

ADDRESS ON UNEMPLOYMENT

Gentlemen:

This is the third year in succession that I have had the privilege of addressing your Chicago University Seminar on unemployment and needless to say, I feel that it is a responsibility as well as a privilege to follow in the footsteps of such Economists as Sir Josiah Stamp and Mr. John Maynard Keynes. I have devoted the last six months in a haphazard way to a careful study of the unemployment figures as reported by the Department of Labor and the various Trade Unions and have been conducting an intensive research into their formulation under the direction of Professor Leo Wolman who is generally recognized as the leading authority in this country. Without any further introduction, I would like to open the meeting with the assertion that the Roosevelt Administration has so far made no material indentation in the ranks of the unemployed and on the basis which it is proceeding, can never hope to make any material progress. Figures on unemployment are not strictly accurate as we all know, the Trade Union figures being inclined to be too great and the Labor Department figures too small. Somewhere in the middle we must look for the truth. Suffice it to say that in 1934 the most accurate estimate placed the number of unemployed at ten million and on October 1st, 1935, this number had been reduced through the medium of the same source of figures to about nine million. In the meantime, the number of people graduating from Universities and through coming of age becoming available for the labor market amounted to about 500,000. It will not take much of a mathematician to see that if these figures are accurate, the problem is insoluble as 1934 has been relatively speaking a year of recovery and assuming that for the next five years we should have a similar recovery, unemployment would be reduced by five million people, whereas in the same period the number of people becoming available for work would be increased by two million five hundred thousand and this is on the assumption that improvement will continue on the same rate as in 1934 until 1939. It is not a very pleasing

picture and one which will undoubtedly give a great deal of concern to Secretary Ickes and Mr. Roosevelt during the months to come.

Personally, I am not satisfied with the figures and in a group such as this it is not necessary for me to state the intricate refinements necessary to produce them. I simply throw them out as a challenge to those of you who are seriously thinking on this question and with the urgent exhortation that those of you who are statistically minded should concentrate your attention toward further clarifying these statistics and refining the method of taking the gainfully occupied census. To those of you who are more interested in theory than statistics, I urge that you devote yourself to a study of the social effects of this problem and of the causes underlying them. I might say in passing and as conclusion to my introduction that there is no problem so worth-while to study and out of which in my estimation a man or a woman could derive more satisfaction than in feeling that in some small measure he or she had placed their shoulders to the wheel of helping humanity out of this morass. Although I am still relatively young my own views have begun to solidify in the matter and in the last few years I have been so burdened with administrative duties that I have no doubt some of you can check up on the more or less dogmatic assertions which I am about to make.

Before introducing the body of this address, I should like to urge every one of you, if you should get to New York in the course of the next few weeks, to attend a current Broadway play entitled "Let Freedom Ring". It is a poorly constructed play, lacking a certain unity and cohesion necessary for a well rounded literary vehicle but emotionally almost perfect and as clear a piece of presentation of the problem of exploitation as an intelligent thinker could desire, and a good deal of our thinking on this problem must be motivated by emotion as well as reason.

Unemployment is not to be identified as a problem of general over-population. There is no reason to believe that the industrial system has in any sense of the word reached the stage of over-expansion where it is unable to

absorb the growing supply of labor. There is no reason to believe that any new stimulus to industry, or new discovery of natural resources are methods of production is necessary to improve the status of the working people. In fact there is conclusive reason to believing that no new stimulus or new discovery would make any lasting impression on the fundamental causes of unemployment. I make these assertions dogmatically after several years of careful thought and will be prepared to defend them at the end of the hour.

Unemployment arises because while the supply of labor grows more or less steadily the demand for labor, in growing, varies incessantly as to its character, volume and distribution. These variations are due very largely to trade fluctuations and to the control of sources of production by many competing employers. It is perfectly obvious that in a system where separate producers each with a life of their own, growing or decaying in ceaseless attrition on their neighbors, there must insecurity of employment. Unemployment is part of the price of competition, part of the waste without which competition would be impossible. In fact it is possible to say that the dominant specific factor in unemployment, namely cyclical fluctuations can be ultimately traced to this source. There is therefore much justification for socialist criticism of the existing state at this point. Our answer to this point must necessarily take the form of a gloss rather than a definite refutation or denial, i.e., there may be worse things in a society than unemployment such as general lack of initiative and intelligence. The practical answer however must take the form of reducing the pain of unemployment to relative insignificance. If the solution to the problem of unemployment consists in guaranteeing every man willing and able to work of a steady job at a guaranteed rate of wages, it is an impossible problem of solution and from many points of view, undesirable. On the other hand if the solution to unemployment means that society shall take upon itself the responsibility of seeing to it that no man able and capable of working should come to destitution and degradation through want of it, the problem is not only ^{not} insoluble

but a thoroughly reasonable and desirable goal. In short, the goal is just as definite and the distance not infinite. Every worth-while citizen regardless of how easy his own lot may be, if he or she is something more than china ware should be exerting every effort to aid in the solution of this problem. This goal must be accomplished through making the supply of labor more capable of following the demand for labor and of waiting for the demand for labor.

Hence, we must take a definite policy. The demand for labor cannot be stereotyped except in a static industry. The supply of labor, however, may be made immeasurably more capable of following the demand. It is a matter of industrial organization of meeting needs which are now met wastefully because without deliberation on an established basis. Fluctuations in trade are now provided for by huge stagnant reserves of labor in varying extremities of distress. There is in the nature of things no reason why these needs should not be met by organized reserves of labor raised beyond the power of distress. To be able to follow the demand, labor must have more intelligent methods of locomotion. It must be possible for men to move from place to place but from trade to trade. There must be better guidance of juveniles in the choice of careers. To be able to wait for the demand, labor must have a better level of subsistence. A man is not self-supporting unless his income provides a sufficiency not only for the time while he is working but also for the period of inevitable unemployment. And likewise I say and say it over again, an industry is not self-supporting, nor even on a profitable basis regardless of what system it works under, Capitalist, Syndicalist, Facist or Communist, unless it can provide for its workmen and for the reserves of labor necessary to promote it both during the period when they are actually employed and during the period when they are in reserve. These two methods then are in one sense complementary and in another sense alternative.

~~It is possible to follow the demand~~ The better the supply of labor is able to follow the demand, the less need there will be for waiting for the demand and the better the supply of labor is able to wait for the demand, i.e., the larger the wages and the better their distribution, the less need there will be for following the

demand. We must make people more capable of following the demand for labor through labor exchange organizations. We must ultimately have in this country a system of employment agencies as well run and as strategically located as are the public libraries in our large cities. Organization of the labor market in all its aspects must be undertaken on a scientific basis. Industry must face the problem of retaining for older men, older men's jobs and if your Capitalist theorist reaffirms his faith in individualism by stating that employers are not philanthropists and therefore hire the men they feel will be most capable, they must nevertheless face the problem that if they desire to operate on this basis, they must provide for these older men capable of working, whom they are thus throwing out of a position by a tax on the wages or the profits of their industry. Statistics show that older men are as capable of holding positions as younger men and are fulfilling their duties as capably as younger men. Their problem arises when due to industrial transformations and the attendant dislocation of labor, they are cut off from employment at an age from 45 upward. Regardless of how fine their record may have been in their previous position, they are definitely discriminated against wherever they apply for a position. Through the organization of labor exchanges, it should be possible to utilize some ten years of labor now very largely being wasted. The problem of making the supply of labor capable of waiting for the demand is in the final analysis the problem of wages, of their amount, division and expenditure. It is perfectly obvious that the average man or woman cannot through saving average his or her income over their life time, through any other means than insurance. While not desiring to approve 100% of the Social Security Act about to be administered by Mr. Winant, I nevertheless feel that it is a step in the right direction and that those of us who are endeavoring to struggle forward toward a better and more equitable society, should lend our support to the underlying principles of the measure. Too many people nowadays are knockers and have very little constructive criticism to offer. I am not one of those who believe that a man should not criticize unless he has something definite to offer,

but at the same time I think that it is much easier to criticise than to build and that individually and collectively we should not act like spoiled boys who are mad when their particular ideas are not accepted and refuse to play ball. We are definitely headed in the right direction through making it possible for the supply of labor to follow the demand through labor exchange organization and making it possible to wait for the demand through unemployment insurance.

As a matter of actual fact I can sum up all I have succinctly stated heretofore by stating that we should utilize as our criteria the assumptions of economic theories. If the demand for labor were concentrated in one spot and supply of labor were perfectly mobile, it would not be hard to show that unemployment would be in a constant state of disappearance as the flux and flow would definitely be toward equilibrium. This is an unattainable goal but sometimes economic theory is an excellent core around which to build a practical program. We must do everything humanly possible to concentrate the demand for labor within limits and to make the supply of labor as mobile as possible.

My conclusion necessarily must end on a note of criticism. Unemployment insurance has become unemployment relief. Witness the example of England, a great nation caught in the inexorable grasp of a shift in the economic balance of the world and of the secret revolution of the birthright. Basically I think that the Italian Etheopian derives its roots from this same problem. By our huge relief expenditures and the assinine methods in which they have been distributed all the approbrium that had been heaped on the lazy and the shiftless has now been lifted. There is no real difference now in world society between the farmer who works for a living and the farmer receives a check from the Government because he plants no seed. I know of several southwestern Missouri communities where the Government has definitely established a minimum standard of living, i.e., a shiftless and lazy family receives a minimum of income considerably higher than they would ever have obtained before the vote getting politician encouraged their belief that they deserved a higher wage. There is a great deal of difference between destitution of a dishonest nature and that which comes to the man who is

sincerely endeavoring to earn his keep. What we are actually doing here is actually breaking down the competitive system, that is, we are no longer attempting even to reward people according to merit. In other words the man who really merits through his work, training and ability a higher income than he is getting, is now to be further submerged by the necessity of the Government taking from him a portion of the little he had and distributing it to the bums in our corner saloons, simply because they feel that their standard of living is ungentlemanly if they don't have three glasses of beer a day. I cannot condone this. I cannot see how any right thinking man or woman can and to my way of looking at it, it makes no difference what the form of society, it is wrong. I know that there will be some of you who will rise after this meeting and I have no desire to keep you from doing them and tell me that what is wrong is our system; that things would be different if this were a Communist State or a Socialist State. I have no quarrel with your viewpoint but I have honestly tried to think through this problem and am certain that it is ultimately a matter of human nature. Some people are honest and some people dishonest and a system of governmental relief which we have been partaking of is basically a dishonest system and it will be dishonest no matter who administers it. Governments all over the world today are doing everything possible on an unprecedented scale without fully recognizing what they are doing to undermine the basis of Capitalism. But make no mistake about it, there is no difference between the tyranny of Facism as depicted by Mussolini and the fanatical horror of Germany as depicted by Hitler, or the regimentation of Russia as evidenced in the present regime. Men all over the world are losing sight of the basic worth-while qualities of human life. In Russia it is a crime to own three cows. In Germany to be a Jew. Both are fanatical viewpoints and neither one of them liberal. We are all struggling to solve this problem and to those of you who have tonight received a degree of Ph.D. from one of our most noted Universities, should recognize that sanity is the most important thing today; that those of us who have had a modicum of education should fight everywhere against intolerance and above all should be kindly in our viewpoints. The further we go, the more

we are bound to come into contact with people who tell us that there is no use, that the world has always been thus and so and always will be, that it is useless to fight against the pricks. We will be met on every side by the sceptics who assure us that there is no use to struggle; There is one thing I admire very much about the pickets that you often see in strike areas or even in such a ludicrous thing as walking up and down in front of a restaurant with a sign on your back "Unfair to Labor" and that is that they have some fight in them, some spirit. Those of us who are not so ignorant as some of these people would do well to show a little more of the spirit which they exhibit. It is a great deal harder to intellectually picket than to do so physically, but that is what most of us must do. It may be true that ideas and thinking have little effect in the short run of things but make no mistake about it, in the long run, ideas can and do rule the world.

I would like to recommend in closing, one book, a book which will be of no value to any one of you who are not technical students of economics, but in my humble opinion, it is the finest book that comes from the pen of any economist in our generation and strange to say, it is a defense of the conservative viewpoint. It is written by a young student who entered the University of Paris at the age of sixteen, firmly convinced that Socialism was the answer to the world problem. Shortly after entering college his mother and father were killed and he was left penniless. For twelve years he worked his way through school and as I heard him state to a gathering, never owned a text book of his own until he ~~was~~ was made a secretary to an amiable newspaper reporter. Despite the fact that he was confronted on all sides with the snobbery and the shortsightedness of the average well-to-do college student, he failed to let it embitter him and the only indictment he has to offer is the general indictment of thoughtless human nature. The book I refer to is entitled "The Great Depression" and is written by Lionel Robbins whom I have no hesitation in believing will become one of the most important intellectual influences in the Eastern Hemisphere. I would like to conclude this brief address with an added exhortation to continue

the struggle against what is in the final analysis the basic cause of all depressions and most of human misery, namely, human stupidity and greed.