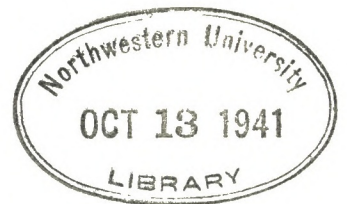


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ROOMFEDERAL WORKS AGENCY  
WORK PROJECTS ADMINISTRATION

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BROADENED PUBLIC WORKS PROGRAM NEEDED TO MEET POST-DEFENSE CRISIS, WPA  
OFFICIAL DECLARES

A public works program exceeding any that has been operated to date may be needed to solve the problem of post-defense unemployment if gains in agricultural and industrial production achieved during the emergency cannot be maintained, F. H. Dryden, Deputy WPA Commissioner, told an audience of Maryland business and professional men in Salisbury last night.

The sudden cessation of our multi-billion dollar expenditures for armaments will result inevitably in large-scale economic displacements and in a new wave of unemployment exceeding that of the early 'thirties, Mr. Dryden said, unless steps are taken now to avert such a catastrophe. The probable necessity of feeding a large part of Europe and replenishing the nation's supply of consumer's goods may ameliorate the situation to some extent, he continued, but a severe problem of unemployment almost is certain to ensue which will have to be met by an enlarged and broadened program of public works.

Speaking at a dinner meeting of the Rotary Club in his home town, the Federal works official pointed out that our present rate of production is higher than it has ever been, yet the country still has a residue of approximately 5,000,000 unemployed persons.

"The defense program shows us," he said, "that we can go well beyond 1929 production levels and still have a substantial unemployment problem. In short, we must raise production levels a good deal higher if we are to give jobs to all who are looking for them."

What can the Federal government do when the huge expenditures for armaments become unnecessary, the speaker asked?

"First," he declared, "the national government might attempt to go back to the level of government expenditures of 1929. This, in my opinion, would be disastrous."

"Or, we might go back to the level of government expenditures that we had before the defense program got under way. This no doubt would prevent the kind of deflationary crash that occurred after 1929. But wouldn't the economic machine, at best, limp along as it was doing in the late 1930's?"

"I hope that we will be courageous enough to take the third course, the placing in operation of a large program of public work in order to get buying power into the hands of the people and to encourage business to make investments. Some preliminary steps have already been taken in this connection. The Federal Government is preparing a so-called 'Public Works Reserve,' a list of public improvements needed throughout the nation. This list, along with information on the location, cost, and nature of the projects, is being gathered under a nation-wide WPA project sponsored by the Federal Works Agency and the National Resources Planning Board, and financed by WPA funds. The projects in this Public Works Reserve will be ready to be placed in operation on short notice to absorb post-defense unemployment.

"What would such a post-defense work program be like? First, it should be open to all able and willing workers who cannot find jobs in private industry. It would be on a permanent rather than on a year to year basis. Some of the projects would be much like those operated under both the PWA and WPA programs. Roads would be an important feature. As you perhaps know, the WPA has been able to modernize about one-sixth of the nation's entire road system. The WPA has built many schools and hospitals; such work would also be continued.

"The program would go much beyond the present WPA program, however. It would perhaps include more health and conservation work, a greater emphasis upon the reconstruction of blighted areas, better housing,



sanitation, development of water resources, and the expansion of needed public services. In short we would have to broaden considerably our definition of public work.

"Obviously, the size of the program required would depend on how things develop in the post-defense era. If our government makes huge donations of food to a starving Europe, farmers would benefit and unemployment would be less in rural areas. If business cooperates to the fullest by keeping prices down so that people can buy in quantity, production and employment will be sustained. But in any case the public work program will probably have to be a large one if we are to keep the gains in national income and employment made under the defense program."

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(Attached is full text of an address for delivery by F. H. Dryden, Deputy Commissioner, Work Projects Administration, before the Salisbury Rotary Club at the Wicomico High School, Salisbury, Maryland, at 7 P. M. Thursday, October 2, 1941.)

President Sheldon and old friends:

You know that it is a great pleasure that I come back home to talk with you of a problem that is of much concern to those of us who have spent the greater part of the last decade dealing with the unemployment and insecurity of the masses of our people.

I want to talk to you tonight in a serious fashion on a serious problem. Today, the world is ablaze. In Europe, in Asia, in Africa, the fires of war are burning. About four-fifths of the peoples of the world are engaged in open war.

Thus far, fortunately, we have kept the conflagration from this country. True, the flames of war have come close to our shores; our navy and our merchant shipping have been fired upon without warning. The fleet has been given orders to deal with this threat. They can and will make it extremely warm for hostile warships in our sea lanes and vital waters. We hope the hint will be taken and no attempt will be made to "crowd" us any further. Our hopes are still for peace.

It is exactly because America wants to avoid war that we are engaged in a great defense program. We are determined to make ourselves strong. We are determined to create the supplies needed by countries resisting aggression. We are determined to see that our friends receive these supplies. And we are not going to call it quits until the threat to our national security is over.

While we are concentrating on putting out a world-wide conflagration, it is not easy to think of the period after the war, to lay plans for the future. But this is just what I want to emphasize tonight that we must do. Unemployment and insecurity exist today despite the defense boom. There is a danger that these problems will be more serious after the defense program is over. Now is the time to make our plans for avoiding serious economic dislocations after World War II.

A healthy economic structure, as we all know, depends largely upon full employment of our workers. It is up to us -- to you and me and every thinking American -- to see that we reach full production and employment in our defense effort as soon as we can. It is our problem,



too, to help in maintaining full employment after this war is over.

We have the power to do this. And we have the ability to create a sound plan. The only question is whether we have the will to put that plan into effect.

I do not wish to go into detail tonight. My purpose is simply to outline briefly some difficulties in the field of unemployment we are facing today, and to make some general remarks concerning the future.

The defense program is the biggest thing in the economic situation today. Let's forget about the military side for the moment and look at the defense program from the point of view of production levels and jobs for workers. It is a gigantic laboratory in which we are working out problems through the only kind of testing that really counts, the acid test of actual experience. And, although the program is still in its early stages, certain important points can be seen.

First, we can get some idea of the tremendous effect of the defense effort by looking at national income, which is a fairly good overall measure of the nation's economic activity. National income represents, in billions of dollars, the net production of the country. It includes the production of goods for use by the producers themselves, such as farm produce consumed on the farm. It includes the various services and public works produced by all levels of government. National income includes consumers' goods (such as food and clothing) and producers' goods (such as lathes and dynamos). In 1940, national income was 76 billion. In 1941, the goods and services produced will total about \$88 billion. It is estimated that national income will reach \$100 billion for 1942. Back in 1932, the total was only \$40 billion.

In general terms, national income measures the extent to which we use our power to produce. Do all workers have jobs? Are we producing as many homes, basic raw materials, tons of steel, and so on as we need and as we are capable of producing? If so, national income will be at a maximum. The closest we have ever come to going at full

blast, with the exception of recent months, was in 1929 when the economy as a whole was producing at about 80 percent of plant capacity. Now that the government plans to spend some \$60 billion or more for armaments, we will undoubtedly go far beyond the 1929 record and come considerably closer to using our full productive capacity.

Now, how have these increases in production affected unemployment? Obviously, unemployment has been given a strong body blow. In fact, although not specifically intended for the purpose, the defense program has done more to reduce joblessness than any other single program.

However, although unemployment has been materially softened, it has not been knocked out. Despite recent gains, we still have more than 5,000,000 persons actively seeking work. Consequently, we still have a substantial unemployment relief problem. Defense activities have not been of great benefit in some areas of the nation, particularly in the South and Mid-West. In fact dislocations caused by the defense program is causing a considerable amount of priorities unemployment in these areas. Furthermore, many of the unemployed do not have the skills required to obtain specialized defense jobs. The defense program shows us all that we can go well beyond 1929 production levels and still have a substantial unemployment problem. In short, we must raise production levels a good deal higher if we are to give jobs to all who are looking for them.

There are, of course, certain points that must be cleared up if production levels are to be pushed considerably higher over the next year. The question of how to get a big increase in plant capacity will be a hard nut to crack. Industry after industry is already running at or near capacity. As you know, new plants are being built. But Rome wasn't built in a day. In many industries, much more than a year is required before plants can be built and tooled ready to begin production.

Shortages in materials are another factor that may keep down production. Substitutions are becoming more and more necessary. It is a wise business man who can tell whether his finished goods six



months from now will be made of steel, copper, aluminum, or soy beans.

In order to keep defense plants going at full blast, we are relying more and more heavily on priorities. But priorities, of course, do not result in increased production as a whole, although they may help in jacking up defense production. Production is bound to fall in civilian industries that cannot obtain needed materials. Likewise, priorities may speed up employment in defense industries, but they are resulting in dismissal notices for workers in civilian industries.

For a year at least, production as a whole, and the number of new jobs which open up, will be affected by the shortages in materials, as well as by other shortages in power, transportation facilities, and skilled labor.

The WPA is doing what it can to help in connection with the shortage of skilled workers. Workers are given training or refresher courses as mechanics and machinists, welders, sheet metal workers, forge and foundry workers, and so on. We are emphasizing this work because we find that a high percentage of WPA workers so trained receive private jobs.

All in all, the next year will be a troubled one, with priority unemployment, bottlenecks, and many other difficulties we didn't dream of a few years ago. But if we all work together as a determined and united nation, we can gradually overcome most of our troubles. Production must go up higher. Employment should mount. Armaments should pile up and we should be the decisive factor in this war.

But what of the post-war period? Let us look forward to peace. Let us be optimistic while we are at it. Let us hope that it is a stable peace, that no serious threat to our national safety remains, that we can cut our armament expenditures drastically. What of the period after defense expenditures begin to taper off? What will happen to national income and employment totals when the flood of armament expenditures turns into a small trickle?

In the first place, there will be plenty of headaches in shift-

Millions of workers will have to be shifted back to their old jobs. And then there is the problem of demobilizing our defense army. These men will return to their home communities, expecting to find jobs waiting for them. Some of them will get back their old jobs, but each one who does will displace the worker who "pinch-hit" for him while he was away. Even under the best of circumstances, with plenty of jobs available, all these shifts will not be easy.

Unemployment after the war can be kept down only if orders are pouring in for industry. But will production remain at high levels? The burden of the proof seems to me to be with those who say it will. As far as I can see, unless certain well-planned steps are taken, there is every reason in the world to suppose that a period of sharp decline will occur. And with depression will come a shrinking national income, decreased purchasing power, lower standards of living, and the old sight of workers tramping the streets looking for jobs.

What factors can we count upon to prevent a collapse? Can we rely upon any great rush of private investment in the field of plant and equipment? Capacity will have been built up to record highs in many fields. In view of the many new plants built to meet war needs, will there be any great incentive to a new flow of private investment? If not, we must accept the cold hard fact that few jobs will be provided by new plant construction and equipment.

What will take the place of the large government orders now being given to companies concerned with the production of steel, copper, and other basic materials? These orders are now creating the enormous volume of purchasing power that pushes us up to high levels of production and employment. When these orders stop unless new demands for goods arise from some other source, the companies formerly busy with war orders will cut production and employment. The workers they discharge would lack purchasing power; this would mean a falling off in demand for all sorts of goods, and further unemployment. Before very long we would be on the toboggan again, in a manner similar to the



Of course, we don't have to be taken for a toboggan ride unless we want to. But, as I have said, it seems clear enough that a decline will occur unless unusual steps are taken. If we come close to full employment in 1943, it will be the direct result of public expenditures for armament. These expenditures may well be about \$25 billion a year. They will have made possible new highs in production, national income and employment. But, once these large scale defense expenditures are stopped, or reduced to the normal rate, some other factor must arise to take their place.

It is sometimes said that industry itself will take steps to insure maximum production and employment. Can we expect the thousands of independent concerns and business men to undertake for themselves such a complicated job of cooperative planning? Past experience has shown that mere exhortation will do very little. The disappointing experience of 1930-32 can guide us in that regard. Can we expect business men, in the future, any more than was the case after 1929, voluntarily to keep workers on jobs indefinitely if no orders for goods are coming in?

It is true that pent up demand for so-called "durable consumers' goods" may help for awhile. That is, if we limit production in this field seriously over the next year or so, there may be a fairly good demand for autos, refrigerators, vacuum cleaners, etc., after the war.

Also, there will be the problem of a starving Europe after the war. If our government gives generously, as we always have in the past, farmers would benefit and this would help keep things moving in many sections of the country.

If these factors do not meet the situation, the problem will be left squarely in the lap of government. And by government, I mean the national government. Time has clearly shown that local governments do not have the power to deal with unemployment. True, by certain measures they can affect labor and industry within their areas. But the vast sprawling enterprises of today know no local or even state boundaries--their regulation and stimulation present a

problem for the Federal Government.

What can the national government do when the huge expenditures for armament become unnecessary? This can be answered in detail only when we know the kind of problem that will face this nation at that time. In general terms, we can assume this problem to be (1) a deficiency of buying power in the hands of consumers, and (2) an inadequate volume of investment by business. In any event it seems clear that government will be faced by a choice among three major lines of fiscal policy.

First, the national government might attempt to go back to the level of government expenditures of 1929. This, in my opinion, would be disastrous. A worse crash than that of the early 1930's would almost surely result.

Suppose, however, we chose the second road, and decided to go back to the level of government expenditures that we had before the defense program got under way. This might avoid the kind of deflationary crash that occurred after 1929. But wouldn't the economic machine, at best, limp along as it was doing in the late 1930's? Much of our plant structure and other resources would lie idle. Once again we would be hit by a problem of perhaps seven to nine million unemployed persons. We would be reeling back on the defensive, trying to explain why millions of able and willing workers were being denied the right to work.

I hope that we will be courageous enough to size up the situation and to take the third course, the placing in operation of a large program of public work in order to get buying power into the hands of the people and to encourage business to make investments. Some preliminary steps have already been taken in this connection. The Federal Government is preparing a so-called "Public Works Reserve," a list of public improvements needed throughout the nation. This list, along with information on the location, cost, and nature of the projects, is being gathered under a nation-wide WPA project sponsored by the Federal Works Agency and the National Resources Planning Board, and financed by WPA funds. The projects in this Public Works Reserve will be ready to be placed in operation on short notice to absorb post-defense unemployment.



What would such a post-defense work program be like? First, it should be open to all able and willing workers who cannot find jobs in private industry. It would be on a permanent rather than on a year to year basis. Some of the projects would be much like those operated under both the PWA and WPA programs. Roads would be an important feature. As you perhaps know, the WPA has been able to modernize about one-sixth of the nation's entire road system. The WPA has built many schools and hospitals; such work would also be continued.

The program would go much beyond the present WPA program, however. It would perhaps include more health and conservation work, a greater emphasis upon the reconstruction of blighted areas, better housing, sanitation, development of water resources, and the expansion of needed public services. In short we would have to broaden considerably our definition of public work.

Obviously, the size of the program required would depend on how things develop in the post-defense era. If our government makes huge donations of food to a starving Europe, farmers would benefit and unemployment would be less in rural areas. If business cooperates to the fullest by keeping prices down so that people can buy in quantity, production and employment will be sustained. But in any case the public work program will probably have to be a large one if we are to keep the gains in national income and employment made under the defense program.

True, there would be difficulties. Detailed planning would be necessary. A real over-hauling of our tax structure to lift the heavy burden in consumers buying power will be required. If this country makes up its mind to do so, it can tackle successfully even such a huge program as I describe. The results would be well worth the price.

In the last analysis, we would be playing for pretty high stakes—survival of our present form of government. Democracy must prove itself. Democracy must show that it can conquer unemployment and insecurity.

We can do this for ourselves if we all—industry, agriculture, and labor—are willing to give as well as take from our government. If we are

willing to give individual dollars and individual effort, we will get, in return, national wealth and security that will make us impregnable as a nation.

We are giving without stint today to save democracy from destruction. Let us give in the same measure tomorrow in order to make democracy mean even more to our children than it does to us. Let us follow through our all-out effort for national defense with an all-out effort designed to make America the land of peace and plenty we all know it can be.

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