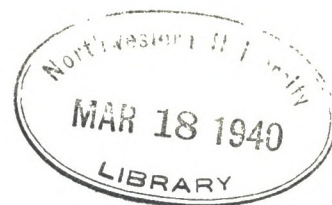


FEDERAL WORKS AGENCY
WORK PROJECTS ADMINISTRATION

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CAN INDUSTRY HIRE THE UNEMPLOYED?

The following address was delivered by Corrington Gill, Assistant Commissioner of the Work Projects Administration, over W.B.C., on Saturday, March 23, 1940, at 1:30 p.m. (EST), at a luncheon meeting of The People's Lobby, National Press Club, Washington, D. C.:

The question "Can Industry Hire the Unemployed?" is certainly timely. Like many other large questions, all kinds of answers are given. All kinds of reasons are advanced to explain unemployment. This year will bring a new crop. Next to the war in Europe, probably no other problem will receive so much attention.

Some people blame industry for not doing something about unemployment. This, I think, is the wrong approach to the problem. Industry can do little or nothing directly about it. Industry hires all the workers it can. If business prospects are good you can be sure that industry will reemploy people. Individual business enterprises hire what labor they need - no more, no less. If 10 million people are unemployed it is not because industry does not want to give them jobs. The real reason is that business cannot make a profit by giving these people work.

From the depths of the depression in 1933 to the end of 1939, business reemployed about eight and a half million workers. This is a real accomplishment - one that is frequently forgotten in the heated discussions about unemployment and the responsibilities of business. This big increase in employment was made because business prospects were good. Any further

increases in employment will come about for the same reason.

This brings us to the question: How many workers must industry reemploy in order to bring unemployment down to a low level? We can get a good idea of the size of the job by looking at the number of people now regularly employed and the number available for work.

There is very little guessing on these points. Some people at present are trying to convince the public that little is known about the size of the unemployment problem. We know a good deal about it. Of course, we need to know more, and much more will be known after we get the 1940 census returns.

Let's look at the simple facts, and add up the figures which show us what we have to face. In the first place, how does regular employment compare now with the prosperity era of a little over a decade ago? Official figures show that employment a few months ago increased to a high level, partly because of the great activity brought about by the war. We know that the volume of industrial production reached an all-time peak. Yet the figures show that there were 1,500,000 fewer workers employed than in 1929. This is one element in our unemployment total. Incidentally, employment has dropped drastically in the last month or two.

Now, let's look at the second and largest element in our unemployment total. This is the increase in the labor supply that has taken place since 1929. The increase has amounted to 6,600,000 persons - that is, the number working or looking for work has increased by this amount over the number working or looking for work in 1929. There are two reasons for this growth.

In the first place normal population growth adds to the labor supply. Secondly - and this point is confusing to most people - the age structure of our population is changing. There are now relatively more people of working age than there were ten years ago. Difficult as it is to believe, the increase in the number of people of working age has been greater than the increase in the total population.

This fact is important. It has been overlooked by some well-known newspaper columnists, and others as well, with the result that they think unemployment is less serious than it really is. The facts of the situation are that the labor supply is much larger than 11 years ago and there are fewer jobs to go around. Anyway you look at it, you cannot escape the fact that the size of the problem has grown.

Let's add these figures up. The first figure I gave was the 1,500,000 unemployed who represent the decrease in employment from 1929 to 1939. Then add to this the 6,600,000 more workers in the labor supply. This comes to 8,100,000 increase in unemployment over an estimated 2 million in 1929.

The situation then is this. Industry has reemployed about 8 million workers since 1933. This represents a half-way mark because there are still 8 million more who need jobs. Industry cannot put these all to work quickly even under very favorable circumstances. It will take years to do the job. And each year another 600,000 workers are added to the labor supply. We have to keep on increasing employment each year by this figure just to hold our ground; if we want any reduction in the 8 million who ought to get jobs we must increase activity much more.

Some idea of the size of the problem can be seen in this way. If industry increased employment each year by the enormous figure of 2 million, at the end of five years we would have unemployment down to about 3 million.

Such an increase is most improbable. Industry does not expand that much or that steadily for so many years at a stretch. What are the prospects that private industry will be able to absorb these unemployed workers?

I am not going to try my hand today at the tricky game of business forecasting. There are serious obstacles to the rapid and easy sort of long-time economic expansion we became accustomed to in the past. The disappearance of the frontier and the apparent absence of any revolutionary development like the automobile have made it, and still make it, difficult to find adequate outlets for the savings we, as a nation, tend to accumulate in prosperous times. War and other difficulties abroad dim the chances of foreign investment as a stimulus. Rigid price and cost policies and the growth of trade barriers between the states in recent years have handicapped economic expansion. How rapid our progress will be in overcoming or circumventing these obstacles I would not want to predict. Twenty years, or even ten years from now, the level of economic activity may be such that unemployment will no longer be a serious problem.

We are concerned, however, about the present and the immediate future. The policies we are now formulating must be policies that will apply to the next few years. Here I think something definite can be said about the prospect for the absorption of the unemployed. From 1933 to 1937 the rate of recovery was, it is generally admitted, pretty rapid; as

rapid, certainly, as we are likely to see in the next few years. Even if we could hit the recovery pace of 1933-1937 again, it would take us five or six years to absorb most of the unemployed. A realistic appraisal of the present prospects for business expansion suggests that any such rate of increase is highly unlikely.

It is not now a question of recovery. We recently recovered to the 1929 level of activity. What we need is expansion far beyond the levels of any earlier period.

We must, of course, continue and intensify our efforts to stimulate and encourage expansion of economic activity in every way possible. But we must not delude ourselves into thinking that we can perform miracles. We are going to have a serious unemployment problem on our hands for a considerable time to come. It is better, not only for the unemployed but for the country as a whole, that we recognize this fact and make our plans accordingly. Not only must we provide a means of livelihood for the unemployed, but we should also make the fullest possible use of this opportunity to turn their desire for useful work to account in ways that will be of definite value to their community and to the nation.

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