you want to come up.

MR. BRIENZA: To save the time I will give it to you to read in the record.

Mr. Chairman and Gentlemen. My name is Paul J. Brienza. I am here representing two organizations, the Building Contractors Association of New Jersey having over 400 member firms doing commercial, industrial and institutional building construction and the New Jersey Ready-Mixed Concrete Association having over 50 member firms.

Both of these organizations and their membership strongly oppose passage of Senate Bill S-400.

We are primarily opposed to any unemployment compensation benefits being paid to employees where a work stoppage is caused not by unemployment but by a labor dispute and/or by a strike over collective bargaining negotiations.

It is our belief that unemployment compensation benefits

62f are payments in the form of assistance benefits to tide a man over when he has involuntarily lost his position and continues to be unemployed due to the fact that he cannot find a position immediately. Unemployment benefits are there to assist a man and his family to help provide the daily necessities of life while he sincerely makes every effort at his disposal to secure employment.

In recent years we in labor and management have been making every effort in our daily relationships with each other and in legislative activities to create an atmosphere that minimizes the possibility of strikes.

This bill would encourage unnecessary and longer strikes and create a further deeper and greater imbalance than that now existing at the negotiating table. Instead of our legislators working to alleviate labor disputes and strikes and to encourage fair, equitable and early settlements, this legislation subsidizes strikes.

The press reaction and the turnout at this public hearing today opposing this legislation in its present form is certainly enough evidence for you legislators to realize that this is privileged legislation that would be a disservice to the entire citizenry.

ASSEMBLYMAN DOREN: Mr. Al Lehman, please.

MR. AL N. LEHMAN: I am the executive vice-president of the New Jersey Automotive Trade Association.

Mr. Chairman and members of the committee, the New Jersey

63f Automotive Trade Association, for your information, is a voluntary organization which represents more than 800 new franchised automobile and truck dealers. They retain some 900,000 new and used motor vehicles annually in the State of New Jersey. Our members are small independent businessmen who provide employment for the families of about 38,000 New Jersey citizens.

First, our association fully recognizes the important relationship of the unemployment compensation program to the economic security of New Jersey's working men and women. We further recognize that improvement in the level of benefits is necessary and overdue. Were this to be the principal provision of S-400 the measure would have our wholehearted, enthusiastic support.

Our association feels, however, that this bill will be utilized as a vehicle to break down the traditional position of governmental neutrality in labor relations and this fact alone forces us to object vigorously to its passage. The provisions which tax all New Jersey working people and at the same time relieve organized labor of the responsibility for payment of strike provisions breaks down the delicate balance that has made collective bargaining a workable process in New Jersey over the years. The fact that the unemployment compensation fund will pick up strike benefit payments after six weeks, if this bill is passed, in our opinion will serve to prolong any strike and will seriously injure the employer's

64f economic ability to exist in this state.

Strikes represent a breakdown in the collective bargaining process. Indeed, they are a form of economic warfare. Just as we seek to avoid military warfare in international relations government should seek to avoid strikes in labor relations. Yet by the provisions of S-400 our state government will be rewarding one of the combatants, labor, and striking a hard blow at the other side, management. Ironically both labor and management are taxpaying citizens and S-400 represents abandonment by government of one group of citizens.

To bring into true perspective what the strike provisions of this legislation would allow, would there not be merit in using funds paid into this trust by employers to pay their overhead expenses in the event of a strike against them and after a six-week waiting period? When one considers this type of philosophy one can readily see any employer's objection to the strike benefit provisions in this type of legislation.

In closing, one comment that has been made here several times today that bothered me quite a bit. It has been stated over and over again that the Senate or the Assembly has considered this type of legislation for many years in many various forms. For one reason or other it has not been successful.

When I was a small boy like all of us brought here when we were all born--let's put it that way--there comes a period

65f in our life somewhere around the age of one year old where they take one of our hands and reach up on something that would support us and then we would learn to stand on our own two feet. Everybody in this room at one time or other has had to learn to stand on his own two feet. I believe I'm right and I hope this committee and assembly would agree every piece of legislation that is introduced in the legislature must stand on its own two feet. Anything that has ever happened is only a refinement of what has gone on before. There will be times in the future that perhaps we will be discussing things much more revolutionary than we are discussing here today. But everything must stand on its own two feet.

So regardless of the good Mr. Friedland, Mr. Sweeney's statement that this type of legislation has been considered before for many, many years, I hope you would agree that this bill was introduced in the hopper just a short two weeks ago. I have sat over there and listened to the comments about it being rushed through and so forth, and I just had to say that. Isn't it about time each bill stands on its own merits, on its own two feet like we all had to?

Gentlemen, I want to thank you for the privilege of being here and our association would strongly urge that you would not pass it in its present form.

ASSEMBLYMAN DOREN: Mr. Williamson, please. Thank you very much, sir.

MR. F. B. WILLIAMSON, III: Gentlemen, I'd like to thank

66f you for being able to report to speak with your committee.

My name is F. B. Williamson, 3rd, president of Goodall Rubber Company which has been an employer in this area since before 1870. We now employ just under 500 employees here at our Trenton headquarters.

I have been a member of the State of New Jersey Governor's Employment Security Council for approximately eight years so that I am somewhat familiar with the exceedingly complicated subject covered by Senate Bill S-400, the subject which is now before your august body.

I urge that very careful consideration and deliberation be given to this bill. To tamper with the security and safety provided by the Employment Security Fund is to betray the trust of thousands of workers who are now covered and who will be covered in the future. Any bill that does not provide sufficient income from contributions to make up for a realistic estimate of payment or outgo is deficient in this regard.

First, it should be pointed out that even under a schedule of much lower benefits than the payments that are now in effect the Fund dipped from over $500,000,000 to under $300,000,000 from 1953 to 1963. Its present level, due entirely to an unprecedented level of jobs and the highest level of general economy our nation and state have ever seen. To assume that the future will continue on this level is optimistic, to say the least. Certainly it is not reasonable to take the best single year of contributions to the Fund just as it is

67f not reasonable to take a single year of payments from the Fund. However, any reasonable set of statistics will show that the increase of base wage from $3000 to $3600 will not provide sufficient funds to pay the increased payments set forth in S-400.

This bill, when it is passed by you gentlemen, should provide for sufficient funds to equal the payments that must be paid both now and in the future.

The bill provides that maximum benefits be tied to 50% of statewide average wage of U.C. covered workers. Maximum benefits in the future will no longer be controlled or reviewed by our Senate and Assembly.

This year, of course, this figure can be calculated and I assume you gentlemen had these figures reviewed for you. However, the future cannot be reviewed except to say that in light of the past history of this estimated statistic it has proved to be an ever-increasing one. No provision other than the wage base increase has been made to have an increased amount paid into the Fund by employee or employer.

The increase of weekly benefits to two-thirds of gross wages, subject to the above 50% limitation, benefits the lower paid and less attached to the labor force more than it does the union worker. But a more serious note again: payments will climb as wages increase in these lower brackets. Again no provision has been made to take care of this future increase.

The strike-benefit provision, regardless of its merits

68f or demerits again cannot be honestly estimated. The effect will have to await the future but any major strike in a major industry in this state, such as autos, trucking or some other, could have a disastrous effect on the Fund if it lasted more than the six weeks minimum requirement of time.

Gentlemen, from this it can be seen that benefits will increase without action or deliberation by the Senate or the Assembly but the increase in taxes that will be required each year will have to be provided through action by that Senate and the Assembly.

Any extension of coverage or loosening of eligibility will, of course, drain that much more out of the Employment Security Fund. Gentlemen, it would be prudent of you to be sure that the small amount of money that will be brought in by the increase in the wage base from $3000 to $3600 can finance such an extensive plan as proposed by S-400, both for the present and for the future. This Fund no longer belongs to industry or the employer but to the present and future employees. They will hold you responsible for the safety of this Fund.

For the benefit of the State of New Jersey, one other factor should be weighed, that is the effect on jobs. A study of our recent prosperous times would show that New Jersey has not received the increase in industrial jobs the state should have realized. Why is this important?

Industrial jobs are the lifeblood of our state. A research

69f center is great but it will not produce the benefits of an industrial plant to the State of New Jersey. Service industries are great but they will not only not produce the benefits of an industrial plant, but they depend upon it for their very lifeblood.

The increase in industrial jobs is a must. Industry, by increasing its plant or building a new plant, provides jobs not only in its own plants but in the thousands of other jobs that are required to provide the services and materials that that plant needs from the time it is built until its continuing need as it goes into production.

If you gentlemen will also take into account taxes industry pays I am sure you will agree that there is a need for new and expanded industry, such as my small company to Ed's county here, I'm sure you will agree that this is a factor also.

Gentlemen, we have a partnership. We are continually assured of this by the Governor's commissioners, that a partnership is one between labor, industry and the government. Business is beginning to think in New Jersey that this partnership is becoming slightly tarnished. I hate to go back on this because it has been covered before, but as a member of the Governor's Council on Employment Security, I did not receive nor hear anything of Senate S-400.

It is true that many of the provisions have been gone over for eight years. But nevertheless the bill itself requires careful examination. In looking over a bill, industry has in

70f the past found mistakes in bills. I'm not talking about things they don't like. They factually found mistakes. Mistakes have been found in time to be corrected. This time there was no opportunity for this.

Governor Hughes announced that he would take into account, previous to S-400 passed by the Senate, the estimates made by labor unions and by the Department of Industry & Commerce. While I am not saying that business estimates are always more accurate I believe in something like this they certainly should be taken into account.

This bill as it now stands will prove to move New Jersey from one of the first ten in cost estimates to one of the first ten in this dubious honor. Are our other facilities and attractions such that they are great enough to overcome this bill alone in the eyes of a prospective employer or the builder of a plant? Are other benefits such, are our taxes such, is the cooperation such that he will look to New Jersey first?

Gentlemen, the small company I represent has doubled its investment in plant and equipment under our present capital investment program. This has provided safety for our present employees and increased the number of jobs for new employees. But under the present partnership we will not be able to justify any additional expansion at this location. I think the additional land we have provided for this future expansion is enough proof that originally our plans were to continue.

We are not alone in this decision. Plants and expansion of plants are being continually provided elsewhere. When one

71f talks to the individuals concerned the climate and partnership here are mentioned first. In industry today it is possible for an employer to receive much greater enthusiasm and cooperation from various partners in almost any other location in the world than in the State of New Jersey.

You are dealing with not just next year but the future. Let's get this partnership working to put New Jersey back on the track that it has been on in the past, to make New Jersey the number one location that comes to the mind of any builder of new industry and new jobs.

Gentlemen, I thank you for the privilege. If you have any questions of just a small industrialist and not a General Motors man, or not representative of General Electric, I will be glad to answer them. Our plant is known as a good plant to work, I hope. My labor union friends assure me it is. We can only do so much. We can only go so far. We have a few small competitors. We have to be competitive with United States Rubber, Goodyear Tire & Rubber, B. F. Goodrich. We cannot sell our goods for enough more than they sell their goods to make up many more billions like S-400.

ASSEMBLYMAN DOREN: Thank you very kindly.

Mr. Sylvester Gillen, please.

Mr. Sylvester F. Gillen: I am Chairman of the Unemployment Compensation-Temporary Disability Benefits Committee of the New Jersey State Chamber of Commerce, 54 Park Place, Newark, New Jersey.

Mr. Dorn, the Secretary of the State Chamber, is here with me because some of the statistical information that is referred to here was prepared under his direction and supervision.

In expressing our grave concern over Senate Bill 400, we suggest that you consider not only how this bill would affect New Jersey employers directly but also how it will affect the majority of the working men and women of this State - not only its direct relationship to their stake in this program but also how it will affect their employment security here in the future.

At the outset, we must point out that based on a careful actuarial study, S-400 will cost an additional seventy million dollars a year without including its proposal to pay unemployment benefits to strikers. I wish to present the finding of this study to the committee for insertion into the record. One more point: These figures are based upon 1964 economic conditions. As you know, 1964 was neither a particularly good year, nor a particularly bad year. The cost figures released by the agency are based upon 1966 conditions and, as this committee is well aware, 1966 was the most

prosperous year in the State of New Jersey.

With respect to the cost of strike and lockout benefits, we cannot accept any estimate which is based upon the experience of the past, when the State of New Jersey was neutral in such affairs. We therefore must assume that the cost of these benefits will be equivalent to the amount that Senate 400 dedicates each year from employee contributions for such purpose. Last year, workers contributed $14,131,850 to the fund. A somewhat higher amount, because of good economic conditions, will be paid in this year. That amount, under S-400, will be dedicated next year for the payment of strike and lockout benefits. The following year, 1969, when the employees will be taxed $2.2 million additional for unemployment compensation as a result of the increased wage base, the potential costs of strike and lockout benefits will be something in excess of $16,300,000.

In connection with the proposal to pay benefits during a labor dispute S-400 supposedly limits such payments only to "employee contributions' using the deceptive, subtle reasoning or argumentation that employers thereby would not be placed in the position of subsidizing a strike against themselves. Any such claim is inaccurate and misleading since employee contributions are not separated from employer contributions in the fund. The two are co-mingled and any payments that decrease the fund must be made up by increased employer contributions through the experience rating system.

Another point that should be made clear is that this bill would use the contributions of a million and a half workers, not members of the forces of organized labor, to pay benefits to the 700,000 represented by unions. Certainly this majority will have difficulty in understanding why their contributions should finance strike benefits instead of being added to the fund to provide the protection to which they, as contributors, are entitled.

Since the Social Security Act of 1935 was passed, we find no record of any state amending its unemployment compensation law to provide unemployment benefits for strikers. On the contrary of the six states (including the State of Pennsylvania - one of the top five industrial states by any measure) which originally included such benefits in their laws, four have since repealed the strike benefits provisions. During the ten years from 1955 to 1965, according to a recent study based largely on reports by the U.S. Department of Labor Statistics, New Jersey registered a 1% gain in manufacturing employment. During the same period New York and Rhode Island, where they still have strike benefits, suffered 9% and 11% declines, respectively.

A little publicized aspect of this bill is the provision which would permit immediate payments to strikers where a labor dispute is termed a "lockout". We do not believe that the Division of Employment Security, an administrative agency, should be placed in the position of making determinations

as to whether a labor dispute is a strike or a lockout.

We are not opposed to an increase in the maximum dollar benefit but we are unalterably opposed to the establishment of any percentage type maximum benefit. We are firmly convinced that the maximum weekly benefit should be determined only by legislative review and the consideration of conditions existing at any given time. Establishment of an automatic fluctuating maximum weekly benefit would eliminate the opportunity for the considered judgment of the Legislature which has in the past acted on the subject of benefits whenever needed and justified.

The bill also provides for an increase in the taxable wage base from $3000 to $3600 per year. This change will act as a penalty on employers who provide steady employment and pay wages in excess of $3000 per year.

It will also require all employees to pay taxes on earnings between $3000 and $3600 per year. On the other hand, those employers who do not provide steady employment and who do not pay wages of $3,000 or more per year stand to suffer the least. In other words an increase in the wage base would mean an increase in the taxes of stable employers with relatively little increase in the taxes of those employers whose employees cause the greatest relative drain on the fund. The inequities here - in the interests of future job development in New Jersey - are obvious.

A far more equitable method for increasing the

income of the unemployment trust fund would be to increase the maximum tax rate payable by employers. This would exact a somewhat higher tax payment from the deficit employers and should also provide a financial incentive for them to attempt to stabilize their employment thereby benefiting their employees.

Now a few words about the benefit formula. S-400 purports to provide for paying unemployment compensation benefits equal to 66 2/3% of an individual's average weekly wage subject to a maximum weekly benefit of 50% of the so-called "average weekly wage" of covered workers under the unemployment compensation law. This can result in many cases by a benefit of as much as 82% of take home pay.

Unemployment benefits that come this close to the working wage level will provide an obvious incentive for some claimants to further abuse the unemployment compensation trust fund and will foster malingering.

When I said a few moments ago that Senate 400 purports to provide benefits equal to 66 2/3% of an individual's average wage, I referred to page 3, line 30 of Senate 400. If the intention is as the bill purports, the word "the" obviously should be the word "his" and the bill would need at least that amendment.

S-400 would establish benefit eligibility through two alternative requirements by continuing the present 17-base week requirement or earnings of $1350 in the base year. The use of an earnings figure will permit the payment of benefits

to seasonal or occasional workers and thus completely remove the concept of paying benefits only to those who are genuinely attached to the labor market.

With respect to an individual who works for one employer and earns $1350 in his base year in less than 17 weeks, as provided by the bill, the Division of Employment Security cannot administer this provision. We make that flat statement because there is no way in the present law for determining the average weekly wage of such an individual. Without such determination there is no way to determine what his weekly benefit amount would be.

And, while on the subject of draftsmanship, section 12 of the bill is a superficial attempt to change the coverage provisions of the law. Section 12 applies the law to employers employing one or more effective January 1, 1969, but the bill itself, on page 23, line 6 and on page 27, line 4, continues the present language which covers employers employing four or more in twenty different weeks.

Based on a careful reading of the bill, we have found a total of 15 draftsmanship or printing errors. Some are important. Some are not so important. Rather than take the time here to go into the details, with your concurrence, I would like to make a copy of that available to you for your use in the Committee.

The effects of this bill will also extend to the Temporary Disability Benefits law by providing retroactive

payments for the waiting week when the claimant remains sick for the fourth week. For example, if under S-400 an individual with average weekly earnings of $99 per week became sick, he would receive $66 per week in disability benefits. If he chooses to remain sick for the crucial fourth week, he would receive $66 for that week and another $66 for the waiting week or a total of $132. This 133% tax free replacement of his gross wages is far in excess of his take home pay and is completely contrary to the social insurance concept that a claimant should not be permitted to profit from an illness.

Retroactive payment of the waiting week for temporary disability benefits is not a new idea, it was tried and subsequently discarded by the insurance industry because it fostered malingering and fraudulent claims.

The State Disability Benefits Fund has for the last four years been experiencing an average annual deficit of $4.3 million primarily because of the pregnancy benefit provisions of the law. This controversial provision of the law will result in a further heavy drain on the fund when claimants become eligible for payments for the retroactive week.

In summary:

1. We favor an increase in weekly benefits but not through the establishment of a percentage type maximum.

2. We favor a liberalized wage and benefit table as recommended (point #7) by the 1966 official report of the Employment Security Council. This recommendation, incidentally,

was endorsed by the public, labor and business representatives on the Council.

3. We favor the proposal to permit a worker to collect unemployment compensation equal to 26 times his weekly benefit amount. This will allow partially unemployed persons to draw the same total benefits as persons receiving full unemployment benefits.

4. We favor a more equitable tax schedule on employers to eliminate the inequities caused by deficit employers.

5. We favor the provisions of the present law which guarantees employees the right to protest the election of coverage for them by their employers.

6. We favor a program of unemployment and temporary disability benefits that is fair to all segments of our working population.

7. We are opposed to the payment of strike benefits.

8. We feel the State should remain neutral and should not be placed in a position of determining whether a strike or a lockout is in effect.

9. We feel that the retroactive payment of the waiting week under TDB is unwarranted.

10. We favor the present law method providing 75 per cent of base weeks for determining the duration of temporary disability benefits, even though the proposal of Senate 400 of one-third of base year wages would save employers some tax money and premium costs.

11. We feel that insufficient time and consideration has been given to the anticipated severe depletion of the unemployment and temporary disability fund by the changes in a benefit schedule that cannot be supported by the proposed increase in the tax base.

12. S-400 is lacking in many of the much needed features to protect our unemployment trust fund and respectfully urge that some of the features included in A-549 be provided.

Thank you, sir.

ASSEMBLYMAN DOREN: Any questions?

ASSEMBLYMAN PARKER: Yes. I have just one. This was answered once before earlier. On page two in your statement at the bottom, it refers to the employers payments into the fund would be used to subsidize a strike.

Would you explain that a little more fully for me. Is this an audit type of provision such as Workmen's Compensation?

MR. GILLEN: No, it is not. Both employees and employers are taxed in the State. Employees are taxed at a fixed rate of one half of one per cent. Employers are taxed on an experienced rating basis based on the amount of benefits charged to their accounts. As that fund is depleted and as their own experience becomes poorer, they must pay more into the fund. So they get to the point where they pay additional benefits through two routes:

First by the depletion of the State fund itself. Secondly, by adverse experience in their own account. The money that is in the account is credited to any employer would certainly be depleted by any amounts by which the State fund goes down.

In other words, the total available for the payments of benefits would be less, and if that amount goes down he and other employers in a similar experience must get the money up to bring this fund back to its position.

ASSEMBLYMAN PARKER: This is one separate fund. In some of the press statements it appears that the funds are going to be segregated or employer contributions would not be used in any way for the strike benefits.

MR. GILLEN: I find nothing in the law that talks about segregation or nothing in the bill that talks about segregation. We do find some limits as to the amount that may be paid for strike benefits. But as it stands now, all of the things go into all of the payments, both from employees and employers. They go into a single State fund.

ASSEMBLYMAN PARKER: So if we have a real bad year and the fund is depleted, the employer then would have to pay in?

MR. GILLEN: That's correct.

ASSEMBLYMAN PARKER: And the strike benefits, if they continued, they would still have the right to draw from that?

MR. GILLEN: That is correct. Well, up to the limits of the employee contributions in that year. But nevertheless it would deplete the fund.

ASSEMBLYMAN PARKER: Up to that limitation.

MR. GILLEN: Yes, sir.

ASSEMBLYMAN SWEENEY: I have one question. If a person in your category is sick, does his pay stop as of then? Does he have to wait four weeks and then collect his first week?

MR. GILLEN: Are you speaking about me as an individual?

ASSEMBLYMAN SWEENEY: Anyone in this room.

MR. GILLEN: I wouldn't be able to talk for the people in the room. I can tell you for myself. My pay would not stop.

ASSEMBLYMAN SWEENEY: That's what I thought.

MR. GILLEN: That comes about for working forty-five years as an employer.

ASSEMBLYMAN SWEENEY: My pay would stop.

ASSEMBLYMAN DOREN: Any other questions? Thank you very kindly, sir.

MR. DORN: I have registered as a witness. If I may take just a few moments on draftsmanship, I think it applies to your point.

ASSEMBLYMAN PARKER: I'd like to have some comment on these drafting problems and changes that you have

indicated are necessary because of technical and other errors in the bill in the draftsmanship of the physical bill itself.

MR. PETER DORN: I am Peter Dorn, Secretary of the New Jersey State Chamber of Commerce, 54 Park Place, Newark.

Mr. Chairman, one point came out this morning at the hearing. I believe it was Mr. Parsonnet who indicated that under this bill the payment of strike benefits or lockout benefits would not be charged to an employees account. If that is true, I think that this bill needs an amendment on page 11 because the financing section of the law -- and I'd like to read it -- indicates that all benefits have to be charged against an employees account. If you look on page 7, line 31 -- and I shall read it because I think it is an important point.

ASSEMBLYMAN PARKER: Excuse me. Where are you?

MR. DORN: Page 11, line 31. It says, "But nothing in this chapter shall be construed to grant any employer or individuals in his service prior claims or rights to the amounts paid by him to the fund either on his own behalf or on behalf of such individuals. Benefits paid with respect to benefit years commencing on and after January 1, 1953, to any individual on or before December thirty-one of any calendar year with respect to unemployment in such calendar year and in preceding calendar years shall be charged against the account or accounts of the employer or employers in whose employment such individual established base weeks constituting the basis of such benefits."

I therefore submit that if the intention is not to charge employers, that this bill would need an amendment to page 11 of the Act.

There is one more point, if I may. I don't know whether this is faulty draftsmanship or whether this was intended. But this bill is unique in my fifteen years experience in the social insurance field. I have never seen a Workmen's Compensation Law, a Temporary Disability Benefits Law, and Unemployment Compensation Law nor an amendment to the Federal Social Security Law that changes the benefits in the stipulated period during the middle of a period of payment. The way the bill is drafted -- and the last section, Section 16 -- the benefits for an individual who is disabled some time in 1967 and is still entitled to benefits in 1968 would be changed on January 1 of 1968. I think the best way to explain this would be by way of an example.

Let's assume an individual becomes ill on December 8, 1967. He doesn't receive any benefits for the waiting week. So therefore the first week of benefits payable to that individual would be for the week ending on December twenty-second. His second week of benefits, if he was still disabled, would end the week of December twenty-seventh. The third week of benefits for that individual would end on January third. On that week, I think the agency would have to do something like this. I'm not sure. It is very unclear -- how the agency or if the agency can administer this provision.

It would appear that they would have to take four sevenths of what the individual is entitled to under the present law to a benefit of $40, which is about the average benefit paid under the program. They take four sevenths of $40 and then three sevenths of $55 because the new benefit formula receiving $40 under the old law would receive $55 under the new law.

Add those together. That will be the payment for the third consecutive week. But there is another problem. This bill provides a retroactive payment for the waiting week.

My question is, Mr. Chairman, what would you pay that individual with it? Would the waiting week payment be $40 under the old law or would it be $55 under the new law?

As I say, I don't know whether this is intended or whether this is an error in draftsmanship. There are at least two other bills introduced in this legislature this year affecting the same section which are drafted so that the new provision only goes into effect on January first of 1968.

MR. DORN: Thank you very much.

ASSEMBLYMAN PARKER: Would you provide that information that you have just given us and write in so we have something other than on the record?

MR. DORN: I would be very happy to.

ASSEMBLYMAN DOREN: Mr. Bauer, please.

MR. LEONARD G. BAUER: My name is Leonard G. Bauer. I am a resident of Roselle, Union County, New Jersey, and I am employed in Industrial Relations by the National Lead

Company-Titanium Division at Sayreville, New Jersey. I appear before you today as Chairman of the New Brunswick-Raritan Valley Chamber of Commerces Industrial Relations Committee, which is comprised of twenty-eight of the larger firms located in the New Brunswick-Raritan Valley area.

I do not profess to be an expert on the technical provisions of Senate Bill 400 and I do not disagree with all the provisions in this bill. However, I have requested this time to testify in order to express our objections to the matter of payment of strike benefits from the unemployment compensation funds. This we do not feel is in the best interests of the people of the State of New Jersey.

Your committee should be commended for affording the public this hearing, and it is hoped that it will result in a complete study of the bill by your committee before it is presented to the assembly for action.

Regarding the strike benefit provision, I would ask your committee to seriously consider whether it is proper for the state to intrude on free collective bargaining by economically assisting either management or labor. Over the years free collective bargaining has worked well in New Jersey and today labor and management deal with each other from equal positions of mutual respect. We fear this provision would seriously jeopardize the system of free collective bargaining upon which so much of the economy in New Jersey rests. I do not believe that a strike benefit provision should be in

this or any other unemployment compensation legislation.

Gentlemen, thank you for allowing me this time to express my thoughts on Senate Bill 400.

ASSEMBLYMAN DOREN: Thank you very kindly.

Mr. Houston, please, Ray D. Houston.

Mr. Roger W. Johnson, please.

MR. ROGER W. JOHNSON: I am Executive Vice President of the Woodbridge area Chamber of Commerce.

I want to thank you sincerely for the privilege of being able to present the opinions of my membership toward S-400 and to congratulate this committee for conducting this hearing.

I am here today as a representative of both big business, 60 large corporations and small business, over 200 small businesses and professional people in the Woodbridge area. Gentlemen I can not begin to tell you how strong the opposition is toward this bill in my area and the opposition does not stop with business interests. I have also made it a point to determine the feeling of the general public toward the bill and, as you might expect, non-union employees strongly resent the fact that they will have to contribute to a strike fund for union members.

I should like to make one point --- I have yet to speak to anyone who does not agree that an increase in the unemployment schedule is appropriate. Rather, their disagreement with the contents of the bill stem from two other

considerations

(1) The strike feature - and

(2) The unknown factors.

Let me dwell for a moment on these two points.

First, the "Strike Feature".

As I have mentioned we are against the idea that non affiliated workers are going to have to contribute to a fund for striking workers. Why should 1,400,000 non-union wage earners be forced to contribute to a fund favoring 760,000?

Also, we are against the threat that the bill will result in longer strikes, since striking workers in some cases may have a greater income -- thanks to the bill -- than they would have when they were on the job.

Finally, the cost of the terms of the bill to both labor and business will be grossly unfair for the benefits it will provide for a small minority of the labor force.

Now for the second reason --

The unknown factors.

You have already heard how similar legislation proved impractical in four states. The fact that it remains on the books in two states hardly suggests that it is successful legislation. In fact, we may say that such a law has been a contributing factor to the decision of industrial leaders to locate in New Jersey, rather than in New York.

Which leads me to another point. We don't know what effect this bill will have on industries that may be

considering New Jersey for a plant site.

Gentlemen, this concerns us in Woodbridge. We have 2,000 acres available for industrial development and we don't want to see its value jeopardized by legislation that might discourage industry from locating in our area. We want the economic progress of Woodbridge and it's citizens to continue at it's present rapid pace.

For these two basic reasons, therefore -- (1) the injustice of the strike clause and (2) the unknown factors, we urge that this bill in its present form be defeated and that a study be made by a committee of the State Assembly to develop equitable legislation to improve our unemployment compensation laws.

I thank you again for this opportunity to express the opinions with the sincere hope that they will be of service to you in determining your action on this legislation.

Thank you.

ASSEMBLYMAN DOREN: Thank you very kindly.

Mr. Traulsen, please.

MR. HANS TRAULSEN: My address is 75 Peak Street, Bloomfield, New Jersey.

ASSEMBLYMAN DOREN: What organization do you represent?

MR. TRAULSEN: I represent New Jerseyans to protect unemployment benefits.

ASSEMBLYMAN DOREN: What organization is that?

MR. TRAULSEN: This would be the P.U.B. organization. We are a very strong organization.

ASSEMBLYMAN DOREN: Are you incorporated?

MR. TRAULSEN: We have founded this organization about ten days ago.

ASSEMBLYMAN DOREN: You have your opportunity to speak.

MR. TRAULSEN: You might have heard from us to the press. I like to say to you how we are born. In fact, P.U.B. was actually a spontaneous reaction of the public. It was really an aroused public against S-400.

ASSEMBLYMAN DOREN: Just to clear the record, you say the aroused public. Was it something that was brought about by one individual? Were you the one that organized this group?

MR. TRAULSEN: No, sir. I'm not the organizer of this group.

ASSEMBLYMAN DOREN: Who is the organizer?

MR. TRAULSEN: It was a group of people who organized this.

ASSEMBLYMAN DOREN: Who were they, sir, for the record?

MR. TRAULSEN: I would like to say this, that if you would like to look through our records, I have them right here, who these people are. I have all the membership lists.

ASSEMBLYMAN DOREN: I thought maybe you would

tell us what weight to give your statement.

MR. TRAULSEN: These were waitresses and working people.

ASSEMBLYMAN FRIEDLAND: Are you employed in the State of New Jersey?

MR. TRAULSEN: No, I am not.

ASSEMBLYMAN FRIEDLAND: And you do not contribute personally to the unemployment --

MR. TRAULSEN: I do, yes. I'm employed in the State of New Jersey but not by the State.

ASSEMBLYMAN FRIEDLAND: I didn't mean that. Do you make any contributions to the fund?

MR. TRAULSEN: Yes, I do.

ASSEMBLYMAN FRIEDLAND: All right.

ASSEMBLYMAN DOREN: Proceed.

MR. TRAULSEN: Thank you very much. We are not against labor and we are not against management. I have sat here for most of the day and have followed this keen interest, apparently a struggle which ensued between these two factions. But we are for the best interest of the people in the State.

ASSEMBLYMAN DOREN: If you would be kind enough and try not to be repetitious, because the hour is getting late.

MR. TRAULSEN: I would like to say this to you, that S-400, we believe that S-400 makes an ally of the State of one side in the labor - management dispute. I do have letters

written to the effect by the people. We actually are representing the little man on the street. I want to thank you very much for --

ASSEMBLYMAN FRIEDLAND: We all do, all of the Assemblymen represent the little men in the street and the big men in the street. Can we get to the merits of the dispute?

MR. TRAULSEN: I have some letters here. May I read them to you, just a few? I have quite a few, if I may.

"Enclosed is our check for membership in New Jersey and to protect unemployment benefits. We are writing to our Assemblymen. Sincerely, Mrs. J. W. Merrill, 334 Mountain View Terrace, Dunellen, New Jersey.

Here is a gentleman who signs his name R. P. Chapman, who writes it from Chalfonte-Haddon Hall in Atlantic City.

"Good luck, protect the unemployment benefits for those who want to work."

ASSEMBLYMAN DOREN: Sir, do you have any objection to giving them to us rather than reading them? We have a lot of letters, too.

MR. TRAULSEN: May I turn them over to you?

ASSEMBLYMAN DOREN: Just turn them over here and we will put them in rather than reading each one individually so we can save time.

MR. TRAULSEN: Thank you, sir. We believe or P.U.B. believes the heart of the bill is the proposed misuse of

money for which it was intended, to build a cushion against need and hunger and sickness and not for strikes.

P.U.B. urges you as the representatives of the people, to give the people of the State the opportunity to vote in a state-wide referendum. Again I'd like to say this to you:

We are not against labor. We are not against management. But we are for the people. Thank you very much.

ASSEMBLYMAN DOREN: Thank you, sir.

ASSEMBLYMAN PARKER: Just a minute. If I could, I'd like to get a little better background as to who you represent, the feeling of these people. It appears to be that you represent some of the unorganized labor forces in the State of New Jersey. You have membership lists which you say will be made available.

MR. TRAULSEN: Yes, I have them right here.

ASSEMBLYMAN PARKER: Was this a spontaneous thing or was this financed or brought about by some other organization?

MR. TRAULSEN: No. I started this. I tell you why I started this. I am of European background, of which you might have known by my accent. I am Scandinavian. People in Europe are taking their politics real serious. I like to say this to you, if you had the Europeans here, you would have had a major war going on.

ASSEMBLYMAN FRIEDLAND: I hope you can spare us

that.

MR. TRAULSEN: A major war, a minor war. That is a compliment, sir, to you. I'm very happy to be here just to talk to you, I assure you. I started this and I have talked to a lot of people, and they say yes, by all means we must do something about this. I talk for my neighbors. I talked to people in Bloomfield. I'm a real estate salesman. I talked to my customers. They say, yes, we should be heard.

ASSEMBLYMAN PARKER: Your organization, I take it, has done through some type of mail solicitation --

MR. TRAULSEN: I would like to tell you exactly how we go about this and how this was founded. With donations coming in which we are sending those good folks a receipt, we have hired a public relations firm because, you see, when you start a campaign for one man, you can not do this. You must do something to get it organized, especially since time was of the essence. If you would have given us more time, I'm sure that there would be at least one thousand people up there because this thing is mushrooming. This organization, P.U.B., is mushrooming to an extent. I invite you to come down to Mayers and Faiello -- when the mail is being opened, actually to see what mail is coming in. This is the real public reaction to the bill.

ASSEMBLYMAN DOREN: You started ten days ago, sir. I have seen your ads in about five days ago. You mean you collected all this money spontaneously?

MR. TRAULSEN: No. I would say this, that when the bill was passed or introduced -- it was passed, I believe. Then we started.

ASSEMBLYMAN DOREN: That was Monday that it was passed.

MR. TRAULSEN: No, it was not last Monday. It was before that.

ASSEMBLYMAN FRIEDLAND: Have you received any contributions from any employers in the State of New Jersey?

MR. TRAULSEN: Ican show you all the contributions.

ASSEMBLYMAN FRIEDLAND: The question is, have you received any contributions from any employers in the State of New Jersey?

MR. TRAULSEN: Not that I know of. I have all small town people here who have contributed a dollar or --

ASSEMBLYMAN FRIEDLAND: All the monies your organization has spent in purchasing public ads and in newspapers, so far as you know, none of these monies have come from any employers in the State of New Jersey?

MR. TRAULSEN: That's right.

ASSEMBLYMAN FRIEDLAND: I'm curious about the way your people feel. How many members are there in your organization?

MR. TRAULSEN: Roughly I would say we have about two thousand.

ASSEMBLYMAN FRIEDLAND: You have met with all of them in the last ten days?

MR. TRAULSEN: No. That would be humanly impossible.

ASSEMBLYMAN FRIEDLAND: Have you met with five of them?

MR. TRAULSEN: It would be humanly impossible to meet with two thousand.

ASSEMBLYMAN FRIEDLAND: How many have you talked to?

MR. TRAULSEN: With quite a few.

ASSEMBLYMAN FRIEDLAND: Have you talked to ten?

MR. TRAULSEN: How could I answer this? I'm sorry.

ASSEMBLYMAN FRIEDLAND: I know. You are a group of people who have a right to express your opinion. In our object here, in assessing public opinion, it is really to find out exactly what you do represent and who you do represent. I think that is part of our legitimate inquiry.

MR. TRAULSEN: I represent the people of New Jersey.

ASSEMBLYMAN FRIEDLAND: All of them?

MR. TRAULSEN: No, part of them. I wouldn't doubt that if you give me time, that there would be --

ASSEMBLYMAN FRIEDLAND: You would represent all of them?

MR. TRAULSEN: If this would be the case, you would be out of a job.

ASSEMBLYMAN FRIEDLAND: I invite you to come and try.

ASSEMBLYMAN PARKER: I would like to follow on that line a minute. By the way, you are going to put these boys here out of business.

MR. TRAULSEN: I'm sorry.

ASSEMBLYMAN PARKER: Seriously, I'd like to find out -- to follow Assemblyman Friedland just a little further. These contributions, do you have a set contribution?

MR. TRAULSEN: No.

ASSEMBLYMAN PARKER: In other words, they can give whatever they want?

MR. TRAULSEN: Yes, we get an ad in a paper and say, "If you'd like to contribute a dollar, it would help the cause.

ASSEMBLYMAN PARKER: It appears to me that you have rather substantial advertising costs with a public relations firm.

On the surface I will be quite frank. It doesn't appear that this is a spontaneous thing. I think this is why we are somewhat concerned here today about it. If in fact these are all working people, these two thousand people that have contributed spontaneously to you, and you are getting more all the time, their views weigh very heavily or would with

this committee. That's why we are trying to get to that point. There is no set contribution? They provide what they want?

MR. TRAULSEN: Yes.

ASSEMBLYMAN PARKER: Give us some idea of the, say, maximum contribution you have received.

MR. TRAULSEN: I could take a folder here at random because they are arranged alphabetically. I could take any folder and read off what the contributions are. Would that be fair enough?

ASSEMBLYMAN PARKER: I'm not necessarily interested in exactly how much you have. The point is, this is representative, $2.00 from somebody, $25.00 from somebody else.

MR. TRAULSEN: There are very small amounts of money coming in. It is $2.00, $1.00, $3.00, something like that.

ASSEMBLYMAN DOREN: What do you pay your public relations man? How much?

MR. TRAULSEN: I don't know if I should answer this or not, sir.

ASSEMBLYMAN FRIEDLAND: This is a legislative inquiry in the State of New Jersey.

ASSEMBLYMAN DOREN: We want to know who you represent and where you are getting the money from and how much you are spending to your public relations man. I think we are entitled to know, sir. It is no mystery, is it?

MR. TRAULSEN: No. We have done this. I myself

have taken $1,000 to put down with our public relations man. I have told him that as the money comes in he will get additional money.

ASSEMBLYMAN DOREN: You spent over $5,000 on ads. Where are you getting it if you are only getting $1.00 or $2.00 and you have two thousand members?

MR. TRAULSEN: Our public relations man knows that money is coming in and he is trusting us.

ASSEMBLYMAN PARKER: But the newspapers certainly aren't going to trust you. I don't speak for that industry. I'm serious.

MR. TRAULSEN: There must be such a thing as a little bit of trust left.

ASSEMBLYMAN FRIEDLAND: I should certainly hope so. I wonder how much. Could you give us the name of this gentleman?

MR. TRAULSEN: Mayers and Faiello.

ASSEMBLYMAN DOREN: Where is he from, sir?

MR. TRAULSEN: They are in Newark at -- it doesn't say the address here.

ASSEMBLYMAN DOREN: What building?

MR. TRAULSEN: It would be in the Robert Treat Hotel.

ASSEMBLYMAN DOREN: Is that where their office is located, Robert Treat?

MR. TRAULSEN: Yes, right.

ASSEMBLYMAN DOREN: Thank you, sir.

MR. TRAULSEN: Thank you very much, gentlemen, for letting us be heard.

ASSEMBLYMAN DOREN: A two-minute break for the stenographer.

(A short recess is taken.)

ASSEMBLYMAN DOREN: Mr. Schein, please. Please state your full name and the organization you represent, please.

MR. JOHN R. SCHEIN: My name is John R. Schein, residing at 21 Larchmont Road, Edison, New Jersey, employed by the United States Metals Refining Co., Carteret, New Jersey as Director of Industrial and Public Relations.

I am here today testifying as Chairman of the Middlesex County Employers Legislative Committee. There are 70 Middlesex County company members of this organization employing approximately 55,000 persons. We are opposed to the enactment of S-400 because it contains a provision granting unemployment benefits to persons while on strike.

There are several reasons why this provision should not be included in S-400:

1. The real reason for granting unemployment benefits is to take care of employees when they lose their job through no cause on their part. The proposed provision to pay those who elect to leave their jobs and strike should not be a part of unemployment benefits. We recommend that this provision to pay strike benefits be amended from the bill.

2. It is unfair to tax the majority of workers who are non-union members for strike benefits.

3. The experience of other states has been to not pass such legislation, and four of the six that did, have repealed this provision. The experience in New York and Rhode Island indicates that the growth of manufacturing has lagged behind New Jersey.

4. There has been too much mass protest and demonstration throughout the country. We are opposed to strike benefits which would encourage longer strikes.

We recommend that the bill be amended along the lines of the provisions of A-549, A-839 and S-208 or a new bill be drawn which will eliminate the strike benefit provision and the percent principle.

Thank you for the opportunity of presenting the feelings of the Middlesex County Employers Legislative Committee.

ASSEMBLYMAN DOREN: Thank you very much. Any questions?

Mr. Lockhart, please.

MR. DENNIS F. BRADLEY: My name is Dennis Bradley. I am reading this statement for Mr. Frank Lockhart, Chairman of the Legislative Affairs Committee for the Camden County Chamber of Commerce.

I am here before you to reflect the opinion of the 900 firms and individuals that comprise our Chamber of

Commerce, and express their opposition to Senate Bill 400.

In the interest of time I shall not go into a detailed report regarding our opposition to this bill. These are covered by individual reports here today.

Instead I would merely like to state that it is our feeling that whereas the original purpose of the Unemployment Compensation Fund was to serve as an insurance plan for all workers participating within it, and contributing to it, we strongly feel that Senate Bill 400 deviates from this purpose and thus fails to meet the original intent.

The members of our organization, by all means, favor periodic examination of our existing laws such as our present Unemployment Compensation Law, and when needed would recommend ammendments that would equitably meet the needs of all New Jersey employees.

We do not believe that Senate Bill 400 serves the needs of <u>all</u> deserving workers, and, indeed, prefers some above others.

In evaluating the testimony before you today we want you to be aware that the purpose of our Chamber of Commerce, and the others like it throughout this country, is to create an area atmosphere within which existing industry can, and will desire to stay, and into which new industry will wish to come. Our fundamental purpose is to create new job opportunities.

We believe that legislation such as S-400 serves as a detriment to this cause and thus to the State of

New Jersey as a whole. We again urge you to reconsider this bill.

Thank you very much for your time.

ASSEMBLYMAN DOREN: Thank you.

Mr. Nunes, please.

MR. JEFFEREY NUNES: I am here on behalf of Lenox Incorporated Company. We have been here in New Jersey for over sixty years, currently employing over one thousand people. I am going to be brief. I don't have anything new to add.

However, the fact is that we feel very important about it. That's why I stayed here so I can add our voice to those you have heard before. We don't feel that S-400 is in the best interests of all the people of the State. I might add parenthetically that the Scandinavian gentleman of Scandinavian ancestry, he may, if he had enough time, established that fact better than any manufacturer you have heard today.

The Committee may consider, when they weigh all the protests about the expeditious handling of the Bill, that this gentleman may in fact have a point.

We believe that fair and open collective bargaining is a keystone to our American way of life, and that the proposed Bill would destroy this delicate balance. There are ways to help a distressed community suffering through a strike without upsetting this balance. I don't think it takes very much imagination to figure those out. Workers on strike

are not the victims of a dispute. They are those who have elected, voted for this strike. The purpose of this Bill, the other features of which, except for the costs -- that we have no objection to -- should not be used to take sides in collective bargaining.

The Committee and the members of the Legislature should bear in mind that there aren't very many General Electrics in New Jersey. There are a fair amount of Good-All Rubbers or Lenox Incorporated.

I don't think that any legislator would stand for a minute for part of a legislation which would allow manufacturers to contribute to a fund, the purposes of the fund to go to businesses on strike to repay them for a lost percentage of business. We wouldn't suggest it, but that is the other side of the coin, in our opinion.

I really don't think that the majority of the electorate would take the position that a striking worker is in fact an unemployed worker entitled to what everyone refers to as strike benefits.

The last point is the one you heard before, about the business climate in the future in New Jersey of business as a relatively small manufacturer would like to go on record in stating that that point is well taken.

That's all I have. Thank you.

ASSEMBLYMAN DOREN: Thank you very much, sir.

MR. NUNES: Thank you.

ASSEMBLYMAN DOREN: Mr. Bush, please.

MR. DONALD E. BUSH: Thank you very much. I am the Director of Personnel Labor Relations at the United States Metals Refining Company, 400 Middlesex Avenue, Carteret.

Our company is opposed to S-400. We are not opposed to increased unemployment benefits, but we are definitely opposed to the strike benefits portion.

As Director of Labor Relations for my company, it is my opinion that strike benefits will greatly hinder good labor relations. In my opinion the ability of union leadership to reach agreements with management through good faith bargaining and then have the membership accept such grievance would be greatly hampered by the strike benefits provision of S-400.

I also believe that strikes, once undertaken, will only be prolonged because of this Bill. I can foresee both more frequent strikes and strikes of long duration. Further, a condition of constant unrest and strife in labor management relations will be a direct result of this Bill. This, as a policy, I would hope, would be rejected by our legislators. I therefore urge you to reject S-400 in its present form.

ASSEMBLYMAN DOREN: Thank you very kindly, sir.

Mr. Lee, please. Give your name, please, and the organization you represent.

MR. GEORGE L. LEE, JR.: My name is George L. Lee, Jr., and I am President of Red Devil, Incorporated, in

Union, New Jersey. I represent myself. I represent, I believe, the 200 employees, 221 employees whose petition I bring to you.

Red Devil is confusing to some people because there are several companies that use the name Red Devil. Ours is a small company with 215 employees in New Jersey. We have had thirty-five years with no strikes, no lay-offs, no short work weeks. We are a non-union or a free open shop.

We have a policy of discussing important issues such as this with our employees on a regular basis. We have met with them. We have circulated petitions and I would simply like to read their petition to you.

Whereas New Jersey Legislature is considering passage of S-400, an unemployment compensation Bill, that will increase our unemployment compensation's taxes approximately twenty per cent, and whereas this Bill will pay benefits up to eighty per cent of regular after tax pay to people who are out on strike to be paid out of our pockets from our contributions, thereby draining the fund on which we rely in time of need. Now therefor the undersigned employees of Red Devil, Incorporated and affiliates petition our Assembly to amend this Bill so it will not take money out of our pockets to benefit a small minority of less responsible working people. We ask for a Bill with liberalized benefits to be distributed on a fair basis.

I might add, sir, I heard of the action on this Bill at 10:00 A.M. yesterday. We obtained the signatures in a

two hour period, from one to three in the afternoon yesterday.

ASSEMBLYMAN DOREN: Thank you very much. Thank you very kindly, sir.

MR. LEE: Please don't force us to take more money out of our employees' pockets at this time unless they will benefit proportionately.

This is a matter of conscience -- because we believe S-400 is "special interest' legislation of the worst kind. It creates a back-up strike "slush fund" for the labor bosses -- to be paid for by an increased majority of those least able to afford it. Many clauses of the bill are "rigged" to this purpose.

The bill comes at a poor time for both employees and employers. The 20% tax increase really hurts at a time when we are all hurt by government-stimulated inflation, when average work weeks and take-home pay are down, when we are caught in a profit-squeeze and staring recession in the face. (Our sales are off only 5%, but profits are off over 20%, for the first two months of this year.)

Our Company has supported liberalized Unemployment Compensation bills for several years. We feel our employees need higher levels of coverage, and we are willing to pay the increased costs to bring New Jersey benefits to a level comparable with neighboring states.

But we cannot agree with a bill which is rigged to force almost three million people to pay strike benefits

for a minority of three quarters of one million.

Please give us a fair bill we can afford; not S-400.

ASSEMBLYMAN DOREN: Would you leave the petition with us, please.

MR. LEE: Yes.

ASSEMBLYMAN DOREN: Mr. Proto, please.

MR. JOHN PROTO: My name is John Proto. I am the Legislative Director to the United States of America in District nine, New Jersey Steel Workers, representing some fifty thousand workers in this State.

Mr. Chairman, my only reason for testifying is to correct some statements or statement that was made last Monday, and some that I heard here today by the opponents of this Bill.

Last Monday in senate debate on S-400, Senator Ozzard referred to the State of Pennsylvania, and the fact that they had repealed a provision in their law which authorized payment of unemployment compensation benefits to workers on strike.

While Senator Ozzard made no explanation, he created the impression just as some of the other people here today, that something sinister had happened and occurred in Pennsylvania, the state that I feel is more related to New Jersey. I would like to present you with a factual report on what really happened in Pennsylvania.

First, let me say this to you, the repealing amendment left intact the ability of workers in lock-outs by their employer, to receive benefits. Even today Pennsylvania's more responsive to the need of the worker than New Jersey in this respect. I can state categorically at the outset that the provisions of unemployment benefits during strikes was totally unrelated to the decline of the Unemployment Compensation fund for the very same reason that the decline began in the year 1950, two years after the strike benefits provision was deleted from the law by a reactionary legislature.

This is what happened in Tennessee, what happened in Louisiana. Of course, they are a poor state to even compare with any other state. I want to state that Pennsylvania is one of the states where workers do not contribute to the unemployment benefits. The balances for the years 1940 through 1958 were as follows -- and I'm not going to go through them. I will just quote the year that the strike benefit was deleted from the law in 1948 to 1958.

In 1948 the balance in the Unemployment Compensation Fund in Pennsylvania was $617 million point one dollars. In 1950 the balance of the Unemployment Compensation Fund was $525.8 million dollars, $96.8 million dollars less two years ago after the repeal of the strike benefits in Pennsylvania.

In 1958 the Unemployment Compensation balance was $207.3 million dollars. The reason for this decline as universally accepted as resulting from improper financing of

Unemployment Compensation benefits beginning in tbe year of 1950. Until very recently Pennsylvania has had a special unemployment problem. The rate of unemployment in Pennsylvania, except for the past two years, has consistently exceeded the national rate of unemployment. The three serious recessions which hit the nation since the end of World War II affected Pennsylvania worse than the nation as a whole. The recession of 1958 seriously aggravated the long term unemployment problems in the State's chronically labor surplus areas. Moreover, the 1958 recession spread the distress of mass unemployment to virtually every community of the State.

The heavy volume of unemployment in Pennsylvania resulted in large volume of unemployment benefit activity. From 1950 through 1958 over seventy million continued claims for the State Unemployment Compensation were filled. In that nine year period the State system paid out one billion six hundren million dollars in State Unemployment Compensation benefits.

I could quote in percentages the average unemployment compensation. I will just say that in 1948 it was one point fourty-four and in 1958, seven point ninety-two. I will send the Committee a copy of these when I get back to my office.

In the year 1958 only, one state, New York, paid out more benefits than did Pennsylvania. California paid out the next highest amount. The amount spent by each of these

three states on unemployment benefits were as follows: Pennsylvania, $385 million dollars; New York, $501 million dollars; California, $331 million 500 thousand dollars. While Pennsylvania faced a serious crisis over the accuracy of unemployment compensation fund, New York on December 31, 1958 had reserves over one billion dollars, and California had reserves of $837 million dollars. The reason for this discrepency was that in eight of the last ten years contributions to the Pennsylvania Unemployment Compensation fund had not only been less than outlays, but the deficiency between monies received and monies paid out steadily widened. Between 1947 and 1950 the annual deficiency of the fund was almost $22 million dollars.

During the next four years annual deficiency grew to almost $57 million dollars. From 1955 to 1958 a policy of fiscal irresponsibility was followed which was the proverbial straw that broke the camel's back.

Pennsylvania employers have been chronically paying less unemployment taxes than any other employer throughout the nation. If Pennsylvania employers had contributed at the rate equivalent to the national average over the past ten years, the unemployment compensation crisis of 1958 would not have occurred.

However, in Pennsylvania from 1950 through 1958 contributions were maintained at low levels while rates in other states were increased or maintained in order to achieve

financial solvency.

In addition to revising contribution rates downward, the other amendments were enacted which removed the mechanism which would have triggered-increased tax rates to meet the increased cost of lowered reserves on employment system. This was like tying down the pressure escape valve on a boiler.

As a result, even though the benefits consistently were greater than income, the increased tax schedules did not go into effect until the unemployment fund had fallen to a dangerously low level.

Under the administration of Governor Lawrence and Governor Scranton, it has been raised so that at the end of February 1967 all debts to the Federal Government had been paid and unemployment compensation fund's balance had been increased to $548 million dollars. It is of interest to know that the new Republican administration has asked the legislature to increase maximum unemployment compensation benefits from $45 weekly to $60 weekly. The provisions of unemployment compensation of unemployed striking workers after six weeks of unemployment is an elementary step to redress the unequal balance between resource available to workers trying to improve their conditions and the vast reserves of the cash available to their employers.

It is typical in a strike that all of the managerial supervisory employees of the company are maintained

on full salary while efforts are being made to force the striking workers into submission by imposing financial hardships on the workers of their families.

Mr. Chairman, I want to thank you for this opportunity to testify.

ASSEMBLYMAN PARKER: Mr. Proto, maybe you can answer this question for me. I wanted to ask Mr. Parsonnet this question.

As a proponant of this Bill for the determination of the disability benefits, it has expanded those who are permitted to make this evaluation from licensed positions to dentists -- I can understand -- chiropodists I can understand. But it then goes on to chiropractors, and certified disability. Chiropractors are licensed. I just don't understand why they should be permitted to make a determination of disability. They have no medical training or experience.

MR. PROTO: I guess for the same reason that the dentist and the doctors are permitted to certify, because they are licensed in the sense of the word "practitioners." It is not medicine, but therapy.

ASSEMBLYMAN DOREN: Thank you very much, sir.

Mr. Heald, please.

MR. WILLIAM L. HEALD, JR.: My name is William L. Heald, Jr., and my title is Administrator of Statutory Benefits for the Westinghouse Electric Corporation. I am located in the Corporate Headquarters' offices in Pittsburgh,

Pa. and have responsibility for the administration of unemployment compensation throughout our Company. The Westinghouse Electric Corporation has approximately 10,600 employees in New Jersey at nine manufacturing plants and at numerous smaller locations and offices. Our Corporation appreciates this opportunity to offer this statement for consideration by your Committee regarding S-400. Due to the short advance notice of these hearings, we have not prepared a lengthy or detailed statement. Nevertheless, we are deeply concerned about this proposed legislation and would like to take this opportunity to state briefly the reasons why we feel that S-400 is highly objectionable, and why we hope that after further consideration the Assembly will refuse to enact it.

To begin with, we are concerned about the large cost burden which this bill, if enacted, would lay upon the employers in this State. We understand that the initial cost has been estimated to be $70 million a year, and that this includes only those items which can be readily estimated. Furthermore, this cost would only be the beginning. For example, the maximum weekly benefit (which would immediately jump 32%) would then be tied to the State average weekly wage and would, therefore, be subject to unlimited rise in the future. Although we do not oppose reasonable increases in maximum weekly benefits, we believe that each such increase should be made only as a result of due deliberation and separate enactment by the Legislature.

The present law contains a graduated formula for claimants entitled to less than the present maximum which provides a benefit equal to 59% of wages at the lowest level and 51% at the highest. We believe that this is an entirely reasonable and adequate formula. Yet S-400 proposes to increase this formula to provide 2/3 of earnings. The benefit that would thus be provided, when compared to the claimant's take-home pay, would come dangerously close to the point where there would be little financial incentive for claimants to seek work.

We are also concerned about the provision which would provide unemployment compensation benefits to strikers. We are aware that this bill purports to finance these benefits solely out of workers' contributions to the Unemployment Compensation Fund. However, in actual fact, since the contribution rate of employes is fixed and does not vary with the level of the Fund, any benefits paid to strikers would have to be replaced by increased unemployment compensation taxes on employers. Furthermore, the majority of workers who contribute to the Fund are not unionized and would never receive the benefits for which they purportedly are paying. Regardless of how the benefits are financed, the fact that they are available will have the undesirable affect of encouraging and prolonging work stoppages, and would certainly damage the business image of this State. Recognition of the adverse effect of paying benefits to strikers on a State's

ability to attract job-creating industries doubtless explains why such benefits are now payable in only two States (New York and Rhode Island).

In addition, many other expensive changes are proposed in this bill, such as an increase in the tax base from $3,000 to $3,600, retroactive payment of the waiting week in the temporary disability benefits program, and liberalization in the eligibility requirements and benefit duration.

In spite of so many proposed changes involving such great cost, S-400 completely fails to include any changes in the law which employers feel to be necessary and which they have long advocated, such as the offset of payments received from private pension plans against unemployment compensation benefits and revision of the eligibility requirements for maternity benefits under the disability benefits program.

In conclusion, let me assure your Committee that the Westinghouse Electric Corporation supports the concept of unemployment compensation and, as already mentioned, does not oppose reasonable benefit increases and other necessary changes in the law. However, for the reasons which I have briefly mentioned, we believe S-400 to be an objectionable and irresponsible piece of legislation, and we sincerely hope that you will agree after further consideration that the best action that could be taken for the good of the State is to refuse its enactment.

Thank you.

ASSEMBLYMAN DOREN: Thank you very kindly, sir.

Mr. Schultz, please.

MR. MANUEL SCHULTZ: My name is Manuel Schultz. I appear in opposition to the strike benefits portion of S.400 on behalf of Celanese Corporation with offices at 550 Broad Street, Newark, of which I am a member of the General Counsel's staff.

Passage of this bill will necessarily result in an increased cost of goods sold at many commercial levels, affecting not only industry, but also the consumer public to whom such costs may have to be passed on in the form of higher prices.

The heavy cost of financing striking employees will have to be borne not only by employers, but also by employees, both union and non-union.

The policy of the state and its citizens subsidizing striking employees will have the effect of prolonging strikes, rather than hastening their settlement, thereby adding to inflationary pressures. The last thing the public needs is a further incentive for more frequent and longer strikes.

Finally, the bill will tend to reduce revenues to the State of New Jersey, since it will be regarded by industry as anti-business, thereby deterring companies from expanding existing facilities in the state and discouraging new industries from coming here. An atmosphere conducive to industrial harmony between an employer and his employees is a

must before a large capital expenditure is made. Such an atmosphere will certainly not be created by a state which is one of only three in the nation that pays strikers for striking.

The proposals in this bill are impractical and unworkable, as evidenced by the fact that of the six states which have enacted legislation of this kind since 1940, four have repealed it.

Celanese is a diversified chemical company, producing a broad line of petro-chemicals, fibers, plastics, paints and coatings, petroleum and forest products. The corporation and affiliates operate 100 plants, with 50,000 employees, in the U.S. and 24 other countries.

In New Jersey, Celanese operates four major plants and two research and development centers and maintains, in Newark, headquarters for its Plastics Division. Approximately 2,500 are employed by Celanese in New Jersey, and in 1966 they received a total of over $18,000,000 in wages.

We think the Bill will tend to reduce revenues to the State of New Jersey since it will be regarded by industry as a whole as it is by us as anti business, thereby deterring companies from expanding existing facilities in the state and discouraging new industries from coming here.

An atmosphere conducive to industrial harmony between an employer and his employees is a must before a large capital expenditure is made.

Incidentally, our company, in building a new

fibres complex or plastics or chemicals, is forced to spend in the area of $50 million dollars for such a complex. Such an atmosphere as would exist with this Bill is certainly not created by a state which is only one of three in a nation that pays strikers for striking.

ASSEMBLYMAN DOREN: Thank you very much, Mr. Schultz.

Mr. Harwick, please.

MR. WILLIAM HARWICK: I am William Harwick, Vice President - Personnel, Campbell Soup Company. The corporate offices are located in Camden, New Jersey. Our Company employs more than five thousand employees in its New Jersey operations.

I am here to stress our Company's objections to the proposed unemployment compensation bill, S-400 in its present form. There are many objectionable features to the Bill, but I shall confine myself to the major changes which are completely unacceptable to our Company and, in our opinion, not in the best interests of our employees nor the stability of labor relations in New Jersey.

1. Strikers' Benefits. Unemployment compensation benefits paid to strikers will increase the number of long strikes. As a specific example, I think it would have been ludicrous if unemployment compensation benefits would have been available to the machinists in last year's airline strike to support their strike in face of their defiance to the offers

and recommendations of their employers, the Mediation Service, the Presidential Committee, and the President's office. The public would never have understood State payment of strike benefits in this situation. If the present Teamster negotiations fail and a major trucker strike cripples this nation, the public will not understand how the Legislature of New Jersey could provide benefits to these truckers six weeks from now. Strikes of six weeks or more usually are inconvenient or damaging to the public. The best chance of getting a settlement is to keep maximum pressure on the union, its members, and the company. Any relief to the strikers will prolong that strike. It is as unrealistic to provide strike benefits at this time as it is to say that the State will reimburse employers for 80% of their losses resulting from that strike. Only six States have ever provided these benefits to strikers. Four of these have repealed these provisions. Certainly this indicates that the overwhelming majority of State Legislatures does not believe that unemployment benefits should be extended to strikers. Aside from the fact that strike benefits will increase and encourage long strikes, it is grossly unfair to ask employers and unorganized employees to finance strikes against them.

2. Increased Benefits. The proposed benefit formula at 66-2/3% of gross wages would in many cases destroy any incentive for an unemployed person to seek new employment until benefit payments have been exhausted. For example, a

female employee in our Camden Plant averages about $85.00 per week. Her take-home pay will be about $68.00. Under S-400, she would receive $56.66 in unemployment benefits. The difference between working and not working is only about $11.00 a week and out of this she would have to pay for her transportation, lunch in our cafeteria, and possibly additional laundry, dry cleaning, etcetera. The overwhelming majority of our female employees is married and their pay constitutes supplemental income in the family. Many of these women pay somebody to come in to do baby-sitting and household chores. The total net spendable income for the family of this woman if she is laid off and draws unemployment compensation will actually increase. Why should she seek a new job? The proposed benefit formula should be re-worked so that the benefit constantly will be an incentive for unemployed persons to actively seek employment.

3. Disability Benefits. Aside from the fact that the cost of disability benefits will increase approximately 35% under this Bill, the proposal to compensate the first week of disability after a period of 28 days of absence will encourage individuals who are ill two or three weeks to stay out four weeks. Actually, an employee who is ill three weeks and works one week earns less money than if he stayed out four weeks. For example, if an individual who earns $99.00 a week stayed out of work for four weeks, his total tax-free disability benefits would be $264.00; this compares to about $216.00 if

he did in fact return to work after three weeks of absence. The proposed disability benefit should be modified to correct this shortcoming.

I respectfully submit that this Bill in its present form should not be passed.

ASSEMBLYMAN FRIEDLAND: I want to say this, Mr. Harwick. I read your statement and I must say this about it. It is direct, to the point and it presents this Committee with the facts which we sorely need in our inquiry. I appreciate having this kind of statement submitted to me.

MR. HARWICK: Thank you very much, sir.

ASSEMBLYMAN DOREN: Mr. Hill, please.

MR. WALTER HILL: My name is Walter Hill from Basking Ridge, New Jersey. I thank you for being, I think, the first individual here who represents no one but himself.

I am of the unorganized people who have been mentioned frequently today, and I speak very briefly in opposition to the extension of strike benefits to individuals engaged in strike activity under the provisions of this Bill. I am not competent to discuss the technical provisions of the estimates of course, etcetera. I really feel that the overriding issue is that this provision will not benefit the majority of workers in this state, and in fact I believe the majority or workers in this state would oppose it. That concludes my remarks. Thank you very much.

ASSEMBLYMAN PARKER: Can I just ask you what your

position is with a private employer?

MR. HILL: I'm with Schering Corporation. I'm Planning Manager of their International Division in charge of long range planning activities outside the United States.

ASSEMBLYMAN DOREN: Thank you very kindly, sir.

MR. HILL: Thank you.

ASSEMBLYMAN DOREN: Mr. Ralph Hawxwell, please.

MR. RALPH HAWXWELL: My name is Ralph Hawxwell. I am the Executive Vice President of the Bergen County Chamber of Commerce.

As I promised you, fifteen seconds is all I need. We would like you to know and have the Committee know that we agree with the statements made by Jim Tobin today.

ASSEMBLYMAN DOREN: Thank you very kindly, sir.

Mr. Herbert Moore, please.

MR. CHARLES GARDNER: My name is Charles Gardner. I am the Executive Vice President of the Greater Trenton Chamber of Commerce. I am speaking for Mr. Moore who is Chairman of the Governmental Affairs Committee.

The Greater Trenton Chamber of Commerce is composed of more than 1,800 members representing 1,250 different firms and/or professions.

In an organization of the size of our Chamber of Commerce it is not difficult to find differing opinions in regard to some of the provisions of S-400. But from personal knowledge, and after rather exhaustive efforts by

members of our committee and the chamber staff, no one was found among our members who did not oppose the strike-benefit provision of this bill. Therefore I will confine my remarks solely to this objectionable section.

By their nature and purpose Chambers of Commerce tend to evaluate legislation and other matters in terms of their economic impact. Solely on the basis of this criteria, let us look at the strike-benefit provision. We believe that the following pertinent questions must be answered by the legislators in coming to a decision on the provisions of this bill:

1) To an industry in the process of selecting a location for a new plant - will the strike-benefit provision make New Jersey more attractive?

2) To companies now operating in the state and giving thought to expansion, will the strike-benefit provision tend to encourage such expansion within the state, or tend to cause more consideration of out-of-state sites?

3) In today's extremely tight labor market in New Jersey, how much of an attraction is this provision to the two out of three employees who will be required to help pay for the provision without ever being able to benefit from it?

4) The economics of any community are directly affected by the number and duration of strikes. Does the strike-benefit provision of this bill provide any incentives to the shortening of strikes and the equitable and amicable

settlement of such disputes?

5) The single most discussed topic in the United States today is the premise of "equal rights for all". Against that premise, how do the benefits of this provision stack up?

This organization respectfully submits that the distinguished Assembly of New Jersey, answering each of the questions above as it affects the economics of the community he represents, must determine that the strike-benefit provision of this law is not in the best interests of his constituents, and that this provision must be deleted. Further, we respectfully suggest that this portion of the law is unconstitutional, since it forces every employee, whether he be resident or non-resident, to take sides in an adversary action without regard to his own convictions and is therefore denied a freedom of choice.

We therefore urgently recommend that the strike benefit provision of this bill be removed. Thank you for the privilege of being with you.

ASSEMBLYMAN DOREN: Thank you very kindly, sir.

Mr. Gilbert Schultz, please.

MR. GILBERT H. SCHULTZ: I am Gilbert Schultz, 60 Rock Avenue, Watchung, New Jersey. I am representing Ciba Corporation, an international organization producing pharmaceuticals, plastics, chemicals and dyes, rare metals. We employ over thirty thousand people internationally. We have offices

in every country that is not behind the iron curtains. We are a corporation headquarters located in Summit, New Jersey, and many other companies located throughout New Jersey.

Our management, and I am sure most industry in New Jersey, feel very strongly that S-400 should not become law in its present form. We recognize that some increases are necessary in the present unemployment compensation and temporary disability rates. However, the increases proposed by S-400 seem to us to be unfair and excessive based upon the calculations that we have seen.

As for unemployment compensation benefits during labor disputes, we feel strongly that this is not sound in principle, and is very unfair to the majority of New Jersey employees who are not organized and are not members of labor union. The laudable principle behind unemployment compensation is to assist an individual who is out of work through no fault of his own. This bill compels the majority of the workers in this state to provide financial support for labor disputes in which they have no interest or which may directly or indirectly be injurious to their interest. I personally feel very strongly about the use of my tax monies for this purpose and I am sure this feeling is shared by many others. I feel that much could be accomplished to help solve the unemployment problem in the State of New Jersey by encouraging the development of new industries in New Jersey and encouraging those industries already located in New Jersey to expand in

New Jersey rather than elsewhere. I ask you gentlemen to consider this before you decide whether S-400 will serve in the best interests of all the people in New Jersey.

I would like to thank the Committee for having this public hearing and for having the opportunity to express our opinion.

ASSEMBLYMAN DOREN: Thank you very kindly, sir.

We are going to recess now for dinner. However, before recessing, if there is anyone here that would like to turn in their report, they may. Come up, Mr. Shearer.

MR. JAMES SHEARER: My name is James Shearer. I am Assistant to Manager of Personnel, Bethlehem Steel Corporation. The general offices are in Bethlehem, Pennsylvania. However, as I know some of you know, we have a shipyard repair yard in Hoboken, a tank manufacturing plant in Dunellen and several other operations located in New Jersey.

Although I have given you a statement, I hope to try to add something which may be of interest because we have some operations in New York State and have some experience with strike benefits.

First I would like to agree with Mr. Friedland that such issues should be explored and voted on when the chips are down. I might also agree that philosophy is a very important factor in unemployment insurance as it is in all our activities. Perhaps that is why we have come to our present positions.

However, facts and figures and costs must be considered in tempering the application of our philosophy, especially in matters such as unemployment compensation.

Primarily we are concerned with the strike benefit provisions basically because the entire philosophy of unemployment compensation is that it is an insurance program that provides the benefits for persons involuntarily unemployed. We feel it is quite evident that strikers are not involuntarily unemployed. It is entirely illogical to say that the first six weeks of a strike period a person should not be eligible for unemployment compensation benefits because he is on strike, and then after six weeks to say, well, everything is changed.

You should be eligible for unemployment compensation regardless of the merits of the dispute. This has been covered a great deal.

I believe this charging of so-called relating of the unemployment compensation benefits to strikers in Senate 400 to the employee contributions is quite a gimmick. Naturally employees will think that they are paying for the benefits. It has been brought out, however, that under the tax provisions the employees pay only one fourth of one per cent, none experience rated. So regardless of the amount of benefits so paid, they will still pay the same amount of benefits. Since employers are experience rated, they will have to make up any deficits that occur because of strike benefits. So that employers would be paid the full tab for any benefits paid to

strikers.

Rights such as the right to strike -- and we certainly agree with that principle. This is an accepted principle in the United States today. -- However, carry moral obligations. The right to strike which employees exercise from imposed economic sanctions on their employer carries with it the obligation to support themselves through savings, strike funds and the like rather than through benefits paid by the state through monies contributed through all employees and employers who then could be forced to support his employees while they are stopping his own income.

It has been brought out repeatedly that New York and Rhode Island have strike benefits. Mr. Marciante referred to some strike provisions as being the same as those in New York State.

I would like to clarify that slightly. New York State disqualifies everybody unemployed as a result of a strike for seven weeks regardless of their interest in the strike. It also disqualifies for lockout. So that any unemployment resulting from a labor dispute carries with it complete disqualification for all parties in the establishment. That is not part of the provisions of this bill and would protect the innocent by the wide standards, etc. So it is not the same as in New York Bill.

It has been mentioned that payment -- and it is well recognized, I think, that payment where strikers receive

benefits, their tendency having gone as long as the period of disqualification, when benefits become payable, the tendency then is to continue the strike for a while. The New York newspaper strike is a good example of what happened there. As a matter of fact, I can't document this but I am given to understand that it took some effort on the part of the union leadership to get the men back to work, because they have gone through a period of living under strike fund benefits. Now they are getting the $50 a week that New York pays. Why go back to work for a while? Let's fight this out a little bit longer.

Let's go to organized labor's own statement. In the National Industrial Conference Board management method in January 1961 there is an article quoting a union official as saying, "If it lasts eight weeks, then I know I have a strike going."

We should not confuse the unemployment system with a welfare program. If it is an insurance program, it is an insurance program. It is not a welfare program. There are programs to take care of people in need. So it is possible and in the course of a long strike families of strikers may need assistance to preserve their health. Such assistance, however, should be given only on the basis of actual need, since the occasion arises from an act which the law presumes to be voluntary on the part of the strikers.

All unemployment compensation laws preclude the

application of a need. This would be an abortion of that principle, and is an abortion when you pay strikers benefits.

There were a couple of items I would like to comment on with respect to striking. There has been a reference to the fact that costs of it as being nominal -- well, perhaps they are in the overall. This is primarily a matter of principle. In the 1959 steel strike our plant at Lackawanna, New York experienced charges to the company of over $5 million dollars. In the 1960 shipyard strike in our former New York ship repair yards, there was a quarter of a million dollars. These are when benefit amounts were approximately $42 average. We are talking around $60 now. Think of the difference on the same basis of facts and experience.

I want to point out that Mr. Jacobson built up some kind of a strong feeling and then proceeded to kick it around. He said strike benefits will break the fund. I don't recall anybody saying that. Certainly I haven't. It is primary principle. I have some data from New York on the amount of strikes. Although labor has made much of a point that few work stoppages last more than seven weeks -- and I did a little study on this several years ago. This would be even more so on six weeks in New Jersey.

It is interesting to note that only ten point one per cent of all work stoppages in 1959 lasted more than two months. These were the available data we had. The time

lost on such work stoppages represented seventy-three and a half per cent of all time lost in work stoppages during the year.

In 1960 the comparable figures were 8.1 and 48.7 %. So that while there may be a lot of work stoppages, small ones, brief ones, they usually involve small numbers of people. When you get a big strike going, it goes.

Incidentally, the talk on the welfare of the strikers, I did mention the responsibility that comes with the right to strike. The principle of self support was recognized by President Walter Reuther of the U.A.W. at the speech at the 1947 convention of the United Auto Workers. I quote, "I propose that we build up a powerful defense fund of a minimum of $5 million dollars. I want to tell you this, just as one of the guys who has had some practical experience, that when you sit down and bargain with management and the boss knows that you have five or ten million dollars in the International Treasury Strike Fund ready to back you up, it makes a hell of a difference. I say you can't do an effective job in collective bargaining. You can't be strong collective bargainingwise unless you have a strong financial position to back you up. So I want a defense fund earmarked in a special bank account and not a penny to be spent for organizers or anything else. Every penny in that fund to be spent for strike purposes only."

I think this is a statement which a very well known representative of labor has made as far as their own

responsibility. It was interesting to note that the steel strike total benefits in New York were in excess of $9 million dollars. The United Steel Workers were able to return $8 million dollars to the union treasurers which had been loaned to them as a strike benefit. So that organized labor has a pretty good thing going, but it would be a very nice thing for them to have states pick up that responsibility.

A couple of points were made on the reaction of the people. We have a little bit on that that wasn't brought up. Some years ago in Ohio, organized labor attempted to sell a pretty liberal package. This was taken to referendum, and it was solemnly defeated in the State of Ohio.

In 1961 the State of Maryland enacted some corrective legislation wiping out have uses which had crept in and depleted the funds. This bill was taken to referendum by organized labor. Contrary to what one of the gentlemen said when he implied that the people didn't know what they were voting on in Maryland, the ads by organized labor certainly told them what they were voting on. Yet the referendum carried the bill by a substantial majority.

In fact, there were only two counties in the state that did not give approval of the corrective legislation a majority vote. Those two were not the city of Baltimore nor the county of Baltimore which were heavily labored. Both the city and the county of Baltimore supported the corrective legislation. I do think this is definite evidence of what a

substantial majority feel with respect to abuses in unemployment compensation and excesses.

Just in that connection on abuses, Mr. Proto made quite a few comments on Pennsylvania. He implied that the only reason the fund had become rebuilt to $600 million dollars with refinancing, this is not the whole story. Part of that was the result of a rather extensive review of the law and correction of substantial abuses which had crept in, coupled with good times. The fund has been rebuilt. But a substantial amount of that rebuilding has been the result of the elimination of a lot of abuses which at one time someone felt was good philosophy in the law.

Only a couple of other points. With respect to the formula for increasing the weekly benefit amount, I would just like to say that even the United State Department of Labor, when it drafted HR-8282 which was soundly supported by organized labor, never came through with a benefit amount equal to 66-2/3% of the weekly average wage for the individual as a weekly benefit amount. They talked of 50%.

As has been mentioned, of course, a substantial number of people would be getting practically between eighty and eighty-five per cent of their take home pay. When you add the 20% allowance for casual earnings, they could, with a day's effort, get complete return instead of a full five cents a week. I believe that covers it.

ASSEMBLYMAN DOREN: Any questions? Thank you

very kindly, sir. We are going to recess now until 8:30 tonight. If there is anyone here that has a statement they would like to submit, would they please come up here and give their names, the organization they represent. You could give me the statement and we will go over it and put it in the record. Otherwise we will still come back and hear you.

(The dinner recess is taken.)

ASSEMBLYMAN DOREN: We will now reconvene. Please give us your name and your organization.

MR. PETER M. SARRAIOCCO: My name is Peter M. Sarraiocco. I am speaking for myself as a small businessman.

To the members of the Assembly Committee, I am awed by the provisions in Seante Bill No. 400 now being considered by your committee. Responsible citizenship requires that I enter my protest against enactment of this bill.

It obviously discriminates against the nearly two million non-union employees who are a large majority of the people employed in our state.

It also discriminates generally against the thousands of employers in the state. And even more unfairly, those employers whose employees are represented by strong, militant unions are placed in a distinctly awkward and weak position vis-a-vis the union representatives during contract negotiations. It is no small matter to all of us that I have already heard business men speak about the need to expand plant facilities and build new plants in a state more conducive

to cordial labor-management relations than afforded in our state in the event such a bill becomes law.

The 20% increase in payments by all of us to the Unemployment Trust Fund adds to an already burdensome tax structure, increased substantially by recent legislative enactments. Let us recall the very recent tax increases for social security, medicare, sales and use tax, corporate net profits tax, unincorporated business gross receipts tax, personal property taxes.

During a period of general economic stagnation, the unemployed are reasonably aided through the use of the Unemployment Trust Fund as provided by the present law. However, can we visualize the effect of a long, drawn-out strike occurring during this period? The substantial additional drain on the Fund would obviously work to the disadvantage of other needy unemployed workers. Moreover, the Fund can only be replenished by increasing employers' rates at a time when such costs would be even more burdensome than in better times. Can we so quickly forget the recent history of such a depletion of fund in the neighboring state of Pennsylvania?

Again, I urge you to reject this bill in its entirety.

ASSEMBLYMAN DOREN: Thank you very kindly. I want to apologize to everyone here. I know we have a lot of executives here. We want to try to complete it tonight, if possible. Otherwise coming back tomorrow, you gentlemen are

going to be inconvenienced. That is the only reason we are doing this.

Give us your name and organization.

MR. DONALD A. CURTIS: My name is Donald A. Curtis. I am the Executive Director of the South Jersey Manufacturers Association, 117 North 6th Street, Camden, New Jersey.

First, Mr. Chairman, I would like to thank the Committee for permitting me to appear. I promise, as I said, I will be brief.

The South Jersey Manufacturers Association has 151 members involving upwards to 125,000 employees in seven counties in Southern New Jersey, Atlantic, Cape May, Cumberland, Salem, Gloucester, Burlington and Camden.

At an Executive Board Meeting of the Association held yesterday at the Cherry Hill Inn, the Board unanimously requested me to appear before you today and discuss Senate Bill 400. They want to go on record as a manufacturing association, stating that Senate 400 is objectionable in its present form to business and industry in southern New Jersey. They consider it not desirable for employees, whether they are organized or non-union. They consider it will have an unfavorable effect on existing business, particularly in South Jersey,and will have the effect of keeping new business out of that area.

Therefore, it is their recommendation to your Committee, sir, that you advise the Assembly that this

legislation needs further study and reconsideration before it is put to a vote in the General Assembly. Thank you very much.

ASSEMBLYMAN DOREN: Thank you, sir. I'm sorry you had to wait so long.

Your name, please.

MR. VINCENT J. BIUNNO: My name is Vincent J. Biunno. I am a management member of the Worthington Corporation with worldwide headquarters in Harrison, New Jersey.

The company provides employment for more than 21,000 employees worldwide, of which approximately 4,000 employees are in New Jersey.

We feel Senate Bill 400 is highly discriminatory and violates the spirit of the Unemployment Compensation Benefits idea of protecting the worker from involuntary periods of unemployment. The issue here is: Should public funds be used to help finance a strike?

Such a provision as the strike benefits section, we feel, would not encourage the location of industry and jobs here -- just as it has not in Rhode Island and New York, the two states which have this provision in their Unemployment Compensation Law.

Thank you.

ASSEMBLYMAN DOREN: Thank you very kindly.

Your name, sir.

MR. RAY E. KEISER: My name is Ray E. Keiser, Manager of Industrial Relations of Columbia-Hallowell Standard

Pressed Steel Company. Our company would like to go on record as endorsing, by and large, the comments made by other employers here today in opposition to the Bill. However, I would like to make a few general comments and observations after listening to all of the testimony that was given here today.

First of all, I'd like to point out that our company has been in business about 65 years. We have never suffered a strike. We consider our employee relations in good shape. I would like to point out that we are one of the companies -- I don't know how many there are -- that pays the entire cost of the unemployment compensation insurance, and we also provide a very fine disability insurance coverage for all of our employees. In addition I'd like to also state that our company a number of years ago, in the interest of its employees, established voluntarily a supplementary unemployment benefit plan. We have a social conscience. We generally endorse social legislation of this type where economic changes call for certain legislative action, increasing benefits. We feel those provisions of the recent proposals which would increase the benefits are sound, are in keeping with recent economic developments. We do have reservations about the sliding formula that is in this Bill, however. We think that is sort of a blank check and open door, open end arrangement.

We think that with something this serious the Legislature should look at the law periodically in the light of the economic circumstances and make the necessary changes

rather than adopt the formula of this type. I think the testimony today has brought out several things which are rather basic. One of them that seems clear to me is that the comparison in thie legislation is with only two states which have a similar provision permitting of benefits to strikers. It seems to me that it should be the other way around, that we should examine the reasons why all of the other states do not have such provisions.

Frankly, we passed on the benefit of paying the entire cost of the unemployment compensation tax to our employees of New Jersey because we felt it was the only fair thing to do. However, at the same time at all the other locations where we operate in where we pay taxes, they do not permit the payment of these tax monies to employees on strike. So we consider it a basic principle that should not be violated.

Assemblyman Parker earlier today asked the question -- I thought it was a very good one -- to a union representative, why is it that over the years unions have not been able to negotiate provisions in their labor agreements which would provide for something similar to this, namely employer contributions to a fund where the employees could use it in case of a strike. The answer is quite obvious. Employers resist this as a matter of principle, and I think it is only natural to expect us to resist this type of legislation on the same principle.

The unions obviously haven't pursued that in negotiations

because they recognize it also as wrong on principle.

I would like to leave the Committee with one thought. Apparently the rationale or the idea on which this Bill has been presented is that the monies that will be paid would come from generally funds that the employees helped to support. We are one of the two states or three states -- I'm not sure -- which has a provision whereby employees must contribute, must pay a certain tax into a fund of this type. I just wonder whether or not we would be discussing this Bill and be so far wrong in the legislature if that were not the case, mainly if employers pay tax in New Jersey for the entire amount as they do in other states, whether or not on principle those that have advocated this would feel as strongly about it.

ASSEMBLYMAN DOREN: Thank you very kindly. I'm sorry to have delayed you.

Who do we have next? Please step up, Mr. Samansky.

MR. J. LEONARD SAMANSKY: I am from the Peter J. Schweitzer division of Kimberly-Clark, Spotswood, New Jersey..I have listened with interest all day today, and I appreciate the time now allotted to me to speak to the Committee.

Mr. Jacobson earlier today made reference to the fact in comparing Rhode Island, New York and New Jersey, that even though New Jersey does not have the strike benefit clause, the strikes in New Jersey have been longer than in the State of New York or Rhode Island, both in the good years and in the bad years.

I question what the result will be if Senate 400 is passed and to this lengthy statistic we add the strike benefit clause. I think that collective bargaining belongs at the bargaining table; that strike funds belong to the labor unions, and they should be privately managed by the labor unions and gotten by the labor unions from their own people. I think what is happening here is that the State of New Jersey is becoming, if nothing else, a collecting agency for labor unions, and I think that the State of New Jersey will be adding a new item to the agenda of union proposals at negotiations.

It is stated, but I think it is a loser -- that I think the employees will be paying this contribution to the strike fund. I think that the unions will go ahead and add this item to their package request at the negotiating table, and speak to recoup that amount taken out of their union members' wages.

I see several problems with regard to the strike clause, and that is there is a time and a place at a union negotiation when a mediator should be called in. Usually it is not at the beginning but it is when both parties consider his help necessary. There is a possibility under the wording of this proposed statue, as I see it, that a company could walk into the negotiating table and the minute they sit down, say, we want a mediator. The union may have to refuse for various reasons.

The statute as worded says, "Have refused to voluntarily arbitrate the dispute or, in the alternative, have refused the

services of a mediation agency..."

It doesn't say when. It doesn't say how long. It doesn't say how many times. That is on page nine, line three.

With regard to the arbitration provisions, both the union and the management today say that nobody wants to submit contract language, contract negotiation to arbitration. But neither does union or the management want a mediator to step in to the collective bargaining process when the parties have not had a chance to have a meeting of minds.

Furthermore, on page nine, the clause goes on to say that the Labor Commissioners shall have to verify during each week of a labor dispute,that the parties were either bargaining in good faith or were prepared to bargain in good faith. This leads one to a possibility that a union may bargain, assuming it is intrastate for the moment, in bad faith until seven weeks passes after a strike is called. Then they may say, yes, we are now ready to bargain in good faith. According to this, the benefits would then be available to the union. I am sure the unions themselves don't want that. But what is happening here is, we are delegating to certain committees at the bargaining table, powers of the memberships which the memberships don't want and the union doesn't want. I think that this provision should be carefully looked into; that it should not be passed in its present form because I think what we are doing here is not helping labor, not helping management. We are merely creating a more difficult situation at the collective bargain-

ing table. I think at this point, in the labor relations field, both union and management have grown up and have become adults.

The dark ages of labor-management relations are over. Each side recognizes the responsibilities of the other.

Arthur Goldberg said management belongs to management. The unions don't want it. In the same way, collective bargaining belongs to the union and the management. It does not belong to the state. I don't think that the state should step into a picture here and be the collecting agent of a strike fund.

I go one step further. I personally would rather have control of my own funds rather than somebody else managing them for me. The question I raise is why does labor want the state to have the very funds that the employees themselves are contributing? There are several possible answers. One, that the unions don't want to collect these amounts from their own employees.

Two, they feel that they will not have proper control. Certainly the Commissioner of Labor in this field will neither have proper control. Unfortunately, he is put in a position of determining each and every week whether the parties are bargaining in good faith. I pose this question: What would happen if an unfair labor practice has been charged by the company against the union or the union against the company, and it is pending before the National Labor Relations Board? The Commissioner must step in at that point, and for the week during the time that the matter is pending before the N.L.R.B.,

he must make a determination as to whether it keeps with bargaining in good faith.

The good faith argument, good faith being words of art, are serious matters. The N.L.R.B. certainly is pro-labor. They themselves take many weeks to decide the issue. How possibly can one Commissioner in the State handle all these weekly claims by various unions claiming strike benefits?

I think the way this Bill is drafted, it gives the opportunity to both sides, both union and management, to play with the words "good faith," to delay negotiation, to draw each other out, not speedily terminate a labor dispute.

I believe that a labor dispute must be compromised by good faith-collective bargaining. I also believe that good faith-collective bargaining cannot be compromised. I think this is exactly what this provision of Senate 400 would be doing. I sincerely urge that for both the benefit of union and management, that the Assembly does not pass this Bill in its present form. I thank you gentlemen.

ASSEMBLYMAN FRIEDLAND: I think we are probably going to ask the same question because I noticed you writing at the moment I had thought. It has to do with the problem which is posed of the potential interplay between Federal and State jurisdiction on the question of collective bargaining.

MR. SAMANSKY: Yes, sir.

ASSEMBLYMAN FRIEDLAND: I might point out that I enjoyed listening to your remarks at that particular point.

MR. SAMANSKY: Thank you.

ASSEMBLYMAN FRIEDLAND: As you will probably know, the Bill does not impose, as I read it, an affirmative obligation upon employers to bargain in good faith.

MR. SAMANSKY: Yes, that is correct.

ASSEMBLYMAN FRIEDLAND: The obligation is upon the union to bargain in good faith. Leaving aside for the moment the problems which would arise in the event of an employer bargaining in bad faith from the beginning of negotiations, it would appear to me that there could never be the kind of conflict which you pose because factually it couldn't be. At least an employer wouldn't be in a position to complain about it. Because if the employer was filing an unfair labor practice charge against the union for the Federal jurisdiction, the N.L.R.B., claiming that there was a failure to bargain in good faith, his stand would be consistent on the State level, too.

MR. SAMANSKY: Right.

ASSEMBLYMAN FRIEDLAND: You don't have the conflict which you pose, as I see it, with the possible conflict arising from a counter charge by the union of an unfair labor practice charge.

MR. SAMANSKY: I beg to differ with you. I say that the Commissioner -- Let's assume that the waiting period has gone by and the 42 days of continual disqualification has gone by. The union now sits down at the bargaining table. The Commissioner must come in. I assume he would have to have a representative there to determine whether the union is bargaining in good faith.

This puts not only a mediator at the table but it puts the Commissioner at the table.

ASSEMBLYMAN FRIEDLAND: We have that now in Federal labor law in the sense that we have the possibility that the Board may intrude, if you would call it an intrusion. I don't know if it is actually that.

MR. SAMANSKY: No, it is not really an intrusion. Here the Commissioner must determine each and every week, as time goes by, if it should go by.

ASSEMBLYMAN FRIEDLAND: Your real objection is, you don't think the Commissioner has the expertice of the labor relations board?

MR. SAMANSKY: No. I assume the Commissioner has the expertice. I can't see him doing an adequate job because he will have to be all over the State of New Jersey, his agents, handling various labor disputes each and every week. It may be that four or five contracts expire at the same time.

ASSEMBLYMAN FRIEDLAND: I'm not sure that that follows for this reason: It would seem to me that this would not follow unless an employer is prepared to file the charge each and every week that there has been a failure to bargain in good faith.

MR. SAMANSKY: When you are at a point when you have the people out on strike, there might be some employers who will seek to hold back these employment benefits.

ASSEMBLYMAN FRIEDLAND: And they could file a charge every

week. There may be employers that feel they could not do that in all honesty because they felt they had no evidence to support their claim, particularly if they were to be filed under oath. That might act to the detriment of filing proper claims.

MR. SAMANSKY: Right. And there are many times that the membership seeks to bargain in good faith but for one political reason or another the union committee is "boxed in."

You certainly, I assume, hearing you before saying that you have been on the other side of the table in 500 some odd negotiations, can possibly see this happening on either side. When you get to the knock down drag out fight at the eleventh hour, past the eleventh hour, a lot of things happen which neither you nor I nor a mediator can control.

ASSEMBLYMAN FRIEDLAND: What I really don't understand, fundamentally, is this: Why you are complaining about this. It seems to me that this is a provision which was designed to meet possible management objections, that there weren't any appropriate controls in the Bill, not a provision that would be objected to by management but one that would be desired by it that exists before benefits are paid out that a union was acting properly, that there was an attempt at mediation or arbitration.

MR. SAMANSKY: I think we misunderstand each other. I think that the Commissioner has to determine that either the union or the worker, as the case will be, were bargaining in good faith

or were prepared to bargain in good faith.

ASSEMBLYMAN FRIEDLAND: You would want us to take these provisions out of the Bill? You would want us to say forget about mediation, arbitration, collective bargaining?

MR. SAMANSKY: No, sir. I am not playing with words. I am trying to look at this through the eyes of an enlightened collective bargain today, not thirty years ago, not fifty years from now. I am looking at it today.

I say this, that a Commissioner or the union, as it were, under the drafting of this Bill, has the responsibility -- I don't know how it will be interpreted. But there is the possibility that good faith can be played with to the disadvantage of both union and management. We are not here to foster strikes. We are here to continue in business in a happy relationship with the employees.

I would just like to make one more point that I neglected to make. That is that I notice in this Bill there is no clause which states that if any one part of the Bill shall be found to be illegal, the rest of the provisions shall follow.

ASSEMBLYMAN FRIEDLAND: Perhaps the sponsor felt that every provision was constitutional.

MR. SAMANSKY: I should hope so. I say to you if this provision relating to the separation of funds or any other provision of this Bill is found to be illegal, then the State of New Jersey would possibly have no --

ASSEMBLYMAN FRIEDLAND: I'm not so sure I agree with that.

This may be a matter that would come before the courts at some point, but I wouldn't want there to be any misunderstanding in the legislative record of this case. Therefore I want to state my position on it. I don't agree with you at all. I think if there are provisions of this Bill which are completely unrelated, provisions under scrutiny, and if they were possibly found by the court to be invalid, the court could sustain the rest of the Bill. But that's my own opinion.

MR. SAMANSKY: I really don't know. I would hate to see the State of New Jersey lose an entire unemployment benefits program. Thank you, gentlemen.

ASSEMBLYMAN PARKER: You raised a question in my mind that goes one step further as to the administrative procedures to be followed by the Commissioner of Labor and Industry, or its staff.

In the determination of good faith bargaining, the N.L.R.B. has a substantial amount of aid. They have field representatives and others who go with fact finding subpoena powers and everything else. Are you versed enough to know whether in our particular Department of Labor they would have the machinery to make this determination in the period of time that is required in this Act? I might say at this point that I think it might be a good idea for our Committee to hear from somebody from the Department of Labor on the administrative procedure to be followed by them, and how it is going to operate. If you can comment on it, I'd like to hear just one step further on this.

MR. SAMANSKY: I cannot comment on these facts. The only thing I can say is that up until this point the State of New Jersey has never had such a provision. Therefore, all of the machinery necessary to make this weekly determination would have to be put into effect. I would estimate that at this point it would be humanly impossible, presently staffed as the Department of Labor is now, for them to carry out the duties.

Second of all, I don't see any programs or anything in this Bill showing how they will operate this weekly determination, whether they will issue orders, whether these will be enforceable orders in a court. There are so many problems which are created by this Bill through a cursory examination. My apologies, gentlemen, for not having a prepared statement. I was notified about this hearing yesterday morning. I listened intently today and I learned a great deal myself.

ASSEMBLYMAN DOREN: And you did very well without a statement. Thank you very much.

Mr. Ott, please.

HENRY OTT: My name is Henry Ott and I am a past president of the Schiffli Lace and Embroidery Manufacturers Association of Union City, the official trade association for manufacturers of embroidery.

I am not here as a representative of special interest people or multi-million dollar firms, but rather as spokesman for some 650 separate embroidery manufacturing companies, all

of which are small businesses. They were shocked, discouraged, dismayed and confused to read that the S-400 was rushed through the Senate this past Monday.

Governor Hughes and all the preceding governors have all acknowledged that small business is the bulwark of New Jersey's economy and all the administrations pledged that they would do whatever was possible to protect and encourage the growth of small business. Is the present administration really interested in helping small business, such as our 650 embroidery manufacturers and the 200 embroidery processing and servicing companies which comprise the American Schiffli Industry? When a bill with the disastrous consequences of S-400 passes the Senate with the Governor's endorsement, then we must begin to wonder about the depth of sincerity of the State's attitude toward small business.

We are not experts on State legislation or economics, but we know that the provisions of S-400, if it is passed in its present form, could sound the death knell for many embroidery firms and have a paralyzing effect on the entire economy of Northern New Jersey. Our industry is compressed into an area 6 miles long and one mile wide in the northern part of Hudson County and the southern part of Bergen County, commonly referred to as the Schiffli Area, because our industry is the principal employing group and the principal source of livelihood of the people in the area.

S-400, as it is presently conceived, will both raise our

costs and worsen our labor shortage. If this should come about, hundreds of small, specially-designed factories, which could not be utilized by other types of industry, would be closed and thousands of workers would be added to the local unemployment rolls. Local tax revenues would be reduced and other small business closely associated with Schiffli would also close, thereby creating new distress areas in Northern New Jersey, the home of the American embroidery industry.

Help situation will worsen because:

1. S-400 promotes malingering - Anyone on temporary disability benefits for two weeks is encouraged by S-400 to remain out for another week, because he will be paid two weeks of disability benefits for that week. S-400 says if you are out 3 weeks, you will be paid for the waiting week, which is not compensable under present law.

2. S-400 encourages people not to work, for it increases an individual's unemployment compensation and temporary disability benefits to a point where an employee takes home almost as much pay staying out of work as he does by working.

Anyone earning $100 per week, and there are many in the Schiffli industry, would be entitled to 50% of the statewide average of $65.50 under S-400, if he did not work, and to only $82.15 take home if he did work. That means he would earn about 40¢ per hour for working - hardly any kind of inducement to women who have housework, children, etc., to take care of. Women workers are a significant portion of the working force

in the Schiffli industry. Under present regulations, if they did not work, they would get a maximum of $50 -- almost a dollar less per hour than if they worked. The sum of $65.50 per week would be very inducive to working 6 months a year and being laid off 6 months a year, especially since ours is a seasonal business. In off-season, when we have no overtime and only work 40 hours per week, it will not pay our employees to work, when they can collect almost as much from Unemployment for not working.

We understood the purpose of unemployment compensation was to aid those who were unfortunate enough to be out of work through no fault of their own and not to make it worthwhile for people to remain out of work.

Costs would be increased because:

1. Raising the taxable wage base from the present $3,000 to the proposed $3,600 would result in a 20% tax increase.

2. Many embroidery shops, as is true of most small businesses, employ less than 4 employees, and are not now covered by the unemployment compensation law. However, S-400 provides mandatory coverage for every employer employing one or more workers, who pays remuneration of $1,000 or more in any calendar year.

The Schiffli industry would find it very difficult to absorb any additional labor costs. For the past several years, the American Schiffli industry has experienced the loss of most foreign embroidery markets to low cost European and Japanese embroidery producers, who use the same exact machinery and

production methods used in America.

Since up to 70 per cent of the cost of production of embroidery is the cost of labor, which has been in very short supply the past few years, we should compare labor costs in the United States with those of other countries. Ours is a unionized industry with minimum wage scales as follows:

Watcher	$2.19 per hour
Sample Mender	2.49 per hour
Shipping Clerk	2.11 per hour
Piece-Sewer Shuttler	1.99 per hour
Mender	2.19 per hour
Shuttler	1.79 per hour
Piece Sewer	1.94 per hour

Averaging the local minimum wage scales, you arrive at $2.10 per hour per employee as being the minimum wage scale permitted by the union contract and, as we all know, not all employees work at minimum wages. Let us compare this $2.10 per hour United States Schiffli embroidery average minimum wage with wages paid in other countries producing Schiffli embroidery. Figures based on latest information available as supplied by the Bureau of Labor Statistics, U.S. Department of Labor, 1965 and 1966 are:

Austria	$0.72 per hour
France	0.75 per hour
Germany	1.12 per hour
Italy	0.64 per hour

Japan 0.46 per hour

As far as supplemental fringe benefits are concerned, we average about 25 per cent.

Last, but by no means least, is the unconscionable provision to have the non-union majority of workers who contribute to the Unemployment Compensation Trust Fund, and who rely on the Fund for protection when forced out of work through no fault of their own, to pay the unionized minority strike benefits. Every day, in the newspapers and on radio and television, labor leaders predict that the coming year and years will be marked by widespread, prolonged strikes. Witness the latest happenings in the AFTRA strike of domestic newsmen representing NBC, CBS and ABC, where AFTRA has asked directors, producers, cameramen, electricians - in short, everyone connected with television broadcasting, not to report to work.

If this happens in New Jersey, and it is more likely to happen if strike benefits are paid, the strikes could drain the Unemployment Fund of all its money. The substantial proportion of workers who contribute are, therefore, being asked to risk their security for the benefit of the few. Passage of this law providing for strike benefits in New Jersey, making it only the third of fifty states to have such a law, would cause the managements of all businesses to look elsewhere for relocating and will force present New Jersey employers to capitulate to unreasonable union demands, thereby hastening their departure from New Jersey. Results of these two actions

would place the burden of meeting ever-spiraling costs of government to be borne by a constantly decreasing number of employers in the State of New Jersey, which could only lead to disaster and economic deprivation for the residents and workers of New Jersey.

On behalf of the Schiffli industry and all small employers throughout the state, and for the thousands of workers who will have to look forward to the prospects of permanent unemployment in the State of New Jersey, I urge you to vote against the Unemployment Compensation Bill S-400, as it is presently written.

Any law having such wide-ranging effects on the future of this state, should not be decided by a handful of men subjected to severe pressures, but by the citizens of the state, who will have to live with the consequences, by means of a state-wide referendum on the subject of strike benefits.

Coincidentally, Schiffli's importance to the local Northern New Jersey economy and its vulnerability to low cost imports was reported in yesterday's Hudson Dispatch, which article, with your permission, I will read at this time. I wont read it completely. It was announced yesterday in Washington that he will present today in the House of Representatives a statement by Mayor John R. Armellino of West New York on the adverse effects imports are having on employment in the Schiffli Embroidery industry in West New York. He cited particularly imports from Japan, Austria and Portugal.

"Armellino said yesterday, 'West New York is the hub of the Schiffli Embroidery industry, a vital economic factor in the area. The Committee on Education and Labor is seeking changes in the Fair Labor Standards Act of 1938 as amended in these Bills that would be advantageous to the Schiffli Embroidery industry.' "

That's it.

ASSEMBLYMAN DOREN: Thank you very kindly.

Come up, please.

MR. RALPH D. MILLER: I am Ralph Miller, the Executive Director of the New Jersey Chapter, Associated Builders and Contractors, Inc., representing 115 firms employing over 3500 people in the construction field. Our office is located at 1920 Fairfax Avenue, Cherry Hill, New Jersey.

I have been authorized by the Executive Board of this Association, and by its members, to appear as their official representative at this hearing to urgently request that serious consideration be given to the harmful effects that are bound to result if Senate Bill 400 is passed and becomes a law in its present form. I refer to and protest that portion of the bill which would pay unemployment benefits to anyone after being out on strike for a period of six weeks.

First of all, it is our considered opinion that it is highly discriminatory in that the provision that grants unemployment benefits to strikers after the sixth week is not a benefit that can be participated in by every worker in the

state who is now gainfully employed. Only a privileged minority of the workforce can ever hope to participate, and that privileged class will be those who are members of some union that chooses to call and prolong a strike for its own selfish gains.

It is reported that only 760,000 of the state's 2,200,200 workers belong to a union, which means that if this measure is passed into law, only about 30% of any of the workers would ever be able to benefit and, unfortunately, for the remaining 70% even tho they will never be able to participate in these strike benefits, they will be made to contribute 70% of the moneys that will be made available to support such strikes.

Another reason for our strong opposition to S-400, when and if strikes do occur, there will be little or no incentive for the employees of the affected business or industry to seek a speedy or fair settlement. Work stoppages may, and could be prolonged indefinitely for as long as strike benefits are being handed out.

It would seem incumbant upon the union calling the strike to provide benefits for their members, rather than forcing this burden on all the tax-paying workers of the state, some of whom may be seriously inconvenienced and even harmed by the effects of the strike.

Our Governor claims that strike benefits as provided in S-400 will only cost $1 million per year, and that the revenue obtained from increases in the wage base from the present $3000 to $3600 in this new bill will be ample to cover the

cost of the proposed increased benefits. This is grossly misleading. Last year, strikes in our state which lasted over 90 days and involved over 5000 workers would have cost New Jersey in strike benefits, over $6 million had the provisions of S-400 been in effect then.

We urge you to give serious thought to the harmful effects passage of this bill will have on the economic growth of our State. New industries may shy away from locating here because of an unhealthy labor climate which could develop. Could it be that our neighboring state of Pennsylvania abandoned a similar provision to provide strike benefits because it feared this very thing?

Consider carefully how S-400 may harm our State's economic growth. Consider its unfairness to the 70% non-union segment of the working force who are being expected to absorb a lion's share of the cost of providing strike benefits! Consider the probability of unwarranted lengthening of strikes then give serious thought to changing the unsound provisions of S-400 before bringing it to a vote before the Assembly. Certainly, in its present form, it should be voted against.

I thank you.

ASSEMBLYMAN DOREN: Thank you very kindly. I'm sorry you have to be delayed, sir.

Step up, please.

MR. JAMES PAUL QUINN: My name is James Paul Quinn. I'm Counsel for the Health Insurance Association of America, a

national trade association with over 330 companies, insurance companies which write over 80% of the health insurance in the United States. I represent them here not as employers but as writers of the benefits under the Temporary Disability Benefits.

I am not here to address myself to the matter of the Unemployment Compensation Law at all, except insofar as it is a point of reference for the Temporary Disability Benefits Law. I'm sorry that I don't have a prepared statement. I have some notes but not reproduced.

One of the previous speakers mentioned that the proposal would bring about a severe depletion in the Unemployment Temporary Disability Benefit Fund by the changes in the benefit schedule, and they said they couldn't be supported by the proposed increase in taxpayers.

Our position is that any social insurance program should be financed on a sound basis, and the proposal here would provide for a taxable wage base of $3,600 with a fluctuating maximum. I think it would be helpful to you to know the experience of one other state which has a Temporary Disability Benefits Law, which in 1962 embarked upon a very, very similar program. This is California. In 1962 California adopted a fluctuating maximum weekly benefit dependent upon the annual average wage during the preceeding year. California had then $3,600 as a taxable wage base. That's the point to which this Bill would now bring it.

The proposal was that the taxable wage base in California

would be increased $500 each year so that by 1965 it was supposed to be $5,600, and it was. But the open endedness of the fluctuating maximum weekly benefit provided such a drain on the fund that the state fund was in desperate financial circumstances by the time 1965 arrived.

There is some similarity and some dissimilarity between the two programs. The California program has a hospital benefit. The California program does not have a pregnancy benefit. So that perhaps they are somewhat similar. The California used a two thirds average weekly wage, but instead of the 50% maximum, 50% of the overall average weekly wage. In this Bill they used two thirds. By the time 1965 arrived, the hospital benefits had to be suspended in California and the Legislature in 1965 eliminated the esculator clause in determination of the maximum weekly benefit, and they put the taxable wage base at $7,400. They also had to add an additional one tenth of one per cent to the rate of wage base.

I think that before the program in New Jersey is adopted, that the California information ought to be before you and the disastrous financial consequences that it had for the temporary disability benefits program in California.

As a representative of insurance companies, I think we would also advise you that the experience of companies, as I believe one speaker mentioned earlier, with respect to the retroactivity of the benefit to apply to the waiting week provides a very large incentive during that fourth week of

disability, to provide that a man may not return to work. If he is in the middle of that last week and he is halfway feeling that he should go back to work, this is going to be a factor which he is going to consider. Experience in companies has demonstrated that this has not been a successful factor. Gentlemen, we would request that these two features under the Temporary Disability Benefits Law be rejected.

ASSEMBLYMAN DOREN: Thank you very kindly.

ASSEMBLYMAN PARKER: They would avoid with that malingering problem if they did away with the one-week waiting period, right?

MR. QUINN: I think so, but the administrative complications of dealing with sniffles, things that take one, two or three days outweigh any gain of dealing with disability of a few days duration.

ASSEMBLYMAN PARKER: Do all the states have this similar one-week waiting period?

MR. QUINN: All states presently have the one-week waiting period, and there are four states which have a cash sickness law.

ASSEMBLYMAN DOREN: Thank you very kindly. I'm sorry we have delayed you.

Step up, please. What is your name, sir?

MR. JAMES D. LEVENGOOD: Gentlemen, my name is James D. Levengood, and I have two small contracting firms, a real estate investment firm and I am Legislative Director of the Associated Builders and Contractors of New Jersey.

I appreciate the opportunity to testify at this hearing and will probably have one of the shortest presentations to make. I cannot add to any of the testimony presented here today, but I'm going to state a fact as Assemblyman Friedland stated he was interested in hearing.

Last night on television, Channel three, which covers the South Jersey area, presented Senate Bill 400 as their T.I.P. program. That is Television Instant Poll. This poll was answered by the public by 58% of the people who have opinions on S-400 against the Bill.

Gentlemen, this is the public speaking. Thank you.

ASSEMBLYMAN FRIEDLAND: Excuse me. How many people were contacted on that?

MR. LEVENGOOD: This is a program that starts at 7:00 in the evening.

ASSEMBLYMAN FRIEDLAND: How many people submitted to the poll?

MR. LEVENGOOD: It doesn't give the amount.

ASSEMBLYMAN FRIEDLAND: Nobody ever found out?

MR. LEVENGOOD: No. It starts in the evening at 7:00.

ASSEMBLYMAN DOREN: I see a gentleman back there.

MR. RALPH D. MILLER: I was listening to the program and they told me they had over 7000 responses to it. The lines got so crowded at times.

ASSEMBLYMAN FRIEDLAND: Were they all from New Jersey? I know the station has a circulation in Philadelphia where

they abandoned the Act. Perhaps they still have the same opinion in Pennsylvania.

ASSEMBLYMAN DOREN: Thank you very much. I'm sorry to have kept you.

Step up and give your name.

MR. HENRY W. PIERCE: My name is Henry W. Pierce and I reside at 191 Hun Road, Princeton, New Jersey and am the Manager of Employee and Community Relations for the General Electric Company in Trenton, New Jersey. Also, I am representing the other Company places of business in New Jersey which employ a total of approximately 4,000 employees in four plant locations, many offices and many distribution and service centers. My statements also reflect the thinking of the General Electric Company not just in New Jersey but in all other states.

Our Company has been pleased to have had operations in New Jersey -- and these operations have extended back into the last century. Thomas Edicon's "Edison Electric Light Company" was the company from which the General Electric Company grew and Edison developed that electric light in the State of New Jersey.

You can see that our association with the state has been long and expansive and we have every expectation that it will continue.

At the outset, let me assure you that the General Electric Company has long supported unemployment laws paying reasonable

and fair benefits and has supported increases where the benefit rates have been out of date. We can and do support the proposed benefits up to $60 a week as fair and reasonable based upon 50% of state average covered wages. However, other provisions of the law work at cross purposes with a sound law and would undermine a sound unemployment law in this state.

In 1959 our Trenton plant here experienced a 12-week strike. We speculate on how much longer the strike might have lásted had unemployment benefits been available for workers who voluntarily withhold their services. We believe that if the new law had been in effect in 1959 it would have badly aggravated the situation to the detriment of all concerned -- employees, employer and the whole community.

Paying unemployment benefits to workers who voluntarily withhold their services is contrary to the desires of the state and most citizens who wish to end strikes as soon as possible.

I would like to read you a telegram sent last weekend by our Corporate Vice President of Personnel and Industrial Relations to Governor Hughes.

This was from New York.

"HON. RICHARD J. HUGHES, TRENTON, NEW JERSEY

DEAR GOVERNOR HUGHES:

GENERAL ELECTRIC HAS BEEN PLEASED TO HAVE HAD OPERATIONS IN NEW JERSEY FOR MANY YEARS. WE LOOK FORWARD TO OUR CONTINUING OPPORTUNITIES AND RESPONSIBILITIES IN THE STATE. HOWEVER, BECAUSE OF OUR SIGNIFICANT INTEREST AND STAKE IN NEW JERSEY, I DID WANT

TO LET YOU KNOW THAT WE BELIEVE THAT NEW JERSEY WOULD BE UNDERMINING ITS SOCIAL AND BUSINESS CLIMATE, AND WOULD BE TAKING A GIANT STEP BACKWARD BY COPYING EITHER OF THE ONLY TWO STATE UNEMPLOYMENT COMPENSATION LAWS - NEW YORK OR RHODE ISLAND - WHICH PAY BENEFITS TO STRIKERS. IN NEW YORK THE SITUATION IS CAUSING EMPLOYERS GRAVE CONCERN, AND LEGISLATION HAS BEEN INTRODUCED ON THIS SUBJECT, AS TO WHICH WE MADE KNOWN OUR VIEWS TO GOVERNOR ROCKEFELLER.

"GE COMPONENTS IN NEW JERSEY HAVE ALREADY EXPRESSED THEIR SERIOUS CONCERN TO YOU ON THIS MATTER. THEY HAVE ALSO OUTLINED A MORE CONSTRUCTIVE APPROACH, INCLUDING SUPPORT FOR A REASONABLE INCREASE IN THE WEEKLY BENEFIT MAXIMUMS FROM $50 TO $60 AT ABOUT 50 PERCENT OF AN INDIVIDUAL'S PAY. I SUPPORT THEIR POSITION AND REITERATE THEIR CONCERN ABOUT USING STATE U.C. FUNDS TO SUBSIDIZE AND PROLONG INDUSTRIAL DISPUTES. NEW JERSEY SHOULD CONTINUE TO BE A NEUTRAL PARTY IN THESE MATTERS.

"YOU SHOULD KNOW THAT LEGISLATION HAS BEEN INTRODUCED THIS YEAR IN NEW YORK TO REPEAL THIS MOST UNSOUND AND POTENTIALLY DESTRUCTIVE PROVISION. WE DO SUPPORT A STRONG NEW JERSEY U.C. LAW PAYING REASONABLE BENEFITS TO THOSE LAID OFF FOR LACK OF WORK, BUT WE MUST URGE YOU TO OPPOSE THIS TYPE OF CRIPPLING PROPOSAL AS CONTAINED IN S. BILL 400, WHICH CAN ONLY MAKE NEW JERSEY A FAR LESS ATTRACTIVE PLACE TO LIVE AND TO DO BUSINESS.

"VERY TRULY YOURS,

VIRGIL B. DAY VICE PRESIDENT-PERSONNEL AND INDUSTRIAL RELATIONS SVC GENERAL ELECTRIC CO."

As you know, General Electric operates in other states and prior reference has been made that this S-400 bill would copy provisions of the New York law. General Electric and other employers find the strike benefit provisions of the New York law unsatisfactory. We are reasonably convinced that a recent 12-week strike in our Schenedtady New York Plant was prolonged by the provisions of that law that allowed unemployment benefits to employees who withhold their services.

In closing, we are for a sound unemployment law; we are for reasonable benefits but we fail to see how Bill S-400 in its present form will do any more than prolong strikes and thereby endanger jobs to the detriment of New Jersey citizens and the State.

Thank you.

ASSEMBLYMAN DOREN: Thank you very kindly. I am sorry we delayed you.

Your name, sir.

MR. FRED HENRICI: My name is Fred Henrici. I live in Edison Township. I'm a programmer, computer programmer for a pharmaceutical house in New Jersey.

I am speaking for myself. I represent nobody. I do feel, however, that I am qualified to speak for the middle class white collar worker, which is what I am. I have no interest in the executive who makes $10,000 or $20,000 or $50,000 a year.

S-400 will undoubtedly be unfair to those people but they won't be hurt that much. I am not interested in big business. I have been dealing with labor unions for a good many years, and they seem to be making as much money as they ever did. All they do is raise their prices. I'm not concerned with organized labor because they seem to be doing very well for themselves. I'm not concerned with the unorganized blue collar worker because, as has been pointed out, he usually receives some of the benefits his organized brothers get.

But I am interested in the little white collar worker, the clerk, the lower level supervisor, the stenographer, that type of person.

S-400, as it stands now, is certainly going to strengthen labor's hand. I don't think anybody will deny that.

My own opinion is it will lead to more strikes, to longer strikes and to higher cost of strike settlements.

Let's look at what S-400 will do to the little white collar worker. First of all, it will decrease his take home pay because more will be deducted before he gets it.

Secondly, it will cost him, along with everybody else, to be inconvenienced by more and longer strikes.

Thirdly, it will increase the prices he will have to pay without proportionately increasing his income, thus further lowering his standard of living.

There hasn't been very much said here today about increased prices or inflation, that this Bill certainly is going to cause

more of both.

Fourth, if this legislation drives industry from New Jersey, as some believe, he will lose his job along with the blue collar worker. It will be the little white collar worker who will be hurt, and also those who are on fixed incomes, the retired people.

If I may be so bold, Mr. Chairman, I would like to make a suggestion. Do not rush S-400 through with undue haste. It makes people like me suspicious that great pressure is being brought to bear. I realize many legislators have a debt to labor and would like to pay it, but I doubt that it is wise to do it at the expense of the clerks and stenographers. We are not organized and you haven't heard our voice very plainly here today, but we do vote. There are more of us and there are those in the ranks of organized labor.

ASSEMBLYMAN FRIEDLAND: I do have a question, sir. You said you are unorganized. I assume you are speaking for yourself just as your entire statement is made on behalf of yourself.

MR. HENRICI: That's right.

ASSEMBLYMAN FRIEDLAND: You do understand that there is in the State of New Jersey, as there are in other states, a union of white collar workers? One of them is the Office Employees Union. There are other such unions, and that these unions have endorsed this Bill. You do know that?

MR. HENRICI: I will assume so.

ASSEMBLYMAN FRIEDLAND: So there are other white collar

workers in the State of New Jersey who think it is a good proposal, and they are entitled to their opinion, too, I suppose. Thank you.

ASSEMBLYMAN DOREN: Thank you very much. I'm sorry you had to stay so late.

MR. TOBIN: I hate to ask you how many white collar workers are in the State of New Jersey versus the percentage of white collar workers in the State of New Jersey organized.

ASSEMBLYMAN FRIEDLAND: I don't know the answer to that.

MR. TOBIN: The answer to that is a minuscule percentage.

ASSEMBLYMAN FRIEDLAND: I don't know that that is the answer either. I do know that there have been heavy organizational efforts in that area. I might also point out that insofar as the conclusion is sought to be drawn, that the Bill draws a distinction between those who are organized and not organized. I think that was answered earlier by one of our first witnesses who said that there was no provision in the Bill whatsoever which disqualified unorganized workers from obtaining the benefits of the Bill.

MR. TOBIN: We did indicate that that was theoretically true but practically impossible.

ASSEMBLYMAN FRIEDLAND: You know there have been a number of strikes throughout the State of New Jersey and in other states which occurred without any unionization. It is true that these strikes occur infrequently. It is often truth and often the case that these strikes start out without unionization

and they develop them. I don't know that you can draw any hard and fast rule about it either way.

You asked me, I think, Assemblyman, whether there was any comment I would like to make on the administrative problems inherent in the safeguards proposed by the legislation.

ASSEMBLYMAN PARKER: And the practical aspect as to how the Department of Labor in the State of New Jersey can handle this.

MR. TOBIN: For the first time tonight I have heard an administrative interpretation given of this provision. It was given by Assemblyman Friedland, in which he indicated that he understands that the employer would have to issue a complaint before the Commissioner held that the bargaining was not in good faith.

ASSEMBLYMAN FRIEDLAND: If you are going to quote me -- and this may become important -- in the event this provision is ever reviewed, I want my position clearly understood. I didn't indicate at any time that I felt that there was an affirmative obligation imposed upon the Bill to follow that procedure I merely suggested that that might be one procedure which could be followed by the Department of Labor, and probably many others. I haven't even thought of them yet. It seems to me that that is one.

MR. TOBIN: This would indicate to me that there is a very grave necessity to consider first the administrative method to be employed before you put in the legislation and make the

requirement. It would seem to me that assuming you hypothesize one administrative method, that this administrative method goes far beyond the intent of the safeguards as it was explained to us by the Governor and as it has been explained to us by our Legislature. The administrative safeguard is not one which would require a development of evidence by the employer of bad faith. We have understood it to be a safeguard that the Commissioner would make a determination of bad faith.

I think that the previous witnesses spoke on this issue at some length and was trying to make that point to you, that the way the Bill is written or the way we understand the way the Bill is written, the Commissioner would have to make the determination. If that is not so, then the safeguard is not completely the safeguard that both sides think it is.

The implications of either conclusion of either the Commissioner making the determination or the employer having the necessity of issuing the complaint of grave implication is to whether this is really a safeguard or not. I think this is an area which you people ought to explore very, very carefully before you commit yourselves to the provision. I think it can have a tremendous impact on the effect of this on the business climate of the State of New Jersey.

ASSEMBLYMAN PARKER: What I am mainly concerned about is how can the Commissioner or his staff make this determination in the period specified and make it on a reasonably factual basis? This is every week. Apparently he may have to make

this determination. It may be in more than one particular strike or dispute. I am somewhat concerned about his ability to do it, number one, especially in the light of the time and machinery that is used on the federal level. I'm concerned about his ability to perform and do it reasonably other than just arbitrarily saying this is good faith or this is not good faith.

It is very easy to make a statement that this is good faith, period. But I would like to have your comments, if you can, as to how he can proceed to do this, and how, if any, may he proceed to establish regulations that would entitle him to make a reasonable determination.

MR. TOBIN: It would appear from the preliminary review of this -- and we have had insufficient time to fully evaluate all of this, as you have had, I'm sure. It would appear that it would become necessary for the Commissioner of Labor to set up an organization far beyond the organization envisioned in any labor management relations act that has been proposed for the State of New Jersey for those areas outside the N.L.R.B. jurisdiction.

It would appear that it would be necessary for the Commissioner of Labor, the Department of Labor and Industry, to set up machinery comparable to the National Labor Relations Board machinery. I think we all realize that if this is what is necessary, it is going to be one of the most chaotic administrative problems that we faced in many, many years. Because

with all the N.L.R.B. examiners and with all the Boards and with all the hearings, they can do it in even several weeks. I don't envision how the Commissioner could possibly do it every week.

ASSEMBLYMAN FRIEDLAND: I might suggest a number of ways, if you wish. I don't see all the chaos that you foretell for the State of New Jersey at all. To begin with, it would seem to me that the provisions in the Bill relating to mediation and arbitration would provide that these conditions were met with presumptive, immediate presumptive evidence that the parties were bargaining in good faith.

Based upon that he could issue a determination that the parties were bargaining in good faith or the union was bargaining in good faith from week to week on the ground that the union had complied with the provisions of the Bill relating to mediation and arbitration.

There might come a case when some employer thinks that bringing a mediator in and the rest is in good faith-collective bargaining. You have contended that the provisions of the federal law ought to be applied in defining this particular phrase. I'm not sure that we might not have created an entirely different standard which is different.

MR. TOBIN: I can confess to some confusion on the term "voluntary arbitration." It isn't necessary to have voluntary arbitration. I understand arbitration to be a willingness to find a final and binding determination of a third party.

ASSEMBLYMAN FRIEDLAND: I just don't see the extent of difficulty here. You have in the State of New Jersey a Mediation Board which is ordinarilly used to conduct these mediations. Of course, the parties can select their own mediator if they choose, but this service is available to them. It would seem to me that the mediator would certainly be in a position, and available to the Commissioner of Labor, to assist him in determining whether or not the union was bargaining in good faith. He is there. He is present at the negotiations. I don't see all of the difficulties.

MR. TOBIN: First of all, I would like to understand more fully what voluntary arbitration is.

ASSEMBLYMAN PARKER: And what good faith is.

ASSEMBLYMAN FRIEDLAND: It is very, very simple. I'm sure you have been a party to or aware of contracts in which the parties have agreed to submit to certain issues to arbitration by agreement with each other. That is voluntary arbitration in the sense that they both have agreed to submit to determination certain issues. We are not talking about the State here imposing upon the parties an obligation to arbitrate disputes. We have left it to them to decide, either to arbitrate or to mediate. No one is taking away the right of an employer to say, I don't want to arbitrate. They don't want to arbitrate, fine.

MR. TOBIN: If I might suggest --

ASSEMBLYMAN FRIEDLAND: In fact, an employer has no obliga-

tions under this section of the Bill. An employer doesn't have to offer to mediate. He doesn't have to offer to arbitrate, and he doesn't have to offer to bargain in good faith. There is no obligation imposed there.

MR. TOBIN: I would suggest that the problem is far more complicated than your solution indicates, and I would have great concern of the consequences if I were in the Assembly, of addopting this provision without more fully understanding the mechanism to be employed.

ASSEMBLYMAN FRIEDLAND: I don't mean to imply that there aren't difficulties and serious questions presented, but these questions have to be resolved and we have to make our determinations upon them. I think that the Assembly ought to have that chance.

MR. TOBIN: Should they be resolved before the Bill is passed?

ASSEMBLYMAN FRIEDLAND: I certainly hope they are resolved before the Bill is passed.

ASSEMBLYMAN PARKER: I think your comments with Mr. Friedland here indicate that what is good faith is not set forth in the Bill, and this may be something that should well be set forth so that everybody knows exactly what is good faith and how it is going to be interpreted rather than have five different interpretations of federal standard or consent type of thing, just presumptive evidence or whatever have you.

ASSEMBLYMAN FRIEDLAND: I think the difficulty there is

the more words we use, the more difficulty we get into.

ASSEMBLYMAN DOREN: Do you have anything further to say, sir?

MR. TOBIN: The only thing I would suggest is, you gentlemen give great words to the words of the steel workers' representative who spoke here today, and that you consider not only the facts that he brought out about the reasons for the decline of the Pennsylvania Unemployment Fund but that you also look into and consider very seriously the reason that Pennsylvania was in such a sad economic state, and had so tremendously many, many people unemployed, and make sure that you are not bringing down to the head of New Jersey the same type of conditions.

ASSEMBLYMAN DOREN: Thank you very kindly.

ASSEMBLYMAN FRIEDLAND: While I don't believe there is substantial difficulty produced by the provisions of this Act in determining the question of good faith bargaining, I don't mean to imply by that that there isn't required or implied by the Bill some procedural process, due process for the processing of complaints, for the processing and determination of complaint by the Commissioner of Labor.

ASSEMBLYMAN DOREN: Please step up.

MR. KENNETH E. NELSON: My name is Kenneth E. Nelson, Executive Director of the Northern Hudson County Chamber of Commerce.

Thank you for letting me be here. I will make this as quick

as I can. I am here to represent a large varied and concentrated segment of New Jersey business, to express a most emphatic opposition to Bill S-400.

It is coincidental that I also express the views of a number of employees, particularly none of organized employees who are the majority of workers in New Jersey, for we have been hearing from them and we feel sure as this Bill spreads, our legislators will be hearing from them, too.

The uncalled for speed which this Bill is being rushed to Legislature has not committed public scrutiny. A printed copy of this Bill was not made available until a very few days ago, and I compliment Mr. Marciante of the AFL-CIO for being so knowledgeable on the final details.

Even now with people finally interested in this public hearing, sufficient copies are not available for adequate examination. True, similar bills were proposed and rejected in the past. That made it all the more shocking to find this one suddenly on the verge of becoming law.

All this haste under obvious pressure has given rise to the suspicion that this Bill is so obnoxious that it cannot withstand examination. After previous examination we find there is indeed good reason for suspicion. The onus is on you, the legislators to prove otherwise.

The most glaring unfairness of this Bill is that it establishes a new and alarming principle. This principle giving a minority of workers to tap their funds for their own

special purpose, namely to get money while on strike. Whatever restrictions are supposedly put on this use of public funds, which funds are paid into by all workers, the majority of whom do not have this right to tap said funds, those restrictions are completely meaningless and irrelevant.

It is very evident that once this is established, the restrictions can be modified. I refer particularly to the six month waiting period presently incorporated in the Bill.

Furthermore, we believe the issue is being clouded by the publicized union contention that only eight hundred thousand dollars a year would be taken out of the Unemployment Compensation Fund by unions on strike while union workers would pay in an extra one million dollars. This completely overlooks two facts:

First the purpose of the fund is to provide benefits for workers who become involuntarily unemployed.

Secondly, by putting in one million and then taking out eight hundred thousand, union members contribute only two hundred thousand dollars extra for that purpose.

The majority of workers in the State then are stuck with almost all of the millions in extra taxes called for in this Bill to pay for involuntary unemployment benefits to themselves and to union members. This is to say nothing of the possibility that unions will take out far more than eight hundred thousand dollars.

It is interesting to note that today Mr. Jacobson of the

AFL-CIO states that in the past fifteen years if the strike provision were in the Bill, the unions would have taken, he estimated, an average of one million five hundred thousand dollars a year instead of eight hundred thousand dollars. We must mention in passing that the union argument that $60 a week in benefits would not impress highly paid workers on strike means nothing. Obviously the $60 from the Unemployment Compensation fund can merely be a supplement to what the unions own strike fund provides.

But again let us not lose sight of the principle which in itself we feel is repugnant. Regardless of what amount the unions may require, they should not have the right to tap public funds for strikes any more than a businessman can tap those funds because of the financial loss he sustains from strikes.

Remember this, if a business can not survive because a state supports long term strikes, there will be no jobs in that business. In addition, we believe it is undemocratic and possibly illegal for the state to encourage one group with political influence to fight against another group of diverse political influence.

But that is not all that is wrong with Bill S-400. Among many its objectionable features is the payment of excessive benefits in certain wage categories that will most certainly encourage malingerers. We call this "why-work bill" because the difference of take home pay while working and benefits

received while not working is so little, it hardly seems worthwhile to go to work. Why work when you can do just as well living off your fellow workers' taxes while you loaf?

We believe very strongly that there are other wrongful and harmful features in this Bill that jeopardize the very existence of the Compensation Fund despite the 20% tax increase. One inherent and evident danger in this Bill is that if there are a few long term strikes or a recession, the Unemployment Compensation Fund can be wiped out altogether. Then what would be done for employees thrown out of work through no fault of their own? We can only respectfully urge that you reexamine the Bill and we are sure you will agree that this Bill and the principles it stands for should be discarded and forgotten. For if it passes it most certainly will discourage new businesses from moving in to create more jobs for New Jersey workers. It would even drive out current businesses that we have.

This Bill, as we have stated in writing to the administration, is insidiously dangerous to the economy of New Jersey. It must not be made into law. Thank you.

ASSEMBLYMAN DOREN: Thank you. Thank you very kindly. I'm sorry you had to wait so late to be reached.

Please step up.

DR. MORRIS ENGELMAN: My name is Morris Engelman. I represent the Kramer Trenton Company here in Trenton, New Jersey, a small company of about 350 employees manufacturing

heat transfer equipment for about fifty years.

Mr. Chairman and Committee members, my company appreciates the opportunity to appear before you to voice our opposition to portions of Bill S-400. We agree that the Unemployment Compensation statutes require readjustment to complement changing conditions, but we are strongly opposed to the new clause providing strike benefits.

The Federal Government, legislatively, administratively, judicially, has long labored to maintain a bargaining balance between labor and management across the bargaining table. The strike benefits clause will destroy this poise, as it has in New York and in Rhode Island. Such a lever, even if only occasionally invoked, and even if the cost should be low, as we were assured by our labor leader friends earlier this evening, such a lever will become a "sword of Damocles" ever threatening to New Jersey industrial management.

Such fear can only harm the economic environment of our state. Such fear will discourage new industry from locating here and old industry from expanding here, thus reducing jobs in New Jersey.

I would like to point out that our leading competitors of plants in Georgia, Tennessee and Mississippi -- it has been a struggle to keep abreast. Should strike benefits become a reality in our state, our next contract negotiations will be extremely difficult to say the least, because we will be damned if we give or damned if we don't give.

We therefore urge a restudy of this Bill, and especially the strike benefits clause. Hopefully the latter will be eliminated. Thank you. Thank you for your courtesy.

ASSEMBLYMAN DOREN: Thank you.

What is your name, please.

MR. RICHARD P. SECREST: My name is Richard P. Secrest. I am Vice-president of Sales of S & M Electric Industries with operations in both Trenton and Camden, N.J. We employ approximately 50 persons. I also serve as Secretary - Treasurer of Strobic Air Corporation, a manufacturing plant in Trenton that employs a grand total of 10 persons.

I favor the provisions of this legislation which increases the benefits to legitimate bread-winners in a family. I appreciate that many families require two or more bread-winners to make ends meet in these days of spiraling prices.

Our companies feel very strongly, however, that an increase in unemployment benefits should be accompanied with a tightening up of the eligibility requirements for benefits. When it becomes almost as rewarding to be unemployed as to go to work, the familiar term "gainful employment" stands in danger of becoming obsolete.

Instead of tightening up eligibility requirements, this bill removes some of the disqualification avenues and relaxes eligibility requirements from the existing standards. "Pin-money" housewives and occasional wage-earners can now qualify for the benefits which drain the fund of money which should be

available for breadwinners. It's a favorite Koffee-Klatch topic among the women I know -- Get a job for a few weeks, earn $500 or so, and then collect benefits as long as you can. I think you will agree this is not the purpose of the Unemployment Fund.

Contesting improper claims is an expensive, time-consuming, procedure which many employers pass by rather than pursue. Instead of automatically passing out checks unless an employer initiates disqualification proceedings, UCC should be directed by legislation to see that rigid conditions are met before benefits can be paid. If eligible, a breadwinner should receive a substantial stipend, such as provided in a part of this bill under consideration today.

This one feature of the bill relaxed eligibility requirements should make it so undesireable that it should be defeated on this floor, but even more unfair to the employers and a 2/3 majority of the working men and women of New Jersey is the Strike Benefits provision.

The right to strike is a guaranteed right of any working man. It brings economic pressure to bear on management at the cost of the loss of Wages for choosing not to work. The true strike is an economic struggle where the mutual need usually brings both sides to agreement. When either side is financially assisted, a strike ceased to be an economic struggle and becomes a subsidized invasion. Instead of bargaining and compromise, labor's position improves with the

length of a strike, and demands would increase each day instead of negotiating a narrowing difference. Long, paralyzing strikes would certainly become the order of the day, and the favorable industrial climate that our Chambers of Commerce publicize and sell, would evaporate.

But six weeks is a long time, proponents of this bill soothingly contend. Most strikes are settled before six weeks. Gentlemen, it's six weeks this year, four weeks next, and immediate strike benefits before you even realize it. The precedent would be established. The foot in the door.

The suggested financing of this proposed union subsidy is a study in chicannery. Strike benefits would only be doled out of the workers' contribution to the fund. It doesn't take too much math background to calculate that the workman's contribution of half of 1% of payroll is only about 1/12th of the fund. Employers' contributions run to 2.7% of payroll, and who could blame an employer for not wanting to finance a strike against himself? If 1/12th of the fund is used up paying strike benefits and the employer portion now covers other unemployed workers, isn't the employer, in effect, financing the strike?

Now, what about those 1,200,000 workers in the state labor force of 1,900,000 -- what about those 2 out of every 3 workers who do not belong to a union? Should they finance the labor disputes of a priviledged few?

Gentlemen, this Unemployment Benefits Bill, A-400, is

a bare-faced, special interest piece of legislation designed to reward a minority segment of our population for value received. Don't sell out the favorable industrial climate of the State of New Jersey. Vote No on this bill.

As Mr. Friedland pointed out to me today, the standards are not exemplary if a thief or worker fired for cause can collect benefits after six weeks. I don't see how you can premise strike benefits or anything else on that kind of a standard.

I would like to parenthetically remark that the latest proposal to have prevailing wage extend to all purchases purchased by government bodies is merely an extension of a bill which many of us feel is just, Chapter 150 of Public Law in 1963, that Prevailing Wage Act, or as we like to call it, the Maximum Wage Act.

ASSEMBLYMAN DOREN: Thank you very much. I'm sorry to have delayed you.

ASSEMBLYMAN PARKER: Before the hearing is closed, I would like to state that I would like to have, Mr. Chairman, someone from the Labor Department, if possible, at our next committee meeting or conference to discuss the administrative procedures and how the administrative work goes for determining good faith bargaining that will be put into effect.

ASSEMBLYMAN DOREN: I declare the hearing closed.

(THE FOLLOWING STATEMENTS WERE SUBMITTED FOR INCORPORATION IN THE RECORD.)

STATEMENT PRESENTED BEFORE THE LABOR AND INDUSTRIAL RELATIONS COMMITTEE OF THE BERGEN COUNTY EMPLOYERS LEGISLATIVE COMMITTEE April 6, 1967.

My name is Oliver Hiester. I am Vice President for Operations for Prentice-Hall, a New Jersey publishing company which employs in excess of 2100 people in the State of New Jersey. I am speaking on behalf of the Bergen County Employers Legislative Committee as Chairman of their Industrial Relations Subcommittee.

I would like to thank you gentlemen for the opportunity of appearing to present my views on the impact of this suggested legislation on the economy of Bergen County. I am gravely concerned about the need for a precipitous introduction of a piece of legislation of such vital consequence. Historically, the New Jersey Legislature has first introduced a bill, had it reviewed by a committee which generally sought public reaction to the proposed legislation before it was brought up on the floor. It then usually had first reading followed by an interval to allow comments, second reading and another opportunity for comment before final action was taken. In this case, we find a bill that passed first and second reading and was ready for vote before the bill had even been printed. We find it hard to understand the necessity for such haste, particularly in view of the fact that the major portion

of the bill doesn't become operative until January 1, 1968. We in Bergen County are very concerned with the risks of rushing into potential economic troubles when the opportunity for prudent discussion and review is available. We are, therefore, most gratified that you have seen fit to allow this opportunity for the public to make known its views. We hope that each and every citizen of New Jersey will take this opportunity to communicate his position on the major features to your committee.

The economic basis upon which the administration has developed its cost estimates is misleading in that they have seen fit to use the year 1966 for projecting future payout levels. I think we are all aware of the fact that 1966 was one of the best years for the economy of the United States that we have experienced since the end of World War II. It would seem more reasonable to base it on an average benefit payout over the last ten years, which figure would be approximately 35-40% higher. Even if we were to remove the year 1958 on the premise that it was a year with an unusually severe economic down-turn, the cost estimate would be approximately 25-30% higher. Looking ahead we wonder if the administration has taken into consideration the potential economic climate during 1967 and 1968 during which, according to the President's Council of Economic Advisors, we can anticipate a substantial down-turn in employment for a significant period of time. If this happens to be the case it appears likely that the fund will be in severe financial difficulties even with the suggested increase in the wage base.

Another area of concern to business people in Bergen County is the absence of any proposal in this legislation to correct known abuses. We in Bergen County have become aware that it is not unusual for money to be paid to claimants who were not truly full-time workers permanently attached to the labor market. We also have found evidences of people collecting benefits who did not meet the test of availability for work or the test of quit for good cause. These people have collected because administrative and judicial interpretations have reduced substantially the intended safeguards that the 1961 legislature and earlier legislatures put into the law. We would have expected that some attempt would have been made to correct these abuses.

We also find it incongruous to have people collecting unemployment benefits and pension benefits at the same time when these people admittedly have removed themselves from the labor market. In many instances, the combination of pension payments, unemployment compensation payments and social security payments gives them an income in excess of the income they were enjoying prior to their ceasing active employment. Certainly a system which was designed to ease the economic plight of a person who is unable to work because of not being able to find suitable work should not be used to provide a bonus for the first 26 weeks of retirement.

We are also constrained to point out to the assembly that further weakening of legislative control will be

the unavoidable result of approving a floating maximum benefit payment tied to the average wage in covered employment. We would at least suggest that the assembly set a fixed dollar maximum until such time as New Jersey has developed sufficient experience with a floating maximum under one insurance program, Workmen's Compensation.

The last item upon which I would like to comment is the proposed inclusion in the unemployment compensation system of benefits for workers engaged in concerted work stoppages. It is our considered opinion that this is a facet of the law which is being sought by labor leaders on behalf of labor leaders and not to satisfy a desire of the working man. Many of you have undoubtedly discovered that the mail you have received from the public, even those covered under collective bargaining agreements, has overwhelmingly been in favor of eliminating this feature of the law. We would further substantiate our contention that the working man himself doesn't want strike benefits under the unemployment compensation fund by analyzing a suggested alternative proposal that was developed last year by a member of this very body. This was the proposal to establish a separate fund outside of the unemployment compensation fund to which workers could, by their own election, make contributions and from which they could receive benefits. We would like to suggest, gentlemen, that the reason this idea did not receive further consideration was that the labor leaders themselves realized that their members

would not, except under most unusual circumstances, vote to make such contributions and that, therefore, this fund would immediately become bankrupt after the first severe labor disturbance. If they feel that their workers desire strike funds, why don't the unions themselves set them up and eliminate the costly burden of a state-run program? These points should show very clearly that the administration has been mistaken in feeling that they were providing something that would please the working man, and we suspect that some now realize that they may have jeopardized their careers by espousing this cause.

We have not touched upon the point which seems to have been so well made before and with which we agree fully concerning the economic unsoundness of introducing such a radical concept into a state which already has such an unfavorable labor climate. During the last year of substantial national economic growth, New Jersey has only added 1% to manufacturing jobs. While the administration contends that a 1% growth is indicative of New Jersey's attractiveness, we would suggest that particularly since most of these jobs have come from New York State and since we should have experienced much greater growth in such a favorable year, New Jersey is in a very untenable situation when it competes for jobs with other states.

Please consider very carefully before you do anything else to push us further down this road.

Thank you for your attention.

PREPARED STATEMENT OF JAMES P. FERNAN, VICE PRESIDENT, ATLANTIC PRODUCTS CORPORATION, TRENTON, NEW JERSEY FOR PUBLIC HEARINGS IN THE NEW JERSEY ASSEMBLY CHAMBER ON THURSDAY, April 6, 1967 RE S-400

Gentlemen:

Through the medium of this public hearing on S-400 I should like to make the following comments:

1. Frankly, I am completely unconvinced regarding the public need for several provisions in this proposed legislation. I am astounded with the unseemly haste with which this Bill was processed through the Senate, i.e., introduced March 20, 1967, reported favorably through the Committee in a matter of hours, given second reading the same date and passed immediately by the Senate upon its return April 3, 1967 from the Easter recess.

2. I have not heard any arguments which justify the strike benefits provision. It does occur to me that the jiggery-pokery of specifying strike benefits payable only from employee contributions is an effort to make saleable that which is in its basic premise not saleable. I am shocked that the State of New Jersey is by law establishing itself as the collection and dispensing agent of strike benefit funds, particularly since for each dollar paid in strike benefits, the State will have plucked 70 cents of that dollar from employees who do not belong to organized labor.

3. I have not heard any public need to be filled

by the establishment of an alternate base for Unemployment Compensation. I assume this is intended to bring into the fold those "seasonal workers" who have not been and may never be by their own election a real part of the New Jersey workers who need and seek full time employment.

4. May I remind you that last year, legislation was passed liberalizing the Workmen's Compensation law. The need was apparently so great that time did not permit the review of other problem areas in that law. However, a study commission was to review and report back before December 31, 1966 which was two months prior to the effective date of the change in the Workmen's Compensation Law. As a matter of fact, that Commission was not appointed until this year, which was after the date it was supposed to make its report, and I understand it does not expect to report until the end of this year. I mention this and ask if we intend to re-invent the wheel with S-400 - or have we learned something from 1966 about hastily adopted, less than complete measures. Is the unemployment situation so critical that we do not have time now to do the job right? Dispassionate observers do not think so.

5. Finally, may I observe that there well may be a need to increase benefits. That effort should be undertaken on the basis of the public policy behind all Unemployment Compensation laws and <u>NOT</u> seized as an opportunity to do so much for so few.

Thank you.

STATEMENT BY THE NEW JERSEY MILK INDUSTRY ASSOCIATION, INC. BEFORE THE LABOR AND INDUSTRIAL RELATIONS COMMITTEE OF THE NEW JERSEY GENERAL ASSEMBLY CONCERNING SENATE BILL #400 Thursday, April 6, 1967.

My name is Dan Wettlin, Jr. I am Executive Vice President of the New Jersey Milk Industry Association, a trade association of milk processors and distributors who collectively process, package and distribute about three quarters of all the fluid milk and cream consumed in this State.

We appear here today to register our opposition to the precipitous passage of Senate Bill #400.

The fluid milk industry in New Jersey collectively employs approximately 13,473 people in order to perform the necessary tasks in bringing milk from the farms to consumers in this State. Our annual payroll is slightly in excess of ninety million dollars per year. This means that our employees on an annual basis are paying into the New Jersey Unemployment Compensation Trust Fund approximately $112,000 annually. As citizens and workers of New Jersey these people have the right to expect that these monies not be used for purposes which could not possibly benefit them.

By the very nature of the fluid milk industry a strike of any duration becomes impractical if not impossible. In the past 20 years in New Jersey, in spite of hard labor bargaining every 2 years, there has been only one milk industry strike and that of only a very few days duration. A 6-week

strike in this industry is inconceivable. The public interest would demand an end to any milk strike long before such a time period were even approached.

Hence, under the present provisions of Senate Bill #400, the workers of this industry would never be in a position to benefit from unemployment benefits paid to strikers. The net effect of this legislation, if passed, would be to permanently make funds earned and paid by workers in the milk industry, available to other workers who chose to participate in a strike of long duration. Milk industry workers would have no opportunity of obtaining benefits from this provision. We think that it is grossly unfair to our workers, both Union and Non-Union, to have their earnings made available to others when they would have no possibility of obtaining similar benefits from their own earnings.

It appears to us that the present provisions of Senate Bill #400 attempt to establish the precedent of taxing the majority of workers for the benefit of a small and select minority. We believe that such a precedent is not only grossly unfair, but extremely dangerous.

In this Statement we have used the word "appears" advisedly. At this time our industry has not had the time and opportunity to review carefully the full provisions of Senate Bill #400. Copies of this Bill have not been available to us until Monday of this week, the same day that it was passed in such haste by the New Jersey State Senate. We are alarmed

and distressed that a major piece of legislation which effects the income and welfare of our employees and our industry should be considered and passed by at least one House of the New Jersey State Legislature without providing the opportunity for study.

We congratulate the members of this Committee for providing us with this opportunity to be heard, and urge that you provide not only us, but all other industries within our State which are important to our economy and the financial well being of our citizens, the opportunity to study more carefully the effects which this major piece of legislation will have upon the workers of this State.

It is important to all of our citizens that employment opportunities be enhanced. It is important that in establishing benefits for our workers that equity and fairness among and between all workers be the guiding rule. The lack of time which has been made available to review Senate Bill #400 prevents us from knowing what effect the many provisions of this Bill will have upon the continued prosperity for the workers employed in our industry. We believe that workers' economic welfare is of prime importance to our State and all of its citizens. We believe that measures such as Senate Bill #400 which provide drastic changes, should be very carefully studied before adoption in order that New Jersey workers may not be inadvertently hurt by well meaning but poorly conceived provisions in legislation, adopted without careful

examination.

We urge that this Committee and the General Assembly provide all parties in New Jersey with a reasonable amount of time to study the impact of the provisions of Senate Bill #400 and report the findings of these studies back to this Committee.

STATEMENT UNEMPLOYMENT INSURANCE

My name is William P. Woods and I am a member of the legal staff of Swift & Company on whose behalf I make this statement.

Swift & Company is, among its other activities, engaged in the production and distribution, throughout the United States, of meat and meat products, miscellaneous food products, fertilizers and chemicals for industry. In the state of New Jersey Swift & Company maintains a meat processing plant, an oil refinery, an ice cream manufacturing plant its regional sales office for the Middle Atlantic States and nine wholesale meat distribution centers and a sales office for canned goods and other shelf staple items. At the close of 1966, 1,362 employees worked at the various Swift operations throughout the State. The total of wages paid by Swift & Company to those employees during 1966 amounted to $9.8 million of which $4.2 million constituted taxable payroll for the purpose of Unemployment Compensation Law. During 1966, Swift & Company paid $67,400.00 to the State of New Jersey Unemployment Compen-

sation Fund. Over the past eight years, those payments have amounted to over three quarters of a million dollars. Accepting the figures submitted by the State Chamber of Commerce and assuming that Swift & Company's tax liability would increase in the same proportion, Swift's additional tax under the provisions of S.400 would amount to $40,000.00 annually.

Swift & Company, while wholly sympathetic to the desire -- nay the obligation -- of society embodied in the state to cushion the economic impact of unemployment on those who have lost their positions through no fault of their own, opposes the enactment of S.400 because this bill would not, if enacted into law, serve this most basic purpose of unemployment compensation legislation.

The differential between unemployment compensation benefits and the wages on which they are calculated should be narrow enough to avoid the imposition of economic hardship on an unemployed person yet wide enough to provide motivation for him to seek new employment. Under S.400, benefits would rise to two-thirds of his weekly wage and, since the unemployment compensation benefits are not taxable, such benefit could amount to over 80% of the beneficiary's take-home wages. We feel that such a narrow margin between take-home pay and unemployment benefits simply would not provide sufficient economic incentive to those eligible for such benefits to seek gainful employment.

Given the premise that unemployment benefits

are intended to assist those who are unemployed through no fault of their own, we find no rational basis to justify the bestowal of such benefits on those who are on strike against their employer. While admitting that every employe has a right to strike, we do not believe that the unemployment compensation fund should be depleted by assisting those who voluntarily have left their employment because of a dispute with their employer. Essentially, such a program is a delayed subsidy to strikers whose result can only be either to extend the length of strike or to force employers to accede to exorbitant demands. In either case, the impact on the business climate of the state would be anything but beneficial. The unemployment compensation fund was not created to be used as another weapon of organized labor at the bargaining table. S.400 would permit it to be so used.

The marked increase in the unemployment compensation rate and the strikers benefits proposed in S.400 would only lead to a depletion of the unemployment compensation fund. Only in January did the New Jersey fund repay the last of the moneys it borrowed from the federal government to offset the drain on its resources caused by the 1958 recession . To impose the additional burden on the fund incorporated in S.400 would create another fiscal crisis which could be met only by imposing a maximum tax on employers, eliminating the experience factor in calculating their liability. We do not believe that such a result would encourage the development of business and

the creation of additional employment in New Jersey.

This nation has flourished because its government, both on a national and state level, has encouraged the development of the economy by providing for the free exercise of individual incentive. The rapid multiplication of variform enterprises has created employment at a level undreamed of in years gone by. While recognizing that there is always room for improvement, we also realize that the American standard of living is the envy of the world. The imposition of unreasonable burdens on business can only lead, eventually, to a deceleration of economic progress. In addition to its role in providing the employment without which none of us could prosper, the business community stands ready to assume its share of the burden of supporting needed governmental services and we deem unemployment compensation as one of those needed services. However, we believe that the provisions of S.400 to which I have referred in my presentation not only are contrary to the basic purpose of the principle of unemployment compensation but would also be a serious barrier to the future economic development of this state.

My name is Paul H. Plough, Jr. and I am the owner and General Manager of the Blakely Laundry and Dry Cleaning Co., 156 Brunswick Ave., Trenton, N.J. Ours is a unionized plant employing over 200 men and women. I am appearing as the President of the N.J. Laundry & Cleaning Institute, a state

trade association, serving the plants with textile maintenance industry since 1904.

Our industry units are made up of an estimated 800 major professional laundry, dry cleaning, linen supply, diaper service, industrial laundry and rug cleaning plants in New Jersey employing over 20,000 men and women.

We appreciate the opportunity to appear at this public hearing and to be able to add our voice in opposition to that provision of S-400 which would permit the payment of unemployment insurance benefits to striking employees. Let me say that my plant, like most of the major plants in our industry, are unionized. But, with one exception, in the last ten years we have had no strikes in our industry.

Furthermore, because of the nature of our services and the fact that they are made available to our customers on a daily or a weekly basis, our employees enjoy gainful employment 52 weeks of the year. We have little unemployment in those plants which have a year round production schedule.

This means that under ordinary circumstances our employees have little to gain from the strike benefit provision of S-400.

We concur with the statement of Mr. James Fagan of the State Chamber of Commerce that this provision of S-400 is a dangerous wedding with the collective bargaining process. The striking employees becomes subsidized by the State. The non

striking employee in all industry and that includes myself -- pays the freight.

We are opposed to this strikers benefits provision of S-400.

ROGER W. SHERMAN, WOOD NEWSPAPER MACHINERY CORPORATION, PLAINFIELD, N.J. 4/6/67

Gentlemen:

I represent Wood Newspaper Machinery Corporation. We are manufacturers of Printing Presses and related equipment and our manufacturing plants have been located in New Jersey for over 50 years.

We are very much opposed to the bill under discussion here today. That portion of the bill that disturbs us most is the portion that provides for paying benefits to persons on strike.

As anyone who has been involved in labor negotiations knows, the best time to resolve negotiations is before a contract runs out.

When however management and labor are unable to reach agreement and a strike has begun it is then up to the process of good faith bargaining to resolve the issues at hand as quickly as possible for the good of all concerned.

Paying unemployment benefits to striking employees places the burden of reaching agreement squarely on the shoulders of management and tends to defeat the purpose of the

bargaining process.

STATEMENT OF PRINTING INDUSTRIES OF NEW JERSEY, INC. ON S 400 AT HEARINGS APRIL 6, 1967 STATE HOUSE, TRENTON

Mr. Chairman:

My name is Sheldon Denburg. I reside in East Orange and am an executive at Barton Press, Inc. of Newark, New Jersey. I speak as the representative of the Legislative Committee of Printing Industries of New Jersey, Inc., a trade association with offices at 671 Broad Street, Newark.

This association is composed of printers, lithographers, binderies, finishers, and fine paper merchants. Our industry has been singularly free of strikes due in large measure to the excellent relations between labor and management.

We believe that S 400 will do an injustice to both elements of our industry.

Printing and publishing firms employ a total of 35,650 people in New Jersey, according to the 1965 County Business Patterns Report of the Bureau of the Census, U.S. Department of Commerce. Total payroll amounts to over $250 million a year in the printing and publishing industry in New Jersey.

The substantial increase in unemployment insurance taxes required by S 400 will necessarily raise our industry's costs and prices; will damage our competitive situation in relation to firms located elsewhere.

It will be harmful to labor also in the final result because our firms will lose business, causing a reduction in overtime and possibly regular time, and certainly causing a reduction in the take-home earnings of our employees.

It is unfair to impose these added tax costs for unemployment insurance on an industry and its employees--as well as many other industries--who have had a history of good labor relations and who make only minimum demands on the unemployment insurance fund.

Printing Industries of New Jersey urges you to reject S 400 as being harmful to the best interest of the majority of New Jersey's workers and industry.

My name is Doyal McLemore, Passaic County. This is a joint statement on behalf of the Paterson Chamber of Commerce and Passaic Chamber of Commerce-Governmental Affairs Committee.

We are unalterably opposed to S-400 in its present form, particularly the provision to provide unemployment benefits after 42 days to those who voluntarily withhold their labor. This is highly repugnant to business in principle. It would divert the basic purpose of the program as the helpmate of the truly unemployed, and make it into a union strike fund. This will serve to prolong strikes, not promote labor peace; and it would stand to benefit only a minority of covered workers. It is therefore discriminatory against the majority

of covered employment. It will take the State of New Jersey out of the role of neutral in labor controversy and cast it in a partisan position on the side of unions. It is wrong in every respect and we resist it with all our strength.

We do believe an increase in maximum benefits to a level not to exceed 50% of the average covered wage is in order. A $60 maximum benefit now then would appear reasonable. We feel a change in the taxable base to the extent of covering the benefit improvement is warranted although we question if a rise to $3,600 is necessary. We urge this bill be amended as indicated or defeated.

STATEMENT OF JOHN T. MCHUGH, VICE PRESIDENT OF PRECISION DRAWN STEEL COMPANY, PRESENTED BEFORE THE LABOR AND INDUSTRIAL RELATIONS COMMITTEE AT ITS PUBLIC HEARING ON SENATE BILL, 400, APRIL 6, 1967, NEW JERSEY.

Mr. Chairman, my name is John T. McHugh, and I am representing Precision Drawn Steel Company of Pennsauken, New Jersey. For the record, I am a Vice President of the Company and have the responsibility of negotiating labor agreements with the International Unions that represent our employees.

It is the feeling of my company that Senate Bill 400 and its provision to pay employees engaged in strike activities unemployment compensation would have a tendency to destroy "True Collective Bargaining".

It has been called to my attention that some

International Unions, apparently recognizing the value of no pay for employees on strike, withhold pay for their own staff people during periods of Industry wide strikes.

It is my feeling that payment of strike benefits to employees on strike in some instances where an impass has been reached, could lead to the failure of small companies.

This type of legislation must certainly discourage new Industry in New Jersey and consequently fewer jobs for labor.

HEARING...S400 April 6, 1967

As an industrial employer representative I am opposed to S400 because I feel it will have disastrous effects in collective bargaining.

Weekly strike benefits as proposed in this bill would leave little incentive for early settlement of a dispute.

The destruction of the balance of bargaining power will do irreparable damage to labor relations in the State of New Jersey if this bill is passed.

For these reasons I echo the statements made by Mr. Fagan to this assembly.

As a taxpayer I reject the proposition that any part of my tax dollar should be assigned as strike income insurance from which I and the majority of wage earners in this state will not benefit.

I respectfully request my representatives to

oppose the passage of this bill.

Martin H. Conry

Employer: Congoleum-Nairn Inc.

Residence: Homestead Avenue

Bordentown Township

County of Burlington

April 5, 1967

The Honorable Joseph C. Doren

Chairman, Labor Committee

General Assembly

Trenton, New Jersey

Dear Sir:

We strongly urge you not to vote for the passage of Senate Bill S-400.

We object to the passage of this bill for the same reasons we had previously expressed in our letter of March 14th against the passage of Assembly Bill A-2.

In order to refresh your memory, we enclose photostatic copy of our letter which was sent on March 14th.

Yours very truly,

A. A. ARNOLD,

Exec. Vice President.

As employers, taxpayers and residents of New Jersey we list our protests on the various aspects of Bill A-2.

1. In the State of New Jersey, as it is throughout the nation, unemployment is at its' lowest level in years, therefore increased benefits should not be required during this period of high employment.

2. Since we already have a shortage of workers, any increase in benefits would only encourage the unemployed to stay on unemployment and not seek active employment.

3. The New Jersey taxpayers, especially the employers, are already burdened with increased taxes from both the State and Federal governments.

4. Instead of increasing the benefits for unemployment, we feel that the State of New Jersey should concentrate more on an educational program to teach and train these people so that they can better qualify for positions that go begging because of a lack of qualified workers.

5. Do the Legislators want New Jersey to become a welfare state instead of a state that is governed by sound economical principles?

6. Any provisions made to extend unemployment benefits to strikers would be discrimination against the employer and would only encourage and prolong strikes, also it would discourage and delay orderly bargaining processes between labor and management.

7. The State of New Jersey would be put in the position of encouraging strikes, delaying strike settlements and becoming a party to a strike.

8. Would not this be discriminatory legislation? Where can an employer who suffers or loses money because his employees decide to strike, obtain relief from the State of New Jersey? Certainly this is one-way legislation and we oppose it strenuously.

Yours very truly,

A. A. ARNOLD

Executive Vice President

THE HORN FAMILY RESTAURANTS

April 5, 1967

The Honorable Joseph C. Doren

Chairman

Labor and Industrial Relations Committee

The General Assembly

State House

Trenton, New Jersey

Dear Mr. Doren:

Senate Bill 400 or S-400 concerning unemployment compensation is one that should not be passed because it will increase the tax base and cost business more money than it can afford today. Business is presently in a very serious state in New Jersey due to high taxation, high labor costs, and increases in general overhead which cannot be passed on to the public. Further increases will only tend to make the situation more desperate.

Very truly yours,

Martin L. Horn

McWILLIAMS FORGE COMPANY, INC.

ROCKAWAY, NEW JERSEY

Statement by Stanley W. McConkey at Assembly hearing on Senate Bill S-400, April 6, 1967:

I am Stanley W. McConkey of McWilliams Forge Company, which is located in Morris County. Today I represent the Morris County Employers' Legislative Committee as their spokesman on Unemployment Compensation. The members of the Morris County Employers' Committee represent 35,000 job openings in the county.

Unfortunately, because of the rush to pass this proposed legislation and the short notice of this public hearing, it has been most difficult to meet and organize our objections to S-400. However, we do object; not only to the haste to pass this bill, but to the provisions therein.

At a time in New Jersey with employment at its highest and employers having to go to foreign countries and neighboring states to recruit qualified employees, one cannot see the logic in a hurried and what will be an expensive change in our present law.

Others have spoken of and/or will speak of the technical aspects and added costs of this legislation to both employers and employees, so I will not delay with repetition.

The Morris County Employers' Legislative Committee was founded in 1961 and I have been an active participant since that time and, never to my recollection, have I heard such bitter opposition to any proposed legislation. These objections come not only from employers, but this time from our employees. Employers and employees alike are asking: What goes here? What are we doing about S-400? It is not difficult to understand employers objecting to payment of Unemployment Compensation for those on strike but now we find our employees objecting for the same reason. They do not believe they should contribute to a fund that will be used by those who cannot settle their differences.

We have told our members and our employees that we do object to S-400. We object strongly! We object to legislation that, in our opinion, is not in the best interest of the majority of the citizens of Morris County, be they employers, employees; organized or not organized.

Unemployment benefits from its inception have been to provide income for those willing workers desiring to work and not able to gain employment because of economic recession or depression. We feel we should maintain this philosophy in our laws for by changing this philosophy to make it attractive not to work, then soon will come the swing of the pendulum that will wreck our social laws as we now know them.

STATEMENT TO ASSEMBLY HEARING ON S-400 April 6, 1967

The Jersey City Chamber of Commerce representing over 900 business firms and professional men wishes to go on record in opposition to Senate Bill S-400.

It is our concern that such a law will be a serious deterent to the industrial growth of New Jersey and,

That it will be conducive to more strikes, slower periods of negotiations, and more non-productive days and,

That the added costs, estimated at $70 million dollars a year, will be an undue burden to the people of the State and,

That the increased benefits and concessions will lead to more drastic legislation in the years to come that would tend to deter industry from locating in New Jersey.

The Jersey City Chamber urges each Assemlyman to consider seriously the problems that will be created and calls on each one to vote against S-400.

This statement is authorized by the Board of Directors and membership of the Jersey City Chamber of Commerce.

W.T.Williamson

Research Director

STATEMENT OF PETER R. CERTO, PERSONNEL DIRECTOR OF EMERSON TELEVISION AND RADIO COMPANY AT A PUBLIC HEARING ON UC-TDB - BILL S400 THURSDAY, APRIL 6, 1967

My name is Peter R. Certo, Personnel Director of Emerson Television and Radio Company, 14th and Cole Streets,

Jersey City, New Jersey. My company manufactures in New Jersey television receivers and high fidelity and stereophonic radios and phonographs. We also make Quiet Kool air conditioners at Woodbridge, New Jersey.

I have asked for an opportunity to appear at this hearing to set forth some facts about my Company relative to Bill S400.

Our company's total average employment in 1966 amounted to approximately 2,000 people. More than half this number live in New Jersey. We estimate that over $10,000,000 in payroll contributed directly to the economy of New Jersey in that year through purchases of goods and services by our employees. In 1966, our Company paid approximately $100,000 in taxes to the State. Indirectly, the monies we paid for utilities in 1966 -- approximately $125,000 -- also contributed to the State's economy.

The costs of operating our business have risen substantially and continue to do so. Because of the highly competitive nature of our industry, it is not possible to successfully pass along these costs to our consumers.

Let me make it crystal clear that we are in favor of Unemployment Insurance. For the individual who is out of work through no fault of his own, Unemployment Insurance is a positive necessity.

We believe, however, that the proposal in S400 to increase Unemployment Insurance to two-thirds of the weekly

wage rate will add a severe burden to the already spiraling cost of doing business. We believe it will discourage new industries from domiciling in New Jersey and may well encourage some industries to leave the State, with a consequent loss of revenue to New Jersey.

On principle, we are also opposed to the portion of S400 which provides strike benefits. We believe this provision could prolong labor disputes. We further believe it violates the very principle on which Unemployment Insurance compensation is founded: to provide means for tiding over an employee who is without work through no fault of his own.

In sum, as a major industry located in New Jersey, we respectfully urge this body first, to consider the added costs S400 would impose on New Jersey industry and the unfavorable business climate that would result; and second, to review the proposal in the Bill concerning strike benefits with a view to the unfavorable effect the provision could have upon the prompt settlement of labor disputes.

Cost control in our business is a major factor in the narrow line between profits and losses. We have operated in the State of New Jersey for more than 15 years. We have always found the business climate generally favorable. It is essential that this climate be maintained if we and other New Jersey industries are to continue to operate successfully in this State.

THE GRAND UNION COMPANY

100 Broadway

East Paterson, New Jersey

My name is Lloyd W. Moseley. I am a registered voter from Bergen County. Ridgewood has been my home for the past sixteen years.

As a private citizen and as a businessman, I am deeply concerned at the adverse effects that Senate-approved Bill 400 will have if it is passed in its present form by the Assembly and signed into law by Governor Hughes. It will make New Jersey a much less desirable place in which to live and work. It will seriously handicap present business and industry in the State. It will surely discourage many new businesses from coming into the state.

The Grand Union Company, for which I work, employs 3,262 people in the State of New Jersey. As the Company's Vice President in charge of personnel, I have studied S-400 and its provisions carefully. So have a number of my colleagues in management. Speaking for one of the State's larger employers, here are some of our objections to the Bill:

1. This is special interest legislation whose primary benefits would go to the 760-thousand union members in New Jersey. More than two million men and women in the State are covered by the unemployment compensation law. Through tax contributions, all covered workers will be required to support a strike fund to be drawn upon only by the minority of union members in the

total work force.

2. By requiring payment of unemployment benefits to strikers from a fund to which both employer and employee contribute, S-400 would, in effect, have employers helping to finance strikes against themselves. This provision would also place in the hands of unions a tremendous economic advantage in any dispute with management, at managements's expense and, to a great degree, at the expense of non-union workers.

3. Payment of strike benefits out of unemployment compensation funds was never contemplated by those responsible for federal legislation in the field of social security. Six states once included strike benefits in their laws; four have repealed them. New York and Rhode Island, alone among the fifty states, still pay strike benefits out of unemployment funds. Manufacturing employment in New York declined nine per cent between 1955 and 1965. In Rhode Island, it declined eleven per cent. During the same decade, manufacturing employment in New Jersey rose one per cent. Do we want to invite employment to drop in our state? We are convinced that passage of S-400 as now drawn would do just that.

4. We at Grand Union do not oppose an increase in the maximum dollar benefit to be paid in unemployment compensation in New Jersey. We very much oppose the S-400 provision for higher benefits that would automatically fluctuate in accord with the average earnings paid all who work in the State. Such a provision would mean that unemployment compensation payment

rates would be in a constant state of flux and make the entire program tremendously expensive and almost impossibly difficult to administer.

5. For all practical purposes, S-400 as presently written would make it possible for an unemployed worker to draw the equivalent of 82 % of his weekly take-home pay as compensation. Human nature being what it is, this is an open invitation not to work. Unemployment compensation was never intended to encourage malingering; nor to support people who could otherwise easily earn a living. Such a boost in unemployment compensation rates to a near working-wage level would do both.

6. Unemployment compensation is intended to take care of people put out of work through no fault of their own. S-400 would go far beyond this. It would, apparently, take care of anyone who quits a job of his own free will or who is discharged for misconduct. In neither of these cases, we feel, should other workers or employers be asked to foot the bill for unemployment compensation.

It would be pointless, of course, to say that we are against S-400 without saying what we are for. We are for Assembly Bill No. 549 which includes major liberalization of the unemployment compensation program in New Jersey without serving the special interests of a minority of workers to the detriment of the majority and of management. At the same time, Assembly 549 provides for protection of the unemployment compensation fund. We heartily recommend it as a substitute for S-400.

STATEMENT OF NATIONAL BISCUIT COMPANY BY

A.R. DAVIS, MANAGER; C.E. HARRISON, PERSONNEL MANAGER;

T.T. GRAHAM, ASSISTANT DIRECTOR, GOVERNMENT RELATIONS.

OBJECTIONS TO NEW JERSEY SENATE BILL NO. 400

Wage Base Increase Proposal

Increase wage base for UC and Temporary Disability benefit taxes from current level of $3,000 up to $3,600.

1. Wisdom of boosting with one giant leap, the taxable wage base from $3,000 to $3,600 - an increase of 20% - is questionable. This would mean, for example, that employees taxed at a rate of ¼ of 1% of taxable wage base will pay $9.00, as compared with the $7.50 they now pay.

2. New Jersey's current taxable wage base of $3,000 compares favorably with the four bordering states. Delaware and Pennsylvania have a higher wage base ($3,600). The competitive effect of such a change between neighboring states and its influence on attracting and maintaining new industry must be carefully considered before making such a sweeping change.

3. If the taxable wage base is increased to $3,600, only six states would have a higher taxable wage base -

State	Taxable Wage Base Above $3,600 as of 2/1/67
Alaska	$7,200
California	3,800
Hawaii	4,600
Minnesota	4,800
Nevada	3,800

Utah	4,200

4. Substantial increase in the taxable wage base will result in more funds being paid into UC Funds. As these funds grow in size and exceed the amounts required for servicing normal obligations, the political attractiveness of devising new give-away schemes or otherwise raiding thse excessive funds becomes irresistible.

OBJECTIONS TO NEW JERSEY SENATE BILL NO. 400

Striker Benefits Provisions provides UC benefit payments to strikers after six weeks on strike; and after one week waiting period for "lockouts." Benefits denied for failure to voluntarily arbitrate or mediate the dispute, or upon failure to bargain in good faith. Strike benefits to be paid out of employee contributions only ($\frac{1}{4}$ of 1% of wage base).

1. Unjustly compels UC taxes of a 2/3 majority of covered employees to be diverted to the exclusive benefit of a minority - the unionized labor group - in its disputes with management.

2. Destroys customary neutrality of the State in industrial disputes siding it with strikers by providing financial incentives for long-termed strikes.

3. Seriously impairs State business climate by using UC funds for supporting strike action (only two other states - New York and Rhode Island permit this; of greater interest, at least four other states have repealed similar experimental provisions); and by penalizing employers for resisting union

demands.

4. Unwisely extends benefits to voluntarily unemployed - this is an extreme departure from the basic concept of UC which is to "tide over" for short terms in between jobs those workers involuntarily unemployed.

5. Invites longer strikes by destroying incentive to come to agreement as strike nears end of six-week disqualification period - in turn, increased independence of strikers (brought about by their increased financial ability to withstand unemployment) tends to force employers to yield to union demands despite their unreasonableness.

6. Unwisely raids UC funds for "tiding over" dislocated strikers when self-financed union strike funds should be used for this purpose.

7. Threatens forcing companies to finance strikes against themselves. Though initially limited to employee contributions ($\frac{1}{4}$ of 1% - employers contribute up to 4.2% of wage base), it would just be a matter of time before employer contributions would be raided.

Benefit Escalator Provisions - Provides weekly UC and Temporary Disability benefits at 2/3 of the claimant's average weekly wage or 50% of the statewide average weekly wage, whichever is less.

Impairs New Jersey's business climate by adding to the cost of doing business in the State.

1. Increases present $50 maximum weekly benefit amount to

an estimated $65.50 weekly by 1968. Average weekly wages by 1968 are expected to reach $131, so a 50% average weekly wage escalator means a benefit maximum of $65.50.

2. Present maximum weekly benefits stand at $50. If boosted to $65.50, a $15.50 increase results. Calculated another way, it means a 31% increase in one leap.

3. Effect on New Jersey's competitive position with surrounding sister states must also be carefully assessed. As can be seen from the following, New Jersey's current maximum rate of $50 has been on a par with the average benefit rates prevailing among the four bordering states. Raising the maximum to $65.50 would give New Jersey the highest flat rate of any bordering state, at possible competitive disadvantage in attracting new or expanded industry.

Neighboring States	Maximum Weekly UC Benefit (as of January 1, 1967)
New York	$55
Delaware	55
Pennsylvania	45
Connecticut	50 - 75

4. A $65.50 flat maximum would rank New Jersey's maximum benefit rate the highest of any other State with flat rates, except Hawaii. Only a few other States listed below, each with variable maximum rates depending on the number of the claimant's dependents and other factors, would have higher benefits than New Jersey. But keep in mind that while maximums may be somewhat higher than $65.50, the base maximums)(which

apply to those without any dependents) are all markedly lower than $65.50.

States with Higher Benefits than Proposed $65.50 Maximum	Maximum Weekly UC Benefit (as of January 1, 1967).
Alaska	$55 - $80
Connecticut	50 - 75
Illinois	42 - 70
Michigan	43 - 72
Hawaii	66

5. Based on considerable study, other States have rejected open-ended escalator clauses, business has taken a position against automatic escalators. In conjunction with such an escalator, they have insisted on a maximum dollar limitation set by the legislature and subject to its periodic review. Clearly, jumping New Jersey's maximum UC benefit payments from $50 to $65.50 weekly goes too far too fast, and places New Jersey in a substantially disadvantaged position with respect to neighboring states, and the country as a whole. Furthermore, State average wages of covered employees is a fictitious standard, since:

First, the statewide average wage level is computed on the basis of gross pay rather than take home pay (gross less taxes, and Social Security, and after deduction of travel expenses to and from work). Furthermore, UC benefits aren't taxed, so, to be more realistic, UC benefits should be compared to take-home earnings to determine adequacy of meeting the 50% standard.

Second, the statewide average wage level is computed on the basis of all covered workers. Based on all covered workers, the average wage rate is substantially increased since it includes corporate executives and other highly compensated persons, and yet is not dragged down because those not covered - who usually are among the lowest paid wage earners - are not included in the calculations. The state average wage, therefore, is set at a fairly high level.

Under S.B. 400 terms, individual claimants would be permitted to receive up to 66-2/3% of their own average (gross) wages, subject only to a maximum equal to 50% of the statewide average weekly wage.

Divests legislative control over setting benefit rates.

1. A 50% automatic escalator benefit rate, delegates to State administrators the responsibility for calculating future benefit rates based on reference to state average weekly earnings.

2. The automatic escalator ignores the resulting level of living that will be provided, a judgment made by legislators on the basis of changes in the cost of living and of experience with the effects of the current maximum. It also deters periodic legislative assessment of the impact of the program on the state economy.

Blunts incentive of unemployed to seek reemployment.

1. Overly generous benefit amounts tend to reduce the normal incentive of many unemployed workers to secure new jobs. The

closer the Spread between take-home pay and the benefit amount, the more the disinclination for seeking new work. While the benefits might not be sufficient to reduce job seeking by the primary worker, it almost certainly would have such an effect on secondary workers.

Brings the unemployment insurance system closer to a welfare system.

Unemployment compensation recognizes that our industrial system inevitably produces unemployment without any fault on the part of the unemployed, and that some of the costs for tiding over unemployed between jobs can be assessed against the industrial system as a part of the cost of doing business. But, benefits were never intended to cover all needs - that is welfare burden. Society, not industry, has welfare obligations, and has assumed them under a variety of programs - job retraining, job relocation, and other Social welfare programs.

April 6, 1967

Iva J. Stansbury

51 Linden Avenue

Bloomfield, New Jersey 07003

Gentlemen:

I have attended the Assembly Session today on Senate Bill No. 400. Not having had an opportunity to speak, I wish to register my objection to the strike benefits section of this Bill, for several reasons, many of which were eloquently expressed by Mr. Tobin and others.

I am protesting as a private citizen, an unorganized employee and not a member of any pressure group.

I heartily endorse Mr. Hoffmann's request that this matter be presented in the form of a referendum, so that all employees may have an opportunity to vote on the issues.

Respectfully submitted,

Iva J. Stansbury.

ASSEMBLY PUBLIC HEARING UC - TDB S-400

Mr. Chairman:

My name is Elwood S. Schenck

333 Cherry Hill Road

Mountainside, New Jersey.

I am a voter and worker in New Jersey. I am speaking in behalf of myself, my co-workers, and as Secretary of the Richard Best Pencil Company.

I am strongly opposed to the strike benefits of S-400. I do not feel it is fair to take money that has been set aside for years for the time when it might be called upon if one should be out of work due to no circumstances under his control and be used to subsidize a striking worker who is out due to his own choice.

Also, I believe it is unfair to ask for additional money to help finance a bill which discriminates against himself in favor of a striker.

Respectfully submitted,

Elwood S. Schenck

April 6, 1967

To: Assemblyman Doren and Committee

Conducting hearings on Senate Bill No. 400.

From: John A. Leer, Jr., M.D.

24 Springbrook Road

Morristown, New Jersey.

I speak as a citizen, Medical Doctor, Researcher, employee and tax payer; unauthorized to speak for my employer or other persons.

It is simply my desire to cast my vote against Bill S-400 and urge you to do the same. Principally, I am unalterably opposed to the proposal that tax funds for general unemployment and disability benefit use, be authorized to support strikers. Organized labor must support their people on strike, it is not the public's responsibility.

Furthermore, I recommend to you that, because of the sensitive nature of Bill S-400 (strike benefit clause), the matter be settled by a voter referendum.

Thank you for the opportunity to express my views.

John A. Leer, Jr., M.D.

Elmira Logan

342 Seymour Avenue

Newark, New Jersey 07112

I am strongly opposed to this bill which will involve non-union people in a situation that is totally unfair to them. It

would be most unfortunate for me - a working housewife - to pay other people on strike when my husband and I barely manage to keep our creditors from our door.

This bill - or rather the section that applies to compensation for strikers - is equal to putting labor unions on welfare. We have our very poor people on welfare and now we are going to put middle class blue and white collar workers on welfare.

How can these unions be so worried about poor people. I am an unorganized worker and poor. As such I could not receive any strike compensation money, in fact I would be fired so fast if I tried some monkey business that I wouldn't be able to draw unemployment. And besides that, most of the poorest people in this country are Negroes and I think we all know that many labor unions don't even admit Negroes to join their sacred ranks. So who is trying to fool whom.

I close this statement denouncing this bill.

Elmira Logan.

4-6-67

Charles Marti Corp.

243 Coit Street

Irvington, New Jersey

Objection: Striker Benefit Provision of S-400

Gentlemen:

My name is Charles Marti. I am President of Charles Marti Corporation. As an owner of a small business I can

state that neither I nor my employees (sixty in number) can afford to sustain a labor dispute that goes beyond six or seven weeks. With the passage of S-400 now my employees can sustain a strike. My choice is to capitulate to all demands or go out of business. The suggested "equalizer" - the loss-carry back provision of the income tax law - does me little good if I am not in business at the end of the taxable year.

I submit that the breakdown of the collective bargaining balance is the heart of what is wrong with S-400.

Charles V. Marti
21 Crystal Road
Mountain Lakes, New Jersey.

I am Bernard M. Hartnett, Sr. I represent approximately 550 of the city's leading industries, merchants and professional people who are members of the Bayonne Chamber of Commerce and Tax Research Council and the Bayonne Merchants Board of Trade.

I have no desire to bore you with any lengthy presentation that would be repetitive of what has already been said.

However, we in Bayonne, as a result of outstanding combined efforts on the part of the Industrial Development Committee of the Chamber and the Industrial Commission of the City are presently experiencing a resurgence of interest on the part of industries wishing to locate in what was once and now appears to be on the way to again become the Peninsula of Industry.

But as we review happenings throughout the United States

since the Social Security Act of 1935 was passed, we learn that not one state has amended its UC law to provide unemployment benefits for strikers, that of the states which originally included such benefits, four, as has been mentioned here this afternoon, have since repealed that provision - the remaining two being Rhode Island and New York.

My good friend, Joel J. referred to these two states in his remarks. But he did not mention the one fact that disturbs us in Bayonne, namely that between 1955 and 1965 these two states suffered declines of eleven and nine per cent, respectively in manufacturing employment.

And this fact causes us to have grave concern that the passage of this proposed legislation will deal a knock out blow to Bayonne's industrial and economic comeback which it was hoped would add greatly to the number of job opportunities available to our city's ample and competent work force.

DuPont Company

Mr. Chairman and members of the Committee:

My name is Del Altizer and I represent the DuPont Company.

The DuPont Company has in the past and presently enjoys a business climate in the state of New Jersey which we believe is conducive to industry. This is evidenced by the number of plants we are presently operating in this state, which presently stands at nine.

However, the enactment of the proposed Senate measure

by the Senate concerns us as to whether this climate is to continue. We feel the proposed Senate measure, if enacted, will remove the incentive for an individual to work regularly. We further feel an enlargement of benefits and creation of benefits for strikers as proposed by Senate Bill 400 will in the long run force industry to seek a more favorable climate, resulting in fewer jobs for the people of New Jersey.

We have increased our work force year after year for the past ten years, indicating expanded investment in this State. We hope to continue to grow. Whether we can or not will largely depend on our ability to remain competitive in the face of increasing costs to operate in the State of New Jersey.

We respectfully request that Senate Bill 400 not be enacted.

The DuPont Company thanks you for an opportunity to make a statement here today.

The following four (4) statements were submitted by Mr. Hans Traulsen, a witness:

3-30-67

Dear Sir:

I would indeed like to join your organization. I do not approve of strike benefits that would only prolong a strike.

Sincerely yours,

Donald P. Koons.

One dollar enclosed.

Good luck.

Protect the unemployment benefits for those who want to work.

R. P. Chapman.

Dear Sir:

I feel most strongly against Bill S-400 and towards anyone who favors this type of legislation.

I ask you to employ whatever means are at your disposal to keep this Bill from becoming a law.

Very truly yours,

Clarence R. Shafer.

Copies to Senator Forsythe, Assemblymen Parker and Smith.

20 Struble Avenue

Butler, New Jersey 07405

April 1, 1967

Mr. Hans Traulsen, Chairman

New Jerseyans to Protect Unemployment Benefits

Suite D., Hotel Robert Treat

50 Park Place

Newark, New Jersey

Re: Senate Bill S-400

Dear Mr. Traulsen:

Mr. Nagle and I are in complete accord with you in your opposition to the referenced bill.

We are enclosing a cash donation of $2.00 to help you

fight this ridiculous bill. If we can help further, please advise.

Very truly yours,

Kurt F. Munquost.

NEW JERSEY INDUSTRIAL DEVELOPMENT ASSOCIATION

POST OFFICE BOX 1327

NEWARK, NEW JERSEY 07101

Chairman, Committee on Labor and Industrial Relations

New Jersey General Assembly

Trenton, New Jersey

Re: Public Hearing, Senate Bill #400, Thursday, April 6, 1967

Dear Mr. Chairman:

The membership of this Association and its professional approach to plant site location, has been successful and responsible for locating many new industries within this state. It is widely recognized that our membership is the first line of contact of any business considering a move here.

The state administration itself, through their promotional and service program of the New Jersey Department of Conservation and Economic Development, has also moved forward toward this purposeful goal.

It must be understood that any industry, before deciding to move its plant to any state, must be assured that there will be, among other things, a reasonable political and economic climate, as well as a productive labor market. Any regressive

change of these criteria, would have a deleterious effect on the potential industrial growth and job creativity within our state.

Such a change has been started by the proposed amendments to the unemployment compensation statute incorporated in Senate Bill #400. Among the unfortunate features proposed, the following do stand out. The unemployment compensation payments to striking workers alone would promote an adverse labor climate and would render far less interest by industry in locating here. The many other combinations of amendments in the proposed legislation simply add up to rather excessive employer and employee costs. This certainly has the undesirable, repelling effect on industry location interest.

It should be pointed out, and not forgotten, that many plants that would normally locate in the State of New Jersey, could just as easily locate in Connecticut, Delaware or Pennsylvania where no such climate exists.

In order to maintain the industrial and job growth in this state, the membership of this Association must strongly urge your Committee and the General Assembly to eliminate the above proposed amendments from Senate Bill #400, or any other bills with such unfortunate features.

Sincerely,

THE NEW JERSEY INDUSTRIAL DEVELOPMENT ASSOCIATION

STATEMENT OF THE RADIO CORPORATION OF AMERICA

BEFORE THE NEW JERSEY ASSEMBLY COMMITTEE ON S-400

The Radio Corporation of America employs approximately 35,000 people in New Jersey at a dozen major locations and many smaller ones. The headquarters for nine of RCA's fourteen principal divisions and subsidiaries are located in New Jersey as are a substantial portion of RCA's corporate staff. In addition to its extensive manufacturing operations, RCA employs in New Jersey a large number of managerial, professional and administrative people.

RCA is vitally interested in S-400 which would have far-reaching effects on employers, on the people of New Jersey and on decisions of businesses to establish plants in New Jersey or to expand operations in the State. It is our view that it would be unwise to enact S-400 into law. Among defects which we consider to be most serious in the bill are the strike benefits and the benefit formula for unemployed workers.

Under the provisions of S-400 payments of unemployment compensation would be made to employees who are on strike. This would constitute interference with the basic principle of free collective bargaining between employers and employees. The bill, as we understand it, would impose the burden on all employees of contributing unemployment compensation to striking employees. Further, it would tend to prolong strikes by supporting them financially.

With respect to the unemployment compensation benefit formula, we believe a two-thirds of earnings benefit to be unnecessarily liberal. Further, we believe it unsound to set

a maximum benefit on the fluctuating base of the State's average weekly wage. The State Legislature, in our opinion, should have the opportunity to make revised determinations of maximum benefits through the legislative process when warranted.

(Hearing adjourned)