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# The Realities of Unemployment

By *HARRY L. HOPKINS* *Administrator*  
**WORKS PROGRESS ADMINISTRATION**



● We cannot produce more and more goods to employ our people unless we maintain the purchasing power of these same people to buy the goods produced.

His (the worker's) job must be as stable as possible, his hours short enough to let others also have jobs, and his buying power must be high.

● We must not lose sight of the fact that the WPA's job is to create jobs—useful jobs, of course, but jobs for people who can't find work. That must remain our concern ahead of anything else.

● For the very life of business, the mass of people must be able to buy, for mass production is the heart of the system. With all this talk about taking care of the unemployed, what is going to take care of the unemployed employer? **NOTHING EXCEPT THE CONSUMER'S DOLLAR.**

● Our aim is to supply to industry as many physically strong, mentally alert, skilled workers as we can.

● The Federal Government cannot refuse responsibility for providing jobs to those whom private industry does not hire. . . . I am sure America will win this fight where other nations have failed. It will win because it has the brains and the wealth and the leadership.



# The Realities of Unemployment

BY HARRY L. HOPKINS  
ADMINISTRATOR 

WORKS PROGRESS ADMINISTRATION  
WASHINGTON, D. C.



IT IS perfectly plain from remarks that can be heard on every hand that very few people have even a good working knowledge of the employment situation in which this country finds itself today. And why should they? We have had unemployment in serious quantities for 40 years, but all we ever did about it officially until less than 4 years ago was to ignore it. The policy of the United States toward the twin questions of unemployment and relief has long been a source of amazement to economists and other interested persons. Let me quote briefly from a recent issue of the *London Economist*:

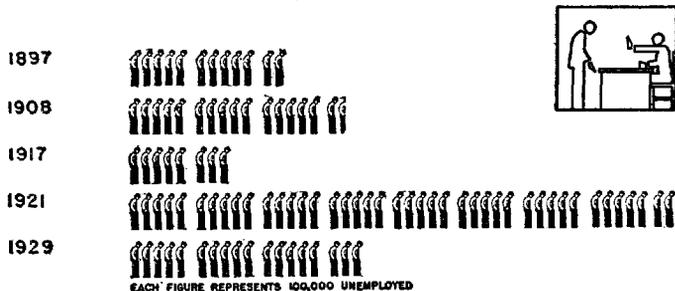
“Until the onset of the Great Depression, America prided itself on giving no thought to unemployment. Even in periods of abnormal activity there was always a body of unemployed workers who may well have been numbered in millions. Indeed, unemployment is an inevitable concomitant of any dynamic community, and in a country where conditions change so rapidly and so ruthlessly, and where ‘labour turnover’, voluntary and involuntary, is so high, the normal minimum of unemployment must necessarily be considerable. But it was contrary to the established social philosophy of the country to admit that any able-bodied and efficient workman could remain out of work for more than a temporary transitional period, or that he should be assisted by the community if in want. The older and more settled States on the Atlantic seaboard had inherited from England a rudimentary Poor Law of an Elizabethan character, but these institutions were not intended for the able-bodied poor and made little contribution to the relief of destitution arising out of un-

employment. Broadly speaking, the only recourse of the indigent working man was to charity, and previous visitations of depression had always been surmounted, not without great suffering, by special efforts on the part of private and semiofficial charitable institutions.”

## What About This Indictment?

What about this indictment? Is the journalist being unfair to us? I think not. There has been an unemployment problem in this country for nearly half a century. There are estimates of unemployment in four basic industries (manufacturing, transportation, construction, and mining) since 1897. These

Unemployment Is Not New



show that an average of one able-bodied workman out of every ten has been out of work. In these four industries, in 1897, 1,200,000 Americans were out of work—17 percent of all their labor. There was a run of prosperity up to 1908 and the number dropped to 600,000, but it skyrocketed to 1,650,000 in that year. It was a million in 1911 and over 1,800,000 in 1914 and 1915. Even in the war period of 1917 and 1918, there were 800,000 people out of work in these four industries. In the depression of 1921 the num-



ber of unemployed in nonagricultural industries soared to over 4,200,000. Throughout the 1920's the estimates range from 1½ to 3½ million.

All these figures, remember, cover only part of the total labor. It is likely that total unemployment in the United States was consistently well above the figures I have cited.

But the figures are only important in showing the wide spread of the problem and how long it has been with us. They only help to dramatize our social blindness. As a people we ought to know infinitely more than we do about this question. We should have been discussing it publicly for at least 20 years.

## How Many Are Unemployed?

How many Americans were unemployed in March 1933? Call it 18 millions or 13 millions—the smallest figure is bad enough. How many today? Eleven millions or eight millions? In any case it is nearly one employable worker out of five and at the lowest point of this depression it was almost one out of three.

One major obstacle in the path of meeting the problem of unemployment has been the absence of really adequate unemployment figures. In Europe they know what their problem is. The unemployed must register at an employment office to get their unemployment insurance benefits. These registrations show how many are out of work in the insured groups—and these insured groups include most of the total workers. Some day when our unemployment insurance plans get into operation, we will have information as good as this. We will know how many are out of work and who they are.



At the present time all we have are estimates of unemployment in addition to our relief figures, which show how many unemployed are receiving public assistance. But we know that many, certainly millions, of other workers have no jobs and receive no public aid. How large this group is we don't know. We should find out.

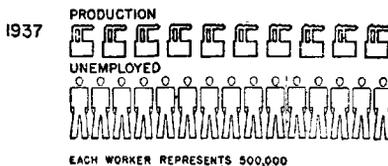
I am convinced that we ought to find out by taking an unemployment census. A census will give us a pretty exact picture of our present unemployment problem—a much better picture than we have now. I realize there are a lot of difficulties in taking a census. It is no

easy matter to define unemployment for purposes of enumeration. The part-time workers, the self-employed, and others create census problems. But the job must be done. Despite the difficulties we would

certainly know more about the problem than we know now. Moreover, I think we should have censuses of unemployment every few years. With periodic censuses of unemployment it would be possible to compile good estimates for the periods in between enumerations on the basis of the employment statistics.

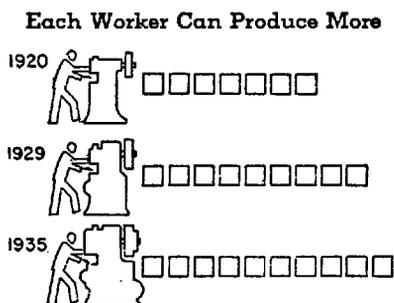
This information would be a guide to policy. It would eliminate much of the popular confusion arising out of the widely divergent estimates—both good and bad—we find at the present time. In all fairness to the public and to the unemployed we must know more about this problem.

1929 Production Is Not Enough



# Unemployment in the Future

What everybody wants to know, of course, is what we may expect in the way of unemployment in the future. I believe that under our present system we will have to face indefinitely the fact that many people will want jobs who cannot find them. There will be differences of opinion as to how many of these jobless are really able workers who could hold jobs if they had them, and how many have been unable to



keep up in the economic scramble and should be retired under security provisions. The facts for such discussions should be developed as soon as possible by an unemployment census, but even

these facts will change from year to year with varying business conditions. For example, there were many thousands more skilled people on the rolls of the WPA at the outset of this year than there probably will be in 1937.

A great many people keep voicing the hope that American business can regain the production levels of 1929, and there is in these remarks the ingenuous implication that when this happens our troubles will be over. But in reality we are right now only about 10 percent below 1929 production, and the experts feel certain that we will reach it in 1937. Yet the end of our troubles seems a long way off. There were about 1,800,000 unemployed even at the 1929 peak, but next year, with the same volume of production,



carefully prepared estimates indicate that there will still be some  $6\frac{1}{2}$  to  $7\frac{1}{2}$  millions unemployed. I use the term "unemployed" to mean jobless workers. You can subtract from it whatever number you feel are not employable. This factor is highly debatable. I know there are now a vast number of our jobless workers who are exceedingly able, and who have much to contribute to the American economy.

## Causes of Continuing Unemployment

The various causes of this continuing unemployment are familiar to all of us, but too often we discuss them individually rather than en masse, despite the fact that their effect upon conditions is always a mass effect. Due to the growth and improvement of machines the average American worker in 1935 produced 39 percent more than he could in 1920. In 1935 he produced 10 percent more than he could in 1929. It follows that to reduce unemployment to the 1929 level we would have to produce 10 percent more goods and services than we did in 1929. But that is on the assumption that we have the same number of workers now that we did then, and this is a false assumption. Our population is growing steadily. About one-half a million more young people enter the labor market each year than the number retired because of age and death in the older brackets. I mean half a million net. This is nearly the equivalent of a city the size of Washington, D. C. These young people are eager and ambitious and willing to start at the bottom. They are particularly adapted to the high speeds of mechanized industry. They have long potential periods of usefulness. The result of this competition has been to make it very difficult for



men over 40 or 45 to obtain any kind of work. It is a growing practice in industry to limit the hiring age to 40 or 45, and many of the older relief workers probably will never find private work again.

The increase in labor supply, therefore, is another major factor we must consider in the reduction of unemployment. And it has been estimated that with this element included, our total production would have to be 20 percent above the 1929 level to reduce unemployment to the proportions of 1929, or 45 percent above what it is today.

Of course, even then we could not stand still for any length of time. The very nature of American business is that it is constantly surging, shifting, and changing. Machines will grow more and more efficient, displacing more hand labor and requiring greater production to provide the same number of jobs. The population will continue to increase, requiring still higher levels. As yet we have arrived at no tested method which can prevent cycles of prosperity and depression. Other types of business change will cause added unemployment. There will be stranded populations in the areas from which industry has moved away, or in the sections where soil or natural resources have been exhausted.

## Fluctuations of Employment

I don't want to paint a picture that is all blue, but I think the time has come when it is vital that the people of this Nation should face the facts and start considering what they want to do about them. With wisdom and foresight, the problem can be solved in a way that will hurt nobody and will bring to the people as a whole the greatest era of health and prosperity and happiness ever attained in any nation.



But it can be done only if Government works with business and business works with Government toward a common end. We cannot produce more and more goods to employ our people unless we maintain the purchasing power of these same people to buy the goods produced. As we progress along the line of industrialization, the problem becomes more and more complex. Practice has shown us that the larger the industrial unit, the less secure are the jobs of those who work in it. Monopoly controls price. When price is not flexible and does not drop to meet depressed conditions the only alternative is wholesale dropping of production and, therefore, of workers. By the same token the greatest industries produce durable capital goods and durable consumers' goods such as radios, automobiles, and electrical appliances. As we progress industrially, more and more of our industrial labor is involved in the production of these durable goods. But when a crisis comes these are things we *can* do without. It is not pleasant, but we *can* do it. The result is that these industries suffer heavy declines in production and throw increasingly large numbers of workmen into idleness. And business itself *cannot* do without the dollars which these workers spend as consumers, but which they cannot spend when they are idle.

Here are some examples of how fixed prices are accompanied by greater unemployment than are flexible prices. Agricultural implements, motor vehicles, and iron and steel are centralized industries which were able to control prices pretty well. The price of agricultural implements dropped only 6 percent and as a result production of these implements dropped 80 percent. Prices of motor vehicles dropped only 16 percent and here again their production went down 80 percent. Iron and steel prices dropped only 20 percent while production fell 83 percent. In each



of these three industries far more than half of the total workers lost their jobs. On the other hand, the prices of textiles, petroleum, and farm products dropped heavily to meet the reduced national income and their production and their workers suffered less. Textile prices dropped 49 percent and their production dropped only 14 percent. Petroleum went down 56 percent with production falling off only 20 percent. The prices of farm products fell 63 percent and their production was off only 6 percent. You can see that the necessary reductions in labor in these industries were, therefore, much smaller.

I would not presume to detail the things that business and industry can do of themselves to help work out the American answer, except to plead that the key to it is the American worker. His job must be as stable as possible, his hours short enough to let others also have jobs, and his buying power must be high.

## What the Government Can Do

The Government can do a great many things. It can take the lead in such security measures as unemployment insurance and aid for dependent children. It can keep children out of the mills and sweatshops and help young people to stay in school, out of the labor market.

The idea of helping students to stay in school, so that they may become better fitted for economic competition, should be continued. In fact, we must cut into the labor supply at each end—keeping youngsters out of it while they study, and also lowering the minimum age at which the veterans may retire on old-age pensions or insurance. Modern



industry demands a higher tempo. Why should not the work-period be shorter?

The Government can strengthen public employment offices, and urge private business to use them. It can aid in fostering low-cost housing. It can attack the appalling health conditions now widespread, particularly in rural areas. It can explore the desirability of health and disability insurance. It can appeal to the States to act quickly and effectively on social security provisions.

Finally, the Federal Government can continue to provide a program of public works like the WPA for employable workers who cannot find jobs. Laudable as unemployment insurance is, it only covers about half the workers, excluding agriculture. Its compensation period of 10 to 14 weeks will protect many from job to job, but there will be many others whose unemployment periods will be much longer.

## Government Maintenance of Labor Reserve

We have always had a labor reserve, perhaps because American business demands it. If so, this reserve may need to be larger as our industrial structure becomes more complex. In the first 30 years of this century, this labor surplus was maintained in a meager, pitiful way by private charity and local public relief. Industry paid a small part of the bill for this charity, but the workers themselves paid the dearest price of all, in degradation and misery. American industry, the most efficient in the world along technical lines, was inefficient in maintaining its labor reserve. It was willing to keep its machines well-oiled and cared for even when they were idle.

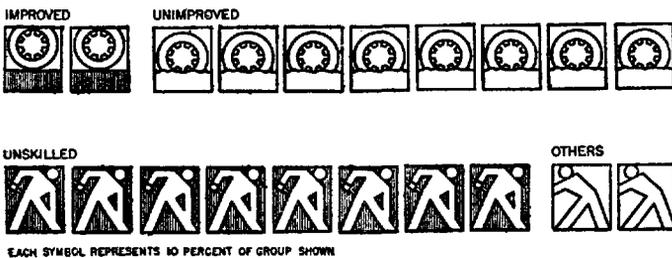


But it didn't see the need for keeping its workers from going rusty.

"They also serve who only stand and wait." That is a classic line. In recent years it became a very tragic line. The workmen who wait so that industry can be served in its busiest periods have done more than their share of the service. They do not want to stand and wait, they want to work. They have had work under the WPA and they like it. And I am convinced that the city and State officials responsible for a large part of the program, and the public, like the program.

In such a plan the Government simply recognizes the problem, puts it on a scientific basis and asks

**The Jobless Can Build Needed Roads**



business to contribute—not hit-or-miss, but on the tax basis of ability to pay. The Government gives work to this surplus labor, maintaining its skill and its self-respect. This is industry's insurance of reserve labor when it is needed. The more labor which industry absorbs within itself, the less its taxes will be—just as when you reduce an accident risk or a fire risk, your insurance premiums are reduced. I believe industry is beginning to understand that these steps are as much in its interest as in anyone's interest.

It isn't often realized, but in many sections of this country we literally kept many industrial organiza-



tions together when they were not operating more than a day in every week or two. In those terrible times we employed their workers on Federal work projects so that they could live. Thus we were indirectly helping industry, for it was able to reach out for its trained men when the demand returned. Large numbers of other skilled workers are leaving the rolls of WPA to take private jobs everywhere.

Isn't it a terrible indictment of our way of doing things that there are still millions of unemployed, and yet we are hearing repeated forecasts of a serious shortage in skilled labor? Isn't that something to be worked on promptly? Because the paralyzed market was choked with idle men in the skilled crafts, we did not train new craftsmen. If such a shortage develops, ways must be found to train men with the least possible delay. For every possible job is going to count, and every key position which goes unfilled will also leave unfilled the numerous jobs for unskilled people which generally supplement it.

This wholesale departure of skilled workers from the WPA rolls has, I am sure, worried those who want us to do building-construction and other similar projects. I want to remind you that four out of five WPA workers have been unskilled or semiskilled all along. Yet they have built parks and roads and water and sewer lines and they can keep on building them indefinitely without meeting the need. Improvements of this type increase the actual dollar value of all property they touch. This increases local tax revenues, as well as the liveability of your communities. I believe you also will admit that the health, educational, and recreational and cultural services of our white-collar workers are reducing the costs of crime and disease and charity, and that they are raising the whole standard of American living.



## Relation of W. P. A. to the Unemployed, Unemployable

We must not lose sight of the fact that the WPA's job is to create jobs—useful jobs, of course, but jobs for people who can't find work. That must remain our concern, ahead of anything else.

Let me take up again for a moment some of the misunderstood points about unemployment and its relation to the WPA. Many people still don't understand the fundamentals of this thing. They are still saying: First, that the WPA is robbing the labor market, because workers on our projects refuse to leave them even when offered private jobs. Second, they say the Administration's program is unsatisfactory because there are still from 8 to 11 million unemployed. And third, they charge that with the rapid pick-up in business, relief rolls have not dropped as rapidly as they should. These allegations illustrate clearly the welter of confusion which exists between the terms "unemployment" and "relief."

Unemployment and relief are entirely different things. Relief includes the *unemployables*. The two groups represent different problems. We have the facts about all the people who have been touched by any public relief program—dole or work, Federal, State, or local. But all of the relief programs never cared for anywhere near all of the unemployed. Probably no form of public aid ever reached more than half of them. The other half are the people who lost their jobs, but still managed to fight their way through because they had savings they could use, or relatives or friends who would help them.

It is generally agreed that there are from 8 to 11 million unemployed. The WPA now employs only



about 2,500,000. Manifestly it is ridiculous to charge that the tail is wagging the dog.

There is another angle to this also that ought to be answerable solely by plain horse sense. The average earnings of a WPA worker are \$50 a month. His hours are limited so that he cannot exceed the allowable earnings. I ask you, is it reasonable to suppose that an American worker who is the head of a family will reject desirable private employment to remain in such a situation? The answer, as we have found in investigating thousands of cases, is that if there actually was a job—which in many instances there was not—there was something wrong with it—sub-standard wages, or the kick-back, or some other unreasonable requirement.

## Need for Continuing Work Relief

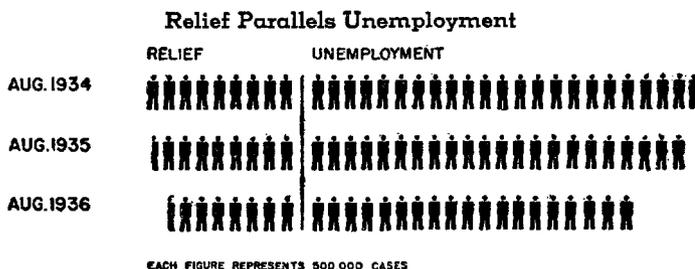
This brings us to the question of why we must have continuing work-relief with industry booming at its present level.

Here again appears the confusion between unemployment and relief. Leaving out those victims of depression who were unable to work because they were too old or sick or handicapped, there were two distinct kinds of unemployed workers—those on relief and those not on relief. Obviously the people *not* on relief were the stronger. They had fared best when the crash came. Either they had accumulated savings, or their relatives had accumulated savings, or they had not been fired until after the others. They were the people industry was most reluctant to discharge, and those whom it discharged last. By the same reasoning, it took them back first. All through the period during which industry was getting under way again, these people who never had



been on relief were getting the bulk of the new jobs. Moreover, a vast number of workers who never had been actually unemployed, but who had been reduced to part-time status, were recovering their full-time work and pay. Obviously, when these nonrelief unemployed returned to work or when these part-time workers returned to full-time activity there was no reduction in the relief load. When, on the other hand, one of them exhausted his resources and was forced to go on relief, the relief burden was increased.

A year or two ago, this outlook was very discouraging. Today it is vastly better. Unemployment



has dropped at least one-third from its peak—possibly 40 percent. At the same time the relief load has dropped substantially. In August it was nearly 28 percent below the peak. For about 2 years, relief has pretty well paralleled unemployment. Now it is dropping, almost in the same ratio as unemployment; 417,000 heads of families and single persons have left the rolls in 1 year, and it is apparent that industry is now reaching substantially into the relief group for labor.

## Cooperation of Government and Business

I hope that in my eagerness to tell the whole story I have not been too discouraging. I am not discour-



aged, or even doubtful. We can lick this thing. We need the help of business. We have no hostility toward business. Those who say we have are doing a disservice, not only to business and to us, but to the whole country. We have learned to distinguish between business and business *men*. Business of itself is not altruistic in nature. Many business *men* are. Sometimes competitive industry may compel business to do certain things against the public interest which many business men are hoping that with Government aid they will not have to do.

There are plenty of business men who realize that when millions are in actual need it is stupid for the top one-tenth of 1 percent of the people to be getting as much income as the entire bottom 40 percent. It is as stupid as it was in the days of Louis the Sixteenth when Marie Antoinette said: "If they have no bread, let them eat cake."

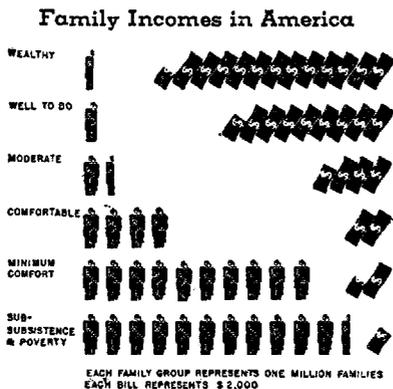
For the very life of business, the mass of people must be able to buy, for mass production is the heart of the system. With all this talk about taking care of the unemployed, what is going to take care of the unemployed *employer*? Nothing except the consumer's dollar.

There has been a tendency to accuse the unemployed of being unpatriotic, of trying to get something for nothing. What can the worker without a job say to the landlord when he comes to collect the rent? Can he say: "You be patriotic and don't evict me"? What can he say to the milkman? Can he say: "I can't afford to buy milk for my babies so you be patriotic and give it to them"? What can he say to the doctor when there is desperate illness in his home? Can he say: "You be patriotic and waive the bill"?

What we have been doing is putting the burden on the unemployed. We have told them to be



patriotic and to submit meekly to whatever comes, taking what little is offered, letting their humility prove, by some strange yardstick, the measure of their loyalty to the country.



In a word, we have asked them to be better citizens than their landlords.

And unless we intend to ask others to help them in something like the way I have outlined, we must create a situa-

tion in which they are able to pay their way.

The country is coming out of this depression. It looks forward confidently to a period of business activity and prosperity. The national income is the best criterion of general economic well-being, for it represents the money value put on all the goods and services produced through the joint efforts of labor, management, and capital.

Adequate recovery cannot be attained until the national income exceeds that of 1929 by at least 20 percent. But why should we limit our national income to that level? There should be no limit on our efforts to raise the general economic level of the American people. Certainly we have no right to talk in terms of any set figures until our people are adequately housed, properly clothed, fed with proper regard to nutrition, and educated with a view to releasing their latent abilities.

When we emphasize only the fact that 8 or 10 million people are still unemployed, we admit a defeatist attitude toward our national destiny. That is another way of saying that we do not know how



to utilize their brains and brawn to produce the goods and services our people eagerly demand.

Unemployment has an economic as well as a human aspect. Beyond what we owe to the unemployed, we owe it to our national economy to make the maximum use of the energies which millions of unemployed are now compelled to waste.

The American Nation cannot go forward to the heights of economic well-being on which it has a right to live unless its manpower is used. The conservation of our human resources should be our guiding principle. It is of greater importance, even, than the conservation of our physical resources. Indeed, the former will automatically include the latter.

We in the WPA recognize that it is not enough merely to provide the able-bodied unemployed with jobs at security wages. That is the emergency phase of our task. Now it is passing, and we move into the reconstruction phase. Our aim will be to supply to industry as many physically strong, mentally alert, skilled workers as we can. We believe that will prove to be one of the most effective ways of reducing the relief rolls to a minimum. We know from experience that the skilled man has a much better chance of holding his job when business turns downward than the unskilled man. Increasing the skill of those now on relief would not only be a service to them but a service to the Nation by increasing its productive power.

We ought to be able to go steadily forward to an ever-rising standard of living, but in the meantime we must be realistic about it. The Federal Government cannot refuse responsibility for providing jobs to those whom private industry does not hire.

I am sure America will win this fight where other nations have failed. It will win because it has the brains and the wealth and the leadership.

