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MRS. FLORENCE KERR ADDRESSES ADMINISTRATIVE CONFERENCE AT RICHMOND, VA.

The following address is for delivery by Mrs. Florence Kerr, Assistant Commissioner, Work Projects Administration, at a meeting of public officials and WPA administrative staff members, at the John Marshall Hotel, Richmond, Virginia, on Wednesday, April 24, 1940, at 1:40 p.m., Eastern Standard Time. The address will be broadcast over station WRFD.

I suppose all of us have been thinking about the tragic storm of war that is raging so mercilessly in Europe. The news from each new battlefield arouses our emotions of indignation and pity. War holds us from day to day in a spell of anxiety. And sometimes, between the newspaper headlines and the radio, we find it hard to think of anything else but the war abroad.

Yet there are, as we well know, other things to think about -- other things right here at home that we must think about. Our own country's unsolved problems are among those things that we cannot afford to forget or neglect.

And the first thing I want to say about these unsolved economic problems of ours is that the European war is not going to solve them for us. I think that everyone here realizes that fully. Yet we are now hearing again the same talk of "war prosperity" that we heard last fall when the war in Europe began. We are hearing -- I am sure you must all have heard it said -- that now the war orders will pile up, now business will boom, now there will be no need for us to worry about the unemployed.

No responsible political leader, no responsible industrialist, no responsible newspaper editor today believes that the European war will solve our American unemployment problem. Yet that sort of talk spreads and is listened to, and is made by some the excuse for the neglect of our

I don't think I need to tell you that American war-prosperity is a delusion. I think you realize that the war in Europe has involved large and definite losses for American business, and will inevitably involve further losses; and that it is extremely questionable to what extent any possible gains can make up for these losses.

There was no real reason last fall for us to expect the war in Europe to bring to American business the fabulous prosperity that was freely and widely predicted. There was not the slightest possibility that war business could provide any very extensive amount of work for our unemployed. Yet we did have a brief psychological war-boom in American business. About half a million of our unemployed did get jobs in private industry, jobs which for the most part had no connection with war orders. I wish that new employment could have been maintained and increased. But today it has been entirely lost. Our psychological war-boom has collapsed. And we are now back about where we were when the war in Europe began.

War has not abolished unemployment in England nor in France. In England the total amount of unemployment was actually greater three months after the war started than it was just before the war. We ought to know that war is a disruptive force in any economy.

I hope we are not going to let ourselves be fooled by the false promises of war prosperity. I hope that the delusive expectations of huge gains to be won by America from the tragic sufferings of Europe will not lead us to neglect our unemployment problem.

I think you are pretty well acquainted in your own communities with our WPA program. You know what it does for your needy unemployed workers and their families, and you know what it does for your communities in helping to provide them with needed public improvements and services. You are also well acquainted, I am sure, with whatever shortcomings and weaknesses our program may have shown in your communities. I shall ask you to cooperate with us in making our program better, for it is only through the cooperation of public-spirited citizens in every community that the WPA can achieve fully satisfactory results. But first I want to discuss the general problem of unemployment.

Or rather, I should like to discuss the larger economic problem of which unemployment is a part. And I want to discuss this larger problem in the simplest possible terms. This larger problem is one of production and distribution of goods, and it inevitably arises in every country that has gone to any lengths in mechanizing its industry.

From the time that machinery first began to take the place of the old handicrafts, it has brought with it a promise and a threat. The promise was that the necessities and the comforts of life would be brought by machinery within the reach of all. The threat was that machinery would take jobs away from workers and leave them without any means of livelihood.

In actual fact both the promise and the threat of machinery have been continuously coming true for the last hundred years -- always to a limited extent. Workers have been thrown out of work by machinery; and machinery has made the necessities and comforts of life more easily available

to larger and larger numbers of people. In the long run, over any considerable period of time, we find that the promise of machinery seems to cancel out the threat. That is, when goods are cheap and more people can buy them, more people can get jobs producing those goods.

So far, I believe, this is the classical doctrine of conservative political economists. Moreover, they tell us that this not only has happened in the past but will happen in the future. I don't think it is so automatic as all that. I think that this economic process has reached a point where we have to help it along and guide it with all the human wisdom we have.

This economic process involves two things -- production of goods and distribution of goods. We now have machinery so improved and so efficient that the glorious promise of the machine might actually come true within the next few years -- the promise of an abundance of the necessities and comforts of life for everybody. Our productive arrangements are almost ideal in their perfection today.

But what about our economic arrangements for the distribution of the goods that we produce? That is a different story. We seem to be far less efficient in getting these goods into the hands of the consumers. And I don't mean by this to criticize our storekeepers. So far as the physical and technical apparatus of distribution goes, our whole system of shops, display, advertising, salesmanship and delivery -- we are efficient enough. No, the trouble is with the consumers of the nation. The fact is that about two-thirds of the families in the United States don't buy enough goods to use up the products of our farms or keep our factories busy.

They don't buy enough goods for a reason that is well known to all of us -- because they haven't enough money. Some of them haven't enough money because they get low wages, and some of them because they haven't any jobs at all.

Theoretically, according to the classic principles of economics, this is impossible. In the primers of economics, which begin with four men on a desert island, it never happens. Supply and demand, prices and wages, interest rates and profits, are always in perfect balance in the economic life of those four men on that desert island. There are no depressions, no bankruptcies, no unemployment crises on that desert island. There are no wars, no dictatorships, and I believe I am correct in saying no income taxes on that desert island. However, as we all know, things are different in the actual world, so let us turn back to it.

I should like to turn back to the state of affairs which existed in the middle and latter part of the last decade, the golden Twenties, that period of glittering Prosperity in which we danced to the sound of flutes from Wall Street right over the edge of the precipice into the abyss of the depression, from which we have had so long and painful a time climbing out. Back in the golden Twenties we didn't have quite such wonderful machinery as we now have, but what we had was so efficient that we could produce more of everything than our own population could buy. I don't mean that we could produce more food than the American people could eat, or more clothes than they could wear, or more houses than they could live in -- no, but far more than they had the money in their jeans to pay for.

So what did we do? During the war we had got into the habit of lending various European countries money with which to buy our products from us, and after the war we extended our list of creditors and lent or invested money more widely in various ways in Europe. Some of it came back to us in payment for our American wheat and corn, our beef and pork, our cotton and steel and other things of which we had more than we could sell to people here at home. It did not, at the time, seem a crazy arrangement --- until the whole fantastic structure tottered and collapsed late in 1929.

Looking back, I think we can all agree that we were leaving unsolved a fundamental problem --- the problem of how to distribute our surpluses of American goods to the millions of Americans who would have been glad to have them. I recall that, among other things, American money helped to pay for the erection of great areas of model dwellings for workers in various German cities. I am not sorry that German workers had those model dwellings to live in; but I am sorry that we didn't think of some way to put our money into similar housing projects right here at home, for the benefit of American workers. I am not sorry that we helped to feed and clothe people in Europe; but I regret that we didn't try seriously to find some way to get our American food into more American stomachs, and our American cotton goods on to more American backs.

Ever since the miraculous schemes of the golden Twenties so dismally collapsed, we have been forced to face the problem --- how to get the products of American agriculture and industry more fully into the hands of American consumers. I am not going to discuss the difficulties

of changing our price system. Anyone living in an agricultural state knows that low prices paid to the farmer for his products may not, and often do not, mean low prices to the ultimate consumer. American farmers, who make up 25 per cent of our population, receive only 11 per cent of our national income. And this in itself suggests that the problem needs to be attacked at the other end -- by finding ways and means of increasing the income of that great segment of our population which does not buy enough goods of any kind.

More than four million families, or 14 per cent of all American families, have an average income of only \$312 a year. Then there are more than eight million other families, 27.5 per cent of all American families, whose average income for the whole year is \$758. And then there are nearly seven million families, 23 per cent of all American families, whose incomes average \$1224 a year, or about \$100 a month. These figures are based on a detailed study of incomes in the United States during 1935 and 1936, conducted by the Bureau of Labor Statistics and the Bureau of Home Economics, in collaboration with the National Resources Committee.

Adding together these three groups we find that nearly two-thirds of all American families had incomes of less than \$1500 a year, the average being only \$826 a year -- or \$69 a month for the whole family.

Mr. Milo Perkins, President of the Surplus Commodities Corporation, speaking at Des Moines, Iowa, a few months ago, gave in addition to these figures an estimate of how much is spent for food by people in the different income groups. He estimated that people with an average family income of \$1224 a year spend about \$2.18 per person per week for food, or ten cents per meal.

Ten cents per person per meal does not sound to me like very luxurious living. But Milo Perkins takes it as a practicable goal, and considers what would happen if every American family now spending less was able to spend ten cents per person per meal for food. One result, of course, would be that 22 million families would have about ~~twice~~ as much food as they now get. They would be spending nearly 2 billion dollars a year more for food than they now spend. Our whole national food bill would be increased 14 percent. Farmers would receive directly nearly a billion dollars a year that they do not get at present.

I might go on from food to clothing, and from clothing to housing, and from housing to other things, and show that what American agriculture and industry need is simply more customers, more people able to buy their share of the products of American farms and factories. I might show that to supply these already existing needs would create more and more employment. I might say -- and I do say -- that this is the way to solve our unemployment problem. But I don't wish to seem to leap lightly over the question of how these millions of low-income families are to be made paying customers of American industry.

I suppose that many good-hearted people would say, "Yes, that is all no doubt desirable, and in the course of time it may actually happen, but there is nothing we can do about it now." I should like to persuade you that it is not only desirable but necessary; that it is something not to be relegated to an indefinite future, but

undertaken now; and that there is something you can do about it.

First of all I want to speak of certain immediate measures that can be taken in regard to the lowest income groups -- including those who are unemployed or half employed. These immediate measures are, I think, of the greatest importance, but I do not want you to think that they represent my idea of the ultimate solution of the whole problem.

Here, then, is a group of families whose incomes are not sufficient to buy enough food. And here -- as a part of the same problem -- are large food surpluses of various kinds that are depressing the market. In 1933 the Federal government began to buy up and distribute food and other surpluses, through what is now called the Surplus Commodities Corporation. A great improvement has recently been made in the method of distributing these surplus commodities. I have no doubt that you are all familiar with the food stamp plan, which has been so successful in the cities in which it has been tried out that it will be much more widely extended, if Congress provides the necessary funds.

There are several things about the food plan that I think are very important. One is that everybody likes it. The people on relief who get the food stamps like it, because it fits into their ordinary shopping habits -- they go to a grocery store and exercise their free choice among available surplus foods, taking butter or eggs, apples or oranges, cabbages or tomatoes, as self-respecting shoppers are wont to do. The grocers like it, because it increases their trade --

not only their blue-stamp trade, but apparently their regular trade, perhaps because of the advertising they give to current surplus foods. In a word, the food-stamp system fits in satisfactorily with all our regular and accustomed methods of distribution --- and it does the job of getting the surplus foods off the market and into the consumer's hands.

Perhaps I had better explain this food-stamp plan in detail for those who may not know about it. To persons receiving public assistance the Federal government sells orange-colored food-stamps, a dollar's worth for a dollar, good for any food at any grocery store; and with each dollar's worth of orange stamps the Federal government gives, free, fifty cents worth of blue stamps, good at any grocery store but only for foods found to be "in surplus" at the time by the Secretary of Agriculture. The Federal government redeems both kinds of stamps when presented by the grocer. So far as the surplus foods go, the Federal government has financed the customer's trade, and thereby increased his whole food expenditures by 50 percent.

That, then, is one way to get the products of industry into the hands of the needy customer --- for the public to finance his buying, in the interests of everybody. It seems a method suitable in that form only to such extreme cases: --- and yet it closely resembles the methods already used by private industry, which often gets rid of its surplus products by selling us two tires for a dollar more than the price of one, or two tubes of tooth-paste for only a cent more than the price of one. It is a method not far removed from the ordinary

basement bargain sale. In other words, it is really only a special application of a method already widely practiced by private industry -- a method of giving things away free while still keeping up the regular price.

A visitor from Mars might think this arrangement very odd, and ask why we don't simply lower the price and be done with it. I think the best offhand answer would be that our prices are a part of a very complicated arrangement, which we hesitate to tamper with. If pressed further, I should explain that we really have a two-price system in the modern world -- a regular price for the higher-income groups, and another only half-acknowledged price for the lower-income groups. And finally, if my visitor from Mars still wanted to know why, I should say this: --

The truth is that most of our industries have adjusted their price levels to one of the higher-income groups. Only a few segments of industry have seriously undertaken to distribute their products to the lower-income groups. Henry Ford is a familiar example of an industrialist who proved that a hitherto high-priced article -- a luxury article, as the automobile was supposed to be -- could be sold to every farmer in the United States at a price that he could pay, through mass production. And housing, on the other hand, might be mentioned as a good example of a field of production that still waits for its Henry Ford. Houses are still regarded as luxury articles, and they are built only for people in the upper-income levels. People in the lower-income groups must live, as millions of them do, crowded into antiquated, inadequate

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and unsafe housing. We do not, I think lack the technical knowledge nor the modern methods needed in the construction of housing for these millions. But there are other difficulties that deter private capital from entering this field. It has been entered to some extent by municipalities with the aid of Federal loans and grants. Given such assistance, it is possible to build good houses that will rent for what the millions in the lower-income groups can pay. And it should be possible for private capital to enter that field successfully and profitably if it would adjust itself to smaller returns over a longer period of time.

At this point, abandoning my imaginary discussion with the visitor from Mars, I should like to continue it with you. I said a while ago, as you may recall, that our industry was magnificently equipped for the production of goods, but that our economic system was very ill-adapted to the distribution of goods. Our machinery of production is modern and up-to-date; our system of distribution on the whole harks back to earlier days when it was a question of distributing the product to a comparatively small group. And now let us consider what happens when industry modernizes its machinery but retains its traditional small scope of distribution. Prices remain high, and surpluses have to be bootlegged to the lower-income groups to keep them from drugging the market. Full use cannot be made of the capacity for production, and instead of more employment there is less. The machine always does displace human labor, and it provides new jobs only when it is used so as to produce for a larger market. Without mass distribution of the product, modern machinery

creates unemployment. And that is just what it has been doing in recent years, wherever it has been introduced without a corresponding effort to distribute the product to a larger market.

The figures I have already given you -- showing 19 million American families with incomes averaging only \$69 a month for the whole family -- these are the vast domestic market that a few industries can reach by present methods of distribution. And these families include millions of workers who are unemployed for that very reason -- because so few industries have as yet begun to try to use their full productive capacities for distribution to this market.

It is because we have reached an advanced stage of development in our capacity for producing goods, without having as yet developed any correspondingly extensive methods of mass-distribution of goods, that we suffer from mass unemployment.

We have got ourselves in a jam by going so fast with mass-production and so slowly with mass-distribution. We need to hurry up with mass distribution.

Some of the problems of mass-distribution are technical -- they are engineering problems; and I am not suggesting that we ourselves can give industry any aid in that direction.

But obviously the gearing of industry to production and distribution for the low-income groups will require adjustments of prices, of wages, and of interest rates on invested capital. I think we can be of service to industry in this connection by realizing the necessity for making such adjustments -- and especially by not becoming

alarmed at every step in this necessary process. We have all lived in the pre-depression world, and we have become accustomed to its ways. But I think it is our duty as intelligent citizens to realize two things -- first, that the old ways of doing things were not adequate. If they had been adequate, there would have been no depression. It was the inadequacy of the old ways of doing things -- which in fact to a large extent consisted of shutting our eyes and letting things slide -- that landed us in the depression. So I think we should not look back pathetically to the dear dead days as if they were a Lost Paradise. I think we should recognize that they were in truth more of a Fool's Paradise for the whole American people. And I think we should not let any sentimental Heimweh for those pre-depression days betray us into trying to bring back the past. It can't be done, and we wouldn't like it if we got those old times back -- for we should know that we faced the same old slide over the same old precipice into the same old depression.

I think we owe it to ourselves to live in the present. We who are here have the very good fortune not to be subject to such terrible trials as those endured, for example, by such dispossessed and migrant families as those described in Steinbeck's "Grapes of Wrath." We are all to some extent in a privileged group. We may have endured misfortune, but we have been spared the last extremities of misfortune. We have not been submerged helplessly by the bitter, black flood of human misery. And because we are so fortunate, we are under an obligation -- the obligation to free ourselves from political passions and prejudices, and try fairly and honestly to understand what

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is going on, and help and not hinder the efforts that are being made to cope with our great economic problems.

I wish I could say that all the educated people of America, all the men and women who have had superior advantages, who have time to think -- I wish I could say that all these are doing their full duty. I wish I could say of all the older people of that group, who have in the past been leaders in every effort toward civic betterment -- I wish I could say that all of them were still young in mind, able to face new conditions with fairness and wisdom, and were continuing to lead the efforts for civic and national welfare that are going on today. But I can say this -- that many here in the great Commonwealth of Virginia and all over America, both young and old, are using their minds on these problems and are contributing magnificently to the broad social non-partisan cooperation that is necessary to success in these efforts.

I think that the most specific test of our ability to take a clear-sighted and helpful part in the effort that is now going on to solve our economic problems, is our attitude toward unemployment and the WPA. We have failed to understand the real nature of the problem if we regard it simply as a question of whether we can save a little money by "returning relief to the States" -- which in effect means abolishing the WPA and putting our needy able-bodied unemployed on a local dole.

The real question is how we can make our economic system work. It will not work very well until we manage to bring in the whole American people as customers of American business and consumers of the products of industry and agriculture. If we have too many non-buying unemployed people, our economic system breaks down, as it did in 1932. Our problem

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is to reintegrate the unemployed into our economic system. Ultimately this will be done by private industry, when it is geared to produce and distribute goods for the whole vast American market. But in the meantime the most needy of our unemployed can be provided with work and wages by the Federal government in cooperation with our communities. WPA families are able to spend half as much again for food as families on the dole, though not as much as workers employed in private industry at regular wages. The WPA worker helps to keep our economic system going.

It is quite true that the unemployed need from us, and have a right to ask from us, human mercy and democratic justice. But that is not the end of the matter. We need to have the products of our farms and factories consumed, and that cannot be done without providing work and wages to the unemployed. Quite aside from all considerations of humanity and justice, we cannot afford to let the unemployed go hungry, houseless and in rags. We need to bring them back into our economic system -- we dare not shut them out.

The Work Projects Administration is the best method we have found of bringing back the needy unemployed into our economic system. It has restored millions of workers to private employment, and stands at all times ready to return others to private employment wherever and whenever jobs exist for them. It is not a cure for unemployment; but it is a good remedy for the most socially devastating results of unemployment. We shall continue to need a broad system of public work until private industry has geared itself better to meet the country's needs.

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It is one of the special advantages of the WPA type of work program, as compared with regular public works, that it provides employment for women. In a great many needy families it is a woman who is the breadwinner. There are at this time more than 300,000 women on the WPA payrolls. Some are skilled, some are unskilled, some have had professional training, and some have had no previous work experience except as housewives. The Professional and Service Division, which is under my charge, includes projects in practically every field of work open to women -- health, education, recreation leadership, library extension work, research, laboratory work, clerical work, art, music, and cooking. Our two most widespread projects employing women are our sewing rooms and our housekeeping aide projects.

Another important feature of our WPA program is that as far as possible we make use of workers at their accustomed occupations. We do not, for example, require musicians to dig ditches -- we set them to teaching music to underprivileged children or adults, or we organize them into orchestras or other musical units and pay them to provide music to those communities which lack adequate musical services. This, of course, is done only when our communities ask for these projects and help pay for them. The fact is that our communities do ask for and help support these and other cultural projects. The American people, it is evident, want cultural benefits as well as material benefits. And in helping to supply these cultural benefits, the WPA is making, I think, a real contribution to our American civilization. Yet it is precisely these cultural projects that some people would like to abolish in the interest of economy. It is pointed out that it would be cheaper to put unemployed musicians to digging ditches.

I confess that I cannot see it that way. To me, at least, the question of a WPA job for an unemployed and destitute musician, clerk, teacher, nurse or draftsman is more than a question of figures in the budget of a fiscal year. It is a question of what kind of civilization we have, what kind of civilization we want, what kind of civilization we are willing to struggle for and hand on to our children. If this is indeed a dying civilization, if we have no hope for the future, if it is not worth while to make any effort, then what we are doing in our WPA projects has no significance. But if we believe in the future, if we have faith in democracy, if we are working together in the common cause of a better America, then our humblest WPA projects are at once an act of faith and a practical contribution to the cause that we serve.

The task of gearing our economic system to the country's needs is one that will take all the understanding, patience and courage that we possess. It will not be the task of a year or two, but of a generation. But we can make our contribution to it now. And we should bear this in mind, that the grim alternative to full employment in the constructive works of Peace will ultimately be -- here as elsewhere throughout the world -- full employment in the destructive works of War. And the costs of our constructive efforts in the works of Peace are small indeed in comparison to the infinite and tragic costs of War, which we will have to bear if we fail or falter in our present efforts, as Europe before us has faltered and failed.

It is because of this grim alternative that I ask you to join with us to your utmost in making the WPA program successful in your communities and in your State -- and mine.