

EXTENSIVE CO., SPOKANE, WASH.

The Problem of Unemployment

Comprising a series of three articles

"WHY JOBS ARE SCARCE"

"THE MACHINE THEORY OF UNEMPLOYMENT"

"THE SHORT WORK DAY AS A REMEDY
FOR UNEMPLOYMENT"

By

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The economic abuses from which we suffer as a nation are not inherent in our economic system, nor are they the result of industrial evolution as many contend. Instead they are the fruits of vicious legislation which gives rise to special privilege and monopoly. By thus destroying equality of opportunity our economic system is thrown out of balance, which prevents it from functioning in a normal manner. We cannot violate economic laws, which, by the way, are based on the moral law, without paying the penalty.

The Problem of Unemployment



DON L. THOMPSON

AUTHOR OF

"Our Deluded Overproductionists"
"Industrial Depressions"
"Our Protective Tariff Racket"
"The Profit System"
"The Farm Problem"
"The Great Economic Delusion"

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By Don L. Thompson of
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FOREWORD

This is not a technical or academic treatise, but a simple appeal to reason and common sense clothed in language which the average person can understand. Nowhere is there a greater need for simplicity and clarity than in the field of economic discussion.

While much has been left unsaid that might have strengthened the argument, especially as it has to do with remedies, the need for brevity has made it necessary to confine the inquiry in the main to a discussion of causes. Our first and most important job is to diagnose the case, otherwise it is largely a waste of time to discuss remedies. In this case a determination of causes will suggest the remedy.

The booklet consists of three separate articles taken from addresses made by the author before various economic study clubs. They represent the untiring efforts of a man who has given years to the study of political economy. All that is asked of the reader is that he lay aside his preconceived opinions and prejudices and approach the arguments presented with an open mind.

DON L. THOMPSON.

Spokane, Washington.
November, 1935.

Why Jobs Are Scarce

Chapter 1

INTRODUCTORY

Why are jobs so scarce? This is a question which has gone unanswered for many generations and we of today are no more capable of answering it than those who have gone before us. It is the same old perplexing riddle, the same unsolved economic problem. As a result of our failure to answer it, millions of our people are in dire distress and the evils which spring from idleness and poverty are increasing on every hand.

In our bewilderment we fight over the jobs that are, pass laws to exclude the workers of other countries from coming here, oppose the employment of married women, frown upon the use of labor saving inventions, legislate shorter working hours, and even go so far as to propose taxing ourselves in order to keep the older members of the community idle, in the childish belief that this would be a solution of this most baffling problem.

Most of us take it for granted that it is impossible to have enough industry to provide productive employment for everyone. Even our leaders in the field of organized labor, politics and business appear to be in accord with this mistaken idea. This belief naturally leads to the conclusion that more workers necessarily means keener competition for jobs and that we must either limit their number or the hours of labor, if unemployment is to be reduced. This idea forms the basis of nearly all of the proposed unemployment remedies.

Only recently a prominent so-called "Social Planner" in an address, declared that the government will be obliged to continue indefinitely its present relief work projects if ample employment is to be assured, as it will be impossible for private industry to absorb all the unemployed.

To contend that competition for jobs is made more keen by an increase of workers, is to ignore the fact that such an increase also makes it possible to have *more and better markets for the things produced*. Every person coming into the country either by birth or immigration brings with him a mouth to feed and a back to clothe. This being the case, *the increased demand for goods gives rise to an increased demand for labor*. Given an opportunity to use the earth to carry on production the individual *creates his own job by reason of his needs*. As long as there are sufficient natural resources to supply the wants of everyone, it doesn't necessarily follow that adding to the number of workers results in keener competition for jobs.

It is the contention of the writer that the working population of this country might be doubled without unemployment becoming worse. It wouldn't necessarily follow that the competition for jobs would be any more keen. Even now we have many times the working population of Canada, yet our unemployment problem isn't any more serious. It is just as hard to find a job there as here. On the other hand, we might force half of our present working population to leave the country and still have an unemployment problem on our hands.

It has recently been proposed by a certain congressman from the State of Texas that we deport our alien population so as to provide more jobs for our

own citizens. How stupid! The carrying out of such a policy wouldn't have the slightest effect upon the unemployment situation one way or the other. This is because the deportation of these aliens would result in *destroying the market created by them while here*. To destroy it would be to reduce the need for labor. While the Congressman's plan for creating jobs is most untenable, it has nevertheless found considerable support throughout the country.

To argue that it is impossible to have enough industry to keep everyone profitably employed is to *lay the blame for unemployment on nature*. It is to accuse her of not providing sufficient raw materials with which to work. If we will only keep in mind the fact that *employment in the main has to do with production*; in other words, with *the supplying of human wants*, it will be much easier to see what is causing unemployment. We cannot lose sight of the relation of employment to production and expect to ever solve this unemployment problem. While industry is the result of employment, it is also true that there can be no productive employment where there is no industry. The two are inseparable, the one being the cause and complement of the other.

Our unemployment problem, strictly speaking, is a *production problem*. It exists only because *there isn't sufficient opportunity to carry on industry*. Our shortsightedness has led many of us to conclude there has been too much industrial expansion, when as a matter of fact, there *hasn't been nearly enough*. The proof of this is to be found in the millions of people who find it impossible to take part in industry because of the lack of opportunity. *Not until everyone is engaged in useful work can it be said that we have enough industry*.

Now it is very obvious that we cannot attribute the lack of industry to the niggardliness of nature. We know that she has been most generous, having provided ample raw material with which to work for generations yet to come. In doing this she has created ample opportunities for everyone to supply themselves with steady employment. Let us remember that when she creates ample opportunities for the carrying on of industry *she creates ample opportunities for employment*.

If it isn't nature that prevents us from being employed in the carrying on of industry, then we are forced to look to man made institutions for the answer. Evidently we as a nation have permitted *the growth of institutions which have discouraged and checked the growth of industry*. As a result of this, there is a *scarcity of jobs*. This is the only logical explanation of this most perplexing problem. Let us now see what some of these institutions are.

OUR LAND POLICY AND UNEMPLOYMENT

We are continually stumbling over one of the chief causes of unemployment without seeing it. This results from the failure to fully comprehend the relation of industry to *land*. As production (industry) cannot be carried on without land (natural resources) it is essential that the land policy of a country be favorable to industrial expansion. In other words, it must extend the widest possible latitude in the use of our natural resources. It can be shown that the present policy is not conducive to the best use of land. It is not favorable to the growth of industry. This being the case, it must necessarily operate to give us less employment.

Failing to recognize the fundamental difference between the ownership of natural resources and the ownership of the things created by human labor, we

have placed in the hands of those who control the source of our raw materials the power to *secure unearned profits because of the need for land on the part of others*. In other words, we have made it possible for them to often profit at the expense of the rest of the community who must also use our natural resources, either directly or indirectly, to supply their wants. The opportunity thus afforded to live by the labor of others gives rise to what is called land speculation. People will buy land in the hope of selling it at a profit whenever the need for its use increases. This has the effect of causing land costs to become excessive. The pocketing of the returns for the use of our natural resources by those who hold title to them, also compels us to resort to the penalizing of industry in order to meet public expenses. Both *excessive land costs and this kind of a tax system, as we expect to show, operate to check the growth of industry*.

Our natural resources are ample to supply everyone with profitable employment in the carrying on of industry. The only difficulty is they are not always available. Due to land speculation, land costs are often prohibitive. This is especially true when a speculative boom is on and inflation is running wild. Regardless of whether these booms are local or general, they result in checking industrial expansion by shoving up land costs faster than is justified by industrial activity and industrial earnings. This is always followed by a period of deflation during which the unemployment becomes much worse. Land speculation has very much the same effect upon employment as would an actual scarcity of land. It results in a "lockout" of labor and capital. It is an old saying and a true one that idle land means idle men.

Speculation in land not only results in the holding of much valuable land out of use, especially in our industrial centers, but it also operates to prevent putting much of the land that is in use *to its best and fullest use so as to insure the maximum of employment*. Investors in land for productive purposes are often so impoverished by high land costs that they have little left for development purposes. They are also further discouraged from using natural resources by a vicious tax system, which we hope to show is the result of our present land policy. We also find that under this same land policy there are those holding title to unused or only partially used natural opportunities who are not financially able to put them to their fullest and best use, yet in the hope of future gain they refuse to sell at prices that will enable others to profitably develop them. In still other cases, we find producers forced to make use of less productive sites to carry on production when more productive ones are either idle or are not being used to advantage. This makes more work necessary.

It is plain to be seen that a land policy which so affects the use of land must be an obstacle to industrial expansion. Not only this, but it must also tend to make for inequality in the distribution, or division of the things produced. This also puts producers to the necessity of finding more work to do. As long as there are people who are in need of work to supply their wants, it is the duty of the community to see that no one is permitted to stand in the way of the use of natural resources. The welfare of the community makes it imperative that we remove all obstacles to their use. Not only must we see to it *that the terms of access are favorable to would-be users, but also that it be made un-*

*Footnote—Land, economically speaking, includes all natural materials and opportunities outside of man himself.

profitable for anyone to hold land who is not in a position to use it to advantage. The lack of capital gives no man a moral right to withhold from others natural resources which he is unable to use to advantage, when others need to use them to supply their wants and have the capital to do so. When we legalize such a practice, we are depriving millions of people of profitable, productive employment. We cannot afford to maintain a dog-in-the-manger policy for the benefit of any class when it means poverty and unemployment for others.

That making it easy to get access to natural opportunities is a preventive of unemployment is proved by the experience of every new undeveloped country where productive land is available to producers. Take our own country for example. There was a time here when the demand for labor was greater than the supply. In fact so scarce was wage labor that laws were passed in a vain attempt to prevent workers coming to our shores from owning land. It was realized that this would force them to work for others. During this period in our history we welcomed the workers from other countries instead of excluding them as we do now. Our free public domain acted as a safety valve to the labor market and enabled wage earners to become self-sustaining producers, thus encouraging the growth of new industries. I would have the reader note that it was only after this avenue of escape from the labor market had been closed to the workers that we began to experience an unemployment problem.

While it is true that we still have some free and cheap land bordering on the margin of cultivation, it isn't land that affords profitable employment. We already have far too many people trying to make a living on this kind of non-productive marginal land. What is needed is a greater and more extensive use of our industrial sites, as it is here that production is still insufficient to meet the needs of our people. This is the only way that a better balanced condition between agricultural and industrial production can be attained and more labor be profitably employed. It is the only way we can make up for the loss of our free public domain.

While it is true that land costs are now somewhat lower as a result of the depression, we have not been in a position to take advantage of them, as buying power has correspondingly declined. Once, however, confidence has been restored, business will have much to gain by reason of this reduction. It will be of great help in putting this latest industrial depression behind us. What will happen, of course, is that the next cycle of industrial expansion will hardly get under way before this same old evil of land speculation will bob up again to head it off before it has a chance to absorb all our idle labor. Our "Social Planners," Technocrats and Townsendites would do well to give some serious consideration to this land question before jumping to the conclusion that it is impossible for private industry to put everyone to useful work. While it is true that industry cannot absorb all of the idle labor under such unfavorable industrial condition as we have been experiencing, it is quite possible to change these conditions, a fact which should not be overlooked.

It is quite apparent that land speculation must be destroyed if industry is to have more freedom to expand. Measures must be taken to render this gambling game unprofitable. This can be accomplished by nationalizing our

Footnote—"Where land is very cheap and all men are free, where one can easily obtain a piece of land for himself, not only is labor very dear, but the difficulty is to obtain it at any price."—Karl Marx in "Capital."

natural resources as has been done in Russia, which means socialism, or by diverting the unearned profits which give rise to this form of gambling from private pockets into the public treasury. If we wish to preserve our present system of private land tenure, which is most necessary to the continuance of privately owned industry, the latter policy is the one to adopt.

Under this policy people would still be obliged to pay for the use of land, providing it gives them advantages over other land users. Such advantages which are due to location, or natural productiveness, must be paid for if equality of opportunity to the use of our natural resources is to be secured. The only difference is that instead of the payment going for the support of land monopolies, as is the case today, it would go for the support of government. When it goes into the public treasury the incentive to speculate in land will be gone.

This land cost is what the economists call rent, or ground rent. It is the premium which land users are willing to pay to get access to the more advantageous sites. It must not be confused with the returns for the use of improvements in or on land. While we already take a little of this rent in taxation, we do not take enough to render land speculation unprofitable and prevent the monopoly of natural resources. If we were only wise enough to tap further this natural source of public revenue, as *Henry George and other economic authorities have advised doing, supplementing the plan here and there by some little measure of land nationalization, which is already an established policy of the federal government, it would go far towards correcting existing economic abuses. Not only would such a plan give us more employment but it would result in a much more equitable distribution, or division of wealth.

The taking of annual ground rents to meet public expenses would not only bring our natural resources more in reach of producers, but *it would enable us to free industry of a most burdensome tax load which it is now forced to carry in addition to the land cost. This alone would act as a powerful stimulus to industrial activity. It is safe to say that under such favorable industrial conditions there would be such an expansion of industry as to soon result in an actual labor shortage. With millions of people still needing things and willing to work for them, such an expansion would be inevitable, once the obstacles to it have been removed.

This much misunderstood plan for the socializing of ground rent is not put forward as an cure-all, or with any idea that it will meet with popular favor. The plan is much too drastic to suit those who stand to profit by leaving well enough alone, and not radical enough to suit the dispossessed masses. Most of us are too busy following blind leaders up blind alleys and searching for the pot of gold at the foot of the rainbow, to give much thought to anything that requires a little real study. On the other hand, most of us do want to do something to help those in need. In fact we are willing to do most anything except get off their backs or out of their way so they can help themselves. There is nothing more ridiculous than having to pay others to get out of our way so we can use the earth as a place to work in an effort to supply our wants. In all probability, however, we will continue such a policy for years to come, judging

*Footnote—Read "Progress and Poverty" by Henry George for a more detailed account of this proposed plan.

*Footnote—Economic authorities are agreed that ground rents would be more than ample to meet the expenses of government.

from the recent successful attempts on the part of our land owning class to shift the tax burden.

No one can honestly defend on moral grounds the right of any man to charge for the use of natural opportunities which have been put here for the benefit of all. Even governments have no moral right to bargain them away. *They are the common heritage of all mankind.* This applies just as much to the land under our feet as to the sun over our heads, or the air which we breathe. What man has created by his own labor is his against all the world, but not so with the things created by nature. Profiteering in this common heritage is our greatest national sin. Until we as a nation come to realize it and take steps to curb it, unemployment will continue to menace us.

OUR TAX SYSTEM AND UNEMPLOYMENT

We cannot make the carrying on of industry unprofitable by taxing the profits out of it without discouraging industrial expansion, yet this is exactly what we have been doing. It is only the few industrial monopolies that have been able to thrive under such conditions. This is one reason why the trend towards monopoly has been so strong. Business has been forced to organize and seek special privileges in order to survive. We cannot penalize thrift and enterprise in an effort to provide for the expenses of government without discouraging industrial investments, yet we have been doing this very thing and continue to do it. Under this scheme for supplying public revenue, the government charges not for what it does for the individual citizen *but for what he does for himself.* The more he does for himself, and, incidentally for the community by creating more industry and employment, *the more he is penalized by taxation,* although he may receive no more in the way of public services than those who pay less taxes.

Instead of basing our tax system on the business-like principle of *charging according to benefits conferred or received, we have based it on the charity principle of charging according to ability to pay regardless of the value of the public service rendered.* As a consequence, the more industrious a man is and the more employment he provides for others, the more we tax him. We want more industries and our chambers of commerce spend much money in an effort to get them. It is realized that they mean more employment, yet we penalize those who put their money into them. We surely ought to be able to see that this is no way to encourage industry so as to provide more employment. It is difficult to conceive of a better means of punishing people for being industrious.

The masses see in such a tax system a means of soaking the rich, yet as a matter of fact, they are the ones to receive the soaking, as such taxes are passed back to them in higher prices for the things they have to buy. As higher prices for goods tends to check the demand for them, less will be produced. As a result of this, less labor will be required to carry on production. This doesn't hurt the rich nearly as much as it hurts the poor, as they are not looking for jobs.

The terms imposed by the owners of the earth upon producers are often most severe, but when the tax collector gets through having his say, the burden often becomes too great for them to bear. The blighting effects of burdensome taxes upon industry can be seen on every hand. We need more industry to employ our idle workers, yet we use the wet blanket of taxation to smother it out. All students of taxation know that the power to tax is the power to de-

stroy. We can use this power to *provide jobs by taxing the profits out of land speculation,* or we can use it to *destroy them by taxing the profits out of industry.* The millions of people walking the streets in search of employment gives us a good idea of how we have been using this power. Even the building of more and better homes, which would supply much employment, is discouraged by our vicious tax system. This kind of taxation is nothing more than confiscation of private property which can be avoided as we have already seen by the nationalization of annual ground rents.

INDUSTRIAL MONOPOLIES AND UNEMPLOYMENT

To permit the growth of industrial monopolies is another way to destroy employment. Having the power to fix prices, the industrial monopoly charges all that the traffic will bear, or all the market will stand. These excessive prices *necessarily limit demand and in doing so lead to a curtailment of production.* It is quite obvious that lower prices would result in a greater demand for goods, hence greater production. To expand production, as we have already seen, would result in more employment. It would be an easy matter to destroy monopoly and restore competition in the price field by simply removing the special privileges which certain industries enjoy. These monopolies, or trusts, as they are sometimes called, are not the product of industrial evolution, as the socialists contend, but the fruits of special privilege legislation. It is this that enables them to destroy competition. To be more specific, they are the outgrowth of our vicious tax, land, tariff, patent and franchise laws, which must be repealed or revised if we are to increase employment and prevent the exploitation of our people.

The present tendency on the part of all businesses which enjoy monopoly is not to expand production, but to curtail it in the interest of higher prices. This dangerous policy, from the standpoint of employment, has the endorsement of business leaders and high public officials who should know better. Only recently the governor of one of our states went so far as to call out the state militia in an effort to compel oil operators to curtail production. A more dangerous industrial policy is hardly conceivable. If this policy of curtailing output should spread and become general, it will not only result in *much more unemployment, but it will cause the entire nation to sink deeper into the mire of poverty. There is no better way to impoverish a people.* Let us not be so childish as to believe that a nation can *enrich itself by making wealth scarcer.* Such a shortsighted policy can only result in *harder times. Prosperity for the nation as a whole can only come with greater wealth expansion and a more equitable division of the things produced. The less we produce, the less demand there will be for labor.* Not only this, but the *less there will be to distribute among producers.*

TRADE BARRIERS AND UNEMPLOYMENT

Trade barriers may also result in temporary unemployment by destroying markets for exportable surpluses. We have had an example of this since the world war, for, with the closing of foreign markets to our exports, many thousands of our workers, engaged in their production, lost their jobs. What happened to our workers also happened to foreign workers as a result of our high tariff policy.

The erection of trade barriers also makes more work necessary by compelling a nation to produce goods which it might otherwise be able to obtain

with less work, hence at less expense, through the process of trade. The need for employment could be reduced considerably if nations were wise enough to keep foreign trade free of restrictions. It is only the fool that wants to make himself more work. Trade is our greatest labor saving device. To make use of it is to free ourselves of much of the need of work. This is because it increases purchasing power by reducing prices. It is to be regretted that so few of our business and political leaders have been able to see this.

High tariff walls, by destroying foreign competition, also result in industrial monopolies, which we have seen make for less employment. Many of our greatest "trusts" are the outgrowth of this vicious practice of shutting out foreign competition. An English statesman once boasted while visiting here, that his country had little need of anti-trust laws because of her low tariff policy, which permitted world competition. It must be admitted that countries which have the highest tariff walls have far more industrial monopolies.

POLITICAL INTERFERENCES

While we have pointed out the principal obstacles to industrial expansion, which, by the way, are the chief causes of unemployment, we are not overlooking the fact that there are still other ways of discouraging business. Private business is easily affected by political threats, or government interference of any kind. It always thrives best in a state of freedom. Political interference can only tend to destroy confidence and create uncertainty. This is most disturbing to business. Any disturbing factor, such as uncertainty, or lack of confidence, is sure to check the flow of money into industrial investments. Whenever earnings are threatened, we have little to expect from private business. Confidence is most essential to the growth of industry. Unless there is a feeling of security in regard to investments and reasonable assurance of their profitability, the dollars of investors are going to remain idle. *Idle dollars, like idle land, never put anyone to work.* Unwise political meddling with business can do much to retard financial recovery.

As long as employment depends upon making business profitable, the more freedom that is accorded honest competitive business, the better for all concerned. I do not mean by this that governments cannot be of real assistance to industry, especially at a time like this, when confidence is at such a low ebb. Assisting it, however, and getting in its way are two very different things.

Private industry can never be made to give a good account of itself when placed in a political straight-jacket. It thrives best when left to the control of economic laws. If we are to continue the present policy of having it run by politicians instead of business men, we are likely to have even less business as the years go by. This is very likely to lead to the complete socialization of industry as a result of the harder times which are sure to follow.

With this brief summing up of the causes of unemployment, we will now proceed to see if it is possible to provide markets so as to insure greater industrial expansion.

WHERE WILL MARKETS COME FROM

If unemployment is to be wiped out through an expansion of industry, it is obvious that we must have markets to absorb the greater output of goods. Our

*Footnote—Read "Our Protective Tariff Racket" by the author.

deluded Overproductionists will want to know where these markets are to come from. The answer is simple; the people who will be put to work will become the market. Many of us fail to distinguish between the market that is and the market that is possible when everyone is steadily employed at productive work, so that they will have something to buy with. The thing which gives rise to markets and the only thing, is *production*. This being true, then *the more people that are engaged in industry, the greater will be the market for the things produced.* Let us not overlook the fact that the unemployed do not buy goods, except as they buy with other people's money. In this case the buying power of those who supply the money is correspondingly reduced. Our markets disappeared with the coming of the present depression, not because we had produced more than was needed, but *because of the discharge of workers.* It therefore follows that the only way to regain them is to return these workers to productive work so as to increase buying power.

It is safe to say that we could double the purchasing power of the nation as a whole, if the forces of production were given free play so as to absorb those who are not steadily employed at productive work. Unless work is productive, that is to say self-liquidating, it does not result in any increase in the total buying power of the nation. We are too inclined to overlook this fact. Increasing the buying power of some at the expense of others, which has found favor of late, is not a remedy for lost markets. On the other hand putting more people at productive work is the solution of the problem. The unemployed will create the markets for the additional goods turned out by them if we will only give them an opportunity to engage in industry. As there is still a great need for the products of labor on the part of millions of our people, the only thing necessary is to convert these needs into effective demand. We have already seen how this can be done.

The well known Brookings Institute, one of our most reliable economic research agencies, has recently shown that even a relatively minor increase in buying power would be sufficient to create a consumptive demand in excess of the potential productive capacity of the country in 1929. Recently our Public Works Administrations instituted a survey of the potential productive capacity of the nation. It employed Robert R. Done to discover what the capacity of our 128,000,000 people is in the way of food and other goods; and whether our farms have been overproducing. Mr. Done has completed his research. His conclusion is that, far from overproducing, we are 50,000,000 tons of food short of normal requirements. He shows that our normal consumption of milk is 13 billion pounds short each year. His report also shows that we are at least 17 million acres of cotton short each year of the amount required to give us the necessary cotton material for clothing alone.

The well known, able economist, Col. Leonard P. Ayres, has recently pointed out that the shortage of durable (capital) goods alone amounts to approximately 85 billions of dollars. He further states that if this accumulated shortage had to be made up, our durable goods industries would have to operate at 25 per cent above their normal rates for 10 years. This would result in a tremendous increase in employment. In view of such facts, it is quite apparent that further industrial expansion is possible. We are only fooling ourselves when we conclude that there isn't any more necessary or useful work to be done, or at least not enough to give jobs to everyone. *Not until the material*

wants of our people have been fully satisfied, or the natural limits of production have been reached, can it be said that we have reached the limits of employment. We are prone to lose sight of this fact. Many of us also overlook the fact that our capital goods require replacement from time to time as they are continually wearing out and becoming obsolete.

According to James S. Knox, popular Chicago economist, 60 per cent of our factory equipment ought to be junked, as it is either worn out or obsolete. This also applies to our railway equipment. He further states that the nation could use 10,000,000 new automobiles, 750,000 new homes, and new furniture for these homes. I might also add that a very large percentage of the old homes need new furniture as well.

With such facts as these staring us in the face, it is simply preposterous to contend that we have been overproducing and that it is impossible to find markets for more goods. While it is true that we cannot sell more under existing circumstances, *we would be able to sell far more if everyone was gainfully employed*, so they would have something to buy with.

The expansion of markets is entirely a matter of increasing the opportunities for productive employment. This is the only way purchasing power can be increased in the aggregate.

INDUSTRIAL FREEDOM THE WAY OUT

That industrial expansion offers us the only practical solution of the unemployment problem must be conceded by all close students of political economy. While this can be accomplished in a socialistic state, as is proven by the Russian experiment, it can also be accomplished in what socialists term a "capitalistic state" providing industrial freedom has been attained. In either case it is just a matter of removing the obstacles to such expansion. Russia removed these obstacles by *nationalizing all natural resources* and industrial monopolies. In doing this she not only made it easier to get access to natural resources, but she also made the carrying on of industry more profitable. While we have been experimenting with schemes for restricting production in an effort to raise the general price level, the Russians have been doing everything in their power to increase the output of wealth and reduce prices. It ought not be very difficult to figure out which of the two policies is the sound one.

The only trouble with the regimentation scheme of the Russians is that it is very apt to give rise to evils that may be nearly as bad as those which they seek to correct. It is still too early to say that it has proven itself to be the better way out of the difficulty. While it may be better suited to the Russian temperament, it is doubtful if the American people would find it to their liking. We are largely individualists, both by training and tradition and are unwilling to tolerate much in the way of authority. Even delegated authority may become tyrannical. This regimentation plan calls for a far more complete surrender of personal freedom than is generally conceded. In the absence of a strong religious faith, the use of the mailed fist is about the only thing that can assure the cooperation which is so necessary to the success of such a plan. We cannot be too sure, either, that the socialization of industry on such a large scale will not tend to stifle individual initiative. The economic loss that might result from this and from the political corruption that is generally found associated with governmental undertakings, might more than offset any saving or economy that might be effected in a few cases by greater business consolidation.

Considering the fact that human nature is what it is at this particular stage of our evolution, it would appear that industrial freedom offers us the safest and most practical way of solving this unemployment problem and the kindred problems associated with it. Freedom is often not only the end to be attained but *the means to an end as well*. Once we have removed the obstacles which make industrial expansion unprofitable, it will not be necessary for the government to go into business on any large scale in order to find employment for those who need it, or to safeguard the earnings of producers. These problems will automatically solve themselves with the freeing of industry. The demand for labor will increase as industry expands, with the result that there will be plenty of jobs for all. When employers start to compete for labor, as will be the case when the carrying on of industry has been made more profitable, it will also mean the end of labor exploitation.

There can be no exploitation of labor when employers are no longer able to dictate the terms of employment. With monopoly and special privilege eliminated, there will be nothing to prevent the producer, be he employer, or employee, from securing the full product of his toil. Industrial freedom, which is guaranteed by a free earth and free competition, is our best safeguard against exploitation; yet only a few have been able to realize it.

While this industrial freedom program may involve some little extension of the functions of government into the field of strictly monopolistic business of a public nature, it calls for less interference of any kind in the field of strictly competitive business. If the government will only see to it that equality of opportunity is maintained in the field of industry, economic laws can be depended upon to give us a fair division of the things produced. The failure to realize this is responsible for the misdirected efforts being made to have the government take over this job.

There is no justification for the belief that industrial freedom will result in the exploitation of the weak by the strong, *if we will only see to it that equality of opportunity is guaranteed*. It is only because of monopoly and special privilege that such exploitation is possible now. Thus far we have never known what real industrial freedom means. We have mistaken license to rob the underprivileged masses through private monopoly and special privilege for industrial freedom. It is only because of these evils that "rugged individualism" carries with it the power to exploit. When we have industrial freedom we will have personal freedom, but not before. We should not lose sight of the fact that freedom carries with it not only the right to produce without hindrance but the right of the producer to enjoy the fruits of his labor as well. This is the kind of freedom we need and the kind that will rob so-called "rugged individualism" of its sting.

It doesn't require any change in human nature, or the use of the mailed fist to maintain such an economic system. The nation is soon going to be forced to choose between it and socialism. If it is to be socialism, it will likely be preceded by a bloody revolution, as any attempted wholesale confiscation of private property is sure to end in civil war. One thing is certain, we cannot continue to go on ignoring this problem much longer. To do so is to invite national disaster. Unemployment is our greatest national menace and disgrace. We must either blot it out, or idle hands will some day be raised to pull our present civilization down upon our heads.

The Machine Theory of Unemployment

Chapter 2

The belief that the use of machinery has resulted in unemployment has rapidly gained ground since the coming of the present industrial depression. While this theory of unemployment is a very old one, having come down to us from the distant past when the machine was but a simple tool compared to what it is today, it has gained in popularity and respectability with the coming of the Technocrats. The leaders of this new school of "parlor socialists" have been most successful as propagandists and, as a result, this old theory has now become a very live political issue, especially in this country. In fact, so popular has it become that our national government has taken steps to offset the supposed effects of the machine age upon employment. As long as this socialistic doctrine remained outside the realm of practical politics there was little to be concerned about, but now that it has progressed beyond this stage and is threatening to involve us in new and untried experiments which may prove most disastrous, it behooves us to give it serious consideration.

If it is true that under the existing economic order the use of the machine actually reduces the opportunities for employment, then it offers a very strong argument for the discarding of the present system of privately owned industry and the establishing of a socialistic or communistic state. We cannot accept this theory of unemployment and consistently oppose socialism.

To those who catch only the illusive surface appearance of things, it is an easy matter to become convinced that the use of machinery makes for unemployment. Such observers are unable to see that there is a vast difference between *saving labor and reducing the opportunities for employment*. There is no disputing the fact that the machine saves labor and even displaces it in certain lines of work. While this is true, it doesn't necessarily follow that its use actually makes jobs more scarce. If it could be shown that machine production makes for less industry, or that there isn't sufficient industrial expansion as a result of it to absorb the labor which it temporarily displaces, then and only then would we be justified in arguing that it has reduced the opportunities for employment.

We know that its use has not resulted in less industry but that it has to the contrary made for a tremendous expansion of the industrial field. Industry after industry can be cited that owes its existence to mechanical invention. Not only have new industries continued to spring up with the march of labor saving inventions but old established industries have undergone tremendous expansion. That this development of new industries and the growth of old ones has been sufficient to absorb the labor displaced by the machine is clearly indicated by evidence that is indisputable.

While it is true that the machine has sometimes destroyed old industries, it is also true that it has created new and greater industries in their place. In doing this it has *created new and in most instances more profitable jobs in the place of those destroyed*. Take the old wagon and carriage industry for example. While it has been reduced in size as a result of invention, this same in-

vention has given us an automobile industry many times its size and one, according to statistics, that is supplying *twice as much employment and paying higher wages*. The mining industry is another example of where labor saving machinery has greatly expanded industry. Had it not been for the compressed air drill and other modern labor saving devices for mining, smelting and milling low grade ore, much of our low grade ore deposits would still remain as nature left them. As it is, great mines, mills and smelters are scattered over these low grade mineral belts which, during normal times, supply employment to many thousands of workers.

We must not overlook the fact, either, that it requires industries to turn out machines, and large industries at that. It so happens that these machine producing industries are among our greatest employers of labor. Much of the unemployment that we have been experiencing since the present depression set in is traceable to the slowing down of this class of industry. The growth of our great die and pattern industries, which employ so much labor, is largely due to the development of modern machinery. It isn't only the number of workers that are directly employed in these machine producing industries, that we have to consider, but the many thousands that are indirectly employed.

There is another thing which the use of machinery accomplishes which is too often overlooked. *It reduces the need for work*. If, for example, the worker is able by reason of machinery to obtain as much goods for one day's labor as he formerly received for three, when the work was being done by hand, then it is obvious that he doesn't need such steady employment, providing he is satisfied with his standard of living. That he does receive more in the way of the products created, by reason of its use, is a matter of record. While it may be true that he doesn't receive all that he is entitled to, he does receive more than he would if he was obliged to get along without machinery. The tendency of machine production has ever been to reduce the cost of living by reducing production costs, or by improving the quality of the things produced.

It so happens, however, that few of us are satisfied with our respective standards of living, but are continually trying to improve them. Human wants continue to expand as means are found to better supply them. It is because of this that industry continues to expand with the march of invention and the *sum total of human labor is not diminished to any great extent despite the greater use of machinery*. While the machine saves labor, this saving only results in a still greater demand for the things produced. This is because, as we have seen, it makes for lower prices. Even industrial monopolies find it to their interest to reduce prices when means are found to lower production costs. *To increase the demand for goods is to increase the demand for labor*.

It is the contention of the writer that unemployment would in all probability be much worse, had it not been for the tremendous strides made by mechanical invention. The standard of living would also be much lower. In extending the margin of cultivation, or in other words by increasing the area of land (natural resources) that can be profitably used, the machine has continued to open up opportunities for carrying on industry where none existed before. It would have accomplished even more in this direction had it not been for the obstacles which man in his ignorance and selfishness has placed in the way of industrial expansion. Not only has mechanical invention opened up new opportunities for production, thereby creating jobs, but it has, on many occasions,

come to the rescue of established over-burdened industries and kept their wheels turning by reducing production costs. It has been a life line to many a struggling industry. One of the things which is helping to pull us out of the present depression is invention. Many thousands of useful inventions have been patented since the beginning of the depression and as they are made use of *new industries will spring up and the cost of production in many existing industries will be decreased.* The effect of this will be to increase consumption, which in turn, will result in a better demand for labor. Much of the recent gain in employment is traceable to this.

While the machine has made it possible to use less labor per unit of output, it has so greatly added to the total output of commodities as to require even more workers per thousand of population to carry on production and distribute the greater output. This fact is borne out by the census records as we will show. As long as human wants remain unsatisfied and prices tend to fall as *lower production costs are ushered in by the machine, any labor saved in one direction is going to be utilized in other directions.* While this necessitates the shifting of labor from one occupation to another, *it doesn't necessarily follow that the total amount of labor required to carry on industry and administer to personal wants is going to be any less.*

While some of the Technocrats have been trying to show that the tendency of invention to create new industries or stimulate the growth of old ones has more or less spent itself, there is absolutely nothing to justify such an assumption. As long as new inventions continue to multiply we can rest assured that new kinds of industries will continue to spring up to replace those destroyed by such inventions. If this tendency was not very strong during the final years of the last boom, it was only because of conditions which were making new industrial investments *unprofitable.* Our money was going into speculative ventures rather than into new industries. Such a condition cannot be charged up to the machine. When we come to learn what it is that at times causes the machine to stand idle, we will have discovered the reason why the machine user is idle. *Idle machines, like idle land, mean idle men.*

WHAT THE FIGURES SHOW

According to government statistics 2,000,000 people were added to new industries in this country between the years 1923 and 1928 as a result of new inventions. This shows the rapidity with which new jobs are created by invention to take the place of those which it destroys. In addition to the direct gain in industrial occupations during this period, there was a considerable gain in the personal service end of employment, which indirectly was brought about by these same new inventions.

According to the records, the increase of personal service and distributing jobs was more than enough to make up for the loss of employment in the primary stages of production which began to make its appearance beginning with the year 1918. According to official records gathered from the United States Department of Commerce, there was an increase in the total of employment between the year 1920 and 1927 to the extent of 817,000 jobs. There were 2,800,000 more people engaged in transportation, distribution, professional and personal service, and about 2,000,000 less in agriculture, mining, manufacture and government service. While there was a considerable loss in agricultural

employment during the boom years, as we can see by these figures, this industry now shows a gain of at least two million people.

When we come to consider the distributing end of business, we find that its tremendous growth is largely due to invention. It is the result of the *enormous increase in the output of commodities which the use of the machine has made possible.* The more products produced, the more labor it requires to distribute them. In the selling end of the business the machine has made little headway in displacing labor, which is also true of the personal service end. This accounts for the fact that *three-fourths of our workers are still engaged in hand labor occupations* despite the march of invention.

There are far more people per thousand of population engaged in the distributing end of business than there were before the advent of modern labor saving machinery. No one familiar with the facts will dispute this. Statistics prove it. Take the automobile industry for example. While there was some falling off in employment in the factory end during the final years of the last boom period, the distributing and service end continued to grow, according to official records, until the depression set in. What is true of this industry was also true of the radio and in fact nearly all manufacturing industries.

Let us briefly consider more in detail the personal service field of employment. It is sure to throw considerable light on the machine as a job maker. There has been a tremendous increase in this kind of employment, due to increased production, and there will be a still greater increase as the output of wealth increases. This class of workers is composed in the main of doctors, dentists, lawyers, nurses, teachers, barbers, lecturers, writers, public employees, beauty shop workers, photographers, artists, entertainers, bootblacks, and many other occupations too numerous to mention. Government statistics show that there was a marked increase of such workers between the years of 1918 and 1927, when our output of wealth was the greatest and when labor saving invention was making such rapid strides. There has also been a marked increase in the number of clerical workers, advertisers, brokers, bank employees, insurance agents and salesmen. While these workers are not to be included in the personal service class, they nevertheless are not directly engaged in producing goods. There was a time when it would have been utterly impossible to have maintained such large classes of workers who perform useful services although they are not directly engaged in production. The overhead would have been too great under conditions where the output of wealth was only sufficient to support those directly engaged in it. It is only possible now because the machine has greatly increased the output of wealth. In doing this it has given people more money to spend for such services.

Thus we see that while machines have shoved men out of jobs, as the Technocrats and Socialists contend, *they have also shoved them into jobs.* These doctrinaires have much to say concerning the machine as a job taker, but not a word about it as a job maker. According to statistics the machine tool industry has created 83,000 jobs; the electrical industry 1,000,000; radio, 100,000; motion pictures, 389,000; telephone, 357,000; airplanes, 50,000; rayon, 41,000; steamships, 217,000; refrigeration, 72,000; and automobiles 2,400,000. In the year of 1887 there were only 24 steel workers for every 10,000 people. By 1929 the number had increased to 32 for every 10,000 of population. This increase in employment is attributable directly to the greater production and con-

sumption of steel products which the machine has made possible by lowering prices.

What is true of the steel industry is true of the radio, automobile, and other industries. Improvement in the quality of radios and automobiles and the lowering of prices, also the result of labor saving invention, has greatly increased the demand for these products. This in turn has necessitated the employment of more labor in an effort to increase the supply, distribute and service it. This increase in the employment first manifests itself in the primary stages of the productive process, later on this increase may be lost and the labor transferred to the distributing and service end of business. Or in some instances it goes into other new industries with the shifting of demand. As long as the wants of consumers are growing, any saving to them by reason of lower prices will show itself in either an *increased demand for the goods which have been reduced in price, or for other things still desired*. In either case, as we have seen, this increase in the demand for goods results in an *increased demand for labor*. This has been proved by actual investigations made by welfare organizations. An account of some of these investigations was recently published by "Popular Mechanics," one of our most reliable monthly magazines.

Some little time ago the writer was addressing a meeting on this subject of unemployment. During the course of his remarks this question was asked of him, "Isn't it a fact, Mr. Speaker, that the washing down of the hills in the business district of Seattle, Washington, by means of improved hydraulic equipment, is saving the labor of many thousands of men, and, if so, hasn't this made for unemployment?" As my questioner sat down he received the applause of a large section of the audience composed of Socialists and Technocrats. When we replied that he was right in assuming that this labor saving device was saving the labor of a great number of men, but wrong if he believed that its use had prevented anyone from securing employment, he and his friends looked very much bewildered. When it was explained to the audience that this public improvement would never have been undertaken had it been necessary to resort to hand labor as the high cost of the work would have made it prohibitive, our questioner and his friends lapsed into silence. It was quite obvious that no jobs were lost if there was no possibility of performing this work by hand labor. As a matter of fact this labor saving device had actually created employment where none had previously existed.

There is perhaps no greater labor saving device than the steam shovel, yet contrary to the generally accepted view, it has created more jobs than it has destroyed. In the first place, it takes considerable labor to create these big machines, not only in their manufacture and transportation, but in getting out and transporting the raw materials used in their construction. In the second place, they are engaged in doing a tremendous amount of work *that would never be undertaken by hand labor, as it would be too costly*. Many a highway has been built or straightened out, many a dike thrown up, and many a canal dug that would never have been undertaken had it not been for this invention. To the extent that this is true *it has been a creator of jobs*. Had it not been for

Footnote—A report recently issued by the vice president of the Ford Motor Company is to the effect that the installation of more labor saving machinery by his company has in every case been followed by more employment.

this machine and the steam dredge, the Panama Canal, which supplied much employment either directly or indirectly, would never have been constructed. Then there was a time when the printers looked upon the linotype machine as a destroyer of jobs, yet government records show that there are far more people engaged in the printing industry per thousand of population than before this great labor saving device came into use.

For another example take the Grand Coulee Dam, which is now under construction here in the State of Washington. This power project will directly employ around 5000 men while another 5000 will be required to supply the materials going into its construction. Here is an undertaking that is going to give employment to at least 10,000 people that would never have been even considered had it been necessary to do the work by hand labor.

The census records since 1870 give us a very accurate picture of the status of employment up to 1930. They show that in the year 1870 it required only 324 persons out of every 1000 of population to produce what consumers demanded, while in 1930, with far more machinery being used, it required 400 persons out of every 1000. This doesn't indicate that machinery has reduced the opportunities for employment. It is a complete refutation of the allegation that it has reduced the opportunities for employment.

It must be admitted that if the machine has operated to decrease the number of available jobs, then the increased competition in the labor market *would have the effect of forcing wages down. This in turn would make for a lower standard of living. This is a self-evident fact. It would be utterly impossible to advance wages, or even maintain them in the face of increasing competition for the remaining jobs*. It is the height of folly to assume that wages and living standards could be raised in the face of increasing unemployment.

Now, what are the facts in the case? The records clearly show that instead of wages and the standard of living falling with the march of labor saving inventions, *they have actually risen*. They are also higher in the nations which make the greatest use of machinery. A comparison of living standards is sufficient proof of this if we refuse to accept wage statistics. Even during the short period from 1890 to 1928 there was a steady upward trend of wages in this country, according to the report of the Research Committee on Social Trends.

Figures published by the National Industrial Conference Board, which has always been regarded as a very reliable statistical gathering agency, also show that the real hourly wages of all labor increased 27 per cent in the ten years from 1920 to 1930. This was the very time, according to Howard Scott, Dean of the Technocrats, that machinery was making its greatest inroads into employment. This would indicate that Mr. Scott was guessing wrong. The fact is that wages have more than doubled since 1914, according to government reports. The purchasing power of wages has risen 40 per cent during the same period. If these advances in wages and living standards prove anything at all, they prove that the machine, instead of making jobs scarcer, has *actually made them more plentiful*. This upward trend of real wages indicates but one thing, and that is that the demand for labor instead of decreasing *has actually increased with the march of invention*. There is no escape from this conclusion. This is one instance where facts disprove theories.

RUSSIA'S RECENT EXPERIENCE WITH MACHINERY

If any further proof is needed to show that the machine is not guilty of the charge brought against it, let us take the recent experience of Russia. When the communists came into control of the Russian government they found that this old problem of unemployment was the most serious one they had to face. They immediately started to remedy it by buying and building the most up-to-date labor saving machinery that could be had. They were at least wise enough to know that the more machines they could put to work *the more need there would be for labor to man them and distribute the greater output of commodities*. Not only have they been able by this policy to find employment for men, but women as well. They now boast that they have stamped out this unemployment evil. What is more they have not found it necessary to make drastic cuts in working hours in order to do this. If this has been the effect of labor saving machinery in Russia, there is no reason why it should have any different effect here. Russia's experience would indicate that *we have not been making enough use of machinery*.

The fact that the machine is publicly owned in Russia does not alter the case, for if it makes for unemployment it will do so regardless of ownership. A postage stamp canceling machine will displace as much labor in a public owned postoffice as in a privately owned one. It is also just as necessary to find jobs for those displaced in one case as in the other, if unemployment is to be avoided. The only difference is that in Russia *new opportunities for employment are being opened up by destroying the private monopoly of natural resources and by making use of more machinery*. This can be accomplished under private ownership as well as under public ownership.

While our needs as a nation may not be as great as are those of the Russian people, they are still great. There are very few among us who cannot use much more of the products of our mines, mills and factories than we have been getting. The lack of the comforts of life are to be seen on every hand. Even when production here was at its peak, we were not producing enough to supply the needs of all, even had the output been equitably distributed. Official records prove this. At the present time our greatest shortage is in capital goods. Our leading technologists frankly admit that a very large percentage of our equipment for carrying on production, (capital goods) is either worn out or obsolete. Our deluded over-productionists appear to overlook the fact that equipment becomes obsolete, wears out and must be replaced from time to time. There is enough work that ought to be done in this capital goods end of production alone to give steady employment for years to come to every idle worker in the country. There is also a need for far more wage earners in the consumption goods industries if people are to have what they need. The needs of the American consumer are still great despite the present sluggish demand. Just because markets often reach the saturation point is no reason for concluding that they cannot be expanded.

UNEMPLOYMENT NOT LIMITED TO THE MACHINE AGE

Unemployment is not limited to the modern machine age by any means. If history can be relied upon, it was a *much more serious problem in many parts of the old world prior to the advent of modern labor saving invention*. It also

happens that it is still a serious problem in those countries which still do most of their work by hand labor. No one familiar with the facts will dispute this. As early as the 16th century unemployment was so serious a problem in Europe that laws were passed to prevent the use of simple labor saving devices that were beginning to make their appearance. According to history, inventors were even put to death by their governments and many inventions were destroyed by mobs of idle workers. The terrible poverty of European workers during both the 16th and 17th centuries would indicate that there must have been a serious lack of employment, as the two are very closely related.

IN CONCLUSION

The fact that we are able to show that this unemployment problem was a most serious one long before the so-called machine age and that it is just as serious in those countries which still do most of their work by hand labor, compels us to look elsewhere for the cause of unemployment. The belief that machinery has been responsible results from the failure to trace its effects upon employment beyond the first and primary stage. It is a very easy matter to become convinced that it is crowding wage earners out of industry if we shut our eyes to its far-reaching effects. If we are to ascertain the cause or causes of unemployment we must look to those things which operate to check industrial activity. We have seen that the use of the machine has not made for less industry, but to the contrary, has greatly increased it.

The Short Work Day As a Remedy For Unemployment

Chapter 3

There are many who argue that the way to create more jobs is to reduce working hours. This remedy for unemployment has become quite popular since the coming of the depression, not only with the wage earning class, but with the big employers of labor as well. In fact, so popular has it become that it is now an established policy of our national government. Our big employers of labor are farsighted enough to see that this scheme of creating more jobs affords them a splendid opportunity to shift the tremendous cost of unemployment onto the workers themselves. We therefore find that Messrs. H. I. Harriman, president of the United States Chamber of Commerce, and Walter Teagle, president of the Standard Oil Company of New Jersey, were laboring shoulder to shoulder with Mr. Green and other leaders of organized labor to make this short work day idea a part of the recovery program.

This short work day remedy for unemployment is nothing more or less than a share-the-work scheme, as the only thing it does is to divide up what work there is among more people. The amount of unemployment when considered from the standpoint of the total hours given over to production is not increased by such a plan in the slightest degree. It simply results in less employment for those who are obliged to give up some of their working time so that others may also be employed. This might not be so bad were it not for the fact, that in giving up some of their working time they are also obliged to give up a part of their earnings which a longer work day would give them. This is where the shoe pinches.

It is to be regretted that Mr. Green and other labor leaders are unable to see this. We can rest assured that Messrs. Harriman and Teagle are not so blind. It is obvious that to reduce the hours of labor to any appreciable extent is to reduce the output of the worker, other things remaining the same. Given the same tools to work with, it is apparent that he will not be able to produce as much in five or six hours as he has been producing in eight. What is happening, of course, where the work day is being shortened beyond the customary eight hour period, is an attempt on the part of the employer to force wage earners to speed up production in order to make up for the loss of time. This attempt is already meeting with their resistance as they feel they are working fast enough as it is, which is probably true. On the other hand, we can rest assured that our employers are not going to pay wage earners as much for a smaller output of commodities as they have been paying them for a greater output. If they find that they are not going to be able to force them to speed up production so as to make up for this loss of time, which is seldom possible, they are either going to reduce nominal (money) wages, or raise the price of the goods produced. In either case the results are the same. The easier way is for them to raise prices, which is equivalent to a reduction of real wages.

All the economists are agreed that output is the major factor in determining wages. The only reason the American wage earner receives higher wages than the Chinese wage earner, is because he produces more. If his output was the same, his wages would be the same. We must not overlook the fact that wages are paid, not from the earnings of capital, but out of the product of the laborer; hence the smaller the amount of product, the lower the wages. It is folly to suppose that the owner of industry is going to absorb this loss in output due to a shorter work day, when he is able to shift it onto the worker in higher prices, when they come to buy back what they have produced. He is justified in doing this too, if he is doing business in a competitive market, for in this case he must shift it, if he is to remain in business. Very few competitive businesses are profitable as it is, and thousands of them throughout the country have "gone to the wall" since the present depression came. One of the major problems right now is how to make business more profitable. It is therefore unreasonable to assume that this loss of production is going to be borne to any extent by the owners of capital. There is no escaping the fact that to decrease the output of labor is to increase the unit cost of production, if nominal wages are to remain the same. This being the case, the government can not very well object when prices are raised to take care of this increased cost.

If this remedy for unemployment is going to reduce the earnings of labor (and it is apparent that it is going to do just this) then we must oppose it if we have the interest of the workers at heart. Such earnings are too low as it is. It is of vital importance that they be greatly increased if we are to ever stamp out involuntary poverty. Instead of trying to reduce the output of labor, we should be doing everything possible to increase it. It is apparent that the more we can increase production the more there will be to distribute in the way of earnings to the workers. This is no time to be talking about working less and producing less when wealth is so scarce with most of us and debts are piling up on every hand. Until our empty larders are replenished and our debts are paid, we should be giving more time to production. An industrial depression calls not for a shorter day and a reduced output, but a longer work day and a greater output. This is the only way we can make up for the losses sustained as a result of it. It is quite possible to supply ample employment for all without placing any restrictions upon working hours, if we will only free industry of the shackles which bind it.

It is quite probable that the time may come when it will be possible to reduce working hours considerably without working any hardship upon the worker. Before this is possible, however, it will be necessary to see that wealth becomes more plentiful and producers are relieved of the necessity of supporting a large class of non-producers. Thus far our "short work day" doctrinaires have suggested no plan whatsoever for making wealth more plentiful or for relieving producers of this burden of supporting a large class of non-producers. In fact, most of them would add to their burden by adopting monopoly creating industrial codes, pension schemes, and by placing higher taxes on labor products. It is only as we relieve labor of such burdens that we will be able to make any material reduction in working hours. One thing is certain, they cannot continue to support those who do not labor for what they get, and

expect to work fewer hours. Should the proposed Townsend pension scheme be enacted into law it will be necessary to greatly lengthen the work day if workers are to have anything for themselves.

The writer has always been in favor of reasonable working hours for labor and was among the first to sponsor the eight hour day in our workshops. There may be a few industries where even a shorter work day is desirable in the interest of health and longevity. On the other hand, when this shortening of working hours is offered as a remedy for unemployment, especially at a time like this, when the nation is facing scarcity on every hand, he is forced to oppose it in the interest of producers themselves. Such a policy can only handicap us in our efforts to put this latest and most serious industrial depression behind us.

As long as there is such a difference in the capabilities of men and circumstances often tend to favor some over others in the race for material wealth, there will always be those who will have more of this world's goods, even under the most just economic conditions. We can, of course, take from the more efficient to give to the less efficient, as we are now doing, and thus discourage thrift and enterprise; or we can restore equality of opportunity and by so doing make it possible for all to have what they earn, which will go far towards filling the gulf which now exists between rich and poor.
