

THIRTY PEARL STREET
BOSTON 6, MASS.

June 14, 1945

The Honorable Robert F. Wagner, Chairman
Banking and Currency Committee
United States Senate
Washington, D. C.

Dear Senator Wagner:

In response to your letter of May 22, I am glad to answer the question you have raised with regard to the Full Employment Bill of 1945.

(1) Among the basic responsibilities of the Federal Government in the maintenance of full employment are the following:

(a) The gathering, organizing, and publishing of full information regarding the conditions that affect production and employment. This should cover the condition of business and credit in general, specific industries of major importance, specific conditions and prospects in agriculture, and the situation as regards fiscal and financial background. This information should be organized on a regional basis as well as on a national basis and should take account, though in less detail, of foreign conditions and the prospects of international trade.

(b) The recognition by Government of the employment-making function of business and a careful consideration as to whether any particular legislative or administrative policy assists or deters the expansion of highly productive and well-paid employment.

(c) The assumption of the residual responsibility for providing employment when private employment under favorable conditions has been unable to do so.

(2) The specific improvement in the Bill which should be considered by the Banking and Currency Committee is the elimination of the provision for long-range forecasting called for in Section 3 and the procedure called for in Paragraph (c) of that Section. The most valuable feature of the Bill in question is its provision for the current reporting of the conditions which determine the policies which the Bill establishes. A dangerous feature of the Bill is the proposal that this information be used as the basis for determining what shall be done throughout the following fiscal year. It involves the element of prophecy. I seriously doubt if prophecy is possible. As an example, the question may well be

asked whether an administrative body or group of experts in January of 1937 could have predicted the conditions which would prevail for that fiscal year as they actually began to show in the period from June on. We cannot prophecy clearly enough to make these advance determinations. What we can do is to keep currently informed of a situation to which we can adjust current policies. The Bill should be amended to this effect.

(3) With the important amendment suggested above and with such other changes as may appear wise after further considerations in hearings and by the Committee, I would urge that the purposes of this Bill be enacted into legislation. It will still be ineffective in producing the results desired, however, unless Government fiscal policy is geared to the program and unless many measures which come under (1) (b) above are also taken care of. Furthermore, there should be a concentrated drive for getting local, State, and Federal projects out of the "planning" stage into the "plans and specifications" stage. The "shelf" of Government projects is more of a dream than a reality. There is necessity for both loading the shelf and restraining the temptation to unload it and place contracts for anything except the most necessary projects at times when their initiation would not have the most favorable effect on the maintenance of employment.

(4) It is not a question as to whether the necessary cooperation would be obtained. It must be obtained. In other words, the passage of the Bill in a satisfactory form is highly important, but it is only the beginning of the process of assuring employment.

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Besides the above answers to your specific questions, I would like to add a few remarks on the subject of "the right to useful, remunerative, regular, and full-time employment" set forth in the third and fourth lines of page 2 of the Bill.

This right to a job is a right which I myself have come, after much thought, to accept as an objective which our society may attain. It is a right which has to be organized and is not quite comparable in this respect to the rights of free speech and freedom of assembly established in the Bill of Rights.

One of the characteristics of the Bill of Rights is that the privileges it confers come automatically to the citizen unless he is restrained from exercising them. Preserving rights is, therefore, a matter of overcoming resistance.

With these rights go certain duties. In the above case, there is the duty to resist those who seek to restrain, and that duty to resist extends even to suffering wounds and death. This was the extent to which our duties were carried in the War of the Revolution, and to which, in the American view of the conflict, they are being carried in this Second World War.

The right to a job is not clearly established on the same basis. As stated above, it has only recently become clear to me that it is a right, at all. If it is a right, it is so by virtue of the complexity of our modern economy which makes it less and less easy for the individual to find rewarding work than was the case in pioneer days and in the generations immediately following in this country.

If we admit the right to a rewarding job as one of the human rights, we must still note certain differences between it and those set forth in the Bill of Rights. We do not assure ourselves of a job by a simple resistance to some person or some group who is keeping jobs from us, as in the case of those who seek to impede free speech and free assembly. The duties involved in supporting that right are of a completely different sort. They involve constructive action, cooperatively undertaken by many different elements of society in a rather difficult field of operations.

Some of these duties, without which the right cannot be implemented, devolve on the individual. Some devolve on business enterprises, some on organized labor, others on local and State Governments, and still others on the Federal Government.

The individual has no right to a job unless he is productive and self-reliant, and energetically seeks employment. To assign the right to individuals who do not possess these qualities is to subsidize idleness and social parasitism.

On business devolves the duty of operating at its best possible efficiency and of thereby making it possible for it to expand production and employment, which it should do to the limit of its capacities for solid, sustained growth. It has no duty to furnish employment at a continued loss, since this would reduce the volume of employment furnished, rather than increase it. Business can likewise properly be curbed in activities which seek to contract employment and expansion by eliminating competition.

Organized labor has serious responsibilities in implementing the right to a job. That right cannot be established without the cooperation of labor unions and the abandonment of practices which in some instances defeat the objective of this Bill. Besides specific practices of this sort, there is a general responsibility resting on union negotiators to see to it that wage, hour and production standards sought by the union do not form parts of a total aggregate which so upsets the wage-cost-price relationship as to decrease the total volume of employment.

Local and State Governments have duties in connection with the wisdom of their tax policies, the effectiveness of their preservation of human and property rights and, in particular, the timing of construction work and any other expenditures which are not on a current basis.

The Federal Government has very large and serious duties to perform if the right to a job is to be made effective. It must do much more than store up work for release when unemployment is large. It must prevent the growth of that unemployment by policies which encourage business to expand and investors to undertake new ventures.

All of the above are prerequisites to the Government's assumption of its final responsibility of furnishing work itself when employment lags.

This list of prerequisites is not to be understood as being a series of hurdles over which the unemployed worker must leap one after another before he becomes eligible to Federally provided work. All of these duties which implement the right and all of the activities which are required by these duties have to be carried on simultaneously. With this done, at any given moment the number of unemployed to be taken care of by the provisions of the Full Employment Bill may be brought small enough so that the available useful work will actually meet the need.

There still remain certain difficulties, both in the amount of Government work which can be provided and in having the required amount of work ready at the time and place at which it is needed.

Some years ago, I was one of the authors of a book entitled "Toward Full Employment." The position taken in that book was in favor of the provision of Government employment on productive work when private employment failed. I have since, however, come to the conclusion that it is exceedingly difficult to provide Government work on a large scale. I would, therefore, now emphasize the need for employing every means to reduce the number who must be supported by Government employment. Furthermore, the last few remaining millions of unemployed will be of the problem type and exceedingly difficult to handle by Government employment. There will be concentrated in those last few millions individuals who are problems in themselves; also there will be various localities and industries which present special situations which it will be difficult to meet by any general provision of employment. For instance, the Missouri Valley Authority development could not easily take care of unemployment in Southern textile mills. Nevertheless, Governmental expenditure, properly proportioned and properly timed, is one of the important weapons in the arsenal for fighting unemployment.

Referring again to the scale on which the Government provides jobs, it is impossible to have this on the enormous scale which would have been required by the Great Depression, except by controls which approach the organization of a totalitarian government. We have had such enormous Government employment during the war, but to provide the same volume in peace-time, it would be necessary to continue the totalitarian features of war-time control.

The scale on which Government work is to be provided must be kept to a minimum if we are to implement the right to a job. The right to a job is real, but it can never be realized without the careful and intelligent performance of the duties whose performance will alone make it possible to implement the right.

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As you doubtless know, the Committee for Economic Development is studying the questions involved in the purposes of this Bill. The objective of the CED is the attainment and maintenance of a high level of productive and profitable employment. Earlier in this letter, I spoke of the responsibilities of business. The field work of CED is a definite endeavor on the

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part of business, regionally and locally, to perform its part in expanding and maintaining private employment.

Furthermore, it is the purpose of the Research Committee, of which I am Chairman, to examine and report on all those other factors which make the "climate" in which business operates, so that we may have the best possible conditions for business to operate under in performing its part in the increase and maintenance of employment.

This letter is a personal response to your inquiry and is not at all a CED document. It has been my past experience in the work of the Research Committee that my own opinions have become modified by the rigorous discipline to which we subject ourselves in the joint examination of these problems by businessmen and social scientists. It is, therefore, quite probable that, at a later date, I may see reason for modifying some of the opinions herein expressed.

Sincerely yours,



Ralph E. Flanders

Ccs: Senator Murray
Senator O'Mahoney