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The  
Breakdown of Minimum Wage  
and  
A Memorandum on Unemployment

By  
A. A. Mitchell

Published for the Author by  
MacLehose, Jackson and Co.  
Glasgow  
1922

ABSTRACT

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## PREFACE

OF the following papers, *The Breakdown of Minimum Wage* was read before the Economic Science Section of the British Association at the Edinburgh Meeting in September 1921. Time did not permit of much discussion. One eminent economist said that the doctrine of competition wage was "Counterrevolutionary." I have said what I have to say on that point in an article, *The Influence of Trade Unions on Wages*, in the *Edinburgh Review* for July 1913, and I have never yet been able to make out what the answer is. But competition wage, whether right or wrong, is not, I think, involved in the present paper. In the present paper it is argued that production cannot be carried on at a loss, but how profits, where there are any profits, are to be shared between employer and employed is left quite open.

Another eminent economist, in private conversation, demurred to my criticism of economists for their silence and pointed me to his own published works. I do not deny that many economists have published what I consider sound views, especially in their more recondite works. But I still think there has been an undue reticence. The doctrine of minimum wage goes to the root of things, and I think economists are bound, if they cannot justify it, to disavow it to the public.

The *Memorandum on Unemployment* is an attempt to bring matters to a practical issue. I have submitted it to some of the largest and most enlightened employers of labour, and am bound to say that they have given me

no encouragement. What they have turned down, however, may appeal to others, and the chance of helping to a solution, if only by the ventilation of the problem, should not be missed.

It may be thought that these papers, if worth publishing at all, should have been published a year ago. The lapse of a year, however, has been of value, in a negative sense at least. In spite of some glimmering signs of an improvement, the problem is substantially where it was. If it is not to be solved on my lines, there are no signs of any other quarter in which a solution may be looked for. In these circumstances I offer my papers for discussion.



## THE BREAKDOWN OF MINIMUM WAGE

To the man in the street probably no proposition appears more axiomatic than that wages should depend on cost of living. If a wage is insufficient to provide its possessor with sufficient food, housing and clothing, according to some standard in the critic's mind, for himself and a family of normal size, it is condemned as inadequate without further enquiry. It follows that if the price of these things rises, the wage must rise with it, even if the rise be due to a general destruction of wealth. A minimum or living or standard wage ought to be an absolute first charge on all industry.

It is difficult to say how far this conception of the proper wage derives any countenance from economists. Certainly it does not seem to find a place in the theoretical treatment of wages in the ordinary text-books. On the other hand, it cannot be said that economists have come forward to combat the conception in recent wage controversies. Can it be that this is an example of the saying that progress is so disappointingly slow, not because the truth is not known or ascertainable, but because those who know better are content to acquiesce in popular error? The object of this paper is to enquire if the conception of standard wage is, first, theoretically sound, and, secondly, practically helpful, or whether it is, on the other hand, theoretically unfounded and practically delusive and in the end disastrous.

The attempt to prescribe by law or opinion or trade union action an irreducible minimum standard of life is just the principle of the grant in aid of wages of the old

Poor Law. Does it make any difference that the obligation is placed on industry in the abstract or the employer in the concrete instead of on the community in the form of poor rates?

It is sometimes sought to connect the conception in question with the well-known subsistence theory of wages. According to that theory it is not possible to pay wages less than will on the whole suffice to keep the wage-earning population in life. Nay more, if industry is to continue to be carried on, it is imperative that the wage paid should suffice on the whole to replace the gaps in the ranks. The subsistence must be that of men with families, not bachelors. Any diminution in the numbers, whether from underfeeding or from any other cause, will compel an increase in wages. The Black Death is followed by the Statute of Labourers passed to prevent the consequent rise in wages. In this sense it is strictly true to say that a living wage, in the sense of a wage which will actually support life, is an indispensable first charge on industry.

Note that the subsistence theory does not require that every particular workman shall be kept alive. Where labour is abundant or there are indefinite reserves of labour, it may pay to use up your labour and hire fresh. Nay, a whole race, if industrially inefficient, might disappear without derogation to the theory. This is what has happened to many native races who were unable to adapt themselves to an industrial life, and who were protected by no humaner ideals, which kind of ideals has not so far gone beyond the white man—shall we say the man with a vote? What the subsistence theory of wages means is that wages must be sufficient to keep in continuous existence somewhere a sufficient supply of labour.

On its other side the theory was that wages could never on the whole and permanently *rise* above the level of mere subsistence. It was assumed as a universal law of human nature that population always tended to increase up to the limit of bare subsistence. Consequently any

temporary improvement in conditions was soon lost in an increase of numbers. This was the famous iron law of wages. It has been said that Mill converted what had been a doctrine of despair into a doctrine of hope by showing that increase of population is in the hands of the workmen themselves. According to this doctrine general wages cannot permanently rise above or fall below the standard at which the workman on the whole will be willing to marry and rear a family. The only comment I would make on this is that it perhaps takes insufficient account of the extent to which wages and labour conditions, like prices generally, have become international. Whatever else may be said of it, the international treatment of labour questions under the Covenant of the League of Nations is a recognition of this fact.

Now, does this theory lend any support to the theory that wages ought to conform to an ideal standard of healthy existence? The answer is that it does not. The subsistence theory purports to be a true economic law, that is, a statement of what will happen in given circumstances; otherwise stated, an exposition of the economic forces set in motion by the operation of certain human motives operating or supposed to operate. It is, in fact, a corollary of the law of supply and demand, the law of population and the law of diminishing returns. Wages cannot rise above or fall below a certain level, because any rise or fall affects the numbers of the candidates for employment, and the number of the candidates for employment again affects the wage. The factor of population is essential to the theory as stated by Mill no less than as stated by Ricardo. But the man who lays down that an arbitrary standard of well-being, which, it is implied, is something more than is just sufficient to support life, is the birthright of every workman and should be a first charge on all industry, assuredly does not mean his claim to be contingent on the numbers of the population.

Jurists are familiar with the distinction between scientific laws, which are, shortly, statements of sequence of cause and effect, and moral or jural laws, which have this in common that both are appeals to free will in man. That I should pay my workmen according to some standard of comfort may be morally right and may be a proper subject of enactment for Parliament or a wages board, but it is not a scientific law.

Macaulay said that to falsify prophecy would be an atrocious crime, that, therefore, it was a comfort that it was a crime that a human being could by no possibility commit. Similarly we may say that to pay a workman less than a real subsistence wage, that is, less than suffices to keep him barely in life, would be an atrocious crime, but that it is a crime which, generally speaking, an employer can by no possibility commit. Whether he shall pay more than subsistence, whether he shall conform to some ideal standard, rests with him and must be decided, like other moral questions, by regard to the general consequences.

The criticism that must be passed on standard wage is that it totally ignores the fact that wages are a payment for work done. To base them on an assumed standard of living is to base them on what to the employer is an irrelevant consideration. A wage that is paid for work done must bear some relation to the value of the work. That value may be very much above or it may be below your assumed standard of living. Under the system of production for profit no one is compelled to be an employer at all. No one therefore can be compelled to employ on terms that he thinks unprofitable to himself. Much less can he be compelled to go on employing at a loss. And yet wages fixed with reference to standard of living may involve a loss to the employer. If we regard the employer as a mere intermediary, the result will not be different. The industrial system will appear as a system where every worker exchanges his product for

what he needs or desires. The basis of the system is that there is some equivalence between what is given and what is received. In such a system there is no room for payment according to some predetermined standard of living.

It may be said, if the present industrial system does not ensure a decent living to every workman, so much the worse for that system. But, first, unless and until the present system is scrapped, it is not very practical to discuss proposals which are applicable only under a different system. Secondly, even under a socialistic system the problem would not be very different from what it is at present. Socialists, and particularly modern socialists, have been remarkably chary in revealing what the basis of remuneration would be in the socialist state. It is possible that no two socialists would agree. The socialist state might pay its employees on the assumed value of their work, in which case it would not differ from the present system, or it might pay a flat rate of wage irrespective of value. But in any case it would have only a limited sum to divide. That sum, the sum total of all goods and services, might be larger than at present, or it might be a vanishing quantity, but, large or small, it would not be unlimited. The individual share could not be more than the quotient obtained by dividing the total national product by the number of the population. A captain of a crew marooned on a desert island would be a pedant if he conducted physiological investigations to find out what amount of food a man ought to have for maximum efficiency. Obviously he could only give each man his equal share of the stores he had. The administrators of a socialist state would be in exactly the same position.

We are getting very near to the position of being asked to divide in wages all, or more than all, the wealth of the country. Sir Josiah Stamp calculates that before the War, if all incomes above £250 had been pooled, after

allowing for the taxation and new capital provided from the larger incomes, the surplus would suffice to raise the lower family incomes only by 5s. a week or £14 a year. Making some further adjustments, he estimates that it might be some £5 a year or less (*Wealth and Taxable Capacity*, p. 96). In other words, there is practically no margin to draw upon. When one considers the increasing difficulty of finding a market for the product at a price which will pay the wage, especially in the export trades, one is forced to wonder whether there is enough wealth in the country to pay even present wages.

We may consider for a moment the connection between standard wage and price. Mill<sup>1</sup> says that general prices cannot be affected except by changing the ratio between total goods and currency, and that therefore the employer cannot pass on the effect of higher wages to his customers. But high wages may restrict production and so alter the ratio between total goods and currency. Furthermore, Mill was arguing with reference to a gold, or at any rate a stable, standard. Now we have an inconvertible paper capable of indefinite expansion, and need of currency for paying a large wage bill is a favourite argument for expansion or inflation. Hence rising wages stimulate rising prices and, on your standard of living theory, rising prices necessitate higher wages, till the whole edifice topples over by its own weight.

But if wages could be raised at the sole expense of profits, that would not be healthy either. To begin with, the employer is a man and a brother, and entitled to *his* living wage, and to an increased return in money to meet increased cost of living, as much as others. Secondly, the argument with which we are familiar, that railways must earn enough to attract capital for new construction, is applicable to industry generally.

In most recent controversies it is assumed that real wages must at least not fall below the 1914 standard, that

<sup>1</sup> *Dissertations and Discussions*, iv. 73.

therefore wages must follow cost of living. Here we must distinguish. Increase in cost of living is in part a monetary phenomenon. If a treasury note is only worth three-quarters of a gold sovereign as measured in exchange with the gold dollar or by the premium paid for bullion, then the workman should have four treasury notes instead of three gold sovereigns. Competition and the higgling of the market will assuredly give it him. But if higher cost of living is partly the expression of national or world shortage or scarcity, how is it possible (even if it were just) that no part of it should be felt by the wage-earner?

The conception of a predetermined standard of living regarded as essential or at least reasonable or desirable, and thence regarded as the fitting standard of remuneration for work done, is not confined to manual workers. We have seen increase of salary claimed by or granted to senior civil servants or university teachers. I am far from saying that there are not grounds on which these claims are justified, but what I want to show is that standard of living loses all definiteness if it is applied to a dock labourer and to an official at £2000 a year. In the other direction, the standard claimed in this country at this time greatly exceeds what the mass of the population have ever enjoyed in our country at previous periods or in other European countries at any period. Sir J. Stamp<sup>1</sup> estimates that real wages were quadrupled in the course of the nineteenth century, and I think it was Dr. Marshall whose German friends told him before the War that what Sir H. Campbell-Bannerman's well-known phrase described as starvation wages would be looked upon in Germany as boundless wealth. I am of course far from desiring a return to the hungry forties or the conditions of Eastern or Central Europe before the War, but all this shows what variable standards are at least possible.

Buirldy chiels and clever hizzies  
 Are bred in sic a way as this is.

<sup>1</sup> *Op. cit.* p. 94.

It also shows what an absolutely vague and indefinite thing a standard of life is.

Then, again, Miss Rathbone and the Australian labour party point out that we have been basing our wage on a supposed typical family of three dependent persons, and it turns out that only some twenty per cent. of the wage-earning class is in that position, and proposals are made in some form or other to pay more to that twenty per cent. than to the eighty per cent. of wage-earners who are bachelors or married without children or with children of working age. This additional payment, if made by the employers directly as wages, involves the absurdity of different wage rates for the same work. If made as a tax, it is just the grant in aid of wages of the old Poor Law. What I want to emphasise, however, is that it seems to be a *reductio ad absurdum* of living wage. A flat rate living wage is absurd, because family circumstances are different. A living wage graduated according to family circumstances ceases to be a wage at all and becomes a maternity benefit raised by what is in effect a tax.

A wage based on standard of living, having, *ex hypothesi*, no relation to the value of the work, is fatal to efficiency and increased production. No doubt it is possible to remunerate, beyond the standard, the workman of extra efficiency, but no degree of inefficiency can bring the workman below the standard wage. Opponents of competition often claim that, if competition in price or wage or rate be abolished, competition in efficiency remains. But with a minimum wage competition in efficiency can operate only by depriving a man of work altogether. This may be called the fallacy of all or none. It is quite unnecessary. There is no reason why the relatively inefficient man—it may be the old workman or the disabled soldier—should not be employed at a wage proportioned to the value of his work. Mr. and Mrs. Webb apparently contemplate that every industry



that cannot pay standard wage should be definitely closed as a self-supporting industry, taken over by the State and run not for profit or even to pay its own way but as a sort of labour colony or as unemployed relief works are now run. Surely one ought to be very certain of the compensations before lightly consigning an altogether unknown proportion of the population to a dependent and parasitic condition.

We may shortly refer to one or two recent wage controversies. We may first refer to the miner's minimum wage introduced by legislation as a result of the strike in 1912. If there is anything in the arguments here used, that was absolutely wrong.

Then we may refer to the system of war bonuses started early in the war. That some rise in money wages should take place during the war was inevitable and right. There was, first, the increased competition and demand for and, owing to the numbers in the army, the diminished supply of labour. There was, secondly, the alteration in the value of money considered as a purely monetary phenomenon. But at once to start war bonuses, before cost of living had risen to any serious extent, we surely might all agree today was fatal. It meant that the greatest war in history was to be carried on without any sacrifice on the part of the great mass of the population, and that meant that the whole cost of the war was to be borne either from a supposed surplus of wealth in the hands of a wealthy minority, a surplus which, from the point of view of paying for the war, is absolutely illusory, or by posterity.

We may next cite the Coal Commission. Here nothing made such an impression on the public as the evidence of bad housing, which provoked a rather premature condemnation of private management by the Commission. Providing houses for miners is simply a form of remuneration. We have here therefore the testing of remuneration by the application of an ideal standard with little or no

reference to the value of the miner's work or what the industry can afford to pay.

This was even more obvious in the Dockers' Enquiry. It might not be strictly true to say that no reference was made to what wages the shipping or dock companies could afford, but it will be in everybody's recollection that the main stress was laid on the claim that the docker should have a fairly high standard of life as an absolute right without reference to other considerations. Two things we may remark about this. First, to those of us who are old enough to remember the strike for the docker's tanner, the demand for 2s. an hour shows the advance made in little over twenty years. Secondly, the idea of standard wage received an extension. Standard wage was to cover not only all that was required for physical efficiency, but cultural wants as well. As an ideal to be aimed at, this is of course only right, but it makes the idea of an absolute standard still more indefinite.

Lastly, there is the recent coal strike. To what extent wage reductions were necessary an outsider cannot judge, but that wages must be reduced to the point which permitted the industry to be carried on, one would have supposed to be an absolutely irrefragable proposition. It was no answer to say that the reduced wages left the miners little to live upon or less than they had in 1914. Neither was it any answer to say that the good mines might be made to pay for the bad. Under nationalisation itself, no minister of mines could justify spending 25s. on any individual mine in order to extract coal worth only £1.

The question of miners' wages is now settled, we hope satisfactorily. Other trade unions have, we think, shown a reasonable readiness to accept wage cuts. All that we can say is that the gulf to be bridged between costs of production and the prices obtainable, especially for export, is wide, and that wage is so large a part of cost of production that only by drastic reductions of wages can the gulf be bridged.

Hitherto we have mainly criticised standard wage in cases where, being more than the value of the work, insistence on it leads to undesirable reactions. But it must not be forgotten that standard of living may as well be used to depress wages as to raise them, and this in various ways. A minimum has always a tendency to become a maximum. Then, again, an employer, forced to give some of his men more than they are worth, is likely to economise on the wages of his best men. But I think it really goes deeper. The idea that a certain standard of living is proper for a working man, while it may sometimes operate to level up low wages, seems to carry with it the corollary that more than that is improper, however fully the higher wage may have been earned by the efficiency and value of the work. In some parts of the country highly-paid workmen seem to take extraordinary pains to conceal their savings from their employers. They at all events believe that, if they were known to be saving money, their wages would be cut, although of course the value of their work is not affected. What we have got to do is to get rid of all conventional ideas of what a wage ought to be, and to set no limits to the wage which it is possible for a man to earn.

Is the reasoning in this paper sound, or is there any way in which a wage based on standard of living can really be related to the present system of industry, or, for that matter, to any system of industry, we may say, to the facts? If the latter, I would say *candidus imperti*. Let us have your wages theory and see how it may be expected to work. But if otherwise, is there not a duty on economists? Economists were not slow to intervene on both sides of the tariff question some years ago. If the idea that wages should be based not on the value of work done or on what industry can afford to pay consistently with continuing to be carried on, to say nothing of the demands of expanding industry, have no economic

warrant, ought not economists to say so? "Who made thee a ruler or judge over us" may be said if economists attempt to say what a wage should be in a given case, but economists are hardly overstepping their province in showing the basis on which wages should be fixed.

# MEMORANDUM ON UNEMPLOYMENT

## THE EXPORT CREDIT SCHEME.

1. No objection can be taken to the diagnosis. The root of the evil is the poverty, if not bankruptcy, of our foreign customers. That may be a reason for setting them on their feet and setting them to work, for advancing them capital, raw materials or necessary food. But their rehabilitation by such means will take time. It is no cure for the immediate problem of British unemployment.

2. On the other hand, to supply the foreigner with credit to enable him to buy our goods is really nothing else than buying our goods with our own money.

3. The fatal defect in this and all schemes involving extensive borrowing by the Government or the Local Authorities is that it involves the Government or the Local Authorities competing with the private trader for a limited and at present very inadequate supply of capital. Whatever loans the Government or the Local Authorities raise are so much deducted from what is available for private production and business. No reason is known for supposing that the capital available in the hands of the public for loans to Government or the Local Authorities will provide more employment if so lent, than if allowed to assist industry through the medium of the banks or other ordinary channels.

4. In addition, it is at least probable that any further Government borrowing must involve further inflation.

5. It may be said that it is not want of capital that is

drying up the springs of business, that capital available for investment, just like capital invested in buildings or machinery, may remain idle because it cannot be profitably employed.

6. The answer is twofold. First, capital, like labour, must, under whatever difficulties, find an outlet. Bankers must find employment for their deposits.

7. But, secondly, the difficulty in finding profitable employment for capital is not only admitted but emphasised. That difficulty resolves itself into cost of production. The difficulty is not confined to production for export. High costs of production are equally killing the home trade. The classic instance is housing, but the same thing meets us at every turn.

8. It is submitted that far the greatest element in high cost of production is wages. (If this is not admitted, it is not attempted to be proved here, but in point of fact it does not seem to be seriously denied.)

9. It is, therefore, noted with concern in the newspapers that all attempts to reduce wages is to be postponed till the cost of living falls further. It is submitted that such an attitude is absolutely fatal for the following (among other) reasons :

(a) Reduced cost of living is much more likely to follow reduced wages, and hence reduced cost of production, than to take place while wages remain high.

(b) Assuming that the high wages of those at present employed are the reason why others are unemployed, it is submitted that an appeal to *some* to take less in order that *all* may be employed, is an appeal that could not decently be refused with any semblance of belief in labour solidarity or democratic feeling. Such an appeal is quite in line with Labour's own proposal of the Pool in the Coal Industry.

(c) If Labour resists any proposal to reduce wages, it must be challenged to produce and to work out its own scheme. Whatever the details may be, it is certain that scheme must involve a resort to (i) borrowing by Government or Local Authorities or (ii) increased taxation. (i)

If the first, Labour must be asked to say where the money is to come from without stinting the supply of capital to industry through the ordinary channels. (ii) If the second, Labour can be challenged to show how any considerable additional sum can be raised by taxation without (a) further crippling business, (b) coming back on Labour itself.

### SUGGESTED PLAN.

Assuming that high wages are the sole or a chief cause of unemployment, that does not mean that the unemployed are not to be helped. They are not, generally speaking, standing out for high wages. They have not, generally speaking, had the opportunity of saying what wages they are willing to accept. They are simply persons for whom no place exists in the present system of relatively high wages. The object of this paper is to show a way in which they will be given the opportunity of saying what wages they are willing to accept. The suggestion is that a questionnaire shall be sent to all large employers of labour asking them to state what labour of various grades and kinds they are employing and at what average wage, and what additional labour they could employ at a specified lower wage. The nature of the enquiry can be best seen from the sort of printed form to be returned :

“ I employ (fitters, pattern-makers, labourers) at an average wage of shillings a week. Assuming the wages of my present staff to remain the same, I anticipate that I could, within weeks, take on (fitters, pattern-makers, labourers) at a wage of shillings a week.” Alternatively, “ I anticipate that, within weeks, I could increase the number of (fitters, pattern-makers, labourers) employed by me from to provided the wages were reduced from shillings to shillings a week.”

The points to be noted are :

1. The enquiry should be entirely voluntary. Without legislation it could be nothing else. But nothing else is needed. Employers have everything to gain and nothing to lose by doing all they can to help such an enquiry. Collectively it helps them (a) negatively, by competing with schemes involving taxation or government control or government competition in the loan market, (b) positively, by helping them to reduce wages (there is no reason why this should not be said) and by opening up a prospect of profitable business. Individually it helps them. The firm that responds will have the labour it wants directed to it from the Labour Exchanges.

2. Returns would be absolutely confidential. The Government would publish the collective result of the enquiry, as it does of the income tax returns, but not the individual returns.

3. The firms making a return would not be bound in any way. They would only indicate what they could probably do. When the Ministry of Labour had tabulated the returns, ascertained the general possibilities and compared the probable demand for labour with the state of unemployment as reported by the Labour Exchanges, the firms, who had made a favourable return, would be invited to make a definite offer.

It will be noticed that the questionnaire suggests two solutions of the problem : (1) that the wages of those at present employed remain the same, while new labour is taken on at a lower wage ; (2) that, to enable additional labour to be employed, all wages be reduced. It is not necessary to decide between these two till the ground has been explored, but a few words may be said about each.

For (1) it may be argued :

1. It avoids an immediate and general reduction of wages which, even if entirely justifiable, is bound to arouse opposition and to be difficult to carry out.



2. Those who are at present employed may not unreasonably argue that the fact of their continuing to be employed shows (so long as things do not become worse) that their labour at their present wage is profitable to the employer.

3. Presumably those who have been paid off and are now unemployed are the least efficient workmen.

On the other hand, for (2) it may be argued :

1. It will be difficult permanently to justify different rates of wages for the same work. So far as any difference in efficiency exists between those at present employed and those at present unemployed, that difference is best met by piece-work rates or bonus systems.

2. Where the supply of labour exceeds the demand, it is inevitable and right that the general rate of wages should fall. Where the demand for labour is brisk, the employer has to pay to all his men the wage required to attract the additional labour he requires, that is, the labour of the economically strongest man, the man who is or could be employed elsewhere. Conversely, when demand is slack, every workman is affected, and should be affected, by the wage which the unemployed workmen will take to get back into employment. In each case the general wage is affected by circumstances extrinsic to the individual workman.

#### ADVANTAGES OF THE SUGGESTED PLAN.

1. A precedent for the proposed questionnaire exists in that employed for the Census of Production.

2. It would bring to the test the question whether cost of production, and in particular wages costs, is the root of the problem. If the employers reported that at no new level of wages could they see their way to extend operations, then the root of the problem must be sought elsewhere. If, on the other hand, the employers reported that the number for whom they could find employment

is a mere matter of wages, then we have an immediate solution.

3. It is possible that the wage offered might in many instances be less than is desirable. Still to a man who is at present earning nothing even a low wage is found money, and it is submitted that the State might justly wash its hands of responsibility for any workman who declined an offered wage. In any scheme involving direct employment by Government or Local Authorities wages must necessarily be low, if only to avoid creating a chronic problem.

4. If the plan works at all, it provides the only really healthy solution, the absorption of the unemployed in ordinary industry. This means :

(a) They are employed not only without loss but with gain to the country. Roadmaking or other relief work, undertaken not on a commercial basis, must almost necessarily involve a loss. The same would possibly or probably be true of export credit schemes. The employment in profitable industry of those presently unemployed means a real addition to the wealth of the country. Their labour creates a demand for other labour.

(b) Through increased production of commodities, for the home market or for export, the cost of living is reduced.

(c) In the result there might be no, or very little, reduction in real wages.

(d) The existence of a million unemployed is a constant menace to wages. If the absorption of the unemployed in industry involves an immediate lowering of wages, it is probable that the operation, when complete, accompanied as it would be by an increase of production and of wealth, would be followed by an upward movement of wages.

5. The enquiry could be completed and, if the replies were favourable, the unemployed could be settled in employment in a few weeks.

6. The enquiry would be comparatively inexpensive.

Since the above was written, the writer has seen Lord Weir's weighty article in the *Glasgow Herald* for October 4. Lord Weir argues that wage reduction might well be placed "last instead of first in the order of idea," if other hampering trade union restrictions could be got rid of, and, in particular, if the working week could be lengthened. If in the way suggested wage reduction can be avoided or postponed, so much the better. The questionnaire to the employers should embrace all these points of hours and trade union restrictions. In fact the employers, to whom alone, in the long run, we can look to provide employment, should be asked to state the conditions on which they can carry on.

It is sometimes argued that it is illogical to call upon people, as Lord Weir does, to work longer hours when many cannot get work at all, but there is no contradiction whatever. If owing to the shorter working week, paid for at the same rate as the longer week, it costs me £100 to make an article, at which price it is unsaleable, it does not follow that I could not sell two, or a dozen, or a hundred, of the same article if I could make it for £80.

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