What Happens to "Unemployables"

NOTHING so clearly points the sheer brutality and deliberate disregard of human need of the President's work program as the arefully planted use of the term "un- .mployables" in the relief program. An amazing study recently made by the Relief Administration now defi- ely testifies to the ruthless nature of ie decimation of relief rolls by the classification of relief clients into em- loyables and unemployables. What it reveals is that Roosevelt and the re- ef machine, faced with the problem of caring for more than five million families on relief, deliberately cast out one and a half million families as "un- employables" to be "turned back to the tates" without investigating whether ie states could care for them. The ıvestigation, in short, reports that the ates are totally unable to care for this ıge relief burden.

The report, dated August 20, bears e cumbersome title, "Financial and dministrative Responsibility for Vari- ıs Welfare Activities in the Several ıtes as of August 1, 1935," and is rt of the study of transfer of unem- oyables to local units conducted by F.E.R.A. *after* it had been decided k one and a half million families f. The report clearly indicates of these states has an ade- gram for the care of unem- . In other words, first the a million and a half er to the states and find out whether the c gally take care of them. ost of the families and single per- dubbed "unemployable" by Roose- be thrown onto bankrupt d local welfare agencies. The mselves have no legal finan- nsibility for general "poor 40 out of the 48 states. The and to a lesser extent, the towns, are responsible for ds under the General Poor ther words, the kind of he "unemployables" will many cases, will be the farm. All 48 states have or Laws, but the state su- is care in only 13 states and the states help in any way e bills for poor relief.

proportion of "unemploy- mothers with dependent children. "Mothers' Aid" is supposed to take care of them when they are cut from the relief rolls, but the report points out that only 19 states provide any funds for Mothers' Aid. There are 45 states with Mothers' Aid Laws, but the report does not indicate how many of these are mandatory and how many optional. In 26 of these states, the counties, cities and towns have to supply all the funds for such aid, which means that it amounts to little or nothing. Alabama, Georgia and South Carolina have no provisions at all.

Another big group of "unemployables" is the aged. The federal government has left it up to the states to enact old-age pension laws to take care of this group. Only 36 states now have such laws and only 29 of these provide any funds for such pensions. The others leaves the fund-raising up to bankrupt counties and towns. The solid South—Alabama, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and Texas — as well as Oklahoma, New Mexico and South Dakota have no old-age pensions in any form.

The third big group of "unemployables" is composed of disabled persons. What provision do we find for them when the F.E.R.A. turns them over to the states? The only special provisions for their care are pensions for the blind and soldiers'-and-sailors' relief. Twenty-eight states have pensions for the blind, again not necessarily mandatory and of these 28, only 15 states supply funds for such pensions. Forty-two states have soldiers'-and-sailors' relief, providing some funds in each state, but there is no indication of the kind or adequacy of the relief given to the veterans. What this means in many states is a soldiers' home available to civil war veterans.

The report does not cover recent emergency or unemployment relief legislation passed by the states, usually providing for raising of funds by means of sales taxes bearing heavily on workers and small farmers. Such laws, however, would not presumably affect the permanent relief load of "unemployables" which has to be taken care of out of existing social welfare services of the states. The government, spurred by its big-business advisers, has many times become indignant that such "unemployable" cases have been carried on F.E.R.A. rolls.

At the same time, in the face of ever-increasing misery and with a full knowledge of the inadequacy of the states in caring for this huge relief load, the government has consistently refused to set up an adequate nationwide program of unemployment, old age and social insurance. The widely-hailed Social Security Act not only falls down in the face of the tremendous load it must carry, but is already bogged down as a result of politics which has cut off its operating funds so that it cannot begin to function even in its own lame way for six months.

The F.E.R.A. relief rolls carried over five and a quarter million families and single unattached persons early in the year. When he inaugurated the much publicized "off relief rolls and on to useful work projects by November 1" program, Roosevelt decided that *only* three and a half million of these five million were "employable." The rest, more than a million and a half, were "unemployable," brutally cut off relief and turned back to the states with crocodile-tear-statistical reports over the states' inability to care for them. "Careful case work" has been pruning these unemployables from the relief rolls. But that process is too slow. It can yield, by even the most savage case work of the F.E.R.A., only 900,000 families. The other 600,000, many of them farmers and agricultural workers, are clearly employables but there is no room for them on the works program. Wholesale relief purges, first in defenseless rural areas, then entire states at a time, now become the order of the day. Long before November 1, the President will again go on the air and point joyfully to official relief figures of much less than the first estimates of three and a half million.

This is the sum of the new relief policy: start with over five million on relief; cut off one and a half million, christen them "unemployables" with blessing and tears; give the remaining three and a half million "jobs" at starvation wages; and with their work build a war machine and smash the resistance of the working class, by driving down wages and standards of living throughout the country.

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ONE RAIN THAT WON'T STOP

Russell T. Limbach

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

How Good Is Hearst Stock?

BRUCE MINTON

OR over forty years, William Randolph Hearst has been an increasingly powerful figure in American life. ,er, except when running for office, has earst disguised his deep contempt for the orkers and the small bourgeoisie. As he ows older, he emerges as an enthusiastic orter of Hitler and Mussolini and the ading advocate of fascism for this country. At the beginning of the depression, in 1930, arst launched a campaign to sell preferred ock in one of his own companies. The is- was designed to attract just the group r whom Hearst had time and again expressed his hatred; he offered $50,000,000 of Hearst 7-percent cumulative participating eferred shares, asking workers and whitelar groups and small business men to hdraw their savings from the banks and est in the new company. "Are you keepfaith with America?" he demanded. "Are r dollars Drones or Busy Bees giving you ull return?" The stock was hawked in ertisements appearing in the Hearst press, circulars and elsewhere, as an "ultra-convative" security particularly appealing to small investor looking for the maximum safety.

But when Hearst offers to "share" his ofits, it is well to be cautious. Because of st record, an issue promoted by Hearst be considered just another stock on et—good, bad or indifferent. And rst indulges in high-powered salest is fair warning for the public suspicious. Because of this, the rcent preferred shares in which usiness men are urged to n THE NEW MASSES ttempt to estimate their true value e light of Hearst's boast that they are fe," "conservative," definitely "non-specive."

HEN I met the salesman at the hotel, he handed me a prospectus of H Consolidated Publications, Inc. page was framed by pictures of gs in eight states. I was urged n the dotted line, hand over the red cash and so become a partner of of the richest men in America. The was selling fast; I must act quickly if nted to get in on a good thing.

plunged into his patter: "When you this stock, you'll have an investment in mpany composed of eleven large Hearst spapers, average age forty-eight years, and r holdings. Before, this stock was only ed to employes—some of it on the innent plan. That's how I got mine; been buying it for the last five years and me, it's a pretty comfortable feeling to get a check for 7 percent of your investment every three months. The company hasn't missed a payment yet. Assets are $123,000,000. You see all these buildings—" he pointed to the pictures on the prospectus, "well, we own every one of them. This issue represents a first lien on everything combined. In four years, the company has built up a surplus of $14,000,000."

I nodded. "What happens to all this money, this $50,000,000 from stock sales?"

"That goes to extend business. Into promotion. The papers are always expanding." He leaned closer, whispering, "We earned twice as much as dividend requirements to the end of June, 1935. Do you realize—" he was tapping my knee, "do you realize that over 60,000 investors have taken advantage of this offer?"

"It looks all right on the surface," I admitted. "But suppose I wanted to get my money in a hurry, suppose I needed cash?"

The chuckle was heartening. "Don't you worry about *that*. We have a resell department—in San Francisco. You can get your money out in twelve days. You're guaranteed $22.50 per share. Circulation is up every year. The 1935 earnings and the circulation are above that of 1934. The stock is registered at banks—"

"You mean recommended?"

"No, no. Registered. You can buy it at banks. The advertising schedule has improved by 46 percent. This issue is as sound, as secure, as fine as any comparable issue today. It might not be listed yet, but it will be when we've sold out the two million shares. Par is $25. All you have to do is tell me how much you want—"

"But to come back to the case I mentioned before. Suppose I wanted to sell?"

"You don't have to worry. We guarantee to buy it back for $22.50 a share. We used to pay more, but there's a new ruling. When it is listed on the exchange, it will undoubtedly shoot way up and then you'll have to buy it for what it's really worth. Now, my advice is—"

"But that guarantee? You'll give me a contract to buy it back at $22.50 any time I want to sell?"

"Well, not exactly. We'll buy it back—at the price that day. I can't guarantee the price. But it won't go down. If anything, it will rise—" his hand was over his head, "rise, rise—"

It was the salesman's conviction that the stock was as good as a savings account. He bought it in preference to government bonds, in preference to any other preferred stock on the market. And, he added, you get 300 percent more on your money than you do in a savings bank.

I shrugged. "Well, I don't know much about that. But someone told me that this Red-scare campaign hasn't done circulation much good."

He stood up. "Oh, you mustn't believe all you hear. Hearst is a public-spirited man. He knows what the public wants. He has given his best. He has exposed—"

I interrupted. "You say this money goes to promotion?"

"Why, yes."

"All of it? Any to Mr. Hearst?"

"Well, yes, I suppose some of it actually does go to Mr. Hearst. But some is used in promotion. I'm not certain of the proportions."

He shook hands. He walked down the lobby, then hurried back. "You know," he said, "Twenty million readers can't be wrong. When you see that headline, you know this is a pretty good proposition."

PRIOR to May 9, 1930, William Randolph Hearst was the sole owner of an organization known as the Star Holding Company, which owned a number of subsidiary companies. For the most part the property of the subsidiaries was heavily mortgaged and their stocks had been pledged to banks. In other words, money had been borrowed and in return the banks demanded and received as security a pledge of the stocks in the various subsidiaries. Bonds had been issued representing first mortgages in these companies. And in addition, Hearst had given his personal guarantee.

This guarantee was an unusual procedure. Companies whose financial affairs are in first-class condition are not required to give such guarantees. But Hearst was asked to do so. It is worth stressing that even S. W. Strauss and Co., by no means too particular as to the type of security it put on the market, did demand that Hearst personally guarantee bonds issued by The Chicago Evening American, The New York Evening Journal and other of the newspapers.

Then the Star Holding Company sold several of the publications (most of which were heavily mortgaged and whose stock had been pledged), to the Hearst Consolidated Publications Corporation, Inc. The sale involved the following publications: The New York Evening Journal, The San Francisco Examiner and Call-Bulletin, The Chicago Evening American, The Pittsburgh Sun-Telegraph, The Oakland Post Enquirer, The Detroit Times, The Los Angeles Evening-Herald and Examiner, The Seattle Post-Intelligencer. Besides, The American Weekly, tied up with an operating contract—a contract in which The American Weekly pledged

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED