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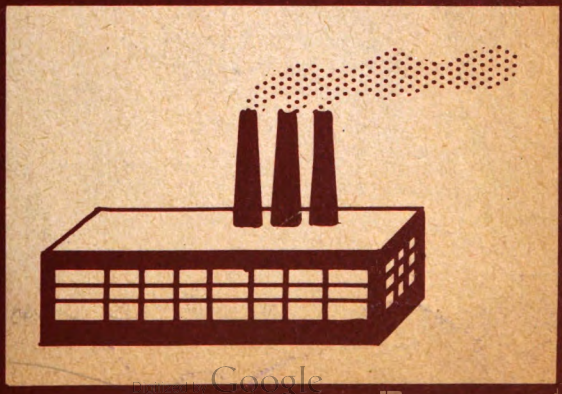
THERE CAN BE JOBS FOR ALL!

Beveridge's Plan for Full Employment

BY MAXWELL S. STEWART



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THERE CAN BE JOBS FOR ALL!

By MAXWELL S. STEWART

EVERY soldier in the foxholes, every sailor on the high seas, every worker in the war plants agrees that the thing that he wants most after the war is a good job. Politicians of all parties and businessmen of all types agree that he should have it. For years we have been flooded with proposals for creating jobs for all when the shooting stops. Many of these proposals are contradictory. Some people tell us that what we need is government planning of our entire economic structure, that the government should be prepared to provide jobs if private business is not. Others tell us that what we need is less government interference,

This pamphlet is a summary of *Full Employment in a Free Society*, by Sir William Beveridge. The American edition of this book is published by W. W. Norton & Company, Inc., New York.

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that private business can provide jobs for everyone if taxes are reduced and the troublesome controls are relaxed. Some people think that we should reduce the taxes on the little man in order that he can buy more; others want to see taxes kept high in order that the national debt can be paid off; and still others believe that we should cut the taxes on corporations and the rich in order to create more jobs.

Not all of these people can be right. But how are we to know?

No one in this country has succeeded in working out in detail just what needs to be done if everyone is to be assured a job. No competent economist has analyzed and tested all these various proposals. But in England Sir William Beveridge, author of the celebrated "Beveridge Plan," has undertaken the task.

You will recall that the "Beveridge Plan"* was a comprehensive program for reorganizing Great Britain's social security system. With a few changes it has been adopted by the British Government. But as Sir William pointed out at the time, social insurance can work only if most workers have jobs. No country can afford to support a large part of its population permanently in idleness. The people themselves would not stand for it. Security is important, but it is not a substitute for employment. Men do not want a dole; they want jobs. Or as Sir William puts it, "Idleness is not the same as Want, but a separate evil which men do not escape by having income. They must also have the chance of rendering a useful service and of feeling that they are doing so."

**Social Insurance and Allied Services. Report by Sir William Beveridge.* American edition, published by the Macmillan Company in 1942, is now obtainable exclusively through the Public Affairs Committee, 30 Rockefeller Plaza, New York 20, N. Y.

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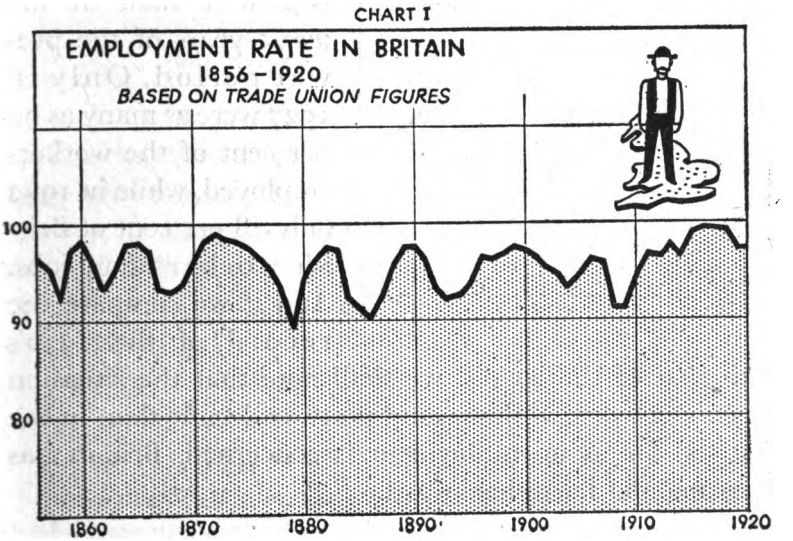
THE PROBLEM OF UNEMPLOYMENT

IN tackling the problem of jobs, Sir William Beveridge recognizes that he is facing one of the most baffling problems of the modern world. Moreover, it is a problem in which we seem to be losing rather than gaining ground. There is little in either British experience or our own to indicate that we know the answers. Although there has been a lot of talk in recent years about getting rid of unemployment, we have actually been moving backward.

CHART I



Such records as we have, covering nearly a century in the case of some British trade unions, indicate that in peacetime we have always had some unemployment. We have had more workers looking for jobs than there were vacant jobs.

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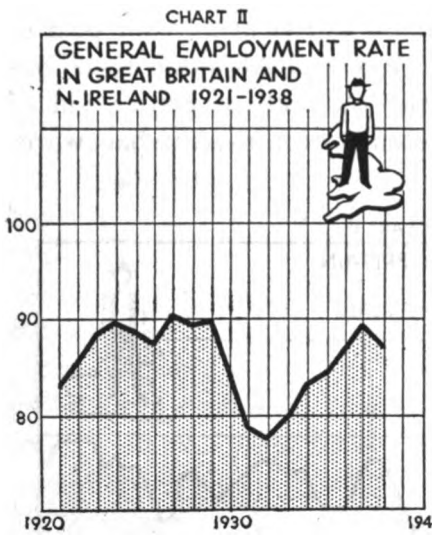
Chart I shows that employment went through regular cycles of ups and downs until World War I. It will be seen that during the best years about 98 per cent of the workers had jobs. But between the peaks are valleys in which only about 92 per cent were employed; and in one year, 1879, less than 90 per cent were employed.



Compare Chart I with Chart II, covering the period between the two wars. It will be seen that in the *best* years of this period employment is lower than in the *worst* years of the pre-war period. Only in 1927 were as many as 90 per cent of the workers employed, while in 1932 only 78 per cent of British workers had jobs. And if we compare the record of the 1930's with that of the 1920's, we shall note that the situation was much worse in the second postwar decade than in the first. So far as unemployment is concerned, Britain has been making haste backward.

Personal Tragedies

Stated in percentages, unemployment seems bad enough. But cold figures do not reveal the personal tragedies that are associated with the loss of a job. Beveridge quotes a few interviews with jobless men to illustrate the dark despair that comes with the long, hopeless search for a job:

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My chief trouble is the monotony of a long spell of unemployment . . . monotonous and insufficient food and having nothing to do all day after the garden is done, kill all a man's interest in life. . . . Perhaps I miss cigarettes most, and I hate being chained to the home most. There is no substitute for work. . . . There is nothing I can do to keep myself efficient; odd repairs in a house are no substitute for constructional work on a steam engine.

(*A skilled millwright aged 49*)

The wife works while I look after the home. . . . I earned good wages for years and we had saved fifty pounds when I lost my job. We have none of that fifty pounds today. . . . Any long spell of unemployment leaves you with little to be proud of and much to be ashamed of. Our child is still too young to realize that it is her mother who works. We carefully keep her from knowing it.

(*A skilled wire-drawer aged 32*)

The waste and hopelessness of putting the burden of unemployment on the unfortunate individual, instead of society, is illustrated in the comment contained in an earlier report:

Nothing wearies one more than walking about hunting for employment which is not to be had. It is far harder than real work. The uncertainty, the despair, when you reach a place only to discover that your journey is fruitless are frightful. I've known a man say: "Which way shall I go today?" Having no earthly idea which way to take, he tosses up a button. If the button comes down on one side he tracks east; if on the other, he tracks west.

Too Many Men Everywhere

In an interesting analysis, Beveridge shows that the tendency to have more men than jobs was not confined to any particular industries or any special parts of the

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country. True, there were great differences. In October, 1937, all but 2.8 per cent of the workers in the scientific-instrument-making industry had jobs. In the shipping and transport industries, on the other hand, 23 per cent of the workers were without jobs. Much the same situation existed in different localities. Only 6 per cent of London's workers were unemployed in 1937. In Wales the rate was more than 22 per cent. But the significant thing is that *there were always more men than jobs in every industry and in every part of the country in time of peace.*

Similarly, there is no escape from the effects of depression. Although some industries had a much better employment record than others, all had an increased number of unemployed in bad times. Unemployment increased in growing industries as well as dying industries between 1929 and 1932. Several industries provided more jobs in 1932 than they had in 1929; but they also had more unemployed. The reason for this is clear. A growing industry attracts unemployed from other industries, as well as more than its share of young people. We are dealing with a general problem; not one that can be dealt with in terms of a few "depressed" industries.

Our Record No Better

Nor does the picture look any brighter if we examine America's record with respect to unemployment. We had a somewhat better employment record than Britain during the 1920's. But in the 1930's we suffered more seriously, and as late as 1940 only about 86 per cent of our workers were able to find jobs. Although there are few reliable figures covering American unemployment before World War I, it is clear that in this country, too, we have been moving in the wrong direction.

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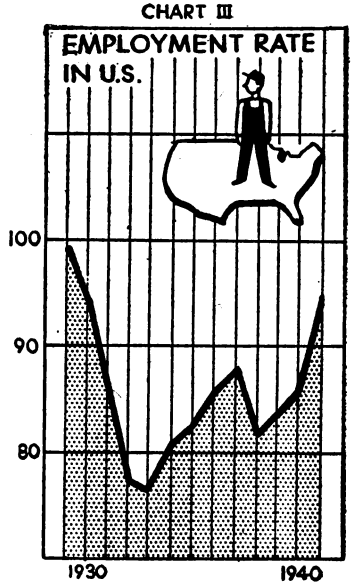
Never Enough Jobs

Before World War I economists were concerned chiefly with the ups and downs of business. It was assumed that if business conditions could be made as good in the five bad years of the business cycle as they were in the one year out of six when nearly everyone was employed, we should have little else to worry about. The problem seemed to be one of organizing casual occupations such as the building trades so as to provide more steady employment, and of straightening out the ups and downs in the business cycle. It was thought that the latter could be done by an intelligent banking policy.

CHART III



No one believed that the number of jobs was falling behind the increasing number of workers. It was assumed that this was impossible. Such a situation was regarded as against Nature. With every pair of hands God sends a mouth. How could people consume less than they were able to produce?

Not Enough Spending

But economists found it difficult to explain by their old theories the kind of unemployment that developed after World War I. It became clear that the supply of jobs was not keeping up with the number of people looking for

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jobs. So the economists began thinking up new explanations. Professor Pigou suggested as early as 1913 that unemployment was caused by high wages. He believed that if wages could be adjusted all unemployment could be eliminated. But in 1936 J. M. Keynes published his famous book, *The General Theory of Employment, Interest, and Money,* which has had profound influence on economic thought throughout the world. Mr. Keynes rejected Professor Pigou's theory and proposed a new one of his own. He declared that employment depends on spending, and showed that we cannot assume—in an unplanned economy—that there will be enough spending to provide jobs for everyone. Contrary to the teachings of the older economists, Mr. Keynes found that savings by the wealthy were not necessarily beneficial but were more likely to be harmful. He found that savings were not a matter of virtue at all but were directly connected with the manner in which a nation's income is distributed. A country with an even distribution of income will save less than one in which a few persons get much more than their share of the total income and the remainder do not get enough for their needs.

New Attack Needed

On the basis of these new ideas, Beveridge declares that we need "a new attack on the problem of unemployment." This attack should be directed along three lines. Many people find difficulty in obtaining jobs because there are not enough jobs to go around. To overcome this difficulty, we need measures to assure that there is enough demand for the products of industry. Others are out of work because the kind of jobs that are available are not matched up with the skills of the people who are looking for work.

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We need measures to correct this situation. And, finally, many people cannot find jobs because we do not have good enough methods of telling the unemployed about the jobs that are available. A good deal more needs to be done toward making our employment offices more efficient, so that an employer can find the man he wants and a worker can find the kind of job he is fitted for.

As a basis for this attack, let us see what the war has taught us about jobs.

JOBS FOR ALL IN WAR

DURING peace we always have had more jobs than men. But when war comes, unemployment rapidly melts away. This has been true in both Britain and the United States. It was true in both World War I and World War II.

The contrast between the best peace year and a normal war year is startling. The best year that Britain had in the ten years before the war was 1937. In that year everyone thought that Britain was doing well to cut the number of unemployed to 1,500,000. In 1943 there were not more than 100,000 jobless men and women in the whole of Britain. Although we don't have the corresponding figures for the United States, we know that the same sort of thing happened here. When the war came, we suddenly found that instead of having more men than jobs, we had more jobs than men.

The war showed us, moreover, that there is no limit on the number of jobs in this world. Despite the fact that millions of men were drawn into the service, more people than ever were needed in industry. This shows that the number of jobs is not fixed, as some people seem to think,

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but can be increased whenever the government wants to increase them.

How the Government Provides Jobs for All

In time of war the government creates jobs because it has to have munitions to win the war. But these jobs don't simply appear out of thin air. The government takes over responsibility for much of production from private business, and takes a number of very concrete steps to see that everyone gets to work helping to win the war.

Just what are these steps? This is an important question because it may give us a clue as to what might be done to assure jobs in peacetime. The answer may be found in the following eight points:

1. Instead of waiting, as in peacetime, for the private citizens to say what they want industry to produce, the government gives the orders and provides the money to back them up.

2. The government removes many of its peacetime restrictions on the use of labor.

3. The government does not tell anyone that his job is safe; on the contrary it moves people about if necessary.

4. In order to increase its own spending, the government cuts down private spending by taxes and bond sales.

5. It further restricts private spending by rationing and other restrictions.

6. The government sees to it that the materials and manpower needed to fulfill its orders are available by priorities and conscription if necessary.

7. The government controls both prices and wages and tries to prevent strikes and lockouts during the war.

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8. Although the British and American governments have rarely taken over private industry in wartime, they have not hesitated to limit profits and impose heavy taxes on capital to offset the restrictions placed on labor.

Peacetime Conditions Different

Some of these steps cannot very well be taken in time of peace. During a war individual citizens willingly permit the government to interfere with their control over the purse strings. They will tolerate much higher taxes than in peacetime; they will put their savings into government bonds; they will permit the government to tell them what they can and cannot buy, and, within limits, will even allow the government to say where and at what tasks they are to work. But they wouldn't take it in peacetime. No one wants to be bossed around in normal times. We must seek a peacetime program that can operate without such drastic government regulation.

Goal Important—in War or Peace

That doesn't mean that there are no lessons to be learned from our wartime experience with full employment. Actually, there are several important lessons—if we are wise enough to recognize them. Chief among these is the necessity for setting up a goal that is compelling enough to command the support of all groups within the community. No one hesitates to undergo discomforts and inconveniences if they are necessary to winning a war. Should not the goal of providing full employment command similar loyalty?

Agreement on the goal is essential because the public must be prepared to see that sufficient money is spent to attain the goal, subject only to the physical limitations

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imposed by shortages of manpower and resources. And although it may not be wise to compel workers to accept useful jobs in peacetime, the government can and should insist on the elimination of restrictions, whether imposed by employers or unions, on the use of manpower. Sir William destroys a persistent bugaboo, moreover, by reminding us that "war experience confirms the possibility of securing full employment by socialization of demand without socialization of production." We don't need government ownership to provide jobs, but the government does have to make sure that we spend enough to get the things we need, in war or in peace.

It is, of course, neither necessary nor desirable to set our peacetime goals as high, in terms of production, as our wartime goals. During a war it is essential to get the utmost possible production. Hours of work are lengthened; leisure is destroyed; education curtailed; and the pace of work is speeded up. In time of peace we want a degree of leisure; we want to avoid too much pressure. Yet the goal should always be high enough to provide all men and women with an opportunity for useful service—for this is essential to happiness and well-being.

What Do We Mean by Full Employment?

The *one* goal that measures up in peacetime is that of full employment. This does not mean that no one will ever be without a job. Such a goal would be impossible. There will always be some shifting of jobs, and there will always be people who cannot or do not want to work. Full employment simply means that there will always be more jobs than men, not fewer. And they will be real jobs, paying fair wages, located where men can reasonably be expected to take them.

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WE CAN HAVE JOBS FOR ALL IN PEACETIME

WE have seen that the key to full employment in time of war is the willingness to spend. This is just as true in time of peace. We shall have jobs for everyone if the demand for goods is so large that it can be met only if everyone works. And enough has to be spent to create that demand. From the worker's point of view it does not make any difference who does the spending. It may be private business, individual citizens, or the government. But someone obviously must take responsibility to see that enough is spent and that the spending is kept up year after year. The government alone is in a position to take this responsibility. No one else has the necessary power. Bitter experience over a period of years makes it clear that there is never enough spent unless the government takes a hand. Beveridge insists that it should be just as much the duty of a state to assure adequate spending so as to protect its citizens against unemployment as it is to defend its citizens against attack from abroad or robbery and violence at home.

The Main Problem

This brings us to our main problem. How can the government make sure that enough is spent each year so that everyone can have a job? And how can this be done without sacrifice of our basic freedoms? This is the point where we have always stumbled in the past.

One thing we can be sure of: it won't just happen. We cannot have jobs unless we plan for them. It must be

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over-all, long-range planning; not a hasty improvisation after we are hit by a wave of mass unemployment.

A New Kind of Budget Needed

As a help in planning, Beveridge suggests a new type of national budget. It would not be an ordinary type of budget, based on money. It would be a "human budget," planned so as to make the utmost use of the nation's manpower. It would contain estimates of how much, assuming that everyone had a job, the people as a whole could be expected to spend in the following year.

All kinds of spending would be included. He would start out, for example, with (1) the amount that the public would be likely to spend for its individual needs—what we would call "consumer spending." Next, he would set down a figure for (2) the amount various government agencies are likely to spend out of taxes for goods and services. Then he would estimate (3) the total of private investments for the year. He would then list (4) the amount the government agencies are likely to spend on the basis of loans, and (5) the amount derived or spent in balancing accounts with foreign countries.

The total of these five items would indicate the amount of spending that could be expected during the year. If this figure is greater than the country's output capacity, there will be a tendency toward inflation and higher prices. But, as is far more likely in peacetime, if the total is *less* than the estimated output capacity of the country, there will be a tendency toward lower prices and unemployment.

Once these estimates are made, the solution of the problem is fairly easy. If the government finds, for example, that its estimate of total spending is $2,000,000,-

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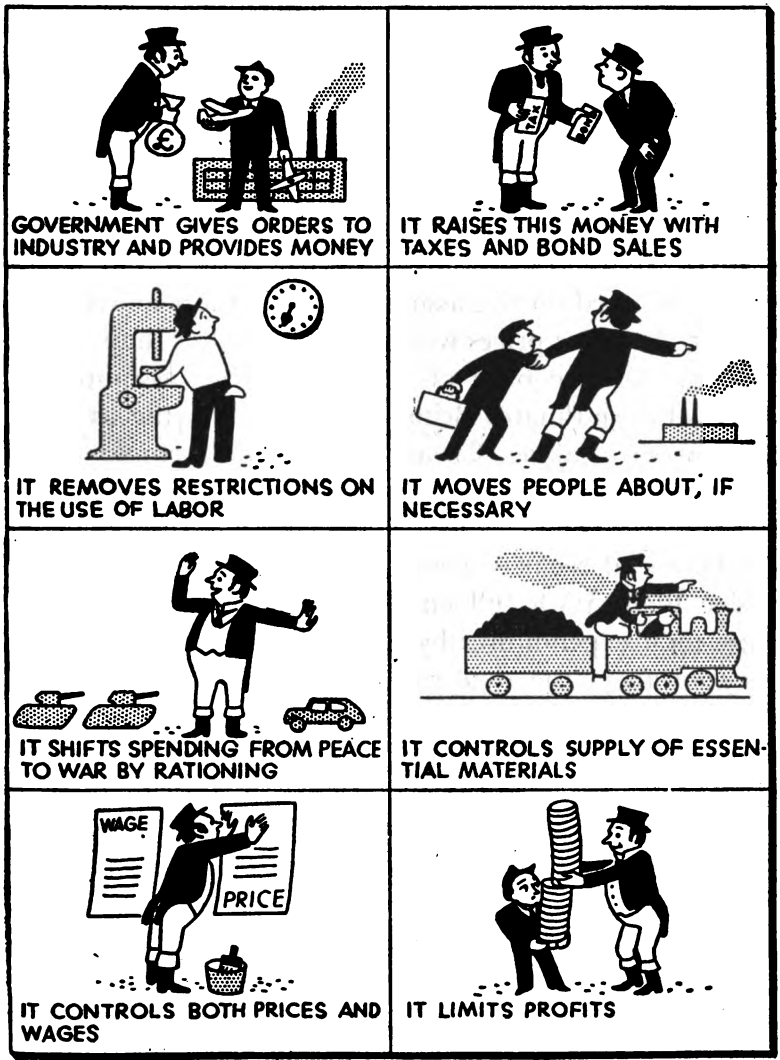
NO UNEMPLOYMENT IN WAR BECAUSE:



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000 less than the output capacity, the country will have $2,000,000,000 in unused capacity unless something is done about it. To correct this, the government could provide for an increase of $2,000,000,000 in item 4, the amount of government spending. This should assure full use of all resources and full employment.

A Trial Budget for 1948

As an example, Beveridge cites a trial budget for Britain in 1948 which has been drawn up by Mr. Kaldor. This budget is based on the assumption that the war will end in 1945, and that prices will be a third higher than before the war. On the basis of these and other assumptions, Mr. Kaldor estimates Britain's national income at $29,800,000,000 (taking £1 as $4) with full employment. The total expenditure of the government is set at $5,000,000,000, including heavier defense costs and the expanded cost of social security provided for in the original Beveridge Plan. With full employment Britain could meet these total expenditures by increasing its tax rate only 6 per cent above the 1938 rate.

A 6 per cent increase in the tax rate seems small indeed when one considers what a full employment program would mean to the country. With full employment Britain's total output in 1948 would be 20 per cent above the 1938 level. This would permit a 19 per cent increase in consumer spending. To present-day Britishers the improvement would seem even greater, since the consumption of goods declined by 21 per cent during the war. The increased output would also make possible a 25 per cent increase in investment, and would enable Britain to export enough to pay for her needed imports.

Much depends, of course, on how the government un-

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dertakes to increase and maintain spending at a level that will provide jobs for all. Everyone understands how this is done in time of war. But there is profound skepticism in conservative circles regarding its possibility in peacetime. Beveridge does not rely merely on public works, or on a combination of public works and relief as did the United States in the 1930's. His program is a comprehensive one involving:

a. Public spending for nonmarketable goods and services, such as roads, schools, hospitals, defense, and order;

b. Investment in a socialized sector of industry, including transport and power and coal or steel;

c. Creation of a National Investment Board to provide loans and tax rebates to private business as a means of stabilizing private investment;

d. Encouragement of low prices for essential consumer goods, if necessary, by a system of subsidies;

e. An increase in private spending to be brought about by increased national income and broadened social security provisions.

Spending for a Better Living

The government should not spend money simply for the sake of spending. Although it is true that any spending may help create jobs, such spending is wasteful if it does not create real wealth or satisfaction. But if the government spends its money to provide essential services that many persons cannot or will not obtain for themselves, it is doing more than merely creating jobs. Money that is spent to make the nation more healthy, for instance, is obviously money well spent. And there are several other

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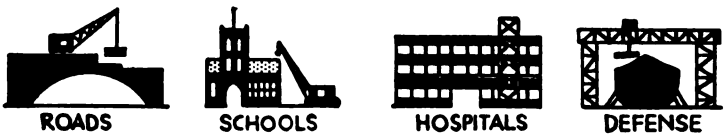
BEVERIDGE'S FIVE-POINT PROGRAM

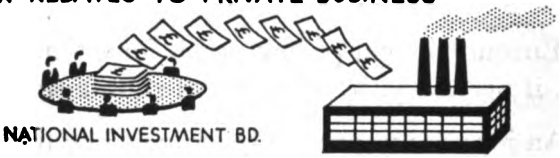
1. PUBLIC SPENDING FOR NONMARKETABLE GOODS AND SERVICES



2. INVESTMENT IN GOVERNMENT-OWNED INDUSTRY



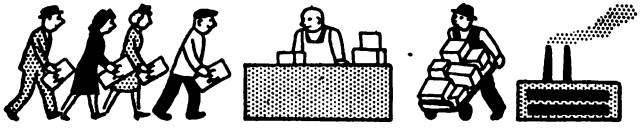
3. NATIONAL INVESTMENT BOARD TO PROVIDE LOANS AND TAX REBATES TO PRIVATE BUSINESS



4. LOWER PRICES FOR ESSENTIAL CONSUMER GOODS BY A SYSTEM OF SUBSIDIES



5. MORE CONSUMER SPENDING THROUGH INCREASED NATIONAL INCOME AND WIDER SOCIAL SECURITY



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ways in which the government can direct its spending so as to provide a better level of living for everyone.

HEALTH

Keeping the nation healthy means good hospital and medical care for the entire population. But it means more than that. It means good food, sanitary working conditions, and sunny, comfortable homes. And beyond this, it would necessitate a broad health service for everyone in the country such as Beveridge outlined in his social security plan. It would include dental care, special equipment for the blind, deaf, and crippled, convalescent care, and other special services.



NUTRITION

The government should take responsibility for developing a scientific nutrition policy designed to make sure that every person in the community obtains the food which he needs. A national food program should be developed, based on the most up-to-date nutritional information. It should stress the interest of the consumer rather than that of the farmer, but farmers and consumers will both be benefited if the supply and price of essential foods can be stabilized. The government should also be concerned to see that everyone in the community gets enough fuel to heat his home and enough clothing to preserve a respectable appearance.



EDUCATION

Another field in which increased government spending should yield a high return is education. Although Bev-

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eridge points out that the development of education is not the most urgent of the postwar reconstruction tasks, it is the most important over the long haul.

One cannot teach children who are hungry or sick. Poor housing conditions may rob the best of training of much



of its value. But once these physical conditions are met, education becomes the most important investment that can possibly be made. This applies to adult education as well as to schools for children and young people. The new Education Bill in Britain, which Sir William Beveridge endorses, will require a very considerable increase in government expenditures.

HOUSING

More can be done to raise the standard of life, health, and happiness through improvement of housing than in any other single way. This is because our houses are so bad. Huge government expenditures will be needed to provide the kind of housing that people need. It cannot



be done all at once. And it should not be undertaken without careful planning. Whole cities should be planned as units where possible. Country districts also need planning, with particular regard to available transportation. The number of new houses that can be built in any one year will necessarily be limited by the number of available workers. The construction industry is peculiarly useful as a means of balancing the national manpower budget. Housing can be speeded up if unemployment develops, or slowed down if there is a shortage of labor.

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SOCIAL SECURITY

Adoption of the comprehensive social security plan outlined in Sir William's earlier report will aid in providing jobs by enabling families who have suffered misfortune to keep buying the necessities of life. It achieves this by a redistribution of income. Taxes on the well-to-do—who do not ordinarily spend all of their money—will be increased in order that the less fortunate part of the population may obtain enough for necessities. If everyone has a job, taxes can, of course, be reduced since there will be no unemployed to support.



Getting Industry Located Wisely

Making sure that we have enough spending will not in itself eliminate all unemployment. During the prewar years England and, to a lesser extent, the United States were troubled by "depressed areas." Some British industries were much more seriously hit by the loss of foreign markets than others. Many of these industries shut down, leaving their workers high and dry in regions where no other jobs were open for them. At the same time the London area prospered and thus caused great congestion in the country's chief metropolitan area. A Royal Commission was appointed to look into the situation. It reached the unanimous conclusion that the results of congestion were harmful and should be remedied. The members of the commission advocated the creation of a national board to plan the location of industries in the interest both of the people who have to work in them and of the consumers of their goods.

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Getting Workers to Move

Even more difficult is the task of shifting workers from the overcrowded or depressed areas to localities where they are needed. Some will move of their own accord, attracted by higher wages or better living conditions. But Britain's experience has been that many will not move even though attractive jobs are available. They want the jobs to come to them. Sir William quotes the Carnegie Report on "Disinherited Youth" to illustrate the resistance of most working-class Britishers to leaving their homes.

> The young men were apparently unwilling to accept the fact that the community in which they were born and nurtured . . . was unable to provide them with work. They kept looking for their luck to turn, perhaps tomorrow, or next week, or next month. Some of their friends were getting odd spells of work and their turn might come. . . . A Liverpool man, when told by the officer that he had spent most of his working life in jobs away from home, which he could visit only on holidays, exclaimed, "Good God! What kind of a home did you have then?"

In a dictatorship the task of shifting workers from one area to another presents no problem at all. They are ordered to move regardless of home ties. But a free people will not accept compulsion in peacetime. And they shouldn't be asked to.

Beveridge believes, however, that the government should take greater responsibility for matching job and worker than it has in the past. In part this can be achieved by a more effective organization of the national employment service (the USES in this country). If more workers knew where they could get jobs for which they are fitted, if they knew more about the pay, the cost of living in the

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new locality, and the kind of conditions under which they would work, many more would probably be willing to move.

But British experience has shown that this would not entirely take care of the situation. Many would still be reluctant to move. In such cases, Beveridge believes that some pressure might be brought to encourage workers to accept jobs away from home. Where young workers have been trained at government expense, he feels that the government would be justified in demanding that they get their jobs through the national employment service—as is required for many workers in wartime both in Britain and in the United States. He suggests, furthermore, that if the government lives up to its responsibility of providing jobs for all, it would have a right to make it hard for workers to get unemployment benefits after remaining out of work for a long period of time. Beyond this, he suggests that it might be well for trade unions and professional bodies to review their job restrictions to see if they are still needed under conditions of full employment.

Why Not Concentrate on Buying Power?

Many people say, "Why not solve the whole problem by increasing wages all around? This would increase buying power and thus assure more jobs." Others argue for a Townsend Plan or for bonuses for veterans on the ground that they would increase buying power and make everyone prosperous. In this way, they say, we could have jobs for all without state interference or planning.

It is true that any spending tends to create jobs. But without planning the spending would not be wisely directed. If the old people were subsidized by a Townsend Plan, they would probably spend their money on luxuries.

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They would not be concerned with seeing that every family got the kind of food it needed, or that the slums were torn down and new houses built for those who could not afford them. Nor would they spend their money in such a way as to absorb the unemployed. There must be planning to achieve this.

Even if people do have good wages and spend their money wisely, there are many important things that they cannot provide for themselves. They cannot, for example, obtain nursery schools, playgrounds, and libraries for their children. In many instances they cannot even provide a decent home for their families or adequate medical care. They certainly cannot build and maintain their own roads and sewage systems. There are great economies in large-scale spending and many vital needs that can be met only by governmental action.

It is important to increase the spending power of the vast part of the population that cannot now obtain its basic needs. But an increase in wages and security would not in itself eliminate want, squalor, or ignorance. In the past thirty years spending power has increased greatly. But squalor, disease, and ignorance are still firmly entrenched. Some vital things that need to be done to raise the standards of health and happiness of the people can be done only by common action, in line with the wishes of the citizens of a democratically controlled government.

The Government and the Citizen

It is at this point that the most serious criticisms are likely to be directed at Beveridge's proposals. Many people are troubled at the prospect of a further increase of the powers of the government over the individual citizen. They fear that a further extension of government influ-

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ence will imperil the freedoms for which the democratic peoples have fought the war. Sir William meets this criticism head on. He insists that full employment cannot be won and held without a great extension of the responsibilities and powers of the State. No power less than the State can assure adequate total spending at all times. "To ask for full employment while objecting to these extensions of State activity is," he declares, "to will the end and refuse the means. It is like shouting for victory in total war while rejecting compulsory service and rationing."

But he makes it clear that the national government should not exercise any more power than is absolutely necessary. Much will still be left to local governments. The influence of the local governments is not to be weakened in any way. On the contrary, many of the tasks of providing full employment—particularly in such fields as education, health, and housing—will be under the supervision of local government authorities.

Moreover, he points out that in drawing up his program for full employment he has been careful to preserve all the essential liberties that are more precious than the right to a job. There is no interference with freedom of speech, press, or assembly. There is no conscription. No one is forced to work at a job he doesn't want. The rights of labor to organize and bargain collectively are fully preserved.

Similarly, the employer's basic rights are protected. Although some regulation over wages, prices, and profits may be necessary, this should be achieved by cooperation rather than compulsion. Competition will be encouraged. But it must be free and not forced. Consolidation and amalgamation will probably not be so serious a problem under full employment as today. They should not be pro-

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hibited but, if injurious, would have to be controlled. In such matters the degree of liberty that can be preserved depends on the responsibility and public spirit with which these liberties are exercised.

Does Full Employment Mean Socialism?

Is it possible to have full employment under a system of private enterprise? Or is it necessary for the government to take over and run business in order to assure jobs? These are basic questions that have particularly troubled intelligent businessmen who are anxious to see full employment. Beveridge's answer is reassuring.

In time of war, he points out, we provide jobs for all without government ownership. There is no economic reason why it cannot be done in time of peace. Private industry is well prepared to undertake the task of *production*. The government's job is to make sure that this production is used—that there is a constant *demand* for the output.

In order to do this, the government will have to have full and complete information about the plans of private industry. The government may even have to interfere, as it does during wartime, to change the production schedules of big corporations. But this is not socialism. It does not affect the ownership of business. And it leaves the small independent businessman and the small farmer completely unaffected. Under full employment the "little man" will respond to competition just as he does now.

Around the Next Corner Ahead

That does not mean that planning under a system of private business will be easy. In time of war, workers cooperate readily with the government in order to win the

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war. But in peacetime the government cannot tell workers that they must cooperate in a plan that means profits to their employers. And private business may resist government leadership. If it does, serious problems will be created. These problems will have to be dealt with when they arise. We cannot shrink from a program that promises to eliminate the curse of unemployment merely because there will be opposition. Beveridge points out that his proposals are designed for one essential purpose—to bring to an end mass unemployment and the fear of unemployment which, next to war, have been the greatest evils of modern times. The proposals take us around the next corner ahead—a corner which must be turned if we are to preserve free institutions. "The problems that lie beyond that corner will become clearer," Beveridge asserts, "when that corner has been passed. They can . . . be left to be dealt with when they are reached."

A WORLD VIEW

A JOB program cannot be regarded as a one-country problem. What Britain does affects the United States. And what America does affects Britain. Other countries are similarly drawn in. Britain is particularly dependent on world trade. It must import a large part of its food. And it must export to pay for its imports. Thus, it cannot hope to improve living standards and provide jobs for all of its workers without considerable trade with other countries. But this trade raises problems. Many Britishers are fearful of linking their country too closely with the United States lest they suffer from the effects of American unemployment.

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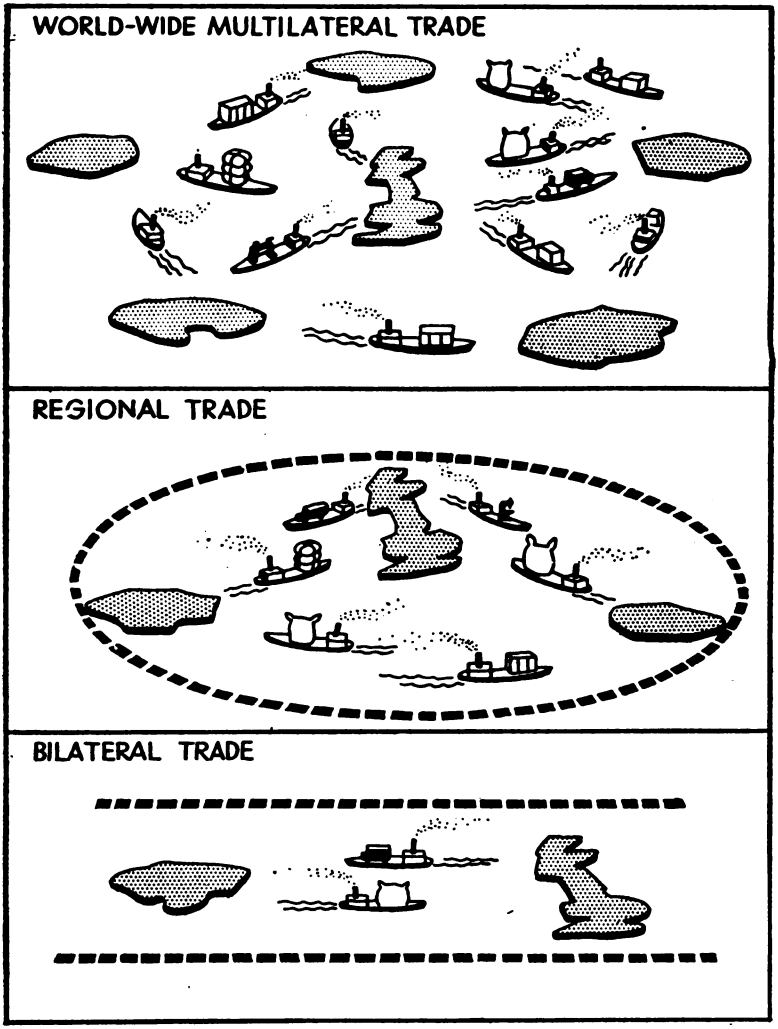
THREE POSSIBLE TRADE ARRANGEMENTS



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Will America "Export" Its Unemployment?

During the 1920's and 1930's the United States tried to provide jobs by increasing its exports to foreign countries. A campaign was launched to increase the sale of American-made goods. To a certain extent the campaign was successful, particularly in the late 1920's. We sold much more abroad than we bought from other countries.* This created jobs in our great export industries, such as automobile manufacturing. But from Britain's point of view we were exporting not only goods but our unemployment as well. The goods that we sold over and above our purchases abroad competed with British goods, thus increasing British unemployment. Britain is determined that this shall not happen again.

Britain's Point of View

The ideal program for Britain after the war, Beveridge declares, is that of encouraging foreign trade as much as possible. This would require low tariffs all around and an effort by each country to maintain a steady policy and a reasonable balance between imports and exports. But it would work only if all of the leading countries had programs similar to that outlined by Beveridge for encouraging full employment at home.

But if world-wide trade on this basis is not practicable, he suggests that Britain enter into an agreement with such countries as are willing to follow these policies. Less satisfactory, but a course to be followed if more ambitious

*For an analysis of the problems in America's trade policies see *What Foreign Trade Means to You,* by Maxwell S. Stewart. Public Affairs Pamphlet No. 99. 1945. 10¢

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schemes fall through, would be a system of two-way agreements with countries that want to trade with Britain.

Beveridge summarizes the three possibilities for Britain as follows:

> In terms of convenience for traffic, world-wide multilateral trade may be likened to an elevator, speedy but capable of going out of action. Regional multilateral trade may be likened to a staircase, less speedy but consistent with reasonable comfort. Bilateralism is the fire-escape, clumsy but certain. We may hope that the world after this war will be equipped with all modern conveniences for bringing men together for their common advantage. We should do our full share to bring such a world into being. But, in constructing the new edifice, we cannot prudently leave out the fire-escape and the staircase, until we are sure that there will be no fire and that the elevator will always be in action.

Influence of the United States

In any event, Britain's well-being and that of the rest of the world depend largely on the policies adopted in the United States. "Depression," Beveridge points out, "is contagious in proportion to the size and strength of the national economic system from which it comes. Today the strongest and most productive national economy in the world—that of the United States—is also the least stable. The adoption of a full employment policy in the United States would be the most important economic advance that could happen in the whole world and to the benefit of the whole world. In solving, as they only and only in their own way can solve, the 'baffling problems' of their home economy, more than by the most generous outpouring of gifts and loans, the American people can confer immeasurable benefits on all mankind."

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FOR FURTHER READING

Beveridge, Sir William. *Social Insurance and Allied Services. Report by Sir William Beveridge.* American edition, 1942, 300 pp., now obtainable exclusively through the Public Affairs Committee, Inc., 30 Rockefeller Plaza, New York 20, N. Y. 50 cents.

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Ezekiel, Mordecai. *Jobs for All.* New York, Knopf. 1939. $2.50

Hansen, Alvin W. *America's Role in World Economy.* New York, Norton. 1945. $2.50

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Lorwin, Lewis L. *Time for Planning.* New York, Harper & Brothers. 1945. $3

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